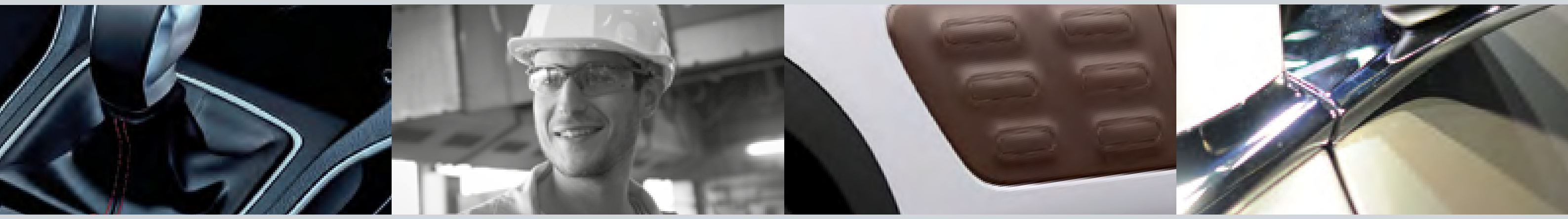
BANQUE PSA FINANCE

2015

ANNUAL RESULTS



BOARD OF DIRECTORS

Jean-Baptiste Chasseloup de Chatillon
Chairman

Rémy Bayle
Director

Carlos Tavares
Director

Michel Philippin
Director
Chairman of the Audit and Risk Committee

François Pierson
Director
Member of the Audit and Risk Committee

PEUGEOT S.A.
Director
Permanent Representative:
Olivier Bourges
Member of the Audit and Risk Committee

AUTOMOBILES PEUGEOT
Director
Permanent Representative:
Maxime Picat

EXECUTIVE COMMITTEE

Rémy Bayle
Chief Executive Officer

Alain Martinez
Executive Managing Officer

STATUTORY AUDITORS

Ernst & Young Audit
Mazars

SUBSTITUTE AUDITORS

PICARLE et associés
Guillaume Potel

Position as at January 1, 2016

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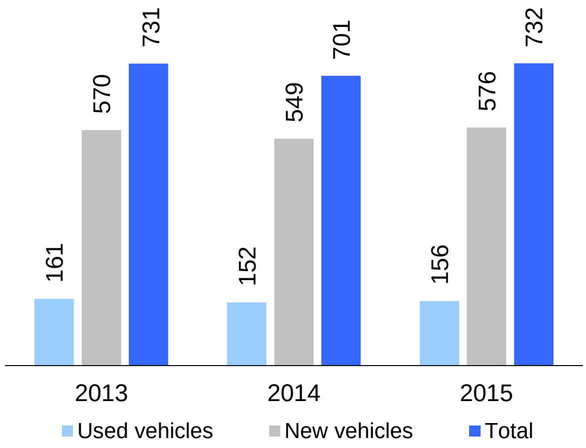
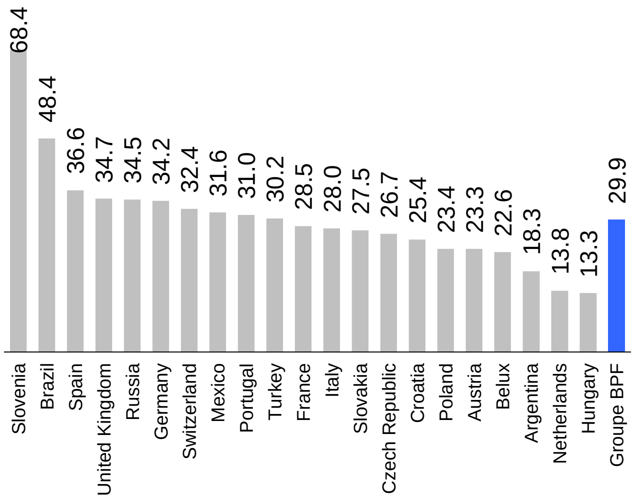
1 MANAGEMENT REPORT

1.1 Key figures

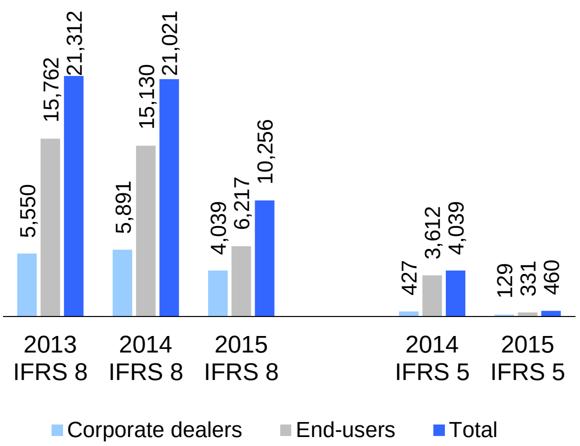
TRENDS IN VEHICLES FINANCED FOR END USERS (in thousands of vehicles)



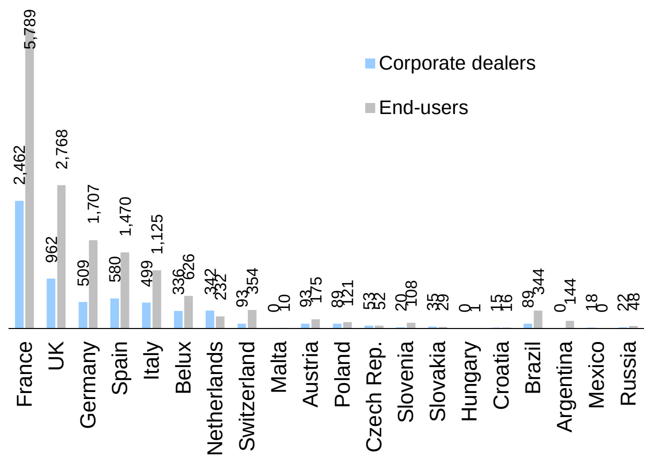
PENETRATION RATE BY COUNTRY (%) AT DECEMBER 31, 2015
(PSA Peugeot Citroën new vehicles financed/new vehicles registered)



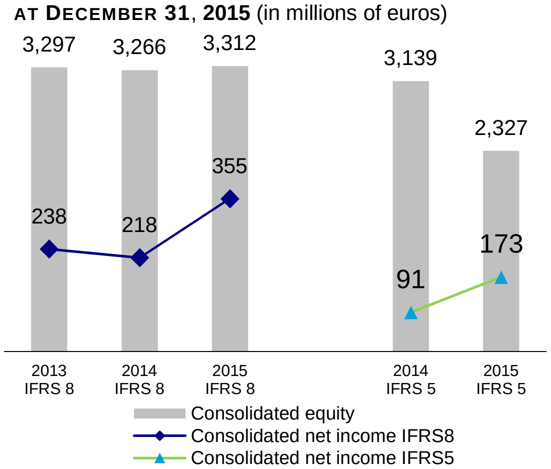
CHANGES IN END-USER AND DEALER LOANS OUTSTANDING AT DECEMBER 31, 2015 (in millions of euros)



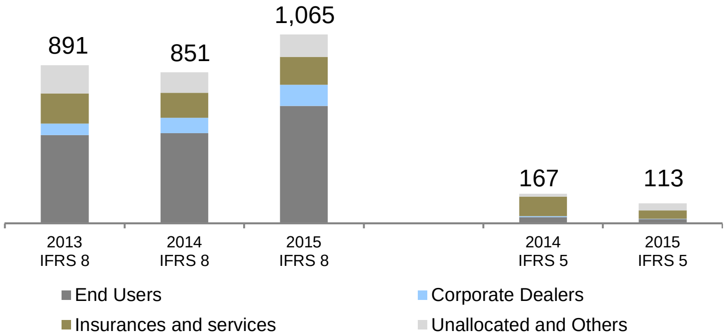
LOANS OUTSTANDING BY COUNTRY - IFRS 8 AT DECEMBER 31, 2015 (in millions of euros)



EQUITY AND NET PROFIT (LOSS) AT DECEMBER 31, 2015 (in millions of euros)



CHANGE IN NET BANKING REVENUE
(in millions of euros)



1.2 Letter from the Chief Executive Officer

The year 2015 was, for Banque PSA Finance, that of its transformation. After primarily organic growth since its inception, Banque PSA Finance has made an important step forward, by implementing in Europe, its principal market, a new operational model based upon partnerships, illustrated by the agreement entered into with the Santander group, one of the leading banking player in Europe.

The Cooperation Agreement was signed in 2014, and its operational start-up took place in February 2015, with, to begin with, the launching of joint operations in France and in the United Kingdom.

Following this, joint ventures were also created in 2015 in Spain and in Switzerland, a commercial agreement in Portugal started up, and joint companies for our Insurance operations were formed in Malta. Cooperation will continue to be rolled out in 2016, with the start-up of Italy in early January and of the Netherlands in early February, then, over the course of 2016, that of the last four European countries set out by the agreement.

A new joint governance adapted to this new cooperation is being put into place, through central and local steering committees.

The adding-on of the forces and competencies of Groupe PSA Peugeot Citroën, the second largest European automobile manufacturer, and of Groupe Santander, the top group in terms of market capitalization in the banking sector in Europe, will enable Banque PSA Finance to benefit from a better positioning of its product offering, in order to ensure more effectively its mission to support sales in Europe of the three Groupe PSA Peugeot Citroën trademarks.

The initial results, particularly positive and encouraging for the future, were recorded in France and in the United Kingdom, with an increase of 23,700 financing files, as compared to 2014.

This partnership, an essential lever for the "Back in the Race" plan launched in April 2014 by Carlos Tavares, actively contributed to the success of Groupe PSA Peugeot Citroën's recovery plan.

In Latin America, with this same strategic objective of support for the sales of our brands, another agreement was signed in July 2015 with Groupe Santander in order to create a joint company in Brazil. Its operations will start up there also over the course of the first half of 2016.

In this new climate, and in a particularly dynamic automobile market in Europe, Banque PSA Finance improved all of its results, in terms of commercial performance and profitability.

In the 23 countries where it operates, Banque PSA Finance saw all of its commercial operations grow: excluding China, the number of new vehicle financings increased by 4.85%, with 576,000 contracts, while that for used vehicles increased by 2.80%, with 156,000 contracts. Even more significant is the change in the amount of total new financing for end users, rising by 9.5% to €8.25 billion, owing to the move upmarket of the product mix of the sales of the three brands and the ability of the Bank to grow the proportion of financing on vehicle sales.

This commercial performance resulted from an overall increase in Groupe PSA's sales within the Bank's scope of operation, but also from an increase in the commercial performance of our teams, which has made it possible to achieve a penetration rate of 29.9% in sales of new vehicles, an historic record for BPF. Just as historic are the results from sales of our insurance and services products, which have grown by 7.2% and have reached, for the first time, two symbolic thresholds: over 1,500,000 new contracts sold with over two insurance and services contracts per financing contract.

In 2015, the commercial operations of Banque PSA Finance recorded varying results, depending on its main operating zones, thus following the trend of the markets and sales of the Groupe PSA Peugeot Citroën brands: compared to 2014, and in volumes, the European zone has increased by 8.1% for the new vehicle financing portion; Latin America has decreased by 24%. China has recorded excellent results, owing to penetration which went from 16.2% in 2014 to 21.1% in 2015, thereby confirming its new vehicle financing growth, with an increase of 31.4% in its volumes.

This commercial performance has made possible an inversion of the trend of our outstanding loans, which had notably decreased in 2014, to increase again by 1.5% to €21.3 billion at December 31, 2015.

These results were not achieved to the detriment of the profitability of operations. Net banking revenue (IFRS 8 format) was at its highest, at €1,065 million, an increase of 25.1% compared to 2014. The cost of risk was at its best historic level, at 0.33% of outstanding loans.

In 2015, the commercial dynamic associated with its stringent management made it possible for Banque PSA Finance to generate recurring operating income of €514 million (IFRS 8 format), a significant increase of 52.5%.

All while continuing to advance in its traditional operations of accompaniment to the Group's brands in their development zones, the Bank must address the numerous challenges which are appearing in an accelerated manner owing to the emergence of new consumer behaviors. In particular, the long-proclaimed demand for mobility has now become part of reality. In order to meet the demand, Banque PSA Finance will be designing and offering, while working closely with PSA, innovative and flexible solutions, utilizing new technologies, in order to respond to our clients' expectations for new mobilities.

After the success of the "Back in the Race" plan, Banque PSA Finance, consistent with its primary mission as a supplier of mobility, is there to support the future strategic growth plan of Groupe PSA Peugeot Citroën.

Rémy Bayle

1.3 Banque PSA Finance business activities and developments

1.3.1 Definition of concepts in the Management Report

The 2015 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. IFRS 5 calls for reclassifying the portions having 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 entities, for which 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 loss in the Disposal group and the €60 million expense at December 31, 2015)
- Expenses related to the early repayment of certain liabilities. (€10 million net of taxes, at >December 31, 2015)).
- Accounting by the equity accounting method for the JV partnerships launched in 2015 (€112 million).

Note 36 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: the data is always presented in total, although detail is presented on a full-year basis, for entities within the BPF and Santander 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 2015 and 2014.

FINANCING EXTENDED DURING THE COURSE OF THE PERIOD

				Of which Santander partnership perimeter		
	December 31, 2015	**December 31, 2014**	**% change**	**December 31, 2015**	**December 31, 2014**	**% change**
End-users loans						
Number of vehicles financed	731,701	700,855	+ 4.4	671,726	645,952	+ 4.0
Amount of financing *(in million euros, excluding interests)*	8,250	7,535	+ 9.5	7,944	7,244	+ 9.7
Corporate dealers loans						
Number of vehicles financed	1,655,588	1,682,070	- 1.6	1,602,413	1,601,174	+ 0.1
Amount of vehicles financing *(in million euros)*	33,267	31,864	+ 44,0	32,271	30,425	+ 60,7
Amount of spare parts financing and other *(in million euros)*	3,231	3,344	- 33,8	3,093	3,174	- 25,8
Insurance and services activity						
Number of new contracts	1,500,679	1,400,088	+ 7.2	1,389,119	1,289,771	+ 7.7

CONSOLIDATED BALANCE SHEET

Assets	IFRS 5 Dec. 31, 2015	IFRS 5 Dec. 31, 2014	IFRS 5 % change	IFRS 8 Dec. 31, 2015	IFRS 8 Dec. 31, 2014	IFRS 8 % change
Cash, central banks, post office banks	154	308	- 50.0	280	331	- 15.4
Financial assets at fair value through profit or loss	383	455	- 15.8	446	455	- 2.0
Hedging instruments	13	58	- 77.6	20	58	- 65.5
Available-for-sale financial assets	11	14	- 21.4	144	14	+ 928.6
Loans and advances to credit institutions	87	1,070	- 91.9	1,282	2,297	- 44.2
Customer loans and receivables	460	4,039	- 88.6	21,336	21,021	+ 1.5
Deferred tax assets	27	83	- 67.5	96	92	+ 4.3
Investments in associates and joint ventures accounted for using the equity method	981	104	+ 843.3	609	558	+ 9.1
Other assets	203	371	- 45.3	181	320	- 43.4
Total assets of continuing operations	**2,319**	**6,502**	- 64.3	**24,394**	**25,146**	- 3.0
Assets of operations to be taken over by partnership	7,048	18,529	- 62.0	0	0	
Total assets	**9,367**	**25,031**	**- 62.6**	**24,394**	**25,146**	**- 3.0**

Equity and liabilities	Dec. 31, 2015	Dec. 31, 2014	% change	Dec. 31, 2015	Dec. 31, 2014	% change
Financial liabilities at fair value through profit or loss	1	4	- 75.0	4	4	+ 0.0
Hedging instruments	9	54	- 83.3	12	54	- 77.8
Deposits from credit institutions	848	6,353	- 86.7	9,836	6,633	+ 48.3
Due to customers	468	420	+ 11.4	3,533	2,794	+ 26.4
Debt securities	1,786	6,135	- 70.9	6,396	10,964	- 41.7
Deferred tax liabilities	12	24	- 50.0	317	332	- 4.5
Other liabilities	293	394	- 25.6	984	1,099	- 10.5
Total liabilities of continuing operations	**3,417**	**13,384**	- 74.5	**21,083**	**21,880**	- 3.6
Equity	2,327	3,139	- 25.9	3,312	3,266	+ 1.4
Liabilities of operations to be taken over by partnership or sold	3,623	8,508	- 57.4	0	0	
Total equity and liabilities	**9,367**	**25,031**	**- 62.6**	**24,394**	**25,146**	**- 3.0**

Consolidated Statement of Income

(in million euros)	*IFRS 5* Dec. 31, 2015	Dec. 31, 2014	% change	*IFRS 8* Dec. 31, 2015	Dec. 31, 2014	% change
Net banking revenue	113	167	- 32.3	1,065	851	+ 25.1
General operating expenses and equivalent[1]	-108	-57	+ 89.5	-482	-398	+ 21.1
Cost of risk	-1	-14	- 92.9	-69	-116	- 40.5
Operating income	**4**	**96**	**- 95.8**	**514**	**337**	**+ 52.5**
Share in net income of associates and joint ventures accounted for using the equity method2	123	12	+ 925.0	11	12	- 8.3
Other Non operating income3	-172	-462	- 62.8	-22	-11	+ 100.0
Pre-tax net income	**-45**	**-354**	**- 87.3**	**503**	**338**	**+ 48.8**
Income taxes	41	58	- 29.3	-148	-120	+ 23.3
Net income from continuing operations	**-4**	**-296**	**- 98.6**	**355**	**218**	**+ 62.8**
Profit/(loss) of operations to be taken over by partnership	**177**	**387**	**- 54.3**			
Net income for the year	**173**	**91**	**+ 90.1**	**355**	**218**	**+ 62.8**

1 - Including depreciation, amortization and impairment of intangible and tangible assets, and gains and losses on disposals of fixed assets.
2 - Joint ventures with Santander accounted for using the equity method in IFRS 5: France and UK since February 2015, Spain and Switzerland since October 2015. China, within BPF partnership with Dongfeng Peugeot Citroën is accounted for using the equity method since 2006 (IFRS 5 and IFRS 8 formats)
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* Dec. 31, 2015	Dec. 31, 2014	% change	*IFRS 8* Dec. 31, 2015	Dec. 31, 2014	% change
Corporate dealers	129	427	- 69.8	6,217	5,891	+ 5.5
End-users	331	3,612	- 90.8	15,119	15,130	- 0.1
of which Retail	303	3,497	- 91.3	13,662	13,636	+ 0.2
of which Corporate and equivalent	28	115	- 75.7	1,457	1,494	- 2.5
Total Customer Loans and Receivables	**460**	**4,039**	**- 88.6**	**21,336**	**21,021**	**+ 1.5**

By region

in million euros	IFRS 5 Dec. 31, 2015	Dec. 31, 2014	% change	IFRS 8 Dec. 31, 2015	Dec. 31, 2014	% change
France	-2	70	- 10.3	8,251	8,072	+ 2.2
Western Europe (excluding France)	60	2,540	- 9.8	11,881	11,318	+ 5.0
Central and Eastern Europe	170	319	- 4.7	539	521	+ 3.5
Latin America	162	998	- 8.4	595	998	- 40.4
Rest of the World	70	112	- 3.8	70	112	- 37.5
Total	**460**	**4,039**	**- 8.9**	**21,336**	**21,021**	**+ 1.5**

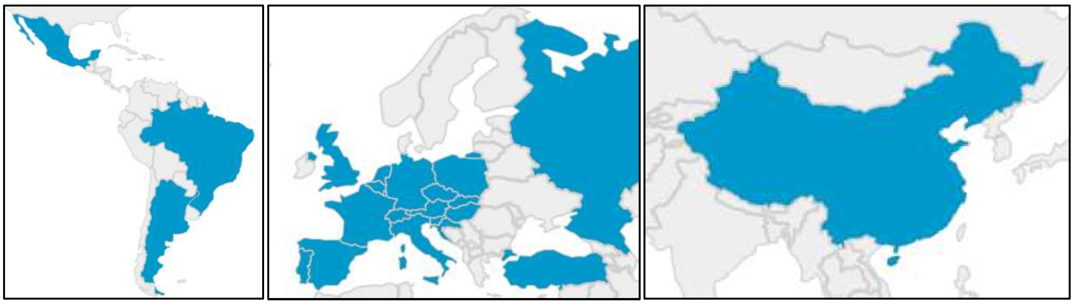
Net Banking Revenue by Portfolio

(in million euros)	*IFRS 5* Dec. 31, 2015	Dec. 31, 2014	% change	*IFRS 8* Dec. 31, 2015	Dec. 31, 2014	% change
End-users	24	35	- 31.4	663	508	+ 30.5
of which Retail	[redacted]			612	485	+ 26.2
of which Corporate and equivalent				51	23	+ 121.7
Corporate dealers	3	6	- 50.0	118	87	+ 35.6
Insurances and Services (including net refinancing costs)	47	111	- 57.7	157	142	+ 10.6
Unallocated and other1	39	15	+ 160.0	127	114	+ 11.4
Total	**113**	**167**	**- 32.3**	**1,065**	**851**	**+ 25.1**

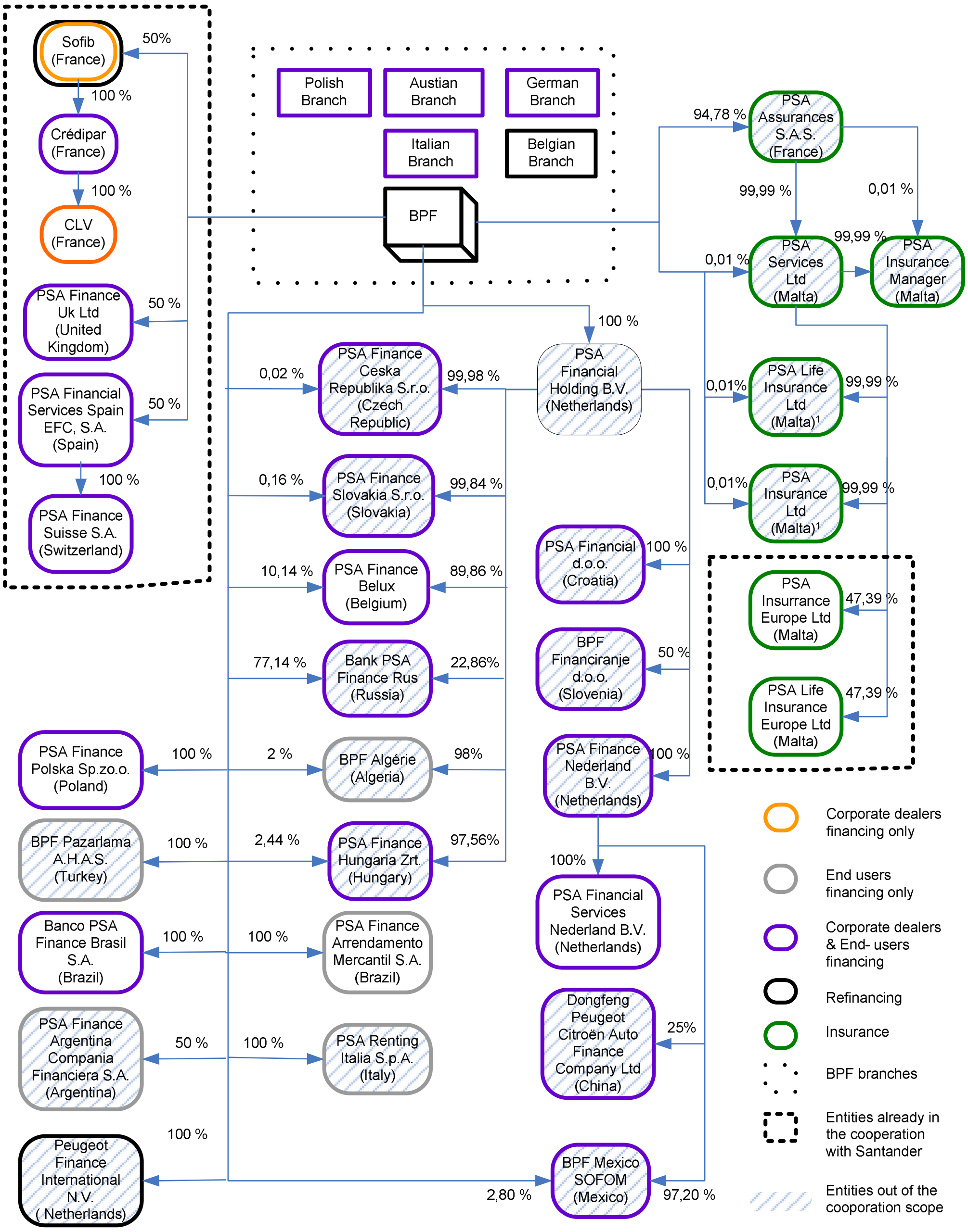
1 - Represents primarily refinancing cost adjustment reflecting the fact that interest expenses are allocated to customer segments based on our average financing rates, and on the assumption that loans are financed fully with debt.

1.3.3 Worldwide presence of the Group

1.3.3.1 Organization at December 31, 2015

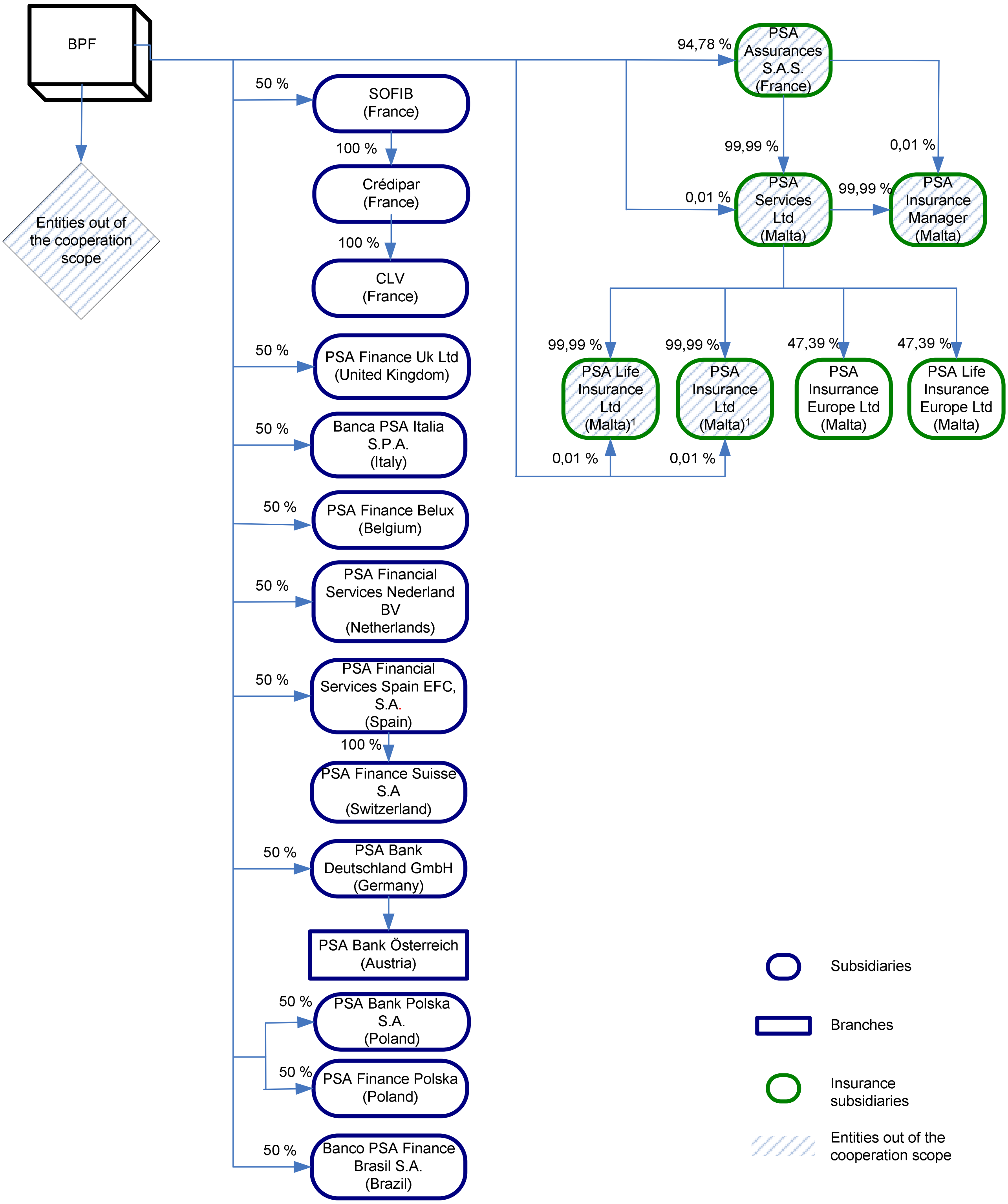


The following organizational chart only covers BPF Group entities with material operations.



¹ Out of cooperation scope Maltese entities insurance portfolio will be kept by BPF and set in run-off.

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



[1] Out of cooperation scope Maltese entities insurance portfolio will be kept by BPF and set in run-off.

1.3.4 Operations of the principal subsidiaries and branches of Banque PSA Finance

1.3.4.1 Presentation

100% directly controlled by companies in the PSA group and closely associated with the sales policies of the Peugeot, Citroën and DS brands, Banque PSA Finance (BPF) handles, in 23 countries, directly or with partners, the distribution of financing and service products in order to promote vehicle sales through the three brands' dealerships.

It also provides the brand dealerships with financing for their inventories of new and used vehicles and spare parts, along with other financing such as for working capital, and offers individual and business clients a complete range of financing, services, and savings products.

Depending upon the country, BPF conducts its operations by steering them directly, or through joint companies (50/50 except China with 25%) with banking or industrial partners, or through other forms of partnerships.

Through BPF’s organizational structure, its loan approval process is totally independent of the three brands and of the dealer network, and dealers are unable to exert any influence on the approval decision.

Typically, BPF's commercial offering combines insurance and services with the financing, in order to best respond to individual and business clients' growing expectations for mobility solutions.

In February 2014, Groupe PSA Peugeot Citroën and BPF announced their entry into exclusive negotiations with Santander Consumer Finance (SCF) in order to form a 50/50 partnership for developing BPF's operations in Europe. A framework agreement was signed on 10 July 2014 to create a European partnership involving 11 European countries. Subject to the approval of the competition and regulatory authorities in the principal countries, transactions started in early 2015 and will continue in 2016. The newly operational companies are consolidated by BPF using the equity accounting method.

The scope of the companies already operational as of December 31, 2015 covered 67.9% of BPF's outstanding loans as of that date.

In 2015, this transaction had already significantly reinforced the competitiveness of the PSA Peugeot Citroën brands, making better penetration of the automobile financing market possible. It enabled the financing operations of the Group to be boosted and sustained, through the use of competitive offers reserved for the brands and their customers.

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

SCF’S investment through existing entities

- In France, the entity has been operational since February 2, 2015. SCF made a 50% equity investment in SOFIB, which now holds 100% of Crédipar. CLV will continue to be wholly owned by Crédipar.
- In the United Kingdom, the entity has been operational since February 3, 2015; SCF made a 50% equity investment in BPF's existing subsidiary, to which the operations of BPF's existing branch were previously transferred.
- In Switzerland, the entity has been operational since October 1, 2015. The equity of BPF's existing subsidiary was sold to the newly created Spanish JV, owned 50/50 by BPF and SCF.
- In the Netherlands, the equity of BPF’s Dutch subsidiary is 50% held by BPF and 50% by SCF since February 1, 2016.
- In Belgium, SCF will acquire 50% of the capital of the existing Belgian subsidiary over the course of the first half of 2016.

Investment by SCF through newly created organizations

- In Spain, the new entity has been operational since October 1, 2015, and has received, through contribution, the business of BPF's existing Spanish branch. This new Spanish subsidiary held 50/50 by BPF and SCF.
- In Italy, the new entity has been operational since January 1, 2016, and is held 50/50 by BPF and SCF. It received through contribution the business of BPF's existing Italian branch.
- In Germany, the new entity, held 50/50 by BPF and SCF, has already received approval from the competition authorities and from the ECB. It will be operational over the course of the second quarter of 2016, and will receive through contribution the business of BPF's existing German branch.
- In Austria, the new entity has already received approval from the competition authorities and the ECB. It will be operational over the course of the second quarter of 2016, and will receive through contribution the business of BPF's existing Austrian branch. This entity will be a branch of the new German entity.
- Excluding financing operations, two subsidiaries started up in Malta on May 1, 2015 as insurance companies, held 50/50 by BPF and SCF.

Commercial cooperation

- In Portugal, BPF's existing branch and subsidiary were transferred on August 1, 2015 to SCF. A contract for commercial cooperation was also entered into on the same date between BPF and SCF.

Investment by SCF in Poland

- In Poland, SCF will invest in 50% of the capital of the existing subsidiary and 50% in the capital of a newly created Polish subsidiary. The cooperation between BPF and SCF will begin during the course of the second half of 2016.

Santander's investment in Brazil

- In Brazil, a framework agreement was signed on July 24, 2015 between BPF and Banco Santander Brasil, aimed at developing a partnership between the two groups. The new entity will become operational during the first half of 2016. For this transaction, Banco Santander Brasil will buy back the shares of BPF's finance companies in Brazil. This partnership will thus take the form of a financial institution held in equal parts by BPF and Banco Santander Brasil.

In its other markets:

- In Turkey, Banque PSA markets its financing and insurance product offerings in cooperation with its partner TEB/CETELEM, who carries the outstanding loans. On December 14, 2015, it transferred its banking license to FINANS BANK.
- In Croatia on November 18, 2015, Banque PSA Finance signed the deed of assignment of its portfolio of dealership and end-user receivables to Splitska Banka, a local subsidiary of the Société Générale Bank. This disposal became effective on January 31, 2016. Banque PSA Finance initiated on that date a procedure for the liquidation of its local subsidiary.
- In Slovenia, on November 18, 2015, Banque PSA Finance signed the deed of assignment of its local subsidiary to SKB, a subsidiary of Banque Société Générale. This disposal will become effective at the end of 1st quarter, 2016.
- The financing of dealerships and end users for the three brands, Peugeot, Citroën and DS, will be handled in Croatia and in Slovenia by Société Générale starting at the disposal date.
- Lastly, in China, in early 2015, BPF and the manufacturer DPCA reinforced their collaboration through a transfer of shares within their local JV, DPCAFC, which resulted in a new redistribution of the capital held, to 50% by DPCA, 25% by the DongFeng group, and 25% by BPF.

Unless otherwise mentioned, the results presented in this annual report exclude operations in China,.

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 2015 (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 in Russia since the second quarter of 2010.

In IFRS 5 format, as of December 31, 2015, operations of the European subsidiaries which have not been sold represent 50% of customer loans (of which 13% in Western Europe and 37% in Central and Eastern Europe), and 50% in the rest of the world (including Latin America).

Per IFRS 8, as of December 31, 2015, BPF's French subsidiaries accounted for 38.7% of the Group's total customer loans, 58.2% of customer loans in Europe, excluding France (of which 55.7% in Western Europe and 2.5% in Central and Eastern Europe) and 3.1% 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 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”. In February 2015, the savings business in France was transferred to the new joint company created in the framework of the cooperation agreement signed between BPF and Santander Consumer Finance.

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. Moreover, in Brazil, a framework agreement was signed on July 24, 2015 between BPF and Banco Santander Brasil

In its principal markets, Banque PSA Finance operates under different formats:

In the form of a JV

- With SCF in France, United Kingdom, Spain and Switzerland since 2015 and during 2016 in Germany, Austria, Belgium/Luxembourg, Italy, the Netherlands, and Poland.
- In China with the automobile manufacturer

Dongfeng and Dongfeng Peugeot Citroën Automobiles.

- In Brazil during the first half of 2016 with Banco Santander Brasil.
- In Argentina with BBVA.

In the form of a partnership

With banking partners who handle the essentials of refinancing and back-office management:

- In Turkey with TEB / Cetelem,
- In the Czech Republic and Slovakia with CSOB,
- In Mexico with BNP PARIBAS.

In the form of a commercial partnership

- With Santander Consumer Finance: in Portugal

Solely

- in Russia.

B. Business activities and Strategy

Operating in a global economic context which experiences rapid, unforeseeable, and varied economic cycles depending on the markets, within which competition is intensified with the arrival of new players, BPF managed again in 2015 to demonstrate the resilience of its economic model, founded on its proximity to the three Brands of the Group PSA Peugeot Citroën, and their dealership network and its reactivity. Its improving commercial performance and the quality of its management and procedures enabled it to generate high-level results in 2015.

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.

- ***A controlled geographical presence.*** 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 growth strategy in emerging markets is also pragmatic: an entry is typically made into the market via a partnership with a long-established financial institution, making it possible for BPF to rapidly become operational, all while limiting its development costs.

- ***Reinforced refinancing in 2015***. The partnership entered into in 2014 with Groupe Santander, the top group in terms of market capitalization in the European banking sector, has been in the course of deployment in 2015 and 2016 in 11 European countries, representing 95% of BPF's total outstanding loans at December 31, 2015, per IFRS 8. With a direct access to local refinancing markets, this cooperation makes it possible to significantly improve the positioning and competitiveness of our commercial offering.

While fully benefiting from its status as a dedicated commercial partner of Groupe PSA Peugeot Citroën, BPF operates according to an independent management structure, which steers, directly or indirectly, its 23 operational entities, and is responsible for the success of its operations, all while ensuring a rigorous control of the risks inherent to its trade. We formulate our commercial policy in conjunction with our Brand partners.

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

Management based upon the Asset and Liability Management (ALM) model was put into place in 2015 within BPF, aimed at optimizing the adequacy of our resources for our uses.

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-user financing (72% of outstanding customer loans and receivables per IFRS 5 and 71% per IFRS 8 as at December 31, 2015).*** We offer individuals, small and medium-sized businesses, and corporate and equivalent customers a range of solutions, including installment loans for the purchase of new and used vehicles, as well as various leasing solutions with or without purchase options.

- ***Financing the corporate dealership network (28% of outstanding customer loans per IFRS 5 and 29% per IFRS 8 as at December* 31, 2015).** 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 market is active in France, Germany, and Belgium, and consists of savings passbooks and Term Deposit Accounts (only in France and Germany). The proportion of outstanding amounts, all countries taken together, is respectively approximately 87% for savings passbooks and 13% for Term Deposit Accounts, with a certain benefit for the Term Deposit Accounts in terms of building customer loyalty. The growth in results from this business activity at the European level bears out the appropriateness of a plan built around 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 is fully consolidated into the scope of the SCF partnership.

The table below presents, in value and in volume, the production from new financing agreements in 2015 compared to 2014, as well as the amounts of outstanding loans, broken down each time by segment: loans to end users or to corporate dealers.

FINANCING BY PORTFOLIO

				Of which Santander partnership perimeter		
	Dec. 31, 2015	**Dec. 31, 2014**	**% change**	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**
End-users loans						
Number of vehicles financed	731,701	700,855	+ 4.4	671,726	645,952	+ 4.0
Amount of financing *(in million euros, excluding interests)*	8,250	7,535	+ 9.5	7,944	7,244	+ 9.7
Corporate dealers loans						
Number of vehicles financed	1,655,588	1,682,070	- 1.6	1,602,413	1,601,174	+ 0.1
Amount of vehicles financing *(in million euros)*	33,267	31,864	+ 44,0	32,271	30,425	+ 60,7
Amount of spare parts financing and other *(in million euros)*	3,231	3,344	- 33,8	3,093	3,174	- 25,8
Insurance and services activity						
Number of new contracts	1,500,679	1,400,088	+ 7.2	1,389,119	1,289,771	+ 7.7

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-user financing

BPF finances the purchase and lease of new and used vehicles for 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-sized businesses and corporate and equivalent customers. As at December 31, 2015, the latter represent 9.6% of the outstanding end-user loans and receivables (IFRS8), while individual clients and small and medium-sized businesses represent 90.4% of end-user outstanding loans. The average term of new end-user financing contracts was 41 months in 2015.

Most of our financing is for new vehicles (79% of the production). 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 term, 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 fleet with used vehicles. In 2015, we provided end-users financing for 731,701 vehicles including 155,793 used vehicles.

The production of new contracts in 2015 increased sharply (+9.5%) and rose to the amount of €8,250 million, representing 476,569 units financed by installment loans and 255,132 units by leasing contracts. In 2015, BPF pursued its strategy of offering package-type products (financing + services) which tend to build customer loyalty, in order to launch new vehicles, while further relying upon leasing techniques. Our volume of leasing-type products grew +11.4% and balloon-type loans by +12.2%.

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 2015. Our principal markets are China, France and other Western European countries (mainly the United Kingdom, Germany, Italy and Spain), Brazil and Argentina. The table below breaks down our outstanding end-users loans by region as at December 31, 2015 (excluding the €1,329 million of outstanding end-users loans in China at the end of December 2015). 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	**Dec. 31, 2015**		**Dec. 31, 2015**	
	in million euros	*as a % of total*	*in million euros*	*as a % of total*
France	-2	-0.6%	8,251	54.6%
Western Europe (excluding France)	59	17.8%	8,467	56.0%
Central and Eastern Europe	82	24.8%	327	2.2%
Latin America	144	43.5%	488	3.2%
Rest of the World	48	14.5%	48	0.3%
Total	**331**	**100.0%**	**15,119**	**100.0%**

Marketing and Penetration rates

BPF works closely and by priority in partnership with the Peugeot, Citroën and DS dealer networks, financing 29.9% of the sales of vehicles assembled by Groupe PSA Peugeot Citroën in 2015 in the eligible perimeter, which is an historic level.

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. Market studies confirm that the automobile renewal rate in the Brand is greater when the clients finance the purchase of their vehicle through the captive finance company of the Group (BPF). This significantly positive contribution to automobile customer loyalty undeniably constitutes a strong incentive for each dealer to enhance their cooperation with the Group. 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 processes. 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.

To complement the communications and product offerings of the Peugeot, Citroën and DS Brands on their websites, BPF has developed monthly-payment simulation tools, and in some markets, functionalities for tentative agreements. In parallel fashion, a vendor tablet application developed jointly with the Brands was launched in Great Britain and is now being tested in France.

Marketing policy aimed at developing the diffusion of customer-loyalty building offerings (balloon loans, leases with option to buy, long-term leases) accompanied by services accelerated in 2015. This type of offering has been utilized in order to support new vehicle launches, with the objective of increasing customer loyalty to the Brand, and accelerating the pace of renewal. This type of offering thus supplements the diversified offering, developed to meet the needs of the Peugeot, Citroën and DS dealer networks and their customers.

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 that country. 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 2014 and 2015:

BANQUE PSA FINANCE PENETRATION RATE BY COUNTRY

	PSA Peugeot Citroën registrations		New vehicles financed[1]		Banque PSA Finance penetration rate	
Countries	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
France	**678,147**	**659,197**	**193,212**	**185,002**	**28.5**	**28.1**
Germany	124,829	124,095	42,730	42,783	34.2	34.5
Portugal	22,230	28,105	6,889	8,452	31.0	30.1
Spain	182,578	153,039	66,886	57,245	36.6	37.4
Switzerland	27,643	26,240	8,948	7,954	32.4	30.3
United Kingdom	257,383	246,462	89,315	73,795	34.7	29.9
Italy	162,992	141,894	45,660	40,853	28.0	28.8
Belux	87,000	90,747	19,656	21,412	22.6	23.6
Austria	20,764	21,054	4,844	4,388	23.3	20.8
Netherlands	78,098	64,006	10,813	9,678	13.8	15.1
Western Europe (excluding France)	**963,517**	**895,642**	**295,741**	**266,560**	**30.7**	**29.8**
Slovenia	7,089	8,651	4,851	3,574	68.4	41.3
Slovakia	9,315	8,758	2,565	2,066	27.5	23.6
Czech Republic	16,360	15,178	4,371	2,929	26.7	19.3
Croatia	5,750	5,897	1,463	1,424	25.4	24.1
Poland	29,116	30,354	6,804	8,929	23.4	29.4
Hungary	3,363	6,402	448	733	13.3	11.4
Central and Eastern Europe	**70,993**	**75,240**	**20,502**	**19,655**	**28.9**	**26.1**
Brazil	57,650	93,916	27,877	39,800	48.4	42.4
Argentina	73,048	98,490	13,348	15,703	18.3	15.9
Mexico	7,295	6,147	2,305	1,912	31.6	31.1
Latin America	**137,993**	**198,553**	**43,530**	**57,415**	**31.5**	**28.9**
Russia	11,173	41,177	3,859	8,964	34.5	21.8
Turkey	62,684	46,540	18,927	11,553	30.2	24.8
Rest of the World	**73,857**	**87,717**	**22,786**	**20,517**	**30.9**	**23.4**
Total	**1,924,507**	**1,916,349**	**575,771**	**549,149**	**29.9**	**28.7**
Of which partnership perimeter (	**1,728,430**	**1,679,109**	**523,634**	**500,291**	**30.3**	**29.8**

1 Passenger cars and light commercial vehicles.

End-users penetration in China rose sharply (21.1% in 2015 vs. 16.2% in 2014), demonstrating the success of joint operations with the Brands. In one year volume went from 109,371 to 144,244 new car contracts, for a growth rate of 31.9%. Since 2013, the volume of contracts financed has increased by +119.7% (+78,596 files).

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. Leased vehicles are not recorded as fixed assets in the Bank's IFRS 8 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 in this portfolio is financing provided to dealers to finance vehicles used in their everyday business activities, for their working capital needs, as well as mortgage loans for their premises and other types of financing, including conventional current accounts.

Lines of credit may also be provided to dealers in order to finance their vehicle buyback obligations, within the framework of leases and balloon loans: in such 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 adjust credit limits if necessary.

In 2015, 1,655,588 vehicles were financed to dealers, which represents a drop of 1.6%, owing to the market contraction in Russia and in Latin America. The amount of new loans on vehicles that were issued to dealers of our Brands rose by 4,4%, 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, 2015 (IFRS 8), apart from the factors mentioned above, was also impacted by a favorable trend in orders taken, and rose by 5.5%.

The table below shows the number of vehicles financed for Peugeot, Citroën and DS dealers in 2014 and 2015, and breaks down our outstanding corporate dealer loan portfolio.

NEW FINANCING IN THE CORPORATE DEALER SEGMENT

				Of which Santander partnership perimeter		
(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**
Number of vehicles	**1,655,588**	**1,682,070**	**- 1.6**	**1,602,413**	**1,601,174**	**+ 0.1**
Amount (in million euros)	**36,498**	**35,207**	**+ 3.7**	**35,364**	**33,599**	**+ 5.3**
of which vehicles	33,267	31,864	+ 4.4	32,271	30,425	+ 6.1
of which spare parts and other	3,231	3,343	- 3.4	3,093	3,174	- 2.6

Geographical coverage

BPF finances dealers marketing the Peugeot, Citroën and DS Brands throughout the world, with a geographical coverage very similar to that of end-user financing operations, the principal markets being France, the rest of Western Europe, and Brazil.

The following table breaks down our outstanding corporate dealer loans by country as at December 31, 2015 (excluding the €709 million of outstanding corporate-dealer loans in China at the end of December 2015). We do not provide corporate dealer financing in Algeria, Argentina and Turkey.

OUTSTANDING CORPORATE DEALER FINANCING BY REGION

	IFRS 5		***IFRS 8***	
Corporate dealers	**Dec. 31, 2015**		**Dec. 31, 2015**	
	in million euros	*as a % of total*	*in million euros*	*as a % of total*
France	0		2,462	39.6%
Western Europe (excluding France)	1	0.8%	3,414	54.9%
Central and Eastern Europe	88	68.2%	212	3.4%
Latin America	18	14.0%	107	1.7%
Rest of the World	22	17.1%	22	0.4%
Total	**129**	**100.0%**	**6,217**	**100.0%**

Corporate dealer financing

The structure of our corporate dealer financing varies by country. The inventory financing generally includes a grace period, during the course of which the interest expense is borne by the Brands.

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 Brands (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, which is made up, in part, of four insurance companies, designs a broad range of insurance and service products which it distributes through BPF's subsidiaries and branches. The insurance products are either developed in partnership with key insurance players (the "BUY" model), or directly by insurance companies in which PSA Insurance holds an interest (the "MAKE" model). In 2015, two new insurance companies were thus created: PSA Insurance Europe and PSA Life Insurance Europe. The agreement entered into with Santander and the Group and BPF on July 10, 2014, provided for the creation of two insurance JVs, intended to underwrite the insurance products sold within the framework of the financing of new financing structures resulting from the agreement with Santander. The insurance JVs which were created are owned 50/50 and are consolidated by the equity accounting method. They commenced their operations on May 1, 2015, and distribute, under the Freedom to Provide Services principle, insurance products in France, Great Britain, Spain, and Portugal. The deployment will be completed over the course of the year 2016.

Regarding insurance companies created in 2009 and 100% owned (PSA Insurance and PSA Life Insurance), these will remain active until the end of their contractual commitments.

These companies are authorized to conduct business in all European markets thanks to the "Freedom to Provide Services" principle, a specificity of the European Union. PSA Insurance is also active in the Group's other principal markets: Latin America, Russia, China (mainly in consulting services).

As a result of this organizational structure, BPF and the Brands 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 for Peugeot and Doppel Flat for Citroën in Germany, and Just Add Fuel for Peugeot in the United Kingdom and the French versions Peugeot&Go and Simply Drive, which include maintenance, financing and car insurance. We have designed other offerings in order to meet the specific needs of certain markets or dealers, such as flat-rate monthly premium automobile insurance in Germany and France, black box automobile insurance as in the United Kingdom, loan-repayment insurance with unemployment cover as in the United Kingdom, France, Germany, Italy 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 2015, 12.6% of vehicles sold were sold with auto insurance, an increase of 0.5 points in comparison to 2014.

PSA Insurance offers a range of insurance products that not only directly 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 sixth year in a row, this strategy has proven to be as useful as it is sound.

The table below breaks down the number of service and insurance contracts per sector for 2014 and 2015.

NEW INSURANCE AND SERVICE CONTRACTS

				Of which Santander partnership perimeter		
(In number of contracts)	**Dec. 31, 2015**	**31 déc. 2014**	**% change**	**Dec. 31, 2015**	**31 déc. 2014**	**% change**
Financial services	620,237	570,830	+ 8.7	588,289	540,964	+ 8.7
Car insurance	242,098	232,412	+ 4.2	166,551	155,641	+ 7.0
Vehicle-related services	638,344	596,846	+ 7.0	634,279	593,166	+ 6.9
Total	**1,500,679**	**1,400,088**	**+ 7.2**	**1,389,119**	**1,289,771**	**+ 7.7**

PENETRATION RATE ON FINANCING

				Of which Santander partnership perimeter		
(In %)	**Dec. 31, 2015**	**Dec. 31, 2014**	**Pts change**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Pts change**
Financial services	82.9	79.7	+ 3.2	85.5	81.8	+ 3.7
Car insurance	32.4	32.4	+ 0.0	24.2	23.5	+ 0.7
Vehicle-related services	85.3	83.3	+ 2.0	92.2	89.7	+ 2.5
Total	**200.6**	**195.4**	**+ 5.2**	**201.8**	**194.9**	**+ 6.9**

Despite difficult market conditions, the number of new service and insurance contracts rose 7.2% in 2015. BPF sold on average over two insurance and/or service contracts per financed customer, up 5.2 penetration points from 2014. We have made concerted efforts to expand our services and insurance business in recent years, doubling our number of insurance and service contracts per financing since 2002 (an increase from 1.10 in 2002 to 2.01 in 2015).

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.

Amounts outstanding from the online savings business increased in the three countries where such operations are active. In France, outstanding amounts increased by €160 million in 2015. In Belgium, amounts collected increased by €382 million. Lastly, deposits of the savings-product business in Germany increased by €120 million this year. Germany remained ahead of France in terms of outstanding amounts at the end of 2015, despite a drop in the level of deposits during the course of the second half of the year, to reach €1,194 million by year end. Amounts outstanding for France rose to €1,112 million by the end of 2015, while that of Belgium reached €430 million at December 31, 2015. At December 31, 2015, the total outstanding (IFRS 8 format) amount for the three countries rose to €2,736 million (cf. paragraph 1.4.2.5), higher by €662 million in comparison to 2014. Using the same marketing methods and tools in these three markets makes efforts effective and fosters synergies.

1.3.4.3 Partnerships and Joint 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.

On July 10, 2014, BPF and Peugeot SA signed a partnership agreement (Framework and Investment Agreement) with Santander Consumer Finance SA (SCF) the scope of which relates to financing and insurance in Western Europe. In 2015, the joint ventures of the partnership with SCF, owned 50/50 by BPF and SCF, started up their financing operations, respectively in France, the United Kingdom, Spain and Switzerland, and their insurance operations, in Malta, with the creation of two insurance companies. In Portugal, the partnership took the form of a "white label" partnership, and BPF's operations were entirely transferred to SCF.

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”). A new agreement was signed in July 2015 with Banco Santander Brazil in order to create a joint company, the activities of which will begin in the first half of 2016.

Non-equity partnerships also exist in other countries, as for example in the countries of Eastern Europe, when such arrangements were favored

In China, BPF has held, since March 2015, 25% of the capital of a Chinese "Auto Finance Company", Dongfeng Peugeot Citroën Auto Finance Company Ltd., the remaining interest of which is owned 50% by Dongfeng Peugeot Citroën Automobiles, itself an industrial and commercial joint venture between Dongfeng Motor Group Co. Ltd (a leading manufacturer in the Chinese market) and Groupe PSA Peugeot Citroën, and thirdly, also holding 25%, is Dongfeng Motor Group Co. Ltd. The results of this joint-venture subsidiary are consolidated by the equity accounting method, its management being overseen jointly by the three partners.

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.

The partnership agreement entered into between BPF and SCF in July 2014 and which went into its operational phase in early 2015, includes a non-compete clause excluding SCF's commercial operations within the dealership networks of the Peugeot, Citroën and DS brands of the 11 European countries concerned.

1.3.4.5 Employees

At December 31, 2015, the number of employees of BPF subsidiaries and branches on a full time equivalent basis was 964.

The 1,244 employees of joint companies created within the framework of the BPF/SCF partnership having started up their operations in the course of 2015 are no longer included in BPF's figures: Spain, France, Portugal, United Kingdom and Switzerland. They are now the subject of a new joint HR governance between BPF and SCF. For other staff, BPF, a wholly owned subsidiary of the PSA Group, implements the Group's Human Resources policy spelled out in the PSA Peugeot Citroën 2015 Registration Document.

At the end of 2014, a study was carried out with all of BPF's staff aimed at measuring their level of commitment. Thereafter, targeted action plans were implemented whenever necessary.

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.

In Italy, in July 2015, the Italian competition authority opened an investigation against various long-term leasing firms, including PSA Renting SpA, a subsidiary of BPF which received a notification in December 2015. This investigation targets possible exchanges of information in the framework of the Italian association of long-term leasing firms (of which PSA Renting SpA has not been a member since the end of 2013). 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 presentation of the 2015 results is structured 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 BPF and Santander. 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 entities, for which the existing activities are retained by BPF. In addition, certain liabilities used to finance assets held for sale are also reclassified;
- the second fashion presents financial performance in the IFRS 8 format, which does not reflect the aforementioned reclassifications and neutralizes certain expenses recognized in the IFRS 5 format. This presentation still integrates all the Joint Ventures as a whole, even though there are accounted for with the equity method in IFRS 5 published accounts.

The startup in 2015 of the joint companies provided for in the cooperation agreement entered into in 2014 between BPF and SCF enabled BPF to announce that it would no longer utilize the guarantee of the State, which had been voted upon on December 29, 2012, by the French Parliament and upheld by the European Commission on July 29, 2013.

BPF's operating income in 2015 was €4 million per IFRS 5 (€514 million per IFRS 8), as compared to €96 million per IFRS 5 in 2014 (€337 million per IFRS 8).

1.4.1 Vehicle sales for Peugeot, Citroën and DS

In 2015, worldwide sales of PSA Peugeot Citroën rose 1.2% to 2,973,000 units. They rose in Europe, the Middle East and Africa and India-Pacific and were nearly stable in China for the year, with a rebound in the 4th quarter.

In Europe, the Group's sales increased by 5.9% with 1,864,000 units, and recorded an acceleration in the 4th quarter.

Peugeot sales grew by 9.4% to 1,056,000 units, owing in particular to the excellent performance of the Peugeot 308 (+31%), bolstered by the solid results of the Peugeot 2008 models (+11%, growing for the third consecutive year) and 208 (+10%). 2008 and 308 are on the podium of their respective segments in Europe. The most significant increases were realized in the Netherlands (+25%, or +10,500 sales), in Spain (+24%, or +19,900 sales), in Italy (+21%, or +17,500 sales) and in France (+7%, or +23,900 sales).

Citroën recorded a sales volume at the best level since 2012, with 731,000 units, and an annual increase of 3%, which accelerated in the second half of the year (+6%). In registrations, the Brand posted an increase of 5% over the year (+7% in the second half). Volumes in CITROËN sales grew across the major markets, such as Great Britain, Spain, Italy and Germany. This performance was brought about as much by the success of its VP C4 Cactus (82,000 sales), the New C1 (60,000 sales), and the C4 Picasso (113,000 sales) - as by that of its utility vehicles, with in particular the new Berlingo, leader of its segment.

With a 4th quarter posting an increase in volumes of 20.7% compared to the same period in 2014, the DS brand recorded 76,500 sales for the year. A dynamic was brought about in particular by new products launched (New DS 5 in June, and New DS 4 and DS 4 Crossback in the second half), the limited editions offered for DS 3 and the development of the DS dealer network, which has 17 DS Stores and 78 DS Salons in Europe.

In China and in Southeast Asia, sales of PSA Peugeot Citroën are nearly stable (-0.9%), with 736,000 units.

In a Chinese market experiencing moderate growth over the year for international brands, the Group saw its sales rebound in the 4th quarter (+8.9% compared to 2014), and remains focused on its profitability.

In China, sales of Peugeot increased by 6% to 408,000 units, placing DongFeng Peugeot among the international brands with the strongest growth. These results were brought about in particular by the success of the New Peugeot 408, for which sales, up by 68%, exceeded 107,000 units in 2015. The results were also fostered by the putting into place of innovative online marketing platforms, in cooperation with large Chinese e-commerce sites. Also notable is the continued success of the SUV Peugeot (3008 and 2008) product range, with over 110,000 vehicles sold during the year.

Across the region, Citroën recorded over 300,000 sales, with in particular, an upturn of over 10% in the 4th quarter. A dynamic was brought about by the success of the C3-XR SUV, marketed since the beginning of the year and which has already exceeded objectives, with 67,000 sales, while the Citroën C-Elysée confirmed its status as Dongfeng Citroën's best-seller, with 90,000 sales. The New C4 hatchback, marketed since October, also saw an excellent startup, with 8,000 sales already. Performances relied on the excellence of the Dongfeng Citroën dealer network, achieving the top 2015 J.D. Power CSI rating for the quality of its customer service.

With 21,500 sales, China represented 21% of the worldwide sales of the DS brand. Proof of the keen interest shown in this country for French-style luxury values, the Brand saw an increase of 46% in its deliveries.

The Middle East and Africa region is the third pillar of the Group, with 180,200 units, or growth of 6.4%.

PSA Peugeot Citroën confirmed the strong positions it holds in several markets (1st in Tunisia, 2nd in Algeria and in Morocco).

Peugeot, with 117,000 sales, grew by 2.3%. The Brand reinforced its positions in Algeria, Morocco, Tunisia, in the French overseas departments, and in Israel. Its sales grew significantly in Turkey (+40%), in Israel (+67%) and in Mashrek (+26%) owing in particular to the results from the Peugeot 208, 301 and 308.

With 61,500 sales, Citroën recorded an increase of 16.1%. The Brand reinforced its position in Algeria, Tunisia and Israel, and saw its sales strongly rise in Turkey (by +43%), in Israel (+79%) and in Tunisia (+29%), particularly owing to the success of the C-Elysée, CITROËN's best-seller in these countries.

The DS brand continued the acceleration of its development in the region, which led to the announcement of its arrival in Iran and of DS Store openings in Ankara and in Tunis, the first on the African continent.

In Latin America and in Eurasia, the Group's sales are still suffering from a heavily deteriorated economic environment. In these regions, the Group remains focused on the profitability of its operations and on the local integration of its production.

In Latin America, Peugeot launched several new products: the Peugeot 2008, launched during the year in Brazil and the new Peugeot 308 and 408, launched in Argentina and in Brazil in the last quarter of 2015. Notably, in Mexico, Peugeot sales increased by 34%, and in Chile, sales increased by 4%, in a market that was down by 14%.

For its part, Citroën sold 56,600 units in Latin America, and in November, launched its New C3 AIRCROSS, a small cross-over at the heart of the local clientele's expectations, manufactured in Brazil at the Porto Real production site.

For the India-Pacific region, Group PSA Peugeot Citroën recorded 23,800 sales thanks to the contributions of the Peugeot 2008, 308 and Citroën C4 Picasso. This 6.5% growth was particularly brought by Korea and Japan.

1.4.2 Banque PSA Finance commercial activity

1.4.2.1 End-users Financing

In an ever-difficult economic climate for a certain number of markets, BPF posted record new-vehicle financing penetration of 29.9%. The year 2015 was characterized equally by the sealing of the partnership agreement with Santander Consumer Finance (SCF) and the launching of the JVs (France and Great Britain in February 2015, and Spain and Switzerland in October 2015).

With respect to volumes, BPF recorded an increase in the number of new-vehicle contracts of 4.8% in its slightly rising (+0.4%) eligible market.

In 2014, vehicle registration numbers changed in varying ways depending on the region: the Europe 30 increased by 9.5% while the emerging countries experienced significant market drops: -25.6% for Brazil, -4.9% for Argentina and -37.8% for Russia. In contrast, there was a strong growth in the Turkish market (+26.1%) as well as the Chinese market (+9.1%), being 19,630,465 vehicles, thus maintaining its position as the top market for PSA.

In 2015, the volumes of end-user financing for new and used vehicles grew by +4.4% (excluding China), thus progressing from 700,855 to 731,701 contracts.

The tables below provide information relating to BPF's end-users financing activity in 2014 and 2015.

PRODUCTION OF NEW VEHICLE AND USED VEHICLE END-USER FINANCING

				dont périmètre coopération Santander		
(en nombre de contrats)	**31 déc. 2015**	**31 déc. 2014**	**Variation en %**	**31 déc. 2015**	**31 déc. 2014**	**Variation en %**
Vente à crédit	476 569	470 955	+ 1,2	427 402	424 585	+ 0,7
Activités de location et autres financements	255 132	229 900	+ 11,0	244 324	221 367	+ 10,4
Total	**731 701**	**700 855**	**+ 4,4**	**671 726**	**645 952**	**+ 4,0**

(en millions d'euros, hors agios)	31 déc. 2015	31 déc. 2014	Variation en %	dont périmètre coopération Santander 31 déc. 2015	31 déc. 2014	Variation en %
Vente à crédit	4 536	4 277	+ 6,1	4 305	4 046	+ 6,4
Activités de location et autres financements	3 714	3 258	+ 14,0	3 639	3 198	+ 13,8
Total	**8 250**	**7 535**	**+ 9,5**	**7 944**	**7 244**	**+ 9,7**

END-USER FINANCING OF NEW AND USED VEHICLES BY CLIENT PORTFOLIO

in million euros	Dec. 31, 2015	Dec. 31, 2014	% change	*Of which Santander partnership perimeter* Dec. 31, 2015	Dec. 31, 2014	% change
Retail financing	7,434	6,669	+ 11.5	7,134	6,383	+ 11.8
of which new vehicles	6,172	5,533	+ 11.5	5,908	5,274	+ 12.0
of which used vehicles and other	1,262	1,136	+ 11.1	1,226	1,109	+ 10.6
Corporate and equivalent financing	816	866	- 5.8	810	862	- 6.0
End-user financing	**8,250**	**7,535**	**+ 9.5**	**7,944**	**7,244**	**+ 9.7**

Production as an amount of new financing for individuals and small and medium-sized businesses increased by +11.5% between 2014 and 2015. The volume of new vehicle financing for this segment also rose 11.5% in 2015, and used vehicle financing by 11.1%. These developments are linked to the more significant volumes of contracts as well as to a higher average amount financed (+5.5% in new vehicles) owing in particular to the enrichment of the mix and the upmarket positioning of the vehicles. For the Corporate and equivalent segment, the total amount of the new vehicle and used vehicle financing declined by -5.8% in 2015. The Brands continue to direct the business towards the more profitable channels.

The following table breaks down the end-users loans made in 2015 and 2014 by region, based on the number of vehicles financed.

FINANCING OF END-CLIENT NEW AND USED VEHICLES BY REGION

in number of contracts	Dec. 31, 2015	Dec. 31, 2014	% change
France	268,845	257,260	+ 4.5
Western Europe (excluding France)	364,217	335,067	+ 8.7
Central and Eastern Europe	23,198	22,202	+ 4.5
Latin America	49,730	64,521	- 22.9
Rest of the World	25,711	21,805	+ 17.9
Total	**731,701**	**700,855**	**+ 4.4**
Of which partnership perimeter	**671,726**	**645,952**	**+ 4.0**

A. New Vehicle Financing

In 2015, BPF financed 575,771 new PSA vehicles through installment loans and leases, representing an increase of 4.8% compared to 2014.

Our overall penetration rate was 29.9% in 2015, an historic performance which was achieved thanks to good marketing dynamics along with close collaboration with the PSA Peugeot Citroën Group's 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. As a comparison, the new vehicle penetration was 28.3% in the first half and 31.7% in the second half. These improved performances are due to the success of the financing products created to support the introduction of new vehicles (the restyled 208, new DS5, DS4 Crossback, etc.).

The performance of the G5 which represents 76% of the production of new vehicle files, reached the high level of 31.1% (or +1 point) marked mainly by the historic penetration of Great Britain at 34.7% (+4.8 points) and the maintenance of high performances in Spain at 36.6%.

In Latin America, in a deteriorated economic climate: with strong variations in the automobile market (Brazil, Argentina), unemployment, inflation, and more stringent refinancing terms, BPF was able to achieve a performance of 31.5%, or +2.6 points compared to 2014.

Here are the way the various markets changed over time:

Western Europe

The number of new vehicle financing agreements (France included) increased by +8.3% in 2015, representing 488,953 PSA financing agreements, with a penetration rate of 29.8%, or +0.7 points. Despite signs of a fragile recovery, the economic climate in Europe remains troubled, the principal changes in penetration being as follows:

- In France, the volumes of new vehicle financing were up by +4.4%, with 193,212 financing agreements in 2015 compared to 185,002 in 2014. Penetration reached 28.5% or +0.4 point, compared to that of 2014, with performances up sharply over the second half (first half at 27.2% vs. 30% in the second half). To note, a significant increase in performances achieved in the B2C channel: +5.4 points at 37.7% with the integration of the new refinancing conditions from the SCF partnership.
- In Germany, in a climate where PSA sales are stable, BPF maintained high performances with a penetration of 34.2%.
- Spain maintained its good results in 2015 with a penetration rate of 36.6% (third best performance within the BPF perimeter) while short-term financing was limited this year, because of the profitability of these files. In a Spanish market which grew by +22.7% owing in particular to the governmental PIVE Plan, BPF continued with the success of the commercial initiatives completed in partnership with the Group's Brands. The Brands have been reinforced since October 2015 with the integration of the SCF partnership's new refinancing terms.
- In the United Kingdom, in a market which grew by 7.4% in 2015, penetration achieved a new record of 34.7%, or +4.8 points compared to 2014. The competitiveness of the product offerings with the Brands was particularly optimized with the launching of the JV with Santander Consumer Finance (SCF).
- In Italy, the automobile market continued its growth for the second consecutive year (+15.6%), the penetration rate dropping by 0.8% to 28%, principally because of the non-eligible volumes achieved by the Brands (mix of sales less favorable for financing) in particular during the first half.
- In Belgium and in Luxembourg, in an automobile market which grew by +4.9%, characterized by very competitive financing products, especially by the banks, penetration was 22.6%.

Central and Eastern Europe

With PSA registrations down by 5.6%, BPF grew by 2.8 points in terms of penetration to 28.9%, along with a +4.3% rise in contract volume to 20,502 contracts.

- In Poland, PSA sales were down by -4.1%, and BPF recorded a penetration down by 6 points at 23.4%, compared to the prior year, despite a comprehensive sales framework. Performance strongly deteriorated, taking into account a very limited eligible perimeter.
- The Czech Republic recorded an increase in PSA registrations of +7.8%, with BPF's penetration growing by +7.4 points to 26.7% owing to the success of the initiatives developed with the Brands and a major dealer plan for market reconquest.
- In its other markets, performances were significantly higher: in Slovenia with 68.4% (41.3% in 2014). In Croatia, penetration was at 25.4% (+1.3 points) and Slovakia recorded a penetration rate for new vehicles of 27.5% (23.6% in 2014).

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.

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 this arrangement).

In Brazil, BPF's subsidiary achieved a record penetration rate of 48.4% (42.4% in 2014), the second highest performance in the BPF perimeter, owing to the success of the promotional operations. However, these results do not make up for the decrease in volumes to 27,877 new vehicle contracts (-30%) knowing that registrations for Groupe PSA Peugeot Citroën were down by 38.6%.

In Argentina, PSA recorded a sharp reduction in new vehicle registrations, down -25.8% from 2014, while the automobile market was down by -4.9%. This unfavorable situation for the group is connected to vehicle importation difficulties. Penetration grew to 18.3% compared to 15.9% in 2014, owing to reinforcement of the promotional plan.

In Mexico, penetration reached 31.6%, up by +0.5 points. Peugeot sales grew by +18.7% and the volume of new vehicle financing agreements was up by +20.6%.

Rest of World

In Russia, the market marked in 2015 its third consecutive year of decline: -37.8%. Vehicle sales were especially struck by the economic crisis. PSA sales in particular decreased by -72.9%, to 11,173 vehicles. The slowdown was more accentuated for PSA sales because of the Group's policy focused on profitability. The penetration rate reached a high level of 34.5%, or +12.8 points compared to 2014.

With respect to other significant countries in 2015, a sharp increase in performance in Turkey should be noted, reaching 30.2%, or +5.4 points. 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 144,244 new vehicles in 2015, a sharp increase of 31.9% (after a 66.6% increase in 2014). The new vehicle penetration rate was 21.1%, up 4.9 points from 2014, after 4.1 points between 2013 and 2014, highlighting the success of operations undertaken jointly with the Brands. (See “1.4.23 Financing in China”).

B. Used Vehicle Financing

The volumes of used-vehicle financing activities grew by +2.8%, with contrasting developments according to the markets: a strong increase in Spain, in France, in Austria, in Switzerland and in Turkey, but difficulties in the German, Italian and Brazilian markets. The worldwide number of used vehicles financed was 155,793 compared to 151,547 in 2014.

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. The launching of new JV partnerships with SCF will make it possible to improve competitiveness in this market segment.

For the second consecutive year, volumes in France saw an increase, with +4.7% thanks to the new used-vehicle maintenance agreements and to the reinforcement of promotional initiatives. Volumes grew by +38.1% in Spain, which benefited from a complete overhaul of the terms offered.

To note, there were sharp upswings in markets such as Turkey (+148.2%) and Russia (+86.9%), due in the latter case to the strong drop in the new-vehicle market and the implementation of a governmental plan.

BPF's used-vehicle financing operations now rely on four important contributors (France, United Kingdom, Spain and Germany).

1.4.2.2 Corporate Dealer Financing

The financing activities of the distributors remained stable in volumes, and grew by 3.7% in value.

BPF financed a total of 1,655,588 vehicles for corporate dealers in 2015, down by 1.6%. New-vehicle financing amounts were up 6.1%, particularly reflecting a positive trend of the mix and the effects of the policy of upmarket positioning. Spare part volumes declined by 3.4% in a highly competitive market.

The following table sets forth our new corporate dealer financing activity for the years ended December 31, 2014 and 2015.

New financing in the corporate dealer segment

				Of which Santander partnership perimeter		
(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**
Number of vehicles	**1,655,588**	**1,682,070**	**- 1.6**	**1,602,413**	**1,601,174**	**+ 0.1**
Amount (in million euros)	**36,498**	**35,207**	**+ 3.7**	**35,364**	**33,599**	**+ 5.3**
of which vehicles	33,267	31,864	+ 4.4	32,271	30,425	+ 6.1
of which spare parts and other	3,231	3,343	- 3.4	3,093	3,174	- 2.6

The geographical distribution of the volumes of vehicles financed for corporate dealers highlights the continued net recovery of France and Western Europe in 2015.

1.4.2.3 Financing in China

In 2015, China experienced a year of contrasts, marked by a slowdown of the market for several months, before a recovery in the last quarter, with the automobile market growing in the end by 10% over the year. In such a climate, the Bank's financing activities, through its DPCAFC joint venture, recorded a new year of net operations growth. Total outstandings exceeded €2 billion at year-end 2015, compared to €1,534 million at year-end 2014, or an increase of 32.9% after 69.7% for the preceding year.

This is not reflected in the figures relating to our IFRS 8 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 2014 and 2015. The new-vehicle retail loan penetration reached 21.1% in 2015, and increased by close to 5 points, in witness of the growing recourse of the Chinese clientele to automobile loans, and of a growing proportion of financing campaigns organized with DPCA in the production of DPCAFC.

As a reminder, since March 2015, DPCA has held 50% of the shares of DPCAFC, BPF 25%, and the DongFeng Group 25%. The management of the JV is assumed jointly by the three partners. Group PSA Peugeot Citroën stillw owns directly or indirectly 50% of interests.

FINANCING IN CHINA

	Dec. 31, 2015	June 30, 2015	% change
End-user loans *(including leases)*			
Number of vehicles *(new and used)* financed	144,937	110,285	+ 31.4
Amount of financing *(in million euros, excluding interests)*	1,227	819	+ 49.8
Corporate dealer loans			
Number of vehicles financed	416,716	374,840	+ 11.2
Amount of financing *(in million euros, including spare parts)*	6,615	5,209	+ 27.0

Outstanding loans *(in million euros)*	Dec. 31, 2015	Dec. 31, 2014	% change
End-user loans *(including leases)*	1,329	913	+ 45.7
Corporate dealers loans	709	621	+ 14.4
Total loans	**2,039**	**1,534**	**+ 32.9**

In the framework of the development of PSA's and BPF's operations in China, BPF continued its assistance to CAPSA (a 50/50 Joint-Venture between Chang'An and PSA). A tripartite trade agreement was signed on November 23, 2015 between BPF (represented by PSA Shanghai Management), CAPSA and China South Group Finance (CSGF – Finance Group Company of Chang'An) with a view to proposing wholesale and retail financing solutions to the Chinese DS dealerships. In the framework of this agreement, BPF contributes its expertise in terms of marketing initiative, network training, and product innovation.

1.4.2.4 Insurance and Services

In 2015, the insurance and services margin (excluding net cost of refinancing) stood at €47 million per IFRS 5 and €157 million per IFRS 8, compared to €142 million per IFRS 8 in 2014. 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 €108 million per IFRS 8 in 2015, up from €94 million in 2014. Results for the year 2015 were affected in the amount of €6 million by the decision taken in the previous year to book a provision in respect of the risk pertaining to an investment litigation concerning the rate of the special tax on insurance contracts applicable to policies covering financial losses on lease agreements and installment loan contracts (€24 million was booked as a provision in 2014 for that and preceding years).

  Earned premiums rose to €135 million in 2015. The cost of claims and other changes in liabilities related to insurance activities represented an expense of €42 million in 2015 compared to €35 million in 2014 because of a more prudent level of provisioning which takes into account the recent nature of the joint-venture portfolio as well as the beginning of the portfolio reduction of the other companies;

- the margin on sales of other insurance products and services ("Buy" products) stood at €19 million per IFRS 5 and €49 million per IFRS 8 in 2015, compared to €48 million per IFRS 8 in 2014.

With the adjustment of exceptional items (+€18 million for TCA provisioning and -€7 million for additional provisioning), the total margin of insurance and service products increased by approximately €4 million in 2015.

NET BANKING REVENUE ON SERVICES

	IFRS 5			IFRS 8		
(In million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**
Margin on sales of insurance services	28	92	- 69.6	108	94	+ 14.9
Margin on sales of other services[1]	19	19	+ 0.0	49	48	+ 2.1
Total	**47**	**111**	**- 57.7**	**157**	**142**	**+ 10.6**

1 - After elimination of intra-segment transactions, which are primarily commissions paid by PSA Insurance to other group entities

1.4.2.5 Retail savings market

The willingness of BPF to diversify financing sources showed its effectiveness with the success met by the savings business in the three countries where it has been launched since 2013.

2015 was marked by a consolidation of the positions in France, thus bearing out the appropriateness of a plan built around the real economy.

The "PSA Banque" online savings business, transferred from BPF to the French joint company SOFIB in April 2015, was characterized by a very strong tendency to grow customer loyalty, in particular owing to the success of the term deposit account and customer-loyalty products. Indeed, and despite the discontinuance of promotional campaigns between August 2014 and September 2015, outstanding loans at December 31, 2015 (IFRS 8 format) were markedly higher than those at December 31, 2014 (€1,112 million, including €233 million in Term Deposit Accounts in 2015, compared to €952 million in total at year-end 2014).

After a smooth start-up in 2014, Belgium demonstrated its strong potential in online savings, with significant growth of the business in the year 2015. Outstanding amounts represented €430 million at year-end 2015 compared to €48 million at year-end 2014.

As for Germany, the very rapid start-up recorded at year-end 2014 was consolidated over 2015, with the amount outstanding reaching €1,194 million at the end of December (compared to €1,074 million at year-end 2014). Term Deposit Accounts represented €112 million or 9% of the amount outstanding at the end of December. However, the German market is characterized by strong client volatility, with a "rate" elasticity that is more significant than in other markets where BPF offers an online savings product.

The outlook for 2016 is obviously directly related to the agreements with 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.

SAVINGS BUSINESS

	Dec. 31, 2015	**Dec. 31, 2014**	**% change**
Outstanding (In M€)	**2,736**	**2,074**	+ 31.9
Of which France	1,112	952	+ 16.8
Of Which Germany	1,194	1,074	+ 11.2
Of which Belgium	430	48	+ 795.8
Number of active contracts	101,172	69,079	+ 46.5
Average by contract (in K€)	32	30	+ 6.7

1.4.3 Results of operations

NET INCOME

(in million euros)	IFRS 5 Dec. 31, 2015	IFRS 5 Dec. 31, 2014	IFRS 5 % change	IFRS 8 Dec. 31, 2015	IFRS 8 Dec. 31, 2014	IFRS 8 % change
Net banking revenue	113	167	- 32.3	1,065	851	+ 25.1
General operating expenses and equivalent[1]	-108	-57	+ 89.5	-482	-398	+ 21.1
Cost of risk	-1	-14	- 92.9	-69	-116	- 40.5
Operating income	**4**	**96**	**- 95.8**	**514**	**337**	**+ 52.5**
Share in net income of associates and joint ventures accounted for using the equity method2	123	12	+ 925.0	11	12	- 8.3
Other Non operating income3	-172	-462	- 62.8	-22	-11	+ 100.0
Pre-tax net income	**-45**	**-354**	**- 87.3**	**503**	**338**	**+ 48.8**
Income taxes	41	58	- 29.3	-148	-120	+ 23.3
Net income from continuing operations	**-4**	**-296**	**- 98.6**	**355**	**218**	**+ 62.8**
Profit/(loss) of operations to be taken over by partnership	**177**	**387**	**- 54.3**			
Net income for the year	**173**	**91**	**+ 90.1**	**355**	**218**	**+ 62.8**

1 - Including depreciation, amortization and impairment of intangible and tangible assets, and gains and losses on disposals of fixed assets.
[2] - Joint ventures with Santander accounted for using the equity method in IFRS 5: France and UK since February 2015, Spain and Switzerland since October 2015. China, within BPF partnership with Dongfeng Peugeot Citroën is accounted for using the equity method since 2006 (IFRS 5 and IFRS 8 formats)
[3] - Including costs of the non-transferred liabilities 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 €113 million as of December 31, 2015. Net banking revenue per IFRS 8 increased by 25.1% to €1,065 million as at December 31, 2015, compared to €851 million at December 31, 2014. This increase is predominantly the result of a more competitive refinancing cost (effect of the BPF-SCF partnership in France and the United Kingdom) with net banking revenue from the corporate dealer and end user businesses up €186 million as at December 31, 2015.

In addition, 2014 net banking revenue was negatively impacted by non-recurring exceptional events amounting to €44 million.

NET BANKING REVENUE BY PORTFOLIO

(in million euros)	IFRS 5 Dec. 31, 2015	IFRS 5 Dec. 31, 2014	IFRS 5 % change	IFRS 8 Dec. 31, 2015	IFRS 8 Dec. 31, 2014	IFRS 8 % change
End-users	24	35	- 31.4	663	508	+ 30.5
of which Retail				612	485	+ 26.2
of which Corporate and equivalent				51	23	+ 121.7
Corporate dealers	3	6	- 50.0	118	87	+ 35.6
Insurances and Services (including net refinancing costs)	47	111	- 57.7	157	142	+ 10.6
Unallocated and other1	39	15	+ 160.0	127	114	+ 11.4
Total	**113**	**167**	**- 32.3**	**1,065**	**851**	**+ 25.1**

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

1.4.3.2 General Operating Expenses

The general operating expenses and equivalent stood at €108 million in 2015 per IFRS 5. They stood at €481 million in 2015 per IFRS 8 compared to €398 million in 2014 per IFRS 8. This increase is mainly recognized in the "Taxes" item which is affected by a provision for tax adjustments associated with the €38 million VAT refund and the increase in current taxes relating to activity in 2015 as well as costs associated with the launch of the Santander Consumer Finance partnership..

1.4.3.3 Cost of risk

In 2015, the cost of risk stood at €1 million per IFRS 5 and €69 million per IFRS 8, or 0.33% of the average net outstanding loans, compared to €116 million in 2014 per IFRS 8, or 0.55% of the average net outstanding loans.

Our cost of risk for retail exposure (individuals and small and medium businesses) stood at €44 million in 2015 per IFRS 8 (0.32% of the average net outstanding retail loans). This figure, which is a significant improvement on 2014 (€88 million per IFRS 8 in 2014, including €23 million of non-recurring items equal to 0.63% of the average net outstanding retail loans or 0.47% excluding non-recurring items) reflects the Bank's continued progress in terms of risk, which was initiated in previous years.

Ongoing efforts since the beginning of the financial crisis of 2008 have led to the comprehensive restructuring of the portfolio. Risk indicators both in terms of production and the portfolio have continued to show improvement in all segments in 2015 compared to previous years.

The establishment of joint ventures in France and the UK in February 2015 and Spain and Switzerland in October 2015 relating to the agreement with Santander Consumer Finance have resulted in the increased monitoring of loan acceptance scoring activities.

Recovery procedures within each subsidiary have continued to perform well both in terms of first level defaults and litigation.

Collective impairment for outstanding performing corporate dealer loans in 2015 remained the same as 2014, at €11 million (0.19% of net average outstanding corporate dealer loans) and increased to €2 million for the corporate and equivalent portfolio (0.11% of the net average outstanding corporate and equivalent loans). During 2015, net charges to provisions specific to the corporate portfolios were changed over to the new Joint Ventures governance structure, equal to €11 million for the corporate dealer portfolio (0.20% of net average outstanding corporate dealer loans) and €1 million for the corporate and equivalent portfolio (0.9% of the net average outstanding corporate and equivalent loans). The total corporate cost of risk at the end of 2015 per IFRS 8 stood at €22 million for corporate dealers and €3 million for corporate and equivalent.

1.4.3.4 Operating Income

Operating income reached €4 million per IFRS 5 and €514 million per IFRS 8, an increase of 52.5% compared to €337 million per IFRS 8 in 2014. This change is primarily the result of the increased net banking revenue (positive effect of the BPF-SCF refinancing partnership) and a particularly low cost of risk for the year. These two elements have helped to offset the negative exceptional impacts on general operating expenses.

1.4.3.5 Consolidated Net Income

The consolidated net income stood at €173 million per IFRS 5 and €355 million per IFRS 8 in 2015. The €182 million difference between these two numbers (see Note 36.2 to the consolidated financial statements) is due to the recognition, solely per IFRS 5, of the impairment loss on the Disposal group (€60 million), the expense from the early repayment of certain liabilities, (€10 million after taxes) and the €112 million on joint venture partnerships accounted for using the equity method and launched in 2015.

The share in net income of associates and joint ventures accounted for using the equity method in IFRS 8 format fell marginally in 2015, from €12 million to €11 million as a result of the reduction in Banque PSA Finance's interest in DPCAFC. This effect was almost entirely offset by the economic and commercial growth of business in China.

1.5 Financial Situation

1.5.1 Assets

1.5.1.1 General

Assets as at December 31, 2015 amounted to €9,367 million per IFRS 5 and a total of €24,394 million per IFRS 8, slightly lower (-3%) than the same date in 2014. The main changes relate to loans and advances to credit institutions (-€1,015 million) and customer loans and receivables (+€315 million).

1.5.1.2 Outstanding Loans

Total outstanding loans (including installment and lease contracts) stood at €460 million per IFRS 5 and €21,336 million per IFRS 8, up 1.5% compared to 2014. End user loans remained stable per IFRS 8 whereas corporate dealer financing increased by 5.5%. The following table presents outstanding loans by customer segment as of the end of 2014 and 2015.

BY TYPE OF LOAN

(In million euros)	*IFRS 5*			*IFRS 8*		
	Dec. 31, 2015	**Dec. 31, 2014**	**% change**	**Dec. 31, 2015**	**Dec. 31, 2014**	**% change**
Corporate dealers	129	427	- 69.8	6,217	5,891	+ 5.5
End-users	331	3,612	- 90.8	15,119	15,130	- 0.1
of which Retail	303	3,497	- 91.3	13,662	13,636	+ 0.2
of which Corporate and equivalent	28	115	- 75.7	1,457	1,494	- 2.5
Total Customer Loans and Receivables	**460**	**4,039**	**- 88.6**	**21,336**	**21,021**	**+ 1.5**

The following table presents a geographical breakdown of our outstanding customer loans as of December 31, 2015 and 2014.

BY REGION

	IFRS 5						*IFRS 8*					
	Dec. 31, 2015			**Dec. 31, 2014**			**Dec. 31, 2015**			**Dec. 31, 2014**		
in million euros	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total
France1	0	-2	-2	0	70	70	2,462	5,789	8,251	2,437	5,635	8,072
Western Europe (excluding France)	1	59	60	83	2,457	2,540	3,414	8,467	11,881	3,041	8,277	11,318
Central and Eastern Europe	88	82	170	119	200	319	212	327	539	188	333	521
Latin America	18	144	162	190	808	998	107	488	595	190	808	998
Rest of the World	22	48	70	35	77	112	22	48	70	35	77	112
Total	**129**	**331**	**460**	**427**	**3,612**	**4,039**	**6,217**	**15,119**	**21,336**	**5,891**	**15,130**	**21,021**

1 - Negative outstandings in IFRS 5 format are linked to netting underwritting with PSAI current accounts.

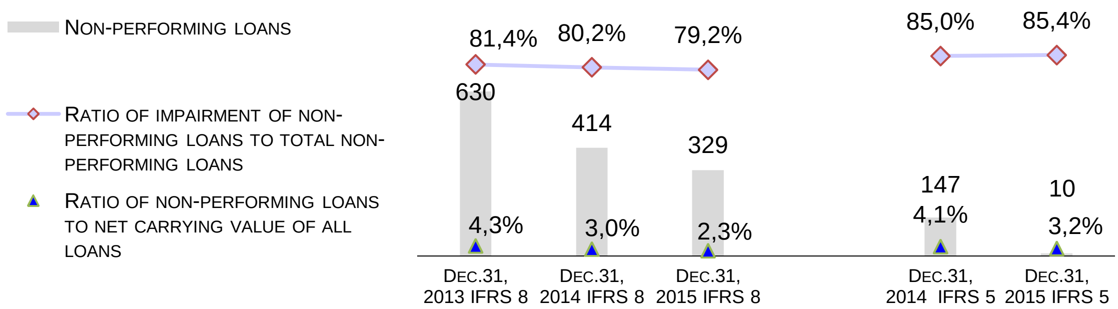
1.5.2 Provisions for Non-performing loans

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 to 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 to BPF's consolidated financial statements sets forth our sound loans with past-due installments (delinquent loans), non-performing loans and related impairment amounts, in each case as of December 31, 2015 and 2014. For retail financing to individuals and small and medium businesses, we record statistical impairment charges in respect of delinquent loans, as well as for non-performing loans.

For corporate dealer and corporate and equivalent financing, we analyze each delinquent loan to determine if it presents an aggravated risk. If so, the loan is classified as non-performing. Accordingly, we only record impairment charges in respect of non-performing loans. At the regulator's request, we are developing a model for impairment of performing corporate loans that addresses risk factors. Banque PSA Finance recognized a collective impairment on Corporate sound receivables in the financial statements for the year ended December 31, 2015 based on the first assessment of the results of this model.

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



The sum of non-performing loans continued to fall in 2015 due to the improvement in risk, resulting in a significant reduction in compromised non-performing losses compared to previous years (17% compared to 2014). Similarly, recovery on compromised non-performing loans and credit losses remained at a high level thanks to work carried out by the subsidiaries' recovery teams. Lastly, credit losses returned to a normal level based on shorter time scales in 2014.

Non-performing loans hedged with provisions remained high at almost 80%, despite a write-off policy for old debt with slim chances of recovery.

1.5.3 Refinancing

On July 10, 2014, BPF and Santander Consumer Finance (SCF and its affiliates) signed a partnership framework agreement between the two groups in 11 countries. This partnership takes the form of joint ventures or commercial agreements.

From the start dates onwards, BPF is no longer responsible for the financing of joint ventures.

BPF continues to finance businesses in countries that are outside the scope of the framework agreement with SCF and, until the next joint ventures are set up, transferred businesses.

In this context, BPF performed several transactions in 2015 as part of the active management of its debt:

- signature of a new syndicated credit facility of €700 million, maturing in five years;
- repayment and cancellation of previous syndicated credit facilities (syndicated loan in the amount of €4.1 billion signed on January 11, 2013, revolving credit facility in the amount of €1.2 billion signed on January 11, 2013 and the syndicated loan in the amount of €2 billion signed on December 13, 2011);
- buyback of a number of its existing bond issues for a total amount of €1,893 million including €1,243 million with State guarantee.

BPF's refinancing policy specifically aims to support and secure the establishment of the most recent joint ventures between BPF and SCF.

In addition, our strong capital base, coupled with a quality asset portfolio, provide us with equity 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 2015, BPF made use of a number of different sources of financing: deposits (passbook savings accounts and deposit accounts), bonds, securitizations, as well as syndicated backup and revolving bilateral lines. As a regulated credit institution, BPF also had access in 2015 to refinancing channels from the European Central Bank (ECB).

Furthermore, BPF possesses solid financial security which is based on a reserve of liquidity, undrawn revolving bilateral lines and syndicated backup lines (see Note 27.3 to the consolidated financial statements).

As of December 31, 2015, 20% of financing came from drawn bank loans, 29% from the capital market, 18% from securitization operations on the markets, 7% from "other" financing (including 0% of public origin such as the ECB) and 26% from the deposit bank business. At December 31, 2014, these sources provided 27%, 27%, 28%, 8% (including 7% of public origin) and 10% of our financing, respectively.

The following table and charts break down our financing arrangements by source of financing as of December 31, 2013, December 31, 2014, June 30, 2015 and December 31, 2015.

FINANCING ARRANGEMENTS BY SOURCE

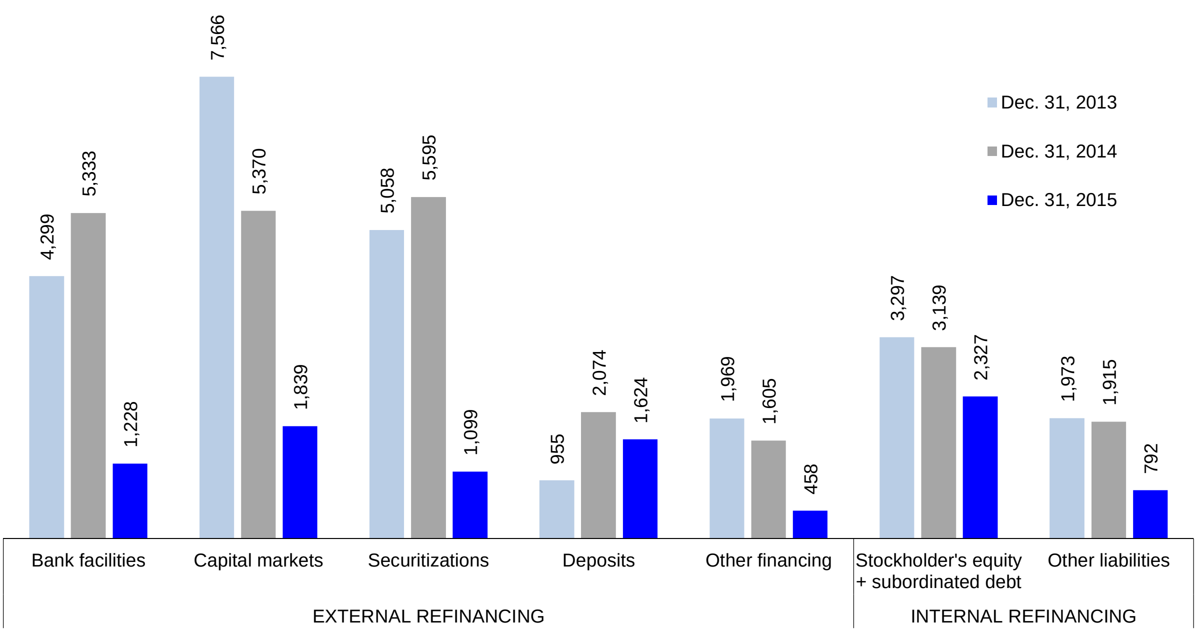
(in million euros)	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Bank facilities	**1,228**	**5,333**	**4,299**
Bonds + BMTN	56	115	212
EMTN	1,737	5,128	7,119
Other	19	55	42
Long-Term	*1,812*	*5,298*	*7,373*
CD	0	49	64
CP	0	0	0
Other	27	23	129
Short-Term	*27*	*72*	*193*
Capital markets	**1,839**	**5,370**	**7,566**
Securitizations	**1,099**	**5,595**	**5,058**
Deposits	**1,624**	**2,074**	**955**
Other financing	**458**	**1,605**	**1,969**
Total external refinancing	**6,248**	**19,977**	**19,847**
Stockholder's equity + subordinated debt	2,327	3,139	3,297
Other liabilities	792	1,915	1,973
Total assets	**9,367**	**25,031**	**25,117**

1 Securitizations include all loan securitizations and the brazilian FIDC

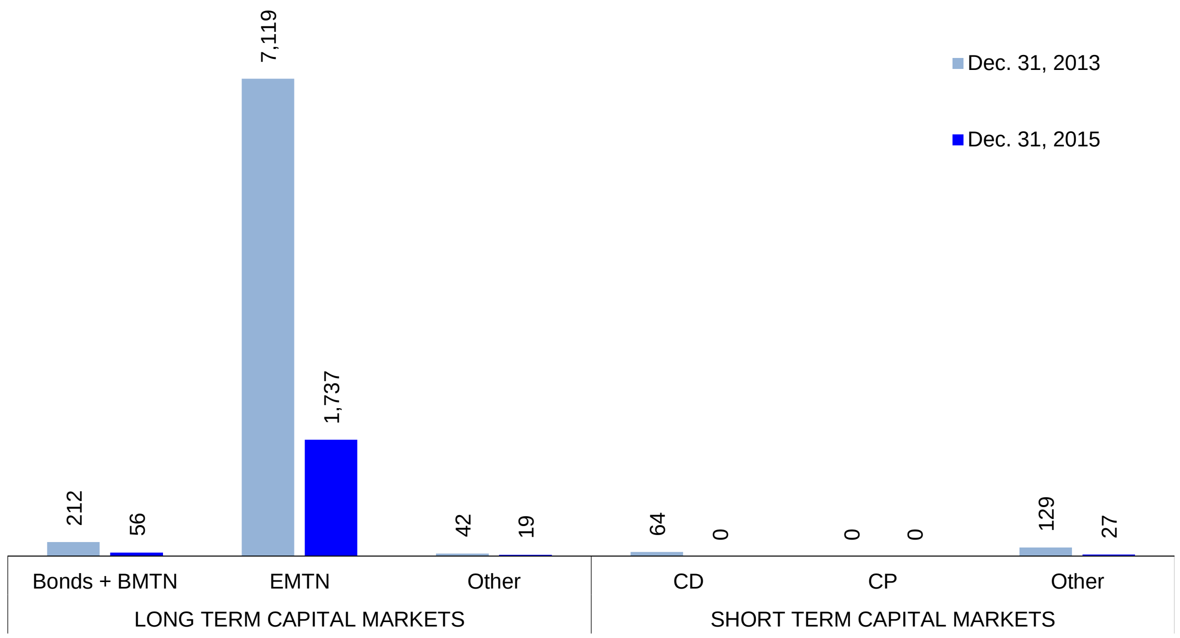
2 This Item represents the ECB repo (€ 455 million) and Peugeot Citroen Argentina's loan to PSA Finance Argentina (€3 million)

SOURCES OF FINANCING *(in millions of euros)*

(EXCLUDING UNDRAWN CONFIRMED BANK CREDIT LINES)



CAPITAL MARKETS *(in millions of euros)*



The two bond issues with State guarantee (€1,500 million issued in total) were the subject of a debt buyback operation in 2015. The issue maturing in April 2016 presents a residual notional amount of €257 million from a total amount issued of €1.2 billion. This issue will benefit from the French State guarantee until its maturity. The issue maturing in July 2017 (€300 million issued) was the subject of a total buyback in two parts: March 2015 and November 2015.

Following the launch of the first joint ventures between BPF and SCF in France and the UK in February 2015, BPF announced that it would no longer use the French State guarantee for new bond issues.

The outstanding financing balances on the short and medium-term capital markets represent €1,839 million as of December 31, 2015, compared with €5,370 million as of December 31, 2014.

On February 5, 2015, BPF signed a new syndicated credit facility of €700 million maturing in five years. On the same day, BPF repaid and canceled the syndicated loan in the amount of €4.1 billion and the revolving credit facility in the amount of €1.2 billion, both granted on January 11, 2013, and the syndicated loan initially granted in the amount of €2 billion on December 13, 2011. These transactions are part of the launch of the partnership between BPF and SCF in France and the UK, resulting in a significant reduction in BPF's financing needs and associated financial securities.

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.

As at December 31, 2015, drawn bank facilities represented €1,228 million, versus €5,333 million at December 31, 2014.

Furthermore, the outstanding amount of external financing through securitization (including the Brazilian FIDC) fell from €5,595 million at December 31, 2014 to €1,099 million at December 31, 2015. All of our securitization transactions are fully consolidated and carried on balance sheet. The total amount of receivables sold to securitization vehicles was €1,358 million at December 31, 2015 compared to €8,890 million at December 31, 2014 (see Note [9.5 to the consolidated financial statements). The fall in outstanding loans and sold receivables reflects the deconsolidation of operations in France, the UK, Spain and Switzerland in 2015, due to the launch of joint ventures with SCF in these countries.

During 2015, several securitization programs were renewed and one was placed on the market. The French, British, Swiss and Spanish programs were transferred when the joint ventures were set up.

As at December 31, 2015, no structured financing has been sought from the ECB (see Note 17 to the consolidated financial statements). This source of financing was used by BPF for an amount of €1,300 million at December 31, 2014. No assets have been deposited as collateral with the ECB as at December 31, 2015, compared to €2,009 million as at December 31, 2014, including €749 million of customer receivables (see Note 27.1 to the consolidated financial statements).

BPF is not planning any further drawdowns from this source of financing.

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, 2015, financing with an original maturity of twelve months or more represented 53% of the total (versus 75% as of December 31, 2014), in accordance with the methods defined in 2013, providing continued solid coverage of potential liquidity risk.

Financing is arranged with maturities that cover the maturities of the retail financing portfolio.

The establishment of joint ventures between BPF and SCF in the various countries includes their financing by BPF, until business is up and running. In order to verify BPF's ability to continue this financing in the event of planning delays, stress scenarios are performed every month using delays of between three months and one year.

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 6-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. As at December 31, 2015, the liquidity reserve (available invested cash) represented €545 million (see Note 27.3 to the consolidated financial statements) including €401 million of high-quality liquid assets, before weighting for the calculation of the liquidity coverage ratio (LCR).

As of December 31, 2015, BPF holds undrawn committed credit facilities of €1,961 million, including €700 million in syndicated backup lines (see Note 27.2 to the consolidated financial statements).

The syndicated backup facility of €700 million will mature in February 2020. It was granted for a five-year term with a syndicate of leading banking institutions. This syndicated backup facility was not drawn down in 2015.

The bank facilities are not affected by any covenants or restrictions outside of standard market practices, however they do have the following three notable elements that could result in the cancellation of the credit facilities:

- PSA's loss of direct or indirect ownership of the majority of BPF shares;
- BPF's loss of its status as a bank;
- non-compliance with the minimum Common Equity Tier One ratio of 11%.

As of December 31, 2015, BPF holds financial commitments given in favor of its customers for an amount of €208 million, compared to €1,258 million at the end of December 2014. In addition, the amount of guarantee commitments given in favor of customers increased to €27 million, compared to €66 million at the end of December 2014 (see Note 27.1 to the consolidated financial statements).

1.5.5 Credit Ratings

BPF's credit rating is linked to that of Peugeot SA, to its business level and its financial structure.

It should be noted that the partnership with Santander will limit its access to capital markets. At the same time as announcing the establishment of joint ventures in France and the UK, BPF announced that it would no longer use the French State guarantee for its bond issues. During the first half of 2015:

Standard & Poor’s amended the long-term credit rating of Peugeot SA to BB- on April 22, 2015 and as a result, that of BPF to BB+ on April 28, 2015.

Moody’s Investors Service re-evaluated the long-term credit rating of Peugeot SA to Ba3 on February 19, 2015, and the long-term credit rating of BPF to Baa3 on February 27, 2015. Moody’s raised the outlook to positive on July 31, 2015. BPF's short-term credit rating was changed to P-3 on February 27, 2015.

CREDIT RATINGS

Credit rating		Issuer (active programs)	Type	Program size at Dec. 31, 2015	Utilized at Dec. 31, 2015
S&P	Moody's	Short-term		*(in million euros)*	
NR	NR	Banque PSA Finance	CD	300	0
		Long-term			
NR	NR	Banque PSA Finance	Bonds	300	0
BB+	Baa3	Banque PSA Finance (and PFI NV)	EMTN	6 000	1 489

Given the gradual establishment of joint ventures with Santander Consumer Finance and the increased financing of businesses, Banque PSA Finance decided at the beginning of 2016 to no longer seek ratings from credit rating agencies.

1.5.6 Capital management

As of December 31, 2015, the Group's share of the consolidated capital per IFRS 5 totaled €2,295 million, down by €806 million compared to €3,101 million as of December 31, 2014. The change is essentially justified by the dividends paid in 2015 (see Note 2.4 to the consolidated financial statements).

1.5.6.1 Equity Capital

Thanks to its previous policy of reinforcement of its basic capital (Common Equity Tier One) which has reached a new level, enabling 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 €419 million BPF Group share.

On this basis, the reserve capital of BPF reached €777 million at the end of 2015, compared to €2,436 million at the end of 2014.

As at December 31, 2015, after the distribution of €419 million in dividends for the fiscal year 2015, the capital ratio stood at 12% (see section 1.5.6.2 Capital requirements), versus 13.51% at the end of December 2014.

1.5.6.2 Capital requirements

On April 6, 2009, the French banking supervisor, Autorité de Contrôle Prudentiel et de Résolution or ACPR (formerly called the Commission Bancaire and now named "ACPR") 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.

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.

The implementation of the cooperative agreement between Banque PSA Finance and Santander Consumer Finance (SCF) has had a significant impact on the scope and calculation of minimum capital requirements, and more generally, the CET1 ratio. The French, British and Spanish entities in which the internal ratings approaches were applied, as well as the Swiss entities that used the standard approach, have become joint ventures with SCF and are therefore excluded from the BPF regulatory scope of consolidation for the calculation of risk-weighted assets (RWA). In return, BPF's interest in these joint ventures, in accordance with the CRR and up to certain thresholds, is deducted from the regulatory capital which forms the numerator of the solvency ratio calculation. With regard to Portugal, a country that formerly applied the internal ratings approach, the entire portfolio was sold to the Santander Group and a commercial agreement was entered into. As a result this country is no longer taken into account for the calculation of either weighted assets or BPF capital. However, as at December 2015, the internal ratings approach is still being used to calculate weighted assets in four countries (Germany, Italy, Belgium, the Netherlands).

Within the scope of the cooperative joint ventures, BPF and SCF intend to reuse the internal ratings models developed by BPF, once they are approved by an independent validation unit (the Santander Group Internal Validation Team), following the integration of the governance principles jointly agreed upon by both partners, and with the consent of the relevant supervisory authorities. In France (SOFIB Group), the ECB has temporarily authorized the continued use of internal methods for the calculation of weighted assets until at least June 2016, and an extensive action plan has been implemented in order to allow the integration of the SOFIB internal ratings system within SCF's scope of consolidation whilst complying with Santander Group standards. Once this plan has been implemented, the SOFIB internal ratings system will be reassessed by the ECB before any final authorization is granted. A similar plan was presented to the ECB and the British regulator PRA regarding the option to reuse the internal models developed by BPF; for the duration of the transition period between the implementation of this plan and the supervisory authorities giving their decision, any exposure will be assessed using the standard method. The standard method is also temporarily used by the Spanish joint venture to assess credit risk.

At the same time as reusing existing internal models, the Bank is committed to the process of approving its assessment of corporate dealer exposure using the advanced IRB approach. Until now this has been assessed using the foundation approach.

As part of the application of the new Basel III regulation, BPF confirms a strong financial position. At December 31, 2015, the Basel III capital ratio in respect of pillar I thereby amounted to 12.00%, compared with 13.51% at December 31, 2014. The Basel III Tier 1 capital amounted to €777 million, taking into account the deduction of the difference between recognized impairment and expected actual losses on the IRB scope (- €59 million), and the minimum capital requirement stood at €518 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, 2014 and December 31, 2015 can be attributed to the decrease in regulatory capital partially offset by a decrease in capital requirements related to a decline in the risk-weighted assets (RWA) of the denominator. The decline in RWA (-€11,565 million) is primarily the result of the use of the equity accounting method for French, British, Spanish and Swiss entities in BPF's consolidated financial statements, following the creation of joint ventures with Santander CF in these countries as well as the sale of Portuguese entities to the Santander Group. The assets of these entities are therefore excluded from the RWA calculations. The decrease in regulatory capital (-€1,659 million) is primarily attributed to four factors:

- the payment of €918 million in dividends in 2015, from BPF to its shareholder the PSA Peugeot Citroën Group (impact of -€533 million on the regulatory capital relating to the distributed share of BPF reserves, made possible after the sale of French and British entities due to the elimination of the risk of outstanding debt);
- a decrease in the difference between recognized impairment and expected actual losses on the IRB scope relating to the use of the equity accounting method for French, British, Spanish and Swiss entities as well as the sale of Portuguese entities (impact of +€148 million on the regulatory capital);
- the increase in investments in non-consolidated companies and those accounted for using the equity method (impact of -€935 million on the regulatory capital). It should be noted that at the end of December 2015, under prudential standards, BPF held an interest in non-consolidated companies or those accounted for using the equity method (insurance companies, the Chinese subsidiary and French, British, Spanish and Swiss joint ventures with Santander CF) to the amount of €1,066 million. A share of these investments, up to certain thresholds, may be used in the RWA calculation, but the remainder (€935 million) will be deducted from the regulatory capital;
- BPF expects to distribute dividends of €419 million to its shareholder the PSA Peugeot Citroën Group in 2016. This was recognized in the regulatory capital calculation at December 31, 2015.

CAPITAL REQUIREMENTS

(in million euros)	4 IRB countries Dec 31, 2015[1]	8 IRB countries Dec 31, 2014
Credit risk		
Standard approach	**211**	**435**
Of which Capital Requirement linked to shares of non consolidated entities and entities accounted for using the equity method	**26**	**35**
Foundation internal ratings-based approach (IRBF)	139	457
Advanced internal ratings-based approach (IRBA)	112	416
Subtotal	**462**	**1,308**
Operational risk - Capital Requirement (standard approach)	**56**	**135**
Currency risk - Capital Requirement (structural currency position)	0	0
Total Capital Requirement "Basel" (A)	518	1,443
Total Risk Weighted Assets (A)/0,08=(B)	**6,472**	**18,037**
Total regulatory capital "Basel" (C)	**777**	**2,436**
Of which expected impairment loss vs IFRS accounting impairment	**-59**	**-207**
Of which Capital Requirement linked to shares of non consolidated entities and entities accounted for using the equity method (unaccounted share to the Capital Requirement calculation)	**-935**	**0**
Capital adequacy ratio "Basel" : (C)/(B)	**12.00%**	**13.51%**

1 In December 2015, Countries included in the IRB perimeter are now 4, beacuse of the use of Equity Method for French, UK, Spanish and Swiss entities following the set up of Joint companies withh SCF in those countries and the sale of Portuguese entities to Santander Group.

All the data used to model and calculate credit risk is extracted from our management accounting systems. The latter, over the seven markets covered by internal approaches (for BPF or within the cooperative agreement with SCF), feed into the common risk databases (BRC and BUIC) 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.

1.5.7 Outlook

BPF will continue its operational excellence as the PSA Group's "Captive Financial Institution", and thus contribute actively to fulfilling the Group's profitable growth objectives.

In 2016, BPF will continue the operational implementation of the partnership with Santander in Brazil and the six remaining European countries, with the aim of strengthening 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 still cooperate in the existing partnerships and will actively assist the expansion of the Group in new markets.

1.6 Risk factors and risk management

The identification, measurement, control and monitoring of risks associated with BPF are an integral part of Risk Management, the new name of the Risks Department in accordance with the Order dated November 3, 2014. The manager thereof is a member of the Management Committee. This manager also reports to the Audit and Risk Committee and the Risk Management Committee and, when required, 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 Management Committee, ALCO (ALM committee), the Model and Basel II Committee and the Audit and Risk 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

Risks are assessed on approval of the loan and monthly for all loans in the 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 the case of a financing renewal following 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.

For the joint ventures that were launched in 2015, the Basel Internal Ratings Based Approach (IRBA) was used as the basis for the credit risk models for our retail portfolio in France. The European Central Bank has given its approval to the continued use of the BPF models throughout the implementation of the action plan to align French joint ventures with the Santander Consumer Finance IRB models between now and July 2016.

The UK and Spain joint ventures use standard models.

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 have developed a model for impairment of performing corporate loans. This should be approved during 2016. Banque PSA Finance has used the principle and method of collective impairment on performing corporate loans identical to that used 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 non-transferable credit lines from one financial product to another and their associated periods of validity;
- 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;
- meetings between headquarters, subsidiary and branch teams, held at least monthly.

The Risk Management Committee, the Model Committee and the Audit and Risk Committee 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 by the Basel Committee.

1.6.3 Financial risks and market risk

1.6.3.1 Liquidity risk

All of the principles outlined below relate to entities controlled directly by BPF. Risk management for joint ventures between BPF and SCF is carried out in each country by each joint venture under shareholder supervision.

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 growth of a retail savings market since 2013.

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 definition of liquidity risk indicators and related limits enabling characterization of BPF's exposure to liquidity risk currently and in the near future. The main indicators are:

  - a minimum LCR 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

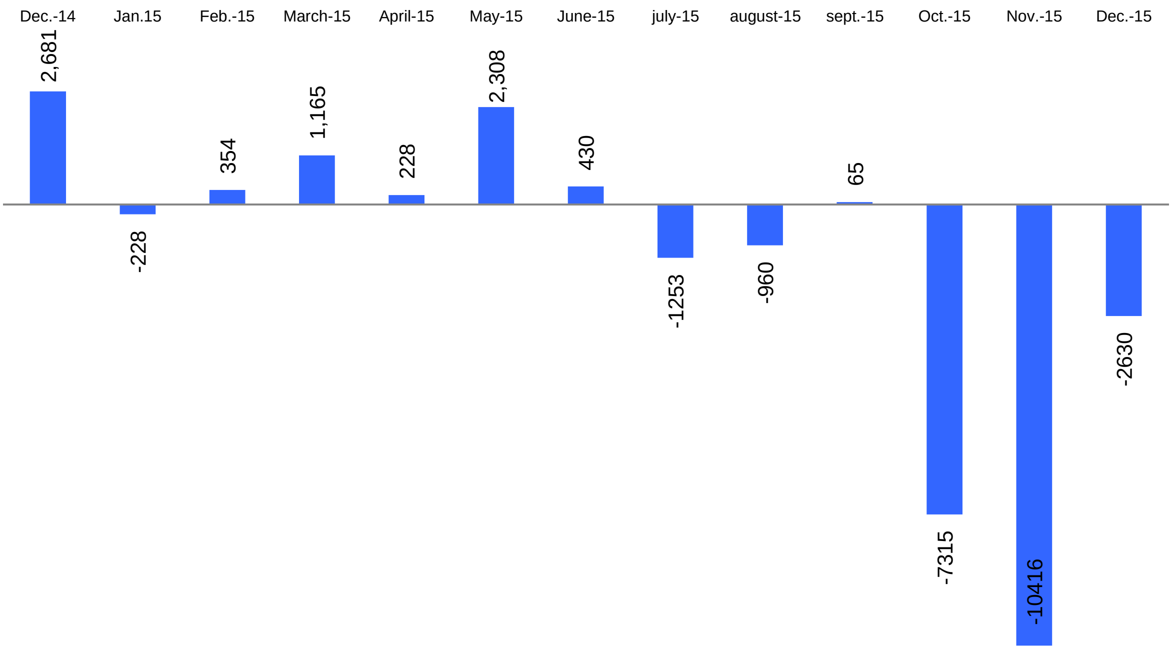
Our strategy is to avoid exposure to interest rate risk and if necessary to use derivative instruments to achieve this objective. Control of this risk consists of complying with this policy with very regular monitoring.

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 at December 31, 2015, sensitivity to a 1% increase across the rate curve amounts to a negative result of €2.6 million. During the full year 2015, the result from this simulation fluctuated between – €10.4 million and + €2.7 million. The magnitude of this sensitivity reflects the preparation of hedging portfolios prior to the transfer to joint ventures between BPF and SCF.

SENSITIVITY TO A 1% INCREASE IN RATES *(in € thousands)*



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, 2015, 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, the Risk 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 (100% of outstanding amounts at the end of December 2015). 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 €488 million at December 31, 2015);
- operational currency risk (the Bank's operational currency position amounted to - €4.9 million at December 31, 2015, 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 several 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 at December 31, 2015, BPF's commitments to the PSA Peugeot Citroën Group stood at €53.7 million or 6,9% of the regulatory capital.

On the same date, the Bank's top ten commitments, excluding those to the PSA Peugeot Citroën Group, amounted to €498.4 million or 64,1% of the regulatory capital. By counterparty category, the top ten commitments break down as follows:

- Banks: €214.1 million / 27,6% of the regulatory capital;
- Corporate dealers (excluding PSA): €194 million / 25% of the regulatory capital;
- Other institution counterparties: €42.2 million / 5,4% of the regulatory capital;
- Sovereign counterparties: €48.1 million / 6,2% of the regulatory capital.

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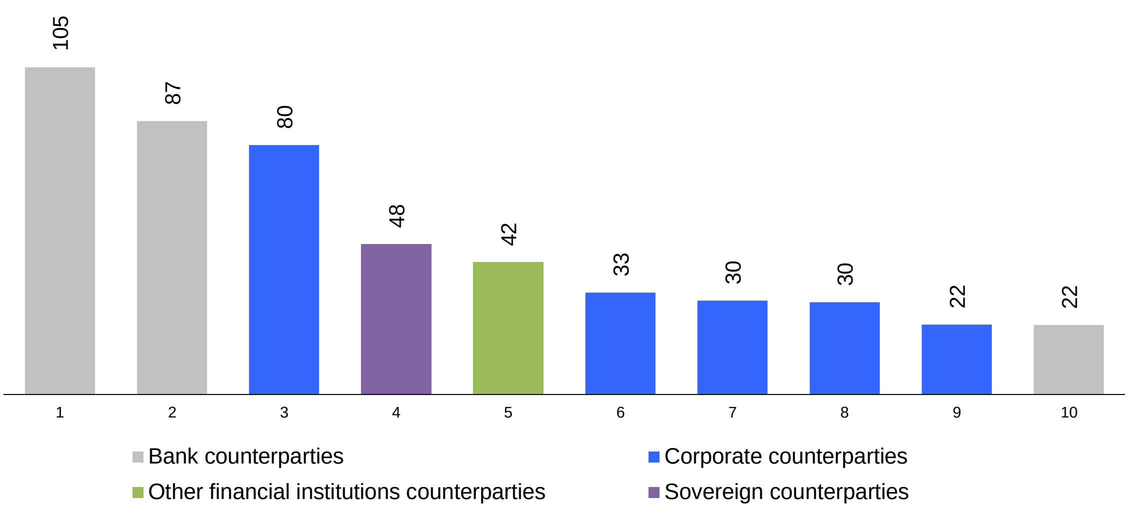
TOP 10 WEIGHTED EXPOSURES TO CREDIT RISK

(in millions of euros, excluding financing extended to PSA Peugeot Citroën 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 relationships, processes and organization, 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 and 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

PSA Insurance and PSA Insurance Europe operate an insurance business through four insurance companies, two for the “life” business and the other two for the “non-life” business, both offering insurance policies sold with finance contracts.

Risk Factors

The PSA Insurance and PSA Insurance Europe insurance business is exposed to four types of risk:

- Operational and regulatory risks, for example risks related to acts of offering and selling insurance products;
- subscription and under-provisioning risk;
- market financial risks related to investments including in particular counterparty risk;
- strategic risks.

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 quarterly to the Technical Committee. Stress testing is conducted and a range of statistical control methods are applied. The provisioning methods adopted are those recommended by the insurance regulations and are reviewed by an external actuary, who checks the work carried out by the internal actuary. This review is materialized by a certification report on the technical provisions.

The Technical Committee meeting, held quarterly, 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.

2015 marked the final stages of the preparatory phase for the application of Solvency II rules, which will be enforced in 2016, resulting in the compliance of all requirements relating to corporate governance and the 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 Board of Directors will do what they can to ensure compliance with Solvency II from January 1, 2016.

Strategic risks are presented during the meetings of the various committees mentioned above, who discuss the macro and micro factors impacting the companies' strategic risks.

Operational and regulatory risks are discussed by the Compliance and Control Committee.

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. Since December 1, 2015, It is organized into three departments:

- compliance Control;
- accounting control
- Operational and IT activities Control

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, used by operations officers to 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.

In accordance with the Order dated November 3, 2014 on internal control of credit institutions, BPF's Audit Committee was replaced in 2015 by an Audit and Risk Committee. This Audit and Risk Committee, which meets at least four times a year, has assumed all the prerogatives of the Audit Committee and is comprised of 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 and Risk Committee reviews the lessons to be learned from risk monitoring activities and from periodic and permanent controls. The Audit and Risk Committee meets at least four times a year.

Our Audit and Risk Committee sets our 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.

The Audit and Risk Committee also ensures our compliance with Basel II and other regulatory requirements and our planning and implementation of measures to comply with these requirements. Finally, the Audit and Risk 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 and Risk Committee receives the representatives of the periodic and permanent controls and of risk management, 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 and Risk 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 regulated credit institution overseen by European and French banking regulators, the European Central Bank and the Autorité de Contrôle Prudentiel et 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. (8,307,996 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). 1 share is also personally owned by 1 member 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 2015 was €109 million.

1.8.3 Proposed Resolutions for the Ordinary General Meeting of April 11, 2016

<u>Ordinary resolutions:</u>

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, 2015 as presented, as well as the transactions represented or summarized in this report.

Second Resolution: Approval of the management report and annual financial statements

The Shareholders, having considered the annual financial statements, the management report of the Board of Directors for the financial period ended December 31, 2015, and the general report of the Auditors, approve the Board of Director's Management report in its entirety.

The Shareholders approve the annual financial statements for the year ended December 31, 2015, showing a net income of €535,976,340.11.

Third Resolution: Appropriation of income for Banque PSA Finance company

The Shareholders note that the income available for distribution is €809,724,947.51, consisting of a net income for 2015 of €535,976,340.11 and retained earnings of €273,748,607.40 brought forward from the previous year.

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

to the payment of a dividend:	€419,126,400
to retained earnings:	€390,598,547.51

A dividend of €37.80 per share shall be paid after the Shareholder's meeting of April 11, 2016.

The Shareholders note that under the former financial years 2012, 2013 and 2014 the dividends paid were respectively €25.30, €20.10 and €82.80.

Fourth Resolution: Directors' Fees

The Shareholders decide to allocate, for the attendance fees for the year 2016, an annual total amount of €48,000 that the Board will freely distribute among the Directors.

Fifth 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.

Extraordinary resolutions:

Sixth Resolution: Authorization to issue shares directly or indirectly carrying rights to the share capital

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, having considered the Board of Directors' Report, and in accordance with the provisions of Articles L. 225-129-2 and L. 228-92 of the French Commercial Code,

I. Delegates to the Board of Directors the authority to carry out one or several capital increases, by means of:

- the issue, in France or elsewhere, in euros, of Banque PSA Finance shares and/or any securities other than shares denominated in euros or in a foreign currency.
- and/or raising the par value of existing shares, to be paid up by capitalizing reserves, profits or issue premiums or the issue of bonus shares.

II. Decides that the total amount of any capital increases likely to be carried out in the near or distant future (including shares issued to preserve the rights of holders of previously issued securities) may not bring the share capital, currently set at €177,408,000, above the threshold of €300,000,000, excluding the amount of any issue and/or redemption premiums.

III. Decides that the shareholders shall be granted, in proportion to their shares, a pre-emptive subscription right to shares or securities issued pursuant to the sixth resolution.

IV. Decides:

- that unsubscribed shares shall be allocated to shareholders that have subscribed to a higher number of shares than to which they have a preferential right to subscribe, in proportion to their subscription rights and within the limits of their requests;
- that in the event of a capital increase through the capitalization of reserves, profits or issue premiums, any rights to fractions of shares shall be non-tradable and the corresponding shares shall be sold, with the sale proceeds allocated among the rights holders, no more than 30 days after the registration of the number of whole shares allocated to their account;
- that in the event of an issue of composite securities, the shareholders will have no preferential right to subscribe to the shares to be issued in favor of the holders of these securities;

This authorization is granted for a term of twenty-six (26) months from the date of this meeting and replaces the authorization granted to the Board of Directors by the Annual Shareholders' Meeting of April 7, 2014 which is hereby rendered ineffective.

Seventh 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 2015

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

Chairman

• ASM - Auto Sud Marché S.A.S
• CarOnWay
• Mister AUTO

Rémy BAYLE

Chief Executive Officer

First appointed to the Board on April 22, 2016

End of term 2021

Born on December 26, 1961

Other positions held during the year 2015

Chairman of the Managing Board and director

• Compagnie pour la location de véhicules - CLV

Director

• Société Financière de Banque - Sofib
• Compagnie Générale de Crédit aux Particuliers - Crédipar
• PSA Finance UK Ltd (United-Kingdom)

Chairman

• France Lion

Positions terminated during the year 2015

Director

• PSA International S.A.

Chairman

• Grande Armée Participations

Carlos TAVARES

Director

First appointed to the Board on April 2, 2014

End of term 2021

Born on August 14, 1958

Other positions held during the year 2015

Chairman of the Managing Board

• Peugeot S.A.

Chairman of the Managing Board and director

• Peugeot Citroën Automobiles

Director

• Faurecia

Positions terminated during the year 2015

Director

• PCMA Holding B.V. (Netherlands)

Michel PHILIPPIN

Director and chairman of the audit & risks committee

First appointed to the Board on April 20, 2012

Current term expires in 2018

Born on June 26, 1948

Other positions held during the year 2015

Director

• ONG 1001 Fontaines

• Centre des professions Financières

François PIERSON

Director and cmember of the audit & risks committee

First appointed to the Board on July 9, 2012

Current term expires in 2019

Born on May 29, 1947

Other positions held during the year 2015

Chairman and Chief Executive Officer

• AGIPI (Association)

Chairman of the Managing Board

• Inter Partner Assistance SA (Belgium)

• AGIPI Retraite (Association)

• Kedge Business School

• Ecole de la Seconde Chance (Hauts-de-Seine)

Chairman

• Association Prévention Routière

Director

• UCAR (SA)

• ASAF (Association - gestion)

• AFPS (Association - gestion)

• 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.(SA Spain)

• AXA Seguros Generales, S.A. (SA Spain)

• AXA Vida S.A. (SA Spain)

Managing Director

• AGIPI Développement (SARL)

Positions terminated during the year 2015

Director

• AXA assurance IARD mutuelle (SAM)

Chairman of the Managing Board

Association Diffusion Services - ADIS (SA)

Peugeot S.A ***Director*** **First appointed to the Board on December 15, 1982** **Current term expires in 2018**	**Other positions held during the year 2015** ***Director*** **• Automobiles Citroën** **• Automobiles Peugeot** **• GIE PSA Trésorerie** **• ANSA** ***Founding Member*** **• GIE PSA Peugeot Citroën** **• Institut pour la Ville en Mouvement**
Olivier BOURGES ***Permanent Representative of Automobiles Peugeot and member of the audit & risks committee*** **First appointed to the Board on October 1st, 2014** **Born on December 24, 1966**	**Other positions held during the year 2015** ***Member of the Supervisory Board*** **• GEFCO** ***Director*** **• Automobiles Peugeot** **• Peugeot Citroën Automoviles Espana S.A. (Spain)** **• PCMA Holding B.V. (Netherlands)** ***Permanant Representative of Peugeot S.A.*** **• Conseil d'administration d'Automobiles Citroën** ***Managing Director*** **• DJ56** **Positions terminated during the year 2015** ***Director*** **• Compagnie Générale de Crédit aux Particuliers - Crédipar** ***Permanant Representative of Automobiles Peugeot*** **• Board of Football Club-Sochaux Montbéliard**
Automobiles Peugeot ***Director*** First appointed to the Board on December 15, 1982 Current term expires in 2020	**Other positions held during the year 2015** ***Direcor*** • GLM1 • Peugeot Algérie (Algeria) • Peugeot Espana S.A. (Spain) • SOPRIAM (Morocco) • SOMACA (Morocco) • Société Tunisienne Automobile Financière Immobilière et Maritime (Tunisia) ***Founding Member*** • Institut pour la Ville en Mouvement ***Associate Manager*** • Peugeot Média Production SNC

Positions terminated during the year 2015

Direcor

• Société Financière de Banque - Sofib
• Football Club Sochaux -Montbéliard S.A.

Maxime PICAT

Permanent Representative of Automobiles Peugeot

Since October 1, 2012
Born on March 26, 1974

Other positions held during the year 2015

Chairman, Chief Executive Officer and Director

• Automobiles Peugeot

Chairman

• Peugeot Motor Company Plc (United Kingdom)

Director

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

Member of the Supervisory Board

• Peugeot Motocycles (Belfort)

Positions terminated during the year 2015

Chairman

• Peugeot Motocycles

Philippe ALEXANDRE

Chief Executive Officer

First appointed to the Board on March 8, 2009

End of term April 22, 2015

Born on August 10, 1956

Other positions held during the year 2015

Chairman of the Managing Board and director
Président du Conseil d'Administration et Administrateur

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

Director

• PSA Finance UK Limited (United Kingdom)

Representative of the Associate Manager, Banque PSA Finance

Chairman of the Board of Directors

Vice Chairman

• PSA Finansman AS (Turkey)

Functions held by the Executive Managing Officers non Directors of Banque PSA Finance as of December 31, 2015

Alain MARTINEZ ***Executive Managing Officer*** Since July 25, 2011 Current term expires in 2021 (Function matching the term of the function of current Chief Executive Officer) Born on September 20, 1958	**Positions terminated during the year 2015** ***Chairman and Director*** • PSA Renting ITALIA SPA (Italy) • PSA Factor ITALIA SPA (Italy) ***Member of the Supervisory Board*** • PSA Financial Holding B.V. (Netherlands) • BPF Financiranje d.o.o. (Slovenia) • PSA Bank Deutschland Gmbh ***Chairman*** • Bank PSA Finance Rus (Russia) ***Director*** • Société financière de Banque – SOFIB SA • PSA Financial d.o.o. (Croatia) • Peugeot Finance International N.V. (Netherlands) • Banca PSA Italia SpA • PSA Financial Services Spain EFC SA **Positions terminated during the year 2015** ***Director*** • PSA Wholesale Limited (United Kingdom) ***Chairman and Director*** • PSA Finance Suisse (Switzerland) • PSA GESTAO- Comercio e Aluguer de Veiculos, SA (Portugal)

1.8.4.2 Compensation

A. BPF Executive Committee

The compensation policy of the BPF Executive Committee is defined by PSA Peugeot Citroën of which BPF is a wholly owned subsidiary.

With regard to the Chairman, who is also a member of the Managing Board of PSA Peugeot Citroën and its Chief Financial Officer, his compensation reflects his activity as a member of the Executive Committee of PSA.

The main principles used to set compensation take into account:

- the Group's objectives and the context of its business;
- individual and collective performance.

The compensation structure is comprised of a salary and a variable element.

All other benefits granted to each of the members of the BPF Executive Committee are considered when setting compensation.

Jean Baptiste CHASSELOUP de CHATILLON	
Chairman	period from January 1, 2015 to December 31, 2015
Rémy BAYLE	
Chief Executive Officer	period from April 22, 2015 to December 31, 2015
Alain MARTINEZ	
Executive Managing Officer	period from January 1, 2015 to December 31, 2015
Philippe ALEXANDRE	
Chief Executive Officer	period from January 1, 2015 to April 22, 2015

	Amounts during the 2015 financial year		Amounts during the 2014 financial year	
	Earned	Paid	Earned	Paid
Salary	995,439	995,439	1,198,833	1 198 833
Exceptional bonus	0	0	71 000	71 000
Exceptional salary	0	0	-	-
Miscellaneous bonus	317	317	570	570
Housing allowance	0	0	3,198	3 198
Director's Fees	0	0	-	-
Holidays allowance	0	0	13 741	13 741
Company Car	8,280	8,280	11,170	11 170
Health insurance	2,023	2,023	1,985	1 985
TOTAL	**1,006,059**	**1,801,105**	**2,132,410**	**1,420,707**

1 Not communicated at publication date

B. Board Members of Banque PSA Finance

The Board members that also have roles within PSA Peugeot Citroën are as follows:

Jean Baptiste CHASSELOUP de CHATILLON	period from January 1, 2015 to December 31, 2015
Rémy BAYLE	period from April 22, 2015 to December 31, 2015
Carlos TAVARES	period from January 1, 2015 to December 31, 2015
Maxime PICAT	period from January 1, 2015 to December 31, 2015
Olivier BOURGES	period from January 1, 2015 to December 31, 2015
Philippe ALEXANDRE	period from January 1, 2015 to April 22, 2015

	Amounts during the 2015 financial year	
	Earned	Paid
Salary	2 826 106	2 826 106
Bonus	NC1	2 668 287
Exceptional bonus	0	0
Miscellaneous bonus	507	507
Housing allowance	0	0
Director's Fees	48,000	48,000
Holidays allowance	13,846	13,846
Company Car	14,220	14,220
Health insurance	3,632	3,632
TOTAL	**2,906,311**	**5,574,598**

1 Not communicated at publication date

The sum of compensation paid to corporate officers for those Board members that also have a role within the controlling entity, PEUGEOT SA, is published by the latter in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code.

The two Board members that are not employed by the PSA Group, Mr. Michel Philippin and Mr. François Pierson, have received the gross sums of €25,000 and €23,000 respectively, in respect of 2015 attendance fees, as displayed in the table above; these sums are subject to a mandatory tax deduction at source of 21% and a social contribution of 15.5%.

No other Board members have received any compensation, attendance fees or benefits of any kind from BPF during this financial year.

1.8.4.3 Committees

A. The Audit and Risk Committee

As at January 1, 2016, the Audit and Risk Committee is comprised 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, 2016, the Executive Committee consists of the following members:

Name	Position
Rémy BAYLE	Chief Executive Officer
Alain MARTINEZ	Executive Managing Officer and Regional Director for Europe, Eurasia, Middle-East Africa, Commerce and marketing
Michel ARNAUD	Regional Officer for Latin America
Philippe BELORGEY	Regional Officer for China and ASEAN
Andrea BANDINELLI	Chief Executive Officer of SOFIB
Catherine BOULANGER	General Secretary and Permanent Control Officer
Laurent DECOTTIGNIES	Audit Officer
Frantz KRAUTTER	Human Resources & Excellence System Officer
Frédéric LEGRAND	Lion Project Officer
Alexandre SOREL	Chief Financial Officer
Jean-Marc SANTOLARIA	Marketing & Innovation Officer
Patrice VOLOVIK	Retail Operations Officer
Edouard de LAMARZELLE	Insurances Officer
Jean-Baptiste CHARLES	Chief risks Officer
Philippe ERKEL	Bank and services information system Officer

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CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2015

2.1 Consolidated Balance Sheet

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Assets		
Cash, central banks, post office banks (Note 4)	154	308
Financial assets at fair value through profit or loss (Note 5)	383	455
Hedging instruments (Note 6)	13	58
Available-for-sale financial assets (Note 7)	11	14
Loans and advances to credit institutions (Note 8)	87	1,070
Customer loans and receivables (Notes 9, 34 and 36)	460	4,039
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Notes 10 and 24.3)	9	39
Held-to-maturity investments	-	-
Current tax assets (Note 35.1)	12	9
Deferred tax assets (Note 35.1)	27	83
Accruals and other assets (Note 11)	117	254
Investments in associates and joint ventures accounted for using the equity method (Note 12)	981	104
Property and equipment (Note 13)	1	5
Intangible assets (Note 13)	63	63
Goodwill (Note 14)	1	1
Total assets of continuing operations	**2,319**	**6,502**
Total assets of operations to be taken over by partnership (or held for sale)	**7,048**	**18,529**
Total assets (Note 36)	**9,367**	**25,031**

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 15)	1	4
Hedging instruments (Note 16)	9	54
Deposits from credit institutions (Notes 17 and 36)	848	6,353
- *of which debts of continuing operations (Note 17)*	*326*	*930*
- *of which non-transferred debts of operations to be taken over by partnership (Note 17)*	*522*	*5,423*
Due to customers (Note 18)	468	420
- *of which debts of continuing operations (Note 18)*	*163*	*420*
- *of which non-transferred debts of operations to be taken over by partnership (Note 18)*	*305*	-
Debt securities (Notes 19 and 36)	1,786	6,135
- *of which debts of continuing operations (Note 19)*	*9*	*2,881*
- *of which non-transferred debts of operations to be taken over by partnership (Note 19)*	*1,777*	*3,254*
Fair value adjustments to debt portfolios hedged against interest rate risks (Notes 20 and 24.3)	25	71
Current tax liabilities (Note 35.1)	6	8
Deferred tax liabilities (Note 35.1)	12	24
Accruals and other liabilities (Note 21)	109	215
Liabilities related to insurance contracts (Note 22.1)	83	67
Provisions (Note 23)	70	33
Subordinated debt	-	-
Total liabilities of continuing operations	**3,417**	**13,384**
Total transferred liabilities of operations to be taken over by partnership (or held for sale)	**3,623**	**8,508**
Equity	**2,327**	**3,139**
- Equity attributable to equity holders of the parent	2,295	3,101
- Share capital and other reserves	835	835
- Consolidated reserves	1,713	2,474
- *Of which Net income - equity holders of the parent*	*161*	*87*
- Income and expenses recognized directly in Equity	(253)	(208)
- Minority interests	32	38
Total equity and liabilities (Note 36)	**9,367**	**25,031**

2.2 Consolidated Statement of Income

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014 proforma**
Net interest revenue on customer transactions (Note 36.2)	**88**	**105**
- Interest and other revenue on assets at amortized cost (Notes 28 and 36.3)	106	137
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 24.3)	(15)	16
- Interest on hedging instruments (Note 29)	(13)	(26)
- Fair value adjustments to hedging instruments (Note 24.3)	12	(17)
- Interest expense on customer transactions	(4)	(2)
- Other revenue and expense (Note 30)	2	(3)
Net investment revenue (Note 36.2)	**3**	**2**
- Interest and dividends on marketable securities	2	-
- Fair value adjustments to assets valued using the fair value option (Note 24.4)	(1)	1
- Gains and losses on sales of marketable securities	2	1
- Investment acquisition costs	-	-
Net refinancing cost (Note 36.2)	**(21)**	**(52)**
- Interest and other revenue from loans and advances to credit institutions	4	3
- Interest on deposits from credit institutions (Note 31)	(40)	(63)
- Interest on debt securities (Note 32)	(12)	(54)
- Interest on passbook savings accounts	-	-
- Expenses related to financing commitments received	(22)	(12)
- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 24.3)	46	36
- Interest on hedging instruments	56	94
- Fair value adjustments to hedging instruments (Note 24.3)	(42)	(34)
- Fair value adjustments to financing liabilities valued using the fair value option (Note 24.4)	-	-
- Debt issuing costs	(11)	(22)
Net gains and losses on trading transactions	**(4)**	**1**
- Interest rate instruments (Note 24.4)	-	1
- Currency instruments	(4)	-
Net gains and losses on available-for-sale financial assets	**-**	**-**
Margin on sales of Insurance services (Note 22.3)	**28**	**92**
- Earned premiums	135	121
- Paid claims and change in liabilities related to insurance contracts	(107)	(29)
Margin on sales of services	**19**	**19**
- Revenues	19	19
- Expenses	-	-
Net banking revenue (Notes 36.2 and 36.3)	**113**	**167**
General operating expenses (Note 33)	**(91)**	**(47)**
- Personnel costs	(10)	(10)
- Other general operating expenses	(81)	(37)
Depreciation and amortization of intangible and tangible assets (Note 13)	(17)	(10)
Gains and losses on investments in companies and other disposals of fixed assets	-	-
Gross operating income	**5**	**110**
Cost of risk (Notes 34, 36.2 and 36.3)	(1)	(14)
Operating income (Notes 36.2 and 36.3)	**4**	**96**
Share in net income of associates and joint ventures accounted for using the equity method (Note 12)	123	12
Impairment on goodwill	-	-
Pension obligation - expense	-	-
Pension obligation - income	-	-
Other non-operating items	2	(5)
Costs of non-transferred debts of operations to be taken over by partnership	(174)	(457)
Pre-tax income	**(45)**	**(354)**
Income taxes (Note 35.2)	41	58
Net income of continuing operations	**(4)**	**(296)**
- of which attributable to equity holders of the parent	(16)	(300)
Gross income of operations to be taken over by partnership	250	541
Income tax on operations to be taken over by partnership (Note 35.2)	(73)	(154)
Net income of operations to be taken over by partnership (Note 3.3)	**177**	**387**
Net income for the year	**173**	**91**
- of which minority interests	12	4
- of which attributable to equity holders of the parent	161	87
Net income of continuing operations - attributable to equity holders of the parent - per share (in €)	*(1.4)*	*(27.1)*
Net income - Earnings per share (in €)	*14.5*	*7.9*

2.3 Net Income and Income and Expenses Recognized Directly in Equity

(in million euros)	Dec. 31, 2015 Before tax	Dec. 31, 2015 Tax	Dec. 31, 2015 After tax	Dec. 31, 2014 Before tax	Dec. 31, 2014 Tax	Dec. 31, 2014 After tax
Net income	205	(32)	**173**	187	(96)	**91**
- of which minority interests			*12*			*4*
Recyclable in profit and loss elements						
Fair value adjustments to hedging instruments (1)(2)	(3)	1	**(2)**	(1)	-	**(1)**
- of which revaluation reversed in net income	-	-	**-**	*(1)*	-	***(1)***
- of which revaluation directly by equity	*(3)*	*1*	***(2)***	-	-	**-**
Exchange difference	(59)	-	**(59)**	(15)	-	**(15)**
- of which operations to be taken over by partnership	*(49)*	-	***(49)***	*5*	-	***5***
Total recyclable in profit and loss elements	(62)	1	**(61)**	(16)	-	**(16)**
- of which minority interests			*(9)*			*(2)*
Not recyclable in profit and loss elements						
Actuarial gains and losses on pension obligations	1	-	**1**	(6)	2	**(4)**
- of which operations to be taken over by partnership	-	-	**-**	*(6)*	*2*	***(4)***
Total income and expenses recognized directly in Equity	(61)	1	**(60)**	(22)	2	**(20)**
- of which minority interests			*(9)*			*(2)*
Total net income and income and expenses recognized directly in Equity	144	(31)	**113**	165	(94)	**71**
- of which minority interests			*3*			*2*
- of which attributable to equity holders of the parent			*110*			*69*

(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 a €2.9 million loss due to hedging cross currency swaps' basis spread at December 31, 2015 (€1.5 million loss at December 31, 2014).

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	Issue, share and merger premiums	Legal reserve and other reserves	Consolidated reserves	Fair value adjustments - equity holders of the parent: Fair value adjustments to hedging instruments	Actuarial gains and losses on pension obligations	Exchange difference	Equity attributable to equity holders of the parent	Minority interests	Total equity
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**
Dividends paid by:										
- Banque PSA Finance				(918)				(918)		(918)
- Other companies								-	(7)	(7)
Net Income				155	-	1	5	161	12	173
Income and Expenses Recognized Directly in Equity				-	(2)	1	(50)	(51)	(9)	(60)
Effect of a change in ownership interest following a capital increase to which shareholders did not subscribe equally (2)				2				2	(2)	-
At December 31, 2015	**177**	**340**	**318**	**1,713**	**(3)**	**(4)**	**(246)**	**2,295**	**32**	**2,327**

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) Capital increase by PSA Assurance SAS that was fully subscribed by Banque PSA Finance, resulting in the ownership interest attributable to the Group going from 90% to 94.12%.

2.5 Consolidated Statement of Cash Flows

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014 proforma**
Net income of continuing operations attributable to equity holders of the parent	**(16)**	**(300)**
Restatement of costs of non-transferred debts of operations to be taken over by partnership, after taxes	115	300
Elimination of income without cash effect:		
- Minority interests in income of subsidiaries	12	4
- Net income of associates accounted for using the equity method, net of dividends received	(123)	(12)
- Change in depreciation, amortization and other provisions	67	56
- Change in deferred taxes	(60)	(88)
- (Profit)/loss on disposals of assets	7	-
Funds from operations	**2**	**(40)**
Increase/decrease in:		
- loans and advances to credit institutions	7,459	17
- deposits from credit institutions	(2,808)	199
Change in customer loans and receivables	1,518	148
Increase/decrease in:		
- amounts due to customers	(813)	39
- financial assets at fair value through profit or loss	1,363	(27)
- financial liabilities at fair value through profit or loss	(15)	2
- hedging instruments	(9)	10
- debt securities	(305)	(522)
Change in working capital: assets	179	(2)
Change in working capital: liabilities	(11)	(21)
Net cash provided by operating activities	**6,560**	**(197)**
Acquisitions of shares in subsidiaries	(24)	(9)
Proceeds from disposals of shares in subsidiaries	(81)	-
Investments in fixed assets	(19)	(12)
Proceeds from disposals of fixed assets	1	1
Effect of changes in scope of consolidation	-	-
Net cash used by investing activities	**(123)**	**(20)**
Dividends paid to PSA Peugeot Citroën Group	(918)	(228)
Dividends paid to minority interests	-	-
Capital increase	-	-
Net dividends received from operations to be taken over by partnership	88	231
Net cash used by financing activities	**(830)**	**3**
Costs of non-transferred debts of operations to be taken over by partnership, after taxes	(115)	(300)
Changes in liabilities due to financing of operations to be taken over by partnership	(8,119)	(855)
Total net cash of financing operations to be taken over by partnership	**(8,234)**	**(1,155)**
Net income of operations to be taken over by partnerships	177	388
Change in assets and liabilities of operations to be taken over by partnership	847	2,010
Net dividends paid by operations to be taken over by partnership	(88)	(231)
Total net cash from operations to be taken over by partnership	**936**	**2,167**
Effect of changes in exchange rates	(19)	1
Net change in cash and cash equivalents	**(1,710)**	**799**
Cash and cash equivalents at the beginning of the period	**2,603**	**1,804**
Cash, central banks, post office banks	331	466
Marketable securities qualified as cash equivalents	299	200
Current account advances and loans and advances at overnight rates	1,332	1,138
Time accounts qualified as cash equivalents	641	-
Cash and cash equivalents at the end of the period	**893**	**2,603**
Cash, central banks, post office banks	182	331
- of which operations to be taken over by partnership	*28*	*27*
Marketable securities qualified as cash equivalents	340	299
Current account advances and loans and advances at overnight rates	347	1,332
- of which operations to be taken over by partnership	*280*	*1,167*
Time accounts qualified as cash equivalents	24	641

2.6 Notes to the Consolidated Financial Statements

Notes

Note 1 Main Events of the period and Group Structure

A. Main Events of the period

Partnership between Banque PSA Finance and Santander Consumer Finance

Banque PSA Finance and Santander Consumer Finance ("Santander CF") signed 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 CF announced that the first two joint ventures received approval from the regulatory authorities to carry out banking activities in France and in the United Kingdom. From now on, these companies provide financing for Peugeot, Citroën and DS car dealers and their customers in these two countries.

In May 2015 two new insurance companies owned 50-50 by Banque PSA Finance and Santander CF started distributing products in France and the United Kingdom, and recently in Spain and Switzerland. They will also provide distribution of insurance products for other countries in the partnership as and when these roll out.

In August 2015, the net asset of Banque PSA Finance's branch in Portugal was transferred to Santander and the PSA Gestao Comercio E Aluger de Veiculos subsidiary was sold to Santander. Since then, the Portuguese operations have been run under a commercial agreement with Santander CF.

In October 2015, the joint ventures in Spain and Switzerland launched their activities following the approval previously received from the regulatory authorities. From now on, these companies provide financing for Peugeot, Citroën and DS car dealers and their customers in these two countries.

The scope of the partnership with Santander was expanded in 2015:
- on the one hand, the partnership was extended to the Retail activity in Spain and Italy, activity initially not included;
- on the other hand, Banque PSA Finance announced on July 24, 2015 the signing of a framework agreement with Banco Santander Brasil to develop a partnership between the two groups in Brazil. The transaction has been submitted for approval to the Brazilian competition and regulation authorities.
The consequences of the extension of the partnership are described in Note 3, notably:
- new 2014 proforma in Note 3.2;
- effect on Income statement and Balance sheet of extending the scope of the partnership in Note 3.4 (distinction between initial scope and extension of the scope).

The joint venture in Italy received approval from the regulatory authorities to carry out common operations as of early January 2016.
The joint venture in the Netherlands received approval from the regulatory authorities to carry out common operations as of early February 2016.
From 2016 on, these companies provide financing for Peugeot, Citroën and DS car dealers and their customers in these two countries.

The partnership agreements between Banque PSA Finance and Santander cover 11 European countries and Brazil. The partnership is operational in 7 European countries, representing 79% of the target perimeter. The launch of activities in the five last countries should be finalized in 2016 (Belgium, Germany, Austria, Brazil and Poland).

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

€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 honor the guarantee.

Of this guarantee, a total of €1,500 million was used via two EMTN: €1,200 million issued in April 2013 and €300 million issued in July 2014. In March 2015, €942.9 million of the first issuance and €287 million of the second issuance were repaid. The residual amount of the second (€13 million) was repaid in October 2015. The first (€257,1 million) will be repaid upon maturity in April 2016.

After launching the first 50-50 joint ventures between Banque PSA Finance and Santander Consumer Finance (Santander CF and affiliates) in France and the United Kingdom, Banque PSA Finance decided, on February 2, 2015, not to use the French State guarantee for new bond issues.

Other sources of financing

From the launching dates on, Banque PSA Finance is no more responsible for the joint ventures' financing. Banque PSA Finance provides the financing of continuing operations (countries out of the partnership agreement with Santander perimeter) and also the financing of transferred activities until the next joint ventures' implementation.

In this context, Banque PSA Finance drove in 2015 several active debt management operations (see "Refinancing" section in the Management Report).

On February 05, 2015, Banque PSA Finance signed a new five year syndicated loan for €700 million. On the same day, Banque PSA Finance repaid and canceled the syndicated term-loan for €4,099 million and the revolving credit for €1,200 million, both signed on January 11, 2013, and the syndicated credit facilities signed in December 13, 2011 for €2,000 million. These operations are part of the starting of the partnership between Banque PSA Finance and Santander CF in France and in the UK, which resulted in a significant reduction in the financing needs of Banque PSA Finance and associated financial guarantees.

In addition, the outstanding of external financing obtained through securitizations (including the Brazilian FIDC) changed from €5,595 million at December 31, 2014 to €1,099 million at December 31, 2015 (including accrued interests, see Note 19.1). Total receivables sold to securitization vehicles were €1,358 million at December 31, 2015 compared to €8,890 million at December 31, 2014 (see Note 9.5). The decrease in 2015 is due to the deconsolidation of operations following the setting of joint ventures in France, United Kingdom, Spain and Switzerland.

At December 31, 2015, there is no structured financing with the ECB (see Note 17). Banque PSA Finance used this source of financing for an amount of €1,300 million at December 31, 2014. At December 31, 2015, no amount of assets is deposited as collateral with the ECB, compared to €2,009 million deposited at December 31, 2014, of which €749 million of customer receivables (see Note 27.1). Banque PSA Finance has not planned new structured financing with the ECB.

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 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 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 subsidiary from Peugeot Citroën Retail UK. In January 2015, the PSA Wholesale Ltd subsidiary sold the shares it held in Vernon Wholesale Investments Company Ltd to this new subsidiary, just prior to Santander's acquisition of 50% of PSA Wholesale Ltd, which was renamed PSA Finance UK (see below). 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 was fully consolidated from December 2014 on, and then has been accounted for using the equity method since February 2015 (see the following paragraph).

In January 2015, Banque PSA Finance sold the Crédipar and Sofira French subsidiaries to the Sofib subsidiary. In early February 2015, Banque PSA Finance sold 50% of the Sofib subsidiary to Santander. In accordance with revised IAS 28 – Investments in Associates and Joint Ventures, the Sofib subsidiary in partnership with Santander is a joint venture. Accordingly, it has been accounted for using the equity method since February 2015. The subsidiaries and sub-subsidiaries of Sofib (Crédipar, Sofira and CLV) as well as the associated securitization vehicles (FCT Auto ABS 2012-1, FCT Auto ABS French Loans Master, FCT ABS DFP Master Compartment France 2013, FCT Auto ABS 2013-2, FCT Auto ABS2 2013-A and FCT Auto ABS3 – Compartiment 2014-01) have been accounted for using the equity method since February 2015 (see Note 12.2).

In January 2015, the Banque PSA Finance UK branch transferred nearly all of its assets and liabilities to PSA Wholesale Ltd. In early February 2015, Banque PSA Finance sold 50% of the PSA Wholesale Ltd subsidiary, which became PSA Finance UK, to Santander. In accordance with revised IAS 28, the PSA Finance UK subsidiary in partnership with Santander is a joint venture, accounted for using the equity method since February 2015. The associated fund Auto ABS UK Loans plc has been accounted for the equity method since February 2015 (see Note 12.2).

In March 2015, Banque PSA Finance, through PSA Finance Nederland, its Dutch subsidiary, sold 25% of its participation in DongFeng Peugeot Citroën Auto Finance Co (DPCAFC) to DongFeng Peugeot Citroën Automobile (DPCA, joint venture 50% PSA Peugeot Citroën / 50% DongFeng Motor Group). The result of this operation was a non-material disposal result in the consolidated financial statements of Banque PSA Finance Group.

In May 2015, Crédipar (subsidiary of the subsidiary Sofib) absorbed Sofira (subsidiary of the subsidiary Sofib). This transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In May 2015 two new companies in partnership with Santander, 50% owned by the PSA Services Ltd subsidiary (99.99% owned by PSA Assurances S.A.S, itself 94.12% owned by Banque PSA Finance) were created in Malta: PSA Insurance Europe Ltd, a non-life insurance company, and PSA Life Insurance Europe Ltd, a life insurance company. In accordance with revised IAS 28, these joint ventures have been accounted for using the equity method since May 2015.

In May 2015, a new insurance intermediary was created in Malta: PSA Insurance Manager Ltd, which provides insurance management services to four insurance companies located in Malta. Since it is 99.99% owned by the PSA Services Ltd subsidiary, it has been fully consolidated since May 2015.

In July 2015, the Retail Prod Zrt subsidiary in Hungary was sold outright, resulting in a non-material disposal result in Banque PSA Finance's consolidated financial statements.

In August 2015, the net asset of Banque PSA Finance's branch in Portugal was transferred to Santander and the PSA Gestao Comercio E Aluger de Veiculos subsidiary was sold to Santander. A commercial partnership has been established with Santander in Portugal.

In October 2015, the Banque PSA Finance branch in Spain transferred all balance sheet assets to the new subsidiary in a 50:50 partnership with Santander PSA Finance Services Spain. In accordance with revised IAS 28, the new joint venture in Spain has been accounted for using the equity method since October 2015. The associated fund Auto ABS

2012-3 has been accounted for using the equity method since October 2015 (see Note 12.2).

In October 2015, Banque PSA Finance sold its PSA Finance Suisse subsidiary to its new subsidiary in partnership in Spain, PSA Finance Services Spain. In accordance with IFRS 11, the Swiss subsidiary is now a joint venture accounted for using the equity method since October 2015. The associated fund Auto ABS Swiss Leases 2013 GmbH has been accounted for using the equity method since October 2015.

After recognition of the Disposal group impairments, the total result on disposal of the various entities to Santander CF (100% in Portugal and 50% of the joint ventures in France, United Kingdom, Spain and Switzerland) is low significant.

In October and November 2015, Banque PSA Finance's German branch repurchased the loans sold in 2013 respectively to the Auto ABS German Lease Master fund and to the Auto ABS DFP Master Compartment Germany 2013 fund. The funds were wound up in advance. As the funds were consolidated, the transactions had no impact on the consolidated statements of Banque PSA Finance Group.

In November 2015, Crédipar, wholly-owned by the joint venture Sofib, repurchased the loans sold in 2011 to the Auto ABS 2011-1 fund, and the fund was wound up in advance. As Crédipar and the fund are accounted for using the equity method, the transaction had no impact on the consolidated statements of Banque PSA Finance Group.

In December 2015, Banque PSA Finance's Italian branch repurchased the loans sold in 2012 to the Auto ABS Srl 2012-2 fund, and the fund was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated statements of Banque PSA Finance Group.

In December 2015, there was a spin-off in the Netherlands designed to split out, on the one hand, continuing operations maintained in the current subsidiary PSA Finance Nederland B.V, from, on the other hand, the financial services business, which was transferred to the new subsidiary PSA Financial Services Nederland B.V, wholly-owned by PSA Finance Nederland B.V. As the new entity has been fully consolidated since December 2015, just like PSA Finance Nederland B.V was previously, this transaction had no impact on the consolidated financial statements of Banque PSA Finance group.

C. List of Consolidated Companies

Companies		Country ISO code	Banque PSA Finance interest % Direct	Indirect %	Indirect Held by	Dec. 31, 2015 Consolidation method	Dec. 31, 2015 % intérêts	Dec. 31, 2014 Consolidation method	Dec. 31, 2014 % intérêts
Branches									
German branch		DE	-	-		FC	-	FC	-
Austrian branch		AT	-	-		FC	-	FC	-
Spanish branch		ES	-	-		-	-	FC	-
Italian branch		IT	-	-		FC	-	FC	-
Polish branch		PL	-	-		FC	-	FC	-
Portuguese branch		PT	-	-		-	-	FC	-
United Kingdom branch		GB	-	-		FC	-	FC	-
Belgium branch		BE	-	-		FC	-	FC	-
Subsidiaries and Joint ventures									
Sales financing in France									
Sofib	(1)	FR	50	-		EM	50	FC	100
Crédipar	(1)	FR	-	50	Sofib	EM	50	FC	100
CLV	(1)	FR	-	50	Crédipar	EM	50	FC	100
Sofira	(2)	FR	-	-		-	-	FC	98
Sales financing outside France (Subsidiaries)									
BPF Algérie		DZ	2	98	PSA Financial Holding B.V.	FC	100	FC	100
PSA Finance Argentina Compania Financiera S.A.		AR	50	-		FC	50	FC	50
PSA Finance Belux		BE	10.14	89.86	PSA Financial Holding B.V.	FC	100	FC	100
Banco PSA Finance Brasil S.A.		BR	100	-		FC	100	FC	100
PSA Finance Arrendamento Mercantil S.A.		BR	100	-		FC	100	FC	100
PSA Financial Services Spain E.F.C. S.A.	(3)	ES	50	-		EM	50	-	-
PSA Financial d.o.o.		HR	-	100	PSA Financial Holding B.V.	FC	100	FC	100
PSA Finance Hungaria Zrt.		HU	2.44	97.56	PSA Financial Holding B.V.	FC	100	FC	100
Retail Prod Zrt	(4)	HU	-	-		-	-	FC	100
PSA Renting Italia S.p.A.		IT	100	-		FC	100	FC	100
Banque PSA Finance Mexico SA de CV SOFOM		MX	2.80	97.20	PSA Finance Nederland B.V.	FC	100	FC	100
PSA Finance Nederland B.V.		NL	-	100	PSA Financial Holding B.V.	FC	100	FC	100
PSA Financial Services Nederland B.V.		NL	-	100	PSA Finance Nederland B.V.	FC	100	-	-
PSA Finance Polska Sp.zo.o.		PL	100	-		FC	100	FC	100
PSA Gestao Comercio E Aluguer de Veiculos	(5)	PT	-	-		-	-	FC	98
PSA Finance Ceska Republika S.r.o.		CZ	0.02	99.98	PSA Financial Holding B.V.	FC	100	FC	100
PSA Finance UK Ltd	(1)(6)	GB	50	-		EM	50	FC	100
Bank PSA Finance Rus		RU	77.14	22.86	PSA Financial Holding B.V.	FC	100	FC	100
PSA Finance Slovakia S.r.o.		SK	0.16	99.84	PSA Financial Holding B.V.	FC	100	FC	100
BPF Financiranje d.o.o.		SI	-	50	PSA Financial Holding B.V.	FC	50	FC	50
PSA Finance Suisse S.A.	(3)	CH	-	50	PSA Financial Services Spain E.F.C. S.A.	EM	50	FC	100
BPF Pazarlama A.H.A.S.		TR	100	-		FC	100	FC	100
Dongfeng Peugeot Citroën Auto Finance Company Ltd	(7)	CN	-	25	PSA Finance Nederland B.V.	EM	25	EM	50
Insurance									
PSA Assurance S.A.S.		FR	94.12	-		FC	94.12	FC	90
PSA Services Ltd		MT	0.01	99.99	PSA Assurance S.A.S.	FC	94.12	FC	90
PSA Insurance Ltd		MT	0.01	99.99	PSA Services Ltd	FC	94.12	FC	90
PSA Life Insurance Ltd		MT	0.01	99.99	PSA Services Ltd	FC	94.12	FC	90
PSA Insurance Manager Ltd		MT	-	99.99	PSA Services Ltd	FC	94.12	-	-
PSA Insurance Europe Ltd	(8)	MT	-	47.06	PSA Services Ltd	EM	47.06	-	-
PSA Life Insurance Europe Ltd	(8)	MT	-	47.06	PSA Services Ltd	EM	47.06	-	-
Other companies									
PSA Factor Italia S.p.A.		IT	94.54	-	Succursale en Italie	FC	94.54	FC	94.54
PSA Financial Holding B.V.		NL	100	-		FC	100	FC	100
Peugeot Finance International N.V.		NL	100	-		FC	100	FC	100
Vernon Wholesale Investments Company Ltd		GB	-	100	Economy Drive Cars Ltd	FC	100	FC	100
Economy Drive Cars Ltd		GB	100	-		FC	100	FC	100
Special purpose entities									
FIDC		BR	-	-		FC	100	FC	100
Auto ABS 2011-1		FR	-	-		-	-	FC	100
German Loans Auto ABS 2011-2		FR	-	-		FC	100	FC	100
Auto ABS 2012-1	(9)	FR	-	-		EM	50	FC	100
Auto ABS S.r.l. 2012-2		IT	-	-		-	-	FC	100
Auto ABS 2012-3	(9)	ES	-	-		EM	50	FC	100
Auto ABS French Loans Master	(9)	FR	-	-		EM	50	FC	100
Auto ABS UK Loans PLC	(9)	GB	-	-		EM	50	FC	100
Auto ABS DFP Master Compartment France 2013	(9)	FR	-	-		EM	50	FC	100
Auto ABS 2013-1		FR	-	-		FC	100	FC	100
Auto ABS 2013-2	(9)	FR	-	-		EM	50	FC	100
Auto ABS German Lease Master		FR	-	-		-	-	FC	100
Auto ABS2 2013-A	(9)	FR	-	-		EM	50	FC	100
Auto ABS DFP Master Compartment Germany 2013		FR	-	-		-	-	FC	100
Auto ABS German Loans Master		FR	-	-		FC	100	FC	100
Auto ABS Swiss Leases 2013 GmbH	(9)	CH	-	-		EM	50	FC	100
Auto ABS Italian Loans Master S.r.l.		IT	-	-		FC	100	FC	100
Auto ABS3 2014-1	(9)	FR	-	-		EM	50	FC	100

(1) Joint ventures since Febuary 2015
(2) Takeover of Sofira by Crédipar on May 1, 2015 (retroactive for accounting and tax purposes to January 1, 2015)
(3) Joint ventures since October 2015
(4) Disposal in July 2015
(5) Disposal in August 2015
(6) Company name changed from PSA Wholesale Ltd to PSA Finance UK Ltd, approved by the Board of Directors on January 27, 2015
(7) Joint ventures since May 2006
(8) Joint ventures since May 2015
(9) see Note 12.2 Detailed information about Associates - Joint ventures

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, 2015 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, 2015 were unchanged compared with December 31, 2014 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2015.

New IFRSs and IFRIC Interpretations applicable compulsorily in the fiscal year commencing on January 1, 2015

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2015 and applied by Banque PSA Finance are the following:

- Annual Improvements to IFRSs 2011-2013 Cycle.

The objective of these annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in IFRSs or where clarification of wording is required.

Amendments to IFRS 3 and 13 are clarifications or corrections to the respective standards.

Amendments to IAS 40 involve changes to the existing requirements or additional guidance on the implementation of those requirements.

These texts do not impact significantly Banque PSA Finance Group.

- **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 is effective for annual periods beginning on or after June 17, 2014.

Banque PSA Finance decided to apply this interpretation starting from 1 January 2014. Since then, the following taxes are booked upfront during the 1st semester of the year in progress:

- Systemic risk Bank tax;
- ACPR control fees contribution;
- Firms' solidarity social contribution ;
- And since 2015, a new tax related to the financial support of the government.

New IFRSs and IFRIC Interpretations adopted by the European Union and applicable in advance in the fiscal year commencing on January 1, 2015

The new texts adopted by the European Union and applicable in advance in the fiscal year commencing January 1, 2015 are the following:

- Annual Improvements to IFRSs 2010-2012 Cycle.

The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2010 on areas of inconsistency in IFRSs or where clarification of wording is required.

Amendments to IFRS 8 and to IAS 16, 24 and 38 are clarifications or corrections to the respective standards.

Amendments to IFRS 2 and IFRS 3, involve changes to the existing requirements or additional guidance on the implementation of those requirements.

- Amendments to IAS 19 – Employee Benefits entitled Defined Benefit Plans: Employee Contributions. The amendments aim to simplify and clarify the accounting for employee or third party contributions linked to defined benefit plans.

- Amendments to IFRS 11 – Joint Arrangements entitled Accounting for Acquisitions of Interests in Joint Operations. The amendments provide new guidance on the accounting treatment of an acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business according to the IFRS 3 – Business Combinations.

- Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets entitled "Clarification of Acceptable Methods of Depreciation and Amortisation". The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- Amendments to IAS 1 – Presentation of Financial Statements entitled Disclosure Initiative. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements.

- Annual Improvements to IFRSs 2012-2014 Cycle.

The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle on areas of inconsistency in IFRSs and IASs or where clarification of wording is required.

The improvements concern:
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7 – Financial Instruments: Disclosures;
- IAS 19 – Employee Benefits;
- IAS 34 – Interim Financial Reporting.

Banque PSA Finance decided not to apply the standards indicated hereinbefore in advance in the fiscal year commencing on January 1, 2015.

These standards do not have significant impacts on Banque PSA Finance Group.

New IFRSs and IFRIC Interpretations non applicable compulsorily in the European Union in the fiscal year commencing on January 1, 2015

Potential impact of texts or projects published by IASB and IFRIC with compulsory application in the European Union from the period after January 1st, 2015, or not yet adopted by the European Union is currently being analysed; 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, 2018 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 significant modifications concerning accounting methods are expected (fees of new business providers) for Banque PSA Finance.

- IFRS 9 – Financial Instruments which is intended 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 of financial instruments;
- Impairment of financial assets;
- 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 will be permitted.

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

- IFRS 16 – **Leases.** During more than 10 years the IASB worked, 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. On January 13, 2016, the IASB published the IFRS 16 definitive text. This standard is not supposed to have a significant impact on Banque PSA Finance for the lessor accounting model, as the measures required by the standard on this issue are convergent with IAS 17. However, impacts are expected for the financial statements of some clients of Banque PSA Finance, as lessees will need to disclose new information.

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.

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 19, 2016.

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.

In accordance with IFRS 3 – Business Combinations, goodwill 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, 2015, 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 installment (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.

  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.

- ***Restructured performing loans:***
  As soon as the customer is officially declared in restructuration, 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. To be noted that restructured loans are not identified in the scope of the continuing operations, mainly Eastern countries and Argentina.

- ***Classification in loss / Write off***
  The standards of Banque PSA Finance for the classification in loss / write off concern any type of financing with past-due installments of more than 48, 36, or 24 months, depending on the type of financing and country concerned.

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, several indicators (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. While awaiting the finalization of the model, Banque PSA Finance recognised a collective impairment on Corporate sound receivables in the financial statements for the year ended December 31, 2015.

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). 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.

Employee benefits relate to joint ventures and activities held for sale. The scope of the continuing operations is not concerned (see Note 23).

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 applied in 2014 and 2015 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 taking into account the exhaustive impact of IFRS 5 for different entities of the cooperation scope.

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 Impacts on the Financial Statements

3.1 Assets and operations to be taken over by partnership (or held for sale)

The assets or activities to be taken over by partnership (or held for sale) 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, 2015 regarding the partnership between Banque PSA Finance and Santander described in Note 1.A.
They are also applied to assets held for sale, but only in the balance sheet, due to the fact that the figures to be reported in the income statement are not material. The assets held for sale relate to Slovenia and Croatia: disposal planned in february 2016, which is outside the scope of the partnership with Santander.
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 (or held for sale) have been reclassified in “Total assets of operations to be taken over by partnership (or held for sale)” and “Total transferred liabilities of operations to be taken over by partnership (or held for sale)”. These assets were measured at the last sale price known at the time of valuation, which led to:

- a total expense at December 31, 2014 of €111 million of impairment to the Disposal Group net of income taxe, of which €81 million was impairment of goodwill of Credipar and Sofib (see column "Impairment of disposal group" in Note 3.3),
- a total charge at December 31, 2015 of €30 million of impairment to the Disposal Group net of income tax (see the column "Impairment of disposal group" in Note 3.3), reflecting the extension of the cooperation agreement to Brazil and to Retail in Italy and Spain.

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).

These prepayments led, pursuant to IAS 39, to the recognition of:

- a €25 million charge for 2014;
- and a €12 million charge for 2015.

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",
- "Gross income of operations to be taken over by partnership".

The impact of this transaction on the balance sheet at December 31, 2015 is as follows:

(in million euros)	Before reclassification	After reclassification	IFRS 5 impact at Dec. 31, 2015
Assets			
Cash, central banks, post office banks (Note 4)	182	154	(28)
Financial assets at fair value through profit or loss (Note 5)	485	383	(102)
Hedging instruments (Note 6)	13	13	-
Available-for-sale financial assets (Note 7)	11	11	-
Loans and advances to credit institutions (Note 8)	383	87	(296)
Customer loans and receivables (Note 9)	6,857	460	(6,397)
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Note 10)	9	9	-
Held-to-maturity investments	-	-	-
Current tax assets (Note 35.1)	22	12	(10)
Deferred tax assets (Note 35.1)	92	27	(65)
Accruals and other assets (Note 11)	301	117	(184)
Investments in associates and joint ventures accounted for using the equity method (Note 12)	981	981	-
Property and equipment (Note 13)	8	1	(7)
Intangible assets (Note 13)	64	63	(1)
Goodwill (Note 14)	1	1	-
Total assets of continuing operations	**9,409**	**2,319**	**(7,090)**
Total assets of operations to be taken over by partnership (or held for sale) (1) (2)	**(42)**	**7,048**	**7,090**
Total assets (Note 36)	**9,367**	**9,367**	**-**

(in million euros)	Before reclassification	After reclassification	IFRS 5 impact at December 31, 2015
Equity and liabilities			
Central banks, post office banks	-	-	-
Financial liabilities at fair value through profit or loss (Note 15)	1	1	-
Hedging instruments (Note 16)	9	9	-
Deposits from credit institutions (Note 17)	1,228	848	(380)
- *of which debts of continuing operations (Note 17)*	*1,228*	*326*	*(902)*
- *of which non-transferred debts of operations to be taken over by partnership (Note 17)*	-	*522*	*522*
Due to customers (Note 18)	2,197	468	(1,729)
- *of which debts of continuing operations (Note 18)*	*2,197*	*163*	*(2,034)*
- *of which non-transferred debts of operations to be taken over by partnership (Note 18)*	-	*305*	*305*
Debt securities (Note 19)	2,938	1,786	(1,152)
- *of which debts of continuing operations (Note 19)*	*2,938*	*9*	*(2,929)*
- *of which non-transferred debts of operations to be taken over by partnership (Note 19)*	-	*1,777*	*1,777*
Fair value adjustments to debt portfolios hedged against interest rate risks (Note 20)	25	25	-
Current tax liabilities (Note 35.1)	12	6	(6)
Deferred tax liabilities (Note 35.1)	44	12	(32)
Accruals and other liabilities (Note 21)	421	109	(312)
Liabilities related to insurance contracts (Note 22.1)	84	83	(1)
Provisions (Note 23)	87	70	(17)
Subordinated debt	-	-	-
Total liabilities of continuing operations	**7,046**	**3,417**	**(3,629)**
Total transferred liabilities of operations to be taken over by partnership (or held for sale) (1) (2)	**(6)**	**3,623**	**3,629**
Equity	2,327	2,327	-
- Equity attributable to equity holders of the parent	2,295	2,295	-
- Share capital and other reserves	835	835	-
- Consolidated reserves	1,713	1,713	-
- *Of which Net income - equity holders of the parent*	*161*	*161*	-
- Income and expenses recognized directly in Equity	(253)	(253)	-
- Minority interests	32	32	-
Total equity and liabilities (Note 36)	**9,367**	**9,367**	**-**

(1) *In column "Before reclassification", €42 million negative amount in assets and €6 million negative amount in liabilities correspond to the impairment of Disposal Group.*

(2) *The operations held for sale relate to Croatia (€31 million assets and €12 million liabilities), sold end of January 2016, and to Slovenia (€133 million assets and €65 million liabilities), which will be sold before the end of the 2016 first quarter.*

3.2 Restatement of previously published financial statements

Since IFRS 5 is not applied retroactively, there is no restatement on the previously published balance sheet at December 31, 2014.

3.2.1 Consolidated Statement of Income

The impacts of restatements on the 2014 consolidated statement of income after extending the partnership with Santander were the following:

(in million euros)	Dec. 31, 2014 proforma	Dec. 31, 2014 published	IFRS 5 impact of extending the partnership
Net interest revenue on customer transactions	**105**	**397**	**(292)**
- Interest and other revenue on assets at amortized cost	137	413	(276)
- Fair value adjustments to finance receivables hedged against interest rate risks	16	16	-
- Interest on hedging instruments	(26)	(26)	-
- Fair value adjustments to hedging instruments	(17)	(17)	-
- Interest expense on customer transactions	(2)	(6)	4
- Other revenue and expense	(3)	17	(20)
Net investment revenue	**2**	**14**	**(12)**
- Interest and dividends on marketable securities	-	12	(12)
- Fair value adjustments to assets valued using the fair value option	1	1	-
- Gains and losses on sales of marketable securities	1	1	-
- Investment acquisition costs	-	-	-
Net refinancing cost	**(52)**	**(218)**	**166**
- Interest and other revenue from loans and advances to credit institutions	3	6	(3)
- Interest on deposits from credit institutions	(63)	(102)	39
- Interest on debt securities	(54)	(175)	121
- Interest on passbook savings accounts	-	-	-
- Expenses related to financing commitments received	(12)	(17)	5
- Fair value adjustments to financing liabilities hedged against interest rate risks	36	36	-
- Interest on hedging instruments	94	93	1
- Fair value adjustments to hedging instruments	(34)	(34)	-
- Fair value adjustments to financing liabilities valued using the fair value option	-	-	-
- Debt issuing costs	(22)	(25)	3
Net gains and losses on trading transactions	**1**	**(1)**	**2**
- Interest rate instruments	1	(1)	2
- Currency instruments	-	-	-
Net gains and losses on available-for-sale financial assets	**-**	**-**	**-**
Margin on sales of Insurance services	**92**	**92**	**-**
- Earned premiums	121	121	-
- Paid claims and change in liabilities related to insurance contracts	(29)	(29)	-
Margin on sales of services	**19**	**25**	**(6)**
- Revenues	19	41	(22)
- Expenses	-	(16)	16
Net banking revenue	**167**	**309**	**(142)**
General operating expenses	**(47)**	**(125)**	**78**
- Personnel costs	(10)	(43)	33
- Other general operating expenses	(37)	(82)	45
Depreciation and amortization of intangible and tangible assets	(10)	(19)	9
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	-	-	-
Gross operating income	**110**	**165**	**(55)**
Cost of risk	(14)	(39)	25
Operating income	**96**	**126**	**(30)**
Share in net income of associates and joint ventures accounted for using the equity method	12	12	-
Impairment on goodwill	-	-	-
Pension obligation - expense	-	-	-
Pension obligation - income	-	-	-
Other non-operating items	(5)	(11)	6
Costs of the non-transferred debts of operations to be taken over by partnership	(457)	(382)	(75)
Pre-tax income	**(354)**	**(255)**	**(99)**
Income taxes	58	44	14
Net income from continuing operations	**(296)**	**(211)**	**(85)**
- of which attributable to equity holders of the parent	(300)	(215)	(85)
Gross income of operations to be taken over by partnership	541	442	99
Tax on the net income of operations to be taken over by partnership	(154)	(140)	(14)
Résultat net des activités destinées à être reprises en partenariat	**387**	**302**	**85**
Net income for the year	**91**	**91**	**-**
- of which minority interests	*4*	*4*	-
- of which attributable to equity holders of the parent	*87*	*87*	-

3.2.2 Consolidated Statement of Cash Flows

The impacts of restatements on the 2014 consolidated statement of cash flows after extending the partnership with Santander were the following:

(in million euros)	Dec. 31, 2014 proforma	Dec. 31, 2014 published	IFRS 5 impact of extending the partnership
Net income of continuing operations attributable to equity holders of the parent	**(300)**	**(215)**	**(85)**
Restatement of Costs of the non-transferred debts of operations to be taken over by partnership, after taxes	300	251	49
Elimination of income without cash effect			-
- Minority interests in income of subsidiaries	4	4	-
- Net income of associates accounted for using the equity method, net of dividends received	(12)	(12)	-
- Change in depreciation, amortization and other provisions	56	65	(9)
- Change in deferred taxes	(88)	(80)	(8)
- (Profit)/loss on disposals of assets	-	-	-
Funds from operations	**(40)**	**13**	**(53)**
Increase/decrease in:			
- loans and advances to credit institutions	17	18	(1)
- deposits from credit institutions	199	269	(70)
Change in customer loans and receivables	148	375	(227)
Increase/decrease in:			
- amounts due to customers	39	344	(305)
- financial assets at fair value through profit or loss	(27)	31	(58)
- financial liabilities at fair value through profit or loss	2	1	1
- hedging instruments	10	29	(19)
- debt securities	(522)	(547)	25
Change in working capital: assets	(2)	33	(35)
Change in working capital: liabilities	(21)	(118)	97
Net cash provided by operating activities	**(197)**	**448**	**(645)**
Acquisitions of shares in subsidiaries	(9)	(9)	-
Proceeds from disposals of shares in subsidiaries	-	-	-
Investments in fixed assets	(12)	(15)	3
Proceeds from disposals of fixed assets	1	2	(1)
Effect of changes in scope of consolidation	-	-	-
Net cash used by investing activities	**(20)**	**(22)**	**2**
Dividends paid to PSA Peugeot Citroën Group	(228)	(228)	-
Dividends paid to minority interests	-	-	-
Capital increase	-	-	-
Net dividends received from operations to be taken over by partnership	231	231	-
Net cash used by financing activities	**3**	**3**	**-**
Costs of the non-transferred debts of operations to be taken over by partnership, after taxes	(300)	(251)	(49)
Changes in liabilities due to financing of operations to be taken over by partnership	(855)	(1,197)	342
Total net cash of financing operations to be taken over by partnership	**(1,155)**	**(1,448)**	**293**
Net income of operations to be taken over by partnership	388	302	86
Change in assets and liabilities of operations to be taken over by partnership	2,010	1,746	264
Net dividends paid by operations to be taken over by partnership	(231)	(231)	-
Total net cash from operations to be taken over by partnership	**2,167**	**1,817**	**350**
Effect of changes in exchange rates	1	1	-
Net change in cash and cash equivalents	**799**	**799**	**-**
Cash and cash equivalents at the beginning of the period	**1,804**	**1,804**	**-**
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	-
Time accounts qualified as cash equivalents	-	-	-
Cash and cash equivalents at the end of the period	**2,603**	**2,603**	**-**
Cash, central banks, post office banks	331	331	-
- of which operations to be taken over by partnership	*27*	*23*	*4*
Mutual funds qualified as cash equivalents	299	299	-
Current account advances and loans and advances at overnight rates	1,332	1,332	-
- of which operations to be taken over by partnership	*1,167*	*970*	*197*
Time accounts qualified as cash equivalents	641	641	-

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

For 2015

(in million euros)	Before impairment of disposal group	Impairment of disposal group	Dec. 31, 2015
Net banking revenue	**543**	**-**	**543**
General operating expenses and equivalent	(180)	-	(180)
Gross operating income	**363**	**-**	**363**
Cost of risk	(34)	-	(34)
Operating Income	**329**	**-**	**329**
Impairment on goodwill	-	-	-
Other non-operating items	(3)	(76)	(79)
Pre-tax income	**326**	**(76)**	**250**
Income taxes	(89)	16	(73)
Net income from operations to be taken over by partnership	**237**	**(60)**	**177**

For 2014

(in million euros)	Before impairment of disposal group	Impairment of disposal group	Dec. 31, 2014 proforma
Net banking revenue	**1,116**	**-**	**1,116**
General operating expenses and equivalent	(341)	-	(341)
Gross operating income	**775**	**-**	**775**
Cost of risk	(102)	-	(102)
Operating Income	**673**	**-**	**673**
Impairment on goodwill	-	(81)	(81)
Other non-operating items	(6)	(45)	(51)
Pre-tax income	**667**	**(126)**	**541**
Income taxes	(169)	15	(154)
Net income from operations to be taken over by partnership	**498**	**(111)**	**387**

3.4 Effect of extending the scope of the partnership with Santander

3.4.1 At the 2014 consolidated statement of income

(in million euros)	IFRS 8 Income statement at Dec. 31, 2014	Initial scope of the partnership with Santander: Reclassifications	Initial scope of the partnership with Santander: Revaluation	IFRS 5 Income statement published at Dec. 31, 2014	Additional scope of partnership: reclassifications (1)	Proforma IFRS 5 Income statement at Dec. 31, 2014
Net interest revenue on customer transactions (at amortized cost)	**1,411**	(1,014)	-	**397**	(292)	105
Net investment revenue	**14**	-	-	**14**	(12)	2
Net refinancing cost	**(713)**	495	-	**(218)**	166	(52)
Net gains or losses on trading transactions	**(3)**	2	-	**(1)**	2	1
Net gains or losses on available-for-sale financial assets	**-**	-	-	**-**	-	-
Margin on sales of insurance services	**94**	(2)	-	**92**	-	92
Margin on sales of other services	**48**	(23)	-	**25**	(6)	19
Net banking revenue	**851**	**(542)**	**-**	**309**	**(142)**	**167**
General operating expenses	**(375)**	250	-	**(125)**	78	(47)
Depreciation and amortization of intangible and tangible assets	**(22)**	3	-	**(19)**	9	(10)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	**(1)**	1	-	**-**	-	-
Gross operating income	**453**	**(288)**	**-**	**165**	**(55)**	**110**
Cost of risk	**(116)**	77	-	**(39)**	25	(14)
Operating Income	**337**	**(211)**	**-**	**126**	**(30)**	**96**
Share in net income of associates and joint ventures accounted for using the equity method	**12**	-	-	**12**	-	12
Impairment on goodwill	**-**	-	-	**-**	-	-
Pension obligation - expense	**-**	-	-	**-**	-	-
Pension obligation - income	**-**	-	-	**-**	-	-
Other non-operating items	**(11)**	-	-	**(11)**	6	(5)
Costs of the non-transferred debts of operations to be taken over by partnership	**-**	(357)	(25)	**(382)**	(75)	(457)
Pre-tax income	**338**	**(568)**	**(25)**	**(255)**	**(99)**	**(354)**
Income taxes	**(120)**	155	9	**44**	14	58
Net income from continued operations	**218**	**(413)**	**(16)**	**(211)**	**(85)**	**(296)**
Gross income of operations to be taken over by partnership	**-**	568	(126)	**442**	99	541
Tax on the net income of operations to be taken over by partnership	**-**	(155)	15	**(140)**	(14)	(154)
Net income of operations to be taken over by partnership	**-**	**413**	**(111)**	**302**	**85**	**387**
Net income for the year	**218**	**-**	**(127)**	**91**	**-**	**91**

(1) The additional scope of the partnership with Santander involved Brazil and retail business in Spain and Italy. The non-material figures relating to Slovenia and Croatia were not reclassified.

3.4.2 At the 2014 consolidated balance sheet

(in million euros)	IFRS 8 Consolidated balance sheet at Dec. 31, 2014	Initial scope of the partnership with Santander: Reclassifications	Initial scope of the partnership with Santander: Revaluation	IFRS 5 Consolidated balance sheet published at Dec. 31, 2014	Additional scope of partnership: reclassifications (1)	Proforma IFRS 5 Consolidated balance sheet at Dec. 31, 2014
Assets						
Customers loans and receivables	21,028	(16,989)	-	4,039	(3,249)	790
Securities	455	-	-	455	(96)	359
Loans and advances to credit institutions	2,297	(1,227)	-	1,070	(234)	836
Deferred tax assets	97	(14)	-	83	(50)	33
Assets of operations to be taken over by partnership	-	18,655	(126)	18,529	3,810	22,339
Other assets	1,280	(425)	-	855	(181)	674
Total Assets	**25,157**	**-**	**(126)**	**25,031**	**-**	**25,031**
Liabilities						
Deposits from credit institutions	6,633	(280)	-	6,353	(496)	5,857
- *of which debts of continuing operations*	*6,633*	*(5,703)*	-	*930*	*(496)*	*434*
- *of which non-transferred debts of operations to be taken over by partnership*	-	*5,423*	-	*5,423*	-	*5,423*
Due to customers	2,801	(2,381)	-	420	(102)	318
- *of which debts of continuing operations*	*2,801*	*(2,381)*	-	*420*	*(402)*	*18*
- *of which non-transferred debts of operations to be taken over by partnership*	-	-	-	-	*300*	*300*
Debt securities	10,964	(4,829)	-	6,135	(851)	5,284
- *of which debts of continuing operations*	*10,964*	*(8,083)*	-	*2,881*	*(2,597)*	*284*
- *of which non-transferred debts of operations to be taken over by partnership*	-	*3,254*	-	*3,254*	*1,746*	*5,000*
Liabilities related to insurance contracts	67	-	-	67	-	67
Deferred tax liabilities	338	(305)	(9)	24	-	24
Liabilities of operations to be taken over by partnership	-	8,523	(15)	8,508	1,553	10,061
Other liabilities	1,088	(728)	25	385	(104)	281
Equity	3,266	-	(127)	3,139	-	3,139
Total Liabilities	**25,157**	**-**	**(126)**	**25,031**	**-**	**25,031**

(1) The additional scope of the partnership with Santander involved Brazil and retail business in Spain and Italy.

3.5 Partnership implementation with Santander : impact on 2015

(in million euros)	Proforma 2014 consolidated balance sheet	Partnership implementation (FR, UK, ES, CH) - Transfer of assets and liablities under partnership	Partnership implementation (FR, UK, ES, CH) - Equity-method accounting of equity attributable to Group in JV	Restructured refinancing	Reduction of equity by payment of dividends	Other	Published consolidated balance sheet at Dec. 31, 2015
Assets							
Customers loans and receivables	790	(71)	-	-	-	(259)	460
Securities	359	-	-	(3,258)	-	3,282	383
Loans and advances to credit institutions	836	657	-	5,495	(918)	(5,983)	87
Deferred tax assets	33	-	-	-	-	(6)	27
Available-for-sale financial assets	14	775	(775)	-	-	(3)	11
Investments in associates and joint ventures accounted for using the equity method	104	-	785	-	-	92	981
Assets of operations to be taken over by partnership	22,339	(15,703)	-	-	-	412	7,048
Other assets	556	18	-	-	-	(204)	370
Total Assets	**25,031**	**(14,324)**	**10**	**2,237**	**(918)**	**(2,669)**	**9,367**
Liabilities							-
Deposits from credit institutions	5,857	-	-	(2,999)	-	(2,010)	848
- *of which debts of continuing operations*	*434*	-	-	-	-	*(108)*	*326*
- *of which non-transferred debts of operations to be taken over by partnership*	*5,423*	-	-	*(2,999)*	-	*(1,902)*	*522*
Due to customers	318	-	-	-	-	150	468
- *of which debts of continuing operations*	*18*	-	-	-	-	*145*	*163*
- *of which non-transferred debts of operations to be taken over by partnership*	*300*	-	-	-	-	*5*	*305*
Debt securities	5,284	-	-	(1,891)	-	(1,607)	1,786
- *of which debts of continuing operations*	*284*	-	-	-	-	*(275)*	*9*
- *of which non-transferred debts of operations to be taken over by partnership*	*5,000*	-	-	*(1,891)*	-	*(1,332)*	*1,777*
Liabilities related to insurance contracts	67	-	-	-	-	16	83
Deferred tax liabilities	24	-	-	-	-	(12)	12
Liabilities of operations to be taken over by partnership	10,061	(14,314)	-	7,127	-	749	3,623
Other liabilities	281	-	-	-	-	(61)	220
Equity	3,139	(10)	10	-	(918)	106	2,327
Total Liabilities	**25,031**	**(14,324)**	**10**	**2,237**	**(918)**	**(2,669)**	**9,367**

The disposal of the assets and liabilities for the subsidiaries in France, in the United Kingdom, in Spain and in Switzerland taken up in joint ventures (€15,703 million and €14,314 million) is offset by the cash received from Santander for acquiring shares (€657 million) and the value of the joint ventures retained by the Group (€775 million).

The repayment of Group-sourced financing provided to the joint ventures amounted to €7,127 million.

The Group's external refinancing liabilities were reimbursed over the year for €4,890 million (€2,999 million of Deposits from credit institutions and €1,891 million of Debt securities).

Equity was reduced through the distribution of a dividend (€918 million).

Note 4 Cash, Central Banks, Post Office Banks

(in million euros)	Dec. 31, 2015 Assets to be taken over by partnership	Dec. 31, 2015 Continuing operations	Dec. 31, 2014 Assets to be taken over by partnership	Dec. 31, 2014 Continuing operations
Cash and post office banks	1	-	-	1
Central banks (1)	27	154	23	307
- of which compulsory reserves deposited with the Banque de France	*-*	*1*	*-*	*26*
Total	**28**	**154**	**23**	**308**
	182		**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, 2015 Assets to be taken over by partnership	Dec. 31, 2015 Continuing operations	Dec. 31, 2014 Assets to be taken over by partnership	Dec. 31, 2014 Continuing operations
Marketable securities	102	382	-	451
- Mutual funds	88	89	-	149
- Mutual funds qualified as cash equivalents (1)	88	1	-	47
- Units held by insurance companies	-	88	-	102
- Certificates of deposit and Treasury bills	14	42	-	50
- of which held by securitization funds	*14*	*-*	*-*	*50*
- Treasury bonds (OAT) qualified as cash equivalents (1)	-	251	-	252
Fair value adjustments	-	-	-	1
Marketable securities booked at fair value through profit or loss	**102**	**382**	**-**	**452**
- of which accrued interest	*-*	*1*	*-*	*-*
Foreign exchange hedging instruments	**-**	**-**	**-**	**-**
- Related companies	*-*	*-*	*-*	*-*
Accrued interest on trading derivatives (2)	**-**	**-**	**-**	**-**
Fair value of trading derivatives (2)	**-**	**1**	**-**	**3**
Total	**102**	**383**	**-**	**455**
	485		**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 24.4). 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, 2015	Dec. 31, 2014
Adjustment accounts - commitments in foreign currencies (1)	**107**	**58**
- of which related companies	*1*	*-*
Accrued income on swaps designated as hedges	**42**	**93**
- of which related companies	*-*	*-*
Positive fair value of instruments designated as hedges of:	**32**	**89**
- Borrowings	-	2
- EMTNs/BMTNs	30	73
- of which due to hedging cross currency swaps' basis spread	*(4)*	*(1)*
- Bonds	1	14
- Customer loans (Installment contracts, Buyback contracts and Long-term leases) (2)	1	-
- Variable rate EMTN (Cash Flow Hedge)	-	-
Offsetting positive fair value and received margin calls (see Note 6.2)	**(168)**	**(182)**
Total	**13**	**58**

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

Fair Value Hedge effectiveness is analysed in Note 24.3.

(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, 19.2 and 24.2.A).*

(2) *So are swaps hedging customer loans that are to be taken over by partnership. The hedges are effective (see Note 24.3) 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 2015

(in million euros)	Asset gross amount				
Positive valued swaps	Swap's winning leg	Swap's losing leg	**Asset net amount before offsetting**	**Offsetting with received margin calls**	**Balance sheet amount after offsetting**
Adjustment accounts - commitments in foreign currencies	**462**	**(355)**	**107**	**-**	**107**
- Cross currency swap with margin call	459	(355)	104	-	104
- Other instruments	3	-	3	-	3
Accrued income	**44**	**(2)**	**42**	**-**	**42**
- Swaps with margin call	44	(2)	42	-	42
- Swaps without margin call	-	-	-	-	-
Positive fair value	**523**	**(491)**	**32**	**-**	**32**
- Swaps with margin call	522	(491)	31	-	31
- Swaps without margin call	1	-	1	-	1
Offsetting	-	-	-	(168)	**(168)**
Total assets	**1,029**	**(848)**	**181**	**(168)**	**13**
Margin calls received on swaps designated as hedges (deferred income - see Note 21)	-	-	169	(168)	**1**
Total liabilities	**-**	**-**	**169**	**(168)**	**1**

For 2014

(in million euros)	Asset gross amount				
Positive valued swaps	Swap's winning leg	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**

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, 2015	Dec. 31, 2014
PSA Finance P.L.C. (1)	3	2
PSA Finansman A.S. (2)	-	10
Companies set up for the future partnerships with Santander Consumer Finance:		
- Banca Italia S.P.A	5	5
- PSA Financial Services Spain E.F.C. S.A. (3)	-	1
- PSA Lion Deutschland GmbH	3	3
Gross value	**11**	**21**
Impairment (2)	-	(7)
Net value	**11**	**14**

(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, was disposed of in December 2015. The reversal of the provision booked previously offset the €7 million loss on disposal.*
(3) *The joint venture in Spain has been accounted for using the equity method since October 31, 2015.*

Note 8 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

	Dec. 31, 2015		Dec. 31, 2014	
(in million euros)	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations
Demand accounts (non-group institutions)	**280**	**67**	**970**	**362**
- Ordinary accounts in debit	280	67	970	362
- of which held by securitization funds	*181*	*-*	*557*	*142*
- of which held by insurance companies	*-*	*46*	*-*	*-*
- Cash receivables for securities to be delivered	-	-	-	-
Time accounts (non-group institutions)	**15**	**20**	**257**	**707**
- Time accounts qualified as cash equivalents (1)	12	12	-	641
- Subordinated loans	-	-	-	50
- Time accounts held by securitization funds	-	-	257	-
- Other	3	8	-	16
Accrued interest	**1**	**-**	**-**	**1**
Total	**296**	**87**	**1,227**	**1,070**
	383		**2,297**	

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

Note 9 Customer Loans and Receivables

9.1 Analysis by Type of Financing

(in million euros)	Dec. 31, 2015 Assets to be taken over by partnership	Dec. 31, 2015 Continuing operations	Dec. 31, 2014 Assets to be taken over by partnership	Dec. 31, 2014 Continuing operations
Installment contracts	**2,684**	**261**	**5,568**	**2,968**
- of which securitized (1)	*1,171*	-	*3,351*	*1,626*
Buyback contracts (2)	**536**	**21**	**1,596**	**352**
Principal and interest	581	24	1,842	385
- of which securitized (1)	-	-	*1,229*	-
Unaccrued interest on buyback contracts	(45)	(3)	(246)	(33)
- of which securitized (1)	-	-	*(176)*	-
Long-term leases (2)	**1,294**	**48**	**4,528**	**198**
Principal and interest	1,417	53	4,914	223
- Related companies	-	-	-	-
- Non-group companies	1,417	53	4,914	223
- of which securitized (1)	*196*	-	*1,698*	-
Unaccrued interest on long-term leases	(91)	(4)	(345)	(16)
- of which securitized (1)	*(9)*	-	*(156)*	-
Leasing deposits	(32)	(1)	(41)	(9)
- of which securitized (1)	-	-	*(7)*	-
Wholesale financing	**1,890**	**125**	**4,482**	**333**
Principal and interest	1,890	125	4,556	333
- Related companies	15	-	90	4
- Non-group companies	1,875	125	4,466	329
- of which securitized (1)	-	-	*1,325*	-
Wholesale financing deposits	-	-	(74)	-
- Related companies	-	-	(68)	-
- Non-group companies	-	-	(6)	-
Other finance receivables	**32**	**9**	**731**	**125**
- Related companies	-	6	-	-
- Non-group companies	32	3	731	125
Ordinary accounts in debit	**67**	**3**	**142**	**21**
- Related companies	-	3	1	-
- Cash pooling (3):				
- Before offsetting	-	10	7	9
- Offsetting of continuing operations	-	(7)	-	(9)
- Other	-	-		-
- Non-group companies	67	-	141	21
Deferred items included in amortized cost - Customers loans and receivables	**(106)**	**(7)**	**(58)**	**42**
- Deferred acquisition costs	67	4	263	141
- Deferred loan set-up costs	(26)	(4)	(43)	(53)
- Deferred manufacturer and dealer contributions	(147)	(7)	(278)	(46)
Total Loans and Receivables at Amortized Cost	**6,397**	**460**	**16,989**	**4,039**
- of which securitized (1)	*1,358*	-	*7,264*	*1,626*
- of which loans and receivables given as collateral (4)	-	-	*866*	*131*
	6,857		**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) At December 31, 2015, no structured financing had been sought from the ECB (see Note 17).

9.2 Customer Loans and Receivables by Segment

For 2015

IFRS 8 Segment	Corporate Dealers		End user: Retail		End user: Corporate and equivalent		Total at Dec. 31, 2015	
	(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	Assets to be taken over by partnership	Continuing operations
(in million euros)								
Installment contracts	8	-	2,636	258	40	3	2,684	261
Buyback contracts	2	-	504	19	30	2	536	21
Long-term leases	5	1	1,160	32	129	15	1,294	48
Wholesale financing	1,890	125	-	-	-	-	1,890	125
Other finance receivables	20	3	12	-	-	6	32	9
Ordinary accounts in debit	67	-	-	-	-	3	67	3
Deferred items included in amortized cost	-	-	(103)	(6)	(3)	(1)	(106)	(7)
Total customer loans by segment (based on IFRS 8)	**1,992**	**129**	**4,209**	**303**	**196**	**28**	**6,397**	**460**
	2,121		**4,512**		**224**		**6,857**	

For 2014

IFRS 8 Segment	Corporate Dealers		End user: Retail		End user: Corporate and equivalent		Total at Dec. 31, 2014	
	(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	Assets to be taken over by partnership	Continuing operations
(in million euros)								
Installment contracts	14	18	5,522	2,930	32	20	5,568	2,968
Buyback contracts	34	1	1,505	332	57	19	1,596	352
Long-term leases	120	8	3,108	114	1,300	76	4,528	198
Wholesale financing	4,482	333	-	-	-	-	4,482	333
Other finance receivables	691	46	38	79	2	-	731	125
Ordinary accounts in debit	134	21	-	-	8	-	142	21
Deferred items included in amortized cost	(11)	-	(34)	42	(13)	-	(58)	42
Total customer loans by segment (based on IFRS 8)	**5,464**	**427**	**10,139**	**3,497**	**1,386**	**115**	**16,989**	**4,039**
	5,891		**13,636**		**1,501**		**21,028**	

9.3 Analysis by Currency

(in million euros)	Dec. 31, 2015 Assets to be taken over by partnership	Dec. 31, 2015 Continuing operations	Dec. 31, 2014 Assets to be taken over by partnership	Dec. 31, 2014 Continuing operations
Net loans and receivables				
ARS	-	149	-	201
BRL	432	-	-	782
CHF	-	-	392	6
CZK	-	105	-	92
EUR	5,724	107	13,245	2,780
GBP	-	8	3,150	-
HRK	31	-	-	30
HUF	-	1	-	21
MXN	-	18	-	15
PLN	210	2	202	-
RUB	-	70	-	112
Total	**6,397**	**460**	**16,989**	**4,039**
	6,857		**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 2015, this involves maturities only for continuing operations.

For 2015

(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, 2015
Installment contracts	**3**	**42**	**29**	**50**	**137**	**-**	**261**
Gross	11	42	29	50	137		269
Impairment	(8)						(8)
Buyback contracts	**1**	**3**	**2**	**4**	**11**	**-**	**21**
Gross	2	3	2	4	11	-	22
Impairment	(1)						(1)
Long-term leases	**2**	**8**	**9**	**14**	**15**	**-**	**48**
Gross	5	8	9	14	15		51
Guarantee deposits	(1)						(1)
Impairment	(2)						(2)
Wholesale financing	**1**	**83**	**25**	**16**	**-**	**-**	**125**
Gross	8	83	25	16			132
Guarantee deposits	-						-
Impairment	(7)						(7)
Other finance receivables	**1**	**3**	**5**	**-**	**-**	**-**	**9**
Gross	1	3	5				9
Impairment							-
Ordinary accounts in debit	**3**	**-**	**-**	**-**	**-**	**-**	**3**
Gross	3						3
Impairment	-						-
Deferred items included in amortized cost	(7)						**(7)**
Total net loans and receivables	**4**	**139**	**70**	**84**	**163**	**-**	**460**
Gross	30	139	70	84	163	-	486
Guarantee deposits	(1)	-	-	-	-	-	(1)
Impairment	(18)	-	-	-	-	-	(18)
Deferred items included in amortized cost	(7)	-	-	-	-	-	(7)

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

9.5 Securitization programs

(in million euros)

Country of Seller	Seller	Fund	Country of Fund	Date of Sale	Type of Financing	Sold receivables at Dec. 31, 2015: Assets to be taken over by partnership	Sold receivables at Dec. 31, 2015: Continuing operations	Sold receivables at Déc. 31, 2014: Assets to be taken over by partnership	Sold receivables at Déc. 31, 2014: Continuing operations	at the origin
France	Crédipar	Auto ABS 2011-1	France	July 07, 2011	Installment contracts	-	-	232	-	1,050
		Auto ABS 2012-1	France	July 12, 2012	Buyback contracts (1)	-	-	1,053	-	1,080
		Auto ABS French Loans Master	France	First sale on Nov. 29, 2012 (2)	Installment contracts	-	-	102	-	N/A
		Auto ABS 2013-2	France	June 7, 2013	Installment contracts	-	-	450	-	495
		Auto ABS2 2013-A	France	Oct. 31, 2013	Long-term leases (3)	-	-	716	-	735
		Auto ABS3 - Compartment 2014-01	France	Dec. 31, 2014	Installment contracts	-	-	419	-	430
	Sofira	Auto ABS DFP Master Compartment France 2013	France	First sale on Apr. 09, 2013 (2)	Wholesale financing	-	-	1,056	-	N/A
Germany	Banque PSA Finance's branch	Auto ABS German Loans 2011-2	France	Nov. 15, 2011	Installment contracts	117	-	276	-	800
		Auto ABS 2013-1	France	May 04, 2013	Long-term leases (3)	187	-	373	-	478
		Auto ABS German Lease Master	France	First sale on Oct. 10, 2013 (2)	Long-term leases (3)	-	-	209	-	N/A
		Auto ABS DFT Master Compartment Germany 2013	France	First sale on Nov. 07, 2013 (2)	Wholesale financing	-	-	269	-	N/A
		Auto ABS German Loans Master	France	First sale on Nov. 13, 2013 (2)	Installment contracts	507	-	455	-	N/A
Spain	Banque PSA Finance's branch	Auto ABS 2012-3	Spain	Nov. 23, 2012	Installment contracts	-	-	-	774	800
Italy	Banque PSA Finance's branch	Auto ABS S.r.l. 2012-2	Italy	Oct. 17, 2012	Installment contracts	-	-	-	180	621
		Auto ABS Italian Loans Master S.r.l.	Italy	Sept 15, 20124	Installment contracts	506	-	-	484	N/A
United Kingdom	Banque PSA Finance's branch	Auto ABS UK Loans PLC	United Kingdom	Dec. 6, 2012	Installment contracts	-	-	1,417	-	1,331
Switzer-land	PSA Finance Suisse S.A.	Auto ABS Swiss Leases 2013 GmbH	Switzerland	Nov. 21, 2013	Long-term leases (3)	-	-	237	-	245
Brazil	Banco PSA Finance Brasil S.A.	FIDC	Brazil	First sale on April 13, 2010 (4)	Installment contracts	41	-	-	188	N/A
Assigned loans, total						**1,358**	**-**	**7,264**	**1,626**	
						1,358		**8,890**		

The German seller's funds, the Italian 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 French seller's funds, the Spanish fund and the funds in the United Kingdom and in Switzerland were zeroed out in 2015 since they have been accounted for using the equity method, following the implementation of the joint ventures with Santander CF in France, in the United Kingdom, in Spain and in Switzerland (see Note 12.2).

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 CF.

Note 10 Fair Value Adjustments to Finance Receivables Portfolios Hedged

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
Fair value adjustments to		
Installment contracts	4	44
Buyback contracts	2	-
Long-term leases	3	(5)
Total	**9**	**39**

Hedging effectiveness is analyzed in Note 24.3.

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.

Note 11 Accruals and Other Assets

	Dec. 31, 2015		Dec. 31, 2014	
(in million euros)	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations
Other receivables	**118**	**62**	**180**	**141**
- Related companies	15	8	93	29
- Non-group companies	103	54	87	112
- of which insurance activities	-	*10*	-	-
Prepaid and recoverable taxes	**7**	**9**	**24**	**16**
Accrued income	**3**	**35**	**13**	**27**
- Related companies	-	-	-	-
- Non-group companies	3	35	13	27
- of which insurance activities	-	*17*	-	*18*
Prepaid expenses	**28**	**10**	**30**	**32**
- of which margin calls paid on swaps designated as hedges (1)	-	*3*	-	*8*
Other	**28**	**1**	**57**	**38**
- Related companies	4	-	-	3
- Non-group companies	24	1	57	35
Total	**184**	**117**	**304**	**254**
	301		**558**	

(1) At December 31, 2015, the margin calls paid on swaps designated as hedges were offset with the negative fair value for an amount of €5 million, compared to €28 million at December, 31, 2014 (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, 2015	Dec. 31, 2014
At the beginning of the period	**104**	**83**
Change in Group structure (1)(2)(3)(5)	722	-
Capital increase (4)	23	-
Share in net income	123	12
Goodwill (5)	(2)	-
Exchange difference	11	9
At the end of the period	**981**	**104**
- of which goodwill (5)	*3*	*5*

Table of changes by country

(en millions d'euros)	Dec. 31, 2014	Group structure (1)(2)(3)(5)	Capital increase (4)	Share in net income	Goodwill (5)	Exchange difference	Dec. 31, 2015
Partnership with Santander CF							
- France (1)	-	469	-	72	-	-	541
- United Kingdom (2)	-	147	-	34	-	4	185
- Spain (3)	-	162	-	5	-	-	167
- Switzerland (3)	-	(1)	-	1	-	-	-
- Malta (4)	-	-	23	-	-	-	23
Partnership with Dongfeng Peugeot Citroën							
- China (5)	104	(55)	-	11	(2)	7	65
- of which goodwill	*5*		-	-	*(2)*	-	*3*
Total	**104**	**722**	**23**	**123**	**(2)**	**11**	**981**

(1) *In France in January 2015, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in Sofib.*

(2) *In the United Kingdom in January 2015, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in PSA Finance UK Ltd.*

(3) *In Spain in October 2015, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in PSA Financial Services Spain E.F.C. S.A PSA Finance Suisse S.A is now wholly-owned by PSA Financial Services Spain E.F.C. S.A.*

(4) *In Malta, PSA Insurance Europe Ltd and Life Insurance Europe Ltd were created, owned 50/50 by BPF and Santander CF.*
According to revised IAS 28, these subsidiaries are joint ventures and were consequently accounted for using the equity method.

(5) *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).
On March 2015, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY18.8 million (€2.7 million at December 31, 2015).
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

Most of the implemented joint ventures in the framework of the partnerships agreement with Santander CF set up in the past and go on setting up securitization programs.The joint ventures retain the majority of the risks and rewards generated by the funds. Consequently, they fully consolidate the funds, which are though indirectly accounted for by the equity method in Banque PSA Finance's consolidated financial statements.

The following informations are given according to IFRS 12.

12.2.1 Partnership with Santander CF in France

The partnership in France concerns the following entities:

Subsidiaries:

Sofib	*owned 50:50 by Banque PSA Finance and Santander CF*
Crédipar	*100% owned by Sofib*
CLV	*100% owned by Sofib*

Special purpose entities:
Auto ABS 2011-1
Auto ABS 2012-1
Auto ABS French Loans Master
Auto ABS DFP Master Compartment France 2013
Auto ABS 2013-2
Auto ABS2 2013-A
Auto ABS3 - Compartment 2014-01

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	Dec. 31, 2015
Customer loans and receivables	8,255
Other assets	1,075
Total assets	**9,330**
Refinancing	6,314
Other liabilities	1,933
Equity	1,083
Total equity and liabilities	**9,330**

Key Income Statement Items since the beginning of the partnership with Santander CF in February 2015

(in million euros)	Dec. 31, 2015
Net banking revenue	**383**
General operating expenses and equivalent	(136)
Gross operating income	**247**
Cost of risk (1)	(28)
Operating income	**219**
Income taxes	(74)
Net income for the year	**145**

(1) *See the "Additional information on the cost of risk of joint ventures" section in Note 36.2.*

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 (1)	Goodwill	Equity after equity method	*of which exchange difference*
At december 31, 2015	**1,083**	**50%**	**541**	**(469)**	**-**	**72**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	541
Total assets	**541**
Equity	
- Historical value of the shares owned (1)	469
- Consolidated reserves - equity holders of the parent	72
- *of which share in net income accounted for using the equity method*	72
Total equity and liabilities	**541**

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

12.2.2 Partnership with Santander CF in United Kingdom

The partnership in United-Kingdom concerns the following entities:

Subsidiary:
PSA Finance UK Ltd *owned 50:50 by Banque PSA Finance and Santander CF*

Special purpose entity:
Auto ABS UK Loans Plc

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	Dec. 31, 2015
Customer loans and receivables	3,729
Other assets	302
Total assets	**4,031**
Refinancing	3,558
Other liabilities	102
Equity	371
Total equity and liabilities	**4,031**

Key Income Statement Items since the beginning of the partnership with Santander CF in February 2015

(in million euros)	Dec. 31, 2015
Net banking revenue	**134**
General operating expenses and equivalent	(43)
Gross operating income	**91**
Cost of risk (1)	(5)
Operating income	**86**
Income taxes	(19)
Net income for the year	**67**

(1) See the "Additional information on the cost of risk of joint ventures" section in Note 36.2.

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 (1)	Goodwill	Equity after equity method	*of which exchange difference*
At december 31, 2015	**371**	**50%**	**185**	**(147)**	**-**	**38**	*4*

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

Consolidated balance sheet items after equity method

(in million euros)	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	185
Total assets	**185**
Equity	
- Historical value of the shares owned (1)	147
- Consolidated reserves - equity holders of the parent	38
- of which share in net income accounted for using the equity method	*34*
Total equity and liabilities	**185**

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

12.2.3 Partnership with Santander CF in Spain

The partnership in Spain concerns the following entities:

Subsidiary:
PSA Financial Services Spain E.F.C. S.A. *owned 50:50 by Banque PSA Finance and Santander CF*

Special purpose entity:
FTA Auto ABS - Compartiment 2012-3

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	Dec. 31, 2015
Customer loans and receivables	2,092
Other assets	345
Total assets	**2,437**
Refinancing	2,009
Other liabilities	94
Equity	334
Total equity and liabilities	**2,437**

Key Income Statement Items since the beginning of the partnership with Santander CF in October 2015

(in million euros)	Dec. 31, 2015
Net banking revenue	**25**
General operating expenses and equivalent	(10)
Gross operating income	**15**
Cost of risk (1)	(1)
Operating income	**14**
Income taxes	(4)
Net income for the year	**10**

(1) See the "Additional information on the cost of risk of joint ventures" section in Note 36.2.

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 (1)	Goodwill	Equity after equity method	*of which exchange difference*
At december 31, 2015	**334**	**50%**	**167**	**(143)**	**-**	**24**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	167
Total assets	**167**
Equity	
- Historical value of the shares owned (1)	143
- Consolidated reserves - equity holders of the parent	24
- *of which share in net income accounted for using the equity method*	*5*
Total equity and liabilities	**167**

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

12.2.4 Partnership with Santander CF in Switzerland

The partnership in Switzerland concerns the following entities:

Subsidiary:
PSA Finance Suisse S.A. *Wholly-owned by PSA Financial Services Spain E.F.C. S.A., owned 50:50 by Banque PSA Finance and Santander CF*

Special purpose entity:
Auto ABS Swiss Lease 2013 GmbH

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	**Dec. 31, 2015**
Customer loans and receivables	505
Other assets	32
Total assets	**537**
Refinancing	457
Other liabilities	32
Equity	48
Total equity and liabilities	**537**

Key Income Statement Items since the beginning of the partnership with Santander CF in October 2015

(in million euros)	**Dec. 31, 2015**
Net banking revenue	**5**
General operating expenses and equivalent	(2)
Gross operating income	**3**
Cost of risk (1)	-
Operating income	**3**
Income taxes	(1)
Net income for the year	**2**

(1) See the "Additional information on the cost of risk of joint ventures" section in Note 36.2.

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 (1)	Goodwill	Equity after equity method	*of which exchange difference*
At december 31, 2015	**48**	**50%**	**24**	**(24)**	**-**	**-**	**-**

(1) Elimination of shareholder's equity up to 50% of the value of the shares owned by PSA Financial Services Spain E.F.C. S.A.

Consolidated balance sheet items after equity method

(in million euros)	**Dec. 31, 2015**
Investments in associates and joint ventures accounted for using the equity method	
- Share of profit of equity method	24
- Elimination of securities held by the Spanish joint venture	(24)
Total assets	**-**
Equity	
- Consolidated reserves - equity holders of the parent (1)	-
- of which share in net income accounted for using the equity method	*1*
Total equity and liabilities	**-**

(1) As the Swiss subsidiary is wholly-owned by the Spanish joint venture PSA Financial Services Spain E.F.C. S.A., the share in net assets held in the Swiss subsidiary is already included through the equity accounting of the Spanish joint venture.

12.2.5 Partnership with Santander CF in Malta

The partnership in Malta concerns the following entities:

Insurance subsidiaries owned 50/50 by Banque PSA Finance and Santander CF
PSA Insurance Europe Ltd
PSA Life Insurance Europe Ltd

Equity accounted percentage: 47,06%
(PSA Services Ltd is 99.99% owned by PSA Assurance S.A.S., itself 94.12% owned by Banque PSA Finance)

The net banking revenue and the net income at December 31, 2015 were not material.

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	Dec. 31, 2015
Customer loans and receivables	-
Other assets	52
Total assets	**52**
Refinancing	-
Other liabilities	6
Equity	46
Total equity and liabilities	**52**

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 (1)	Goodwill	Equity after equity method	*of which exchange difference*
At december 31, 2015	**46**	**47.06%**	**23**	**(23)**	**-**	**-**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	23
Total assets	**23**
Equity	
- Historical value of the shares owned (1)	23
- Consolidated reserves - equity holders of the parent	-
- *of which share in net income accounted for using the equity method*	-
Total equity and liabilities	**23**

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

12.2.6 Partnership with Dongfeng Peugeot Citroën in China

The partnership in China concerns the following subsidiary:

Dongfeng Peugeot Citroën Auto Finance Company Ltd *25% owned by PSA Finance Nederland B.V.*

Equity accounted percentage: 25%

Fully financial information

Key Balance Sheet Items

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
Customer loans and receivables	2,039	1,534
Other assets	101	31
Total assets	**2,140**	**1,565**
Refinancing	1,255	1,176
Other liabilities	637	190
Equity	248	199
Total equity and liabilities	**2,140**	**1,565**

Key Income Statement Items

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
Net banking revenue	**95**	**57**
General operating expenses and equivalent	(23)	(18)
Gross operating income	**72**	**39**
Cost of risk	(22)	(8)
Operating income	**50**	**31**
Income taxes	(13)	(8)
Net income for the year	**37**	**23**

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 (1)	Goodwill	Equity after equity method	*of which exchange difference*
Equity 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***
Net income of the period	37		11			11	
Disposal of 25% shares	-		(55)	32	(2)	(25)	*(9)*
Exchange difference after disposal	12		7			7	*7*
At december 31, 2015	**248**	**25%**	**62**	**(33)**	**3**	**32**	**9**

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

Consolidated balance sheet items after equity method

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
Investments in associates and joint ventures accounted for using the equity method	65	104
Total assets	**65**	**104**
Equity		
- Historical value of the shares owned (1)	33	65
- Consolidated reserves - equity holders of the parent	32	39
- *of which share in net income accounted for using the equity method*	*11*	*12*
Total equity and liabilities	**65**	**104**

(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:

For 2015

	Dec. 31, 2015					
	Cost		Depreciation/ amortization		Net	
(in million euros)	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
Property and equipment	**14**	**2**	**(7)**	**(1)**	**7**	**1**
- Land and buildings	-	-	-	-	-	-
- Vehicles	6	-	(1)	-	5	-
- Other	8	2	(6)	(1)	2	1
Intangible assets	**1**	**208**	**-**	**(145)**	**1**	**63**
- Softwares	1	204	-	(141)	1	63
- Other	-	4	-	(4)	-	-
Total	**15**	**210**	**(7)**	**(146)**	**8**	**64**

For 2014

	Dec. 31, 2014					
	Cost		Depreciation/ amortization		Net	
(in million euros)	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
Property and equipment	**25**	**13**	**(13)**	**(8)**	**12**	**5**
- Land and buildings	-	1	-	-	-	1
- Vehicles	11	3	(2)	(1)	9	2
- Other	14	9	(11)	(7)	3	2
Intangible assets	**-**	**191**	**-**	**(128)**	**-**	**63**
- Softwares	-	187	-	(124)	-	63
- Other	-	4	-	(4)	-	-
Total	**25**	**204**	**(13)**	**(136)**	**12**	**68**

Table of changes in gross values for continuing operations

	Dec. 31, 2014						Dec. 31, 2015
(in million euros)	Published balance sheet at Dec. 31, 2014	Additional scope of partnership: IFRS 5 reclassifica-tions	Gross value Fixed Assets continuing operations	Additions	Disposals	Other movements	Gross value Fixed Assets continuing operations
Property and equipment	**13**	**(10)**	**3**	**-**	**(1)**	**-**	**2**
- Land and buildings	1	(1)	-	-	-	-	-
- Vehicles	3	(2)	1	-	(1)	-	-
- Other	9	(7)	2	-	-	-	2
Intangible assets	**191**	**-**	**191**	**19**	**(1)**	**(1)**	**208**
- Softwares	187	-	187	19	(1)	(1)	204
- Other	4	-	4	-	-	-	4
Total	**204**	**(10)**	**194**	**19**	**(2)**	**(1)**	**210**

Table of changes in amortization for continuing operations

	Dec. 31, 2014						Dec. 31, 2015
(in million euros)	Published balance sheet at Dec. 31, 2014	Additional scope of partnership: IFRS 5 reclassifica-tions	Amortization Fixed Assets continuing operations	Charges	Reversals	Other movements	Amortization Fixed Assets continuing operations
Property and equipment	**(8)**	**6**	**(2)**	**-**	**-**	**1**	**(1)**
- Land and buildings	-	-	-	-	-	-	-
- Vehicles	(1)	-	(1)	-	-	1	-
- Other	(7)	6	(1)	-	-	-	(1)
Intangible assets	**(128)**	**-**	**(128)**	**(17)**	**-**	**-**	**(145)**
- Softwares	(124)	-	(124)	(17)	-	-	(141)
- Other	(4)	-	(4)	-	-	-	(4)
Total	**(136)**	**6**	**(130)**	**(17)**	**-**	**1**	**(146)**

Note 14 Goodwill

During the 2015 financial year, the significant business goodwills of the Banque PSA Finance group (only China is concerned: 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.

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, 2015**	**Dec. 31, 2014**
Accrued expense on trading derivatives (1)	-	1
Fair value of trading derivatives (1)	1	3
Total	**1**	**4**

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 24.4). 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, 2015	Dec. 31, 2014
Adjustment accounts - commitments in foreign currencies (1)	**-**	**18**
- of which related companies	*-*	*18*
Accrued expenses on swaps designated as hedges	**5**	**19**
- of which related companies	*-*	*1*
Negative fair value of instruments designated as hedges of:	**9**	**45**
- Borrowings	-	-
- EMTNs/BMTNs	-	-
- Bonds	1	14
- Customer loans (Installment contracts, Buyback contracts and Long-term leases) (2)	8	31
- Variable rate EMTN (Cash Flow Hedge)	-	-
Offsetting negative fair value and paid margin calls (see Note 16.2)	**(5)**	**(28)**
Total	**9**	**54**

Fair value is determined by applying valuation techniques based on observable market data (level 2).
Fair Value Hedge effectiveness is analysed in Note 24.3.

(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, 19.2 and 24.2.A).*

(2) *So are swaps hedging customer loans that are to be taken over by partnership. The hedges are effective (see Note 24.3) 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 2015

(in million euros)	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Accrued expense	**-**	**5**	**5**	**-**	**5**
- Swaps with margin call	-	5	5	-	5
- Swaps without margin call	-	-	-	-	-
Negative fair value	**-**	**9**	**9**	**-**	**9**
- Swaps with margin call	-	9	9	-	9
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-	-	(5)	**(5)**
Total liabilities	**-**	**14**	**14**	**(5)**	**9**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 11)	-	-	8	(5)	**3**
Total assets	**-**	**-**	**8**	**(5)**	**3**

For 2014

(in million euros)	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Accrued expense	**(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**

Note 17 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2015 – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Debts of operations to be taken over by partnership – Non-transferred	Dec. 31, 2015 – Debts of continuing operations	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
Demand deposits (non-group institutions)	**33**	**-**	**9**	**56**	**-**	**145**
- Ordinary accounts in credit	33	-	6	44	-	142
- Accounts and deposits at overnight rates	-	-	3	10	-	3
- Other amounts due to credit institutions	-	-	-	2	-	-
Accrued interest	**-**	**-**	**-**	**-**	**-**	**-**
Time deposits (non-group institutions)	**340**	**521**	**310**	**222**	**5,407**	**752**
- Conventional bank deposits	340	521	244	37	880	587
- Drawdowns on syndicated term loan (see Note 27.2)	-	-	-	-	2,999	-
- Drawdowns on revolving bilateral credit lines (see Note 27.2)	-	-	66	64	228	165
- of which deposits from the Italian collateralization (see Note 27.1)	-	-	-	-	-	*100*
- Drawdowns in the framework of the Belgian collateralization (see Note 27.1)	-	-	-	121	-	-
- Deposits from the ECB (see Note 27.1)	-	-	-	-	1,300	-
Deferred items included in amortized cost of deposits from credit institutions	**-**	**-**	**(6)**	**-**	**(10)**	**(5)**
- Debt issuing costs (deferred charges)	-	-	(6)	-	(10)	(5)
Accrued interest	**7**	**1**	**13**	**2**	**26**	**38**
Total deposits from credit institutions at amortized cost	**380**	**522**	**326**	**280**	**5,423**	**930**
		1,228			**6,633**	

Analysis by Currency

(Excluding Accrued interest and Deferred items included in amortized cost)

(in million euros)	Dec. 31, 2015 – Demand deposits – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Demand deposits – Debts of continuing operations	Dec. 31, 2015 – Time deposits – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Time deposits – Debts of operations to be taken over by partnership – Non-transferred	Dec. 31, 2015 – Time deposits – Debts of continuing operations	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
ARS	-	-	-	-	68	-	-	-	-	90
BRL	-	-	270	-	-	-	-	-	-	374
CHF	-	-	-	-	-	14	-	-	-	-
CZK	-	4	-	-	37	-	1	-	-	36
EUR	13	2	61	521	179	26	139	121	5,407	176
GBP	-	3	-	-	-	2	3	101	-	-
HRK	3	-	9	-	-	-	2	-	-	7
HUF	-	-	-	-	-	-	-	-	-	-
MXN	-	-	-	-	14	-	-	-	-	10
PLN	17	-	-	-	-	14	-	-	-	-
RUB	-	-	-	-	12	-	-	-	-	59
Total	**33**	**9**	**340**	**521**	**310**	**56**	**145**	**222**	**5,407**	**752**
	42			**1,171**		**201**			**6,381**	

Note 18 Due to Customers

(in million euros)	Dec. 31, 2015 – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Debts of operations to be taken over by partnership – Non-transferred	Dec. 31, 2015 – Liabilities of continuing operations	Dec. 31, 2014 – Transferred liabilities of operations to be taken over by partnership	Dec. 31, 2014 – Liabilities of continuing operations
Demand accounts	**1,603**	**-**	**1**	**2,165**	**98**
- Ordinary accounts in credit					
- Dealers' ordinary accounts in credit					
- Related companies (1)	15	-	-	30	26
- Non-group companies	67	-	-	171	65
- Cash pooling (2):					
- Before offsetting	3	-	7	7	8
- Offsetting of continuing operations		-	(7)	-	(8)
- Passbook savings accounts (3)(4)	1,508	-	-	1,908	-
- Other amounts due to Customers					
- Related companies	-	-	-	3	-
- Non-group companies	10	-	1	46	7
Accrued interest	**4**	**-**	**-**	**-**	**-**
- of which passbook savings accounts (3)(4)	*4*	-	-	-	-
Time deposits	**122**	**305**	**162**	**214**	**322**
- Term deposit accounts (3)(4)	112	-	-	165	-
- Corporate time deposit (3)					
- Related companies	-	305	153	-	305
- Other					
- Related companies	-	-	5	-	1
- Non-group companies	10	-	4	49	16
Accrued interest	**-**	**-**	**-**	**2**	**-**
- of which time deposits (3)(4)	-	-	-	*1*	-
Total	**1,729**	**305**	**163**	**2,381**	**420**
		2,197		**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 36.1 and 36.3). The corresponding interest and expenses are classified in "Net refinancing cost" in the income statement.*

(4) *At the end of 2015, concerning the Belgian and German branches. The equivalent activity in France was sold by Banque PSA Finance to the Sofib joint venture in April, 2015.*

Analysis (Excluding Accrued Interest) by Repayment Currency

(in million euros)	Dec. 31, 2015 – Demand deposits – Liabilities of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Demand deposits – Liabilities of continuing operations	Dec. 31, 2015 – Time deposits – Liabilities of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Time deposits – Liabilities of operations to be taken over by partnership – Non-transferred	Dec. 31, 2015 – Time deposits – Passifs des activités poursuivies	Dec. 31, 2014 – Demand deposits – Transferred liabilities of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Demand deposits – Liabilities of continuing operations	Dec. 31, 2014 – Time deposits – Liabilities of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Time deposits – Liabilities of continuing operations
ARS	-	-	-	-	10	-	-	-	7
CHF	-	-	-	-	-	10	16	-	-
CZK	-	-	-	-	1	-	-	-	2
EUR	1,598	1	122	305	151	2,143	82	214	313
GBP	-	-	-	-	-	10	-	-	-
PLN	5	-	-	-	-	2	-	-	-
RUB	-	-	-	-	-	-	-	-	-
Total	**1,603**	**1**	**122**	**305**	**162**	**2,165**	**98**	**214**	**322**
	1,604		**589**			**2,263**		**536**	

Note 19 Debt Securities

19.1 Analysis by Nature

(in million euros)	Dec. 31, 2015 Debts of operations to be taken over by partnership Transferred	Dec. 31, 2015 Debts of operations to be taken over by partnership Non-transferred	Dec. 31, 2015 Debts of continuing operations	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
Interbank instruments and money-market securities (non-group institutions)	**-**	**1,736**	**7**	**-**	**3,186**	**2,011**
- EMTNs and BMTNs (1)	-	1,736	7	-	3,137	2,011
- of which paper in the process of being delivered	-	-	-	-	-	-
- Certificates of deposit and "billets de trésorerie"		-	-		49	-
- of which paper in the process of being delivered	-	-	-	-	-	-
Accrued interest	**-**	**44**	**-**	**-**	**71**	**29**
Deferred items included in amortized cost of debt	**-**	**(3)**	**2**		**(3)**	**(10)**
- Debt issuing costs and premiums (deferred charges)	-	(3)	2	-	(3)	(10)
Bonds	**1,048**	**-**	**-**	**4,830**	**-**	**545**
- Issued by securitization funds (see Note 19.4)	1,048	-	-	4,830	-	545
Accrued interest	**-**	**-**	**-**	**-**	**-**	**-**
- of which securitization	-	-	-	-	-	-
Other debt securities	**84**	**-**	**-**	**-**	**-**	**251**
- of which securitization: senior shares (see Note 19.4)	*38*	-	-	-	-	*174*
Accrued interest	**20**	**-**	**-**	**-**	**-**	**55**
- of which securitization	*13*	-	-	-	-	*46*
Total debt securities at amortized cost	**1,152**	**1,777**	**9**	**4,830**	**3,254**	**2,881**
		2,938			**10,965**	

(1) *Including €257,1 million State-guaranteed bonds at December 31, 2015 (€1,500 million at December 31, 2014)(see Note 27.4).*

19.2 Analysis by Repayment Currency (1)

(Excluding Accrued interest and Deferred items included in amortized cost)

(in million euros)	Dec. 31, 2015 Bonds Transferred Debts	Dec. 31, 2015 Bonds Continuing operations	Dec. 31, 2015 securities Non-transferred Debts	Dec. 31, 2015 securities Continuing operations	Dec. 31, 2015 Other Transferred Debts	31.12.2014 Bonds Transferred Debts	31.12.2014 Bonds Continuing operations	31.12.2014 securities Non-transferred Debts	31.12.2014 securities Continuing operations	31.12.2014 Other Continuing operations
ARS	-	-	-	7	-	-	-	-	20	-
BRL	-	-	-	-	84	-	-	-	-	251
EUR	1,048	-	1,277	-	-	3,390	545	2,999	1,579	-
GBP	-	-	-	-	-	1,240	-	-	-	-
CHF	-	-	-	-	-	200	-	187	-	-
USD (1)	-	-	459	-	-	-	-	-	412	-
Total	**1,048**	**-**	**1,736**	**7**	**84**	**4,830**	**545**	**3,186**	**2,011**	**251**

(1) *Adjustments arising from the remeasurement of hedged foreign currency financing liabilities (including €108 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 24.2.

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

(in million euros)	Dec. 31, 2015 Bonds Continuing operations	Dec. 31, 2015 Money-market securities Non-transferred Debts	Dec. 31, 2015 Money-market securities Continuing operations	Dec. 31, 2015 Other Continuing operations	31.12.2014 Bonds Continuing operations	31.12.2014 Money-market securities Non-transferred Debts	31.12.2014 Money-market securities Continuing operations	31.12.2014 Other Continuing operations
0 to 3 months	-	999	4	-	36	774	16	49
3 to 6 months	-	487	-	-	34	23	655	28
6 months to 1 year	-	-	3	-	37	189	608	68
1 to 5 years	-	20	-	-	438	2,200	526	106
Over 5 years	-	230	-	-	-	-	206	-
Total	**-**	**1,736**	**7**	**-**	**545**	**3,186**	**2,011**	**251**

19.4 Securitization programs

Bonds (Except Accrued interest)

(in million euros)					Issued Bonds				
					at Dec. 31, 2015		at December 31, 2014		at the origin
Country of Seller	Fund	Country of Fund	Bonds	Rating	Transferred debts of operations to be taken over by partnership	Debts of continuing operations	Transferred debts of operations to be taken over by partnership	Debts of continuing operations	
France	Auto ABS 2011-1	France		*Fitch/Moody's*					
			A Bonds	AAA/Aaa	-	-	155	-	956
			B Bonds	-	-	-	94	-	94
	Auto ABS 2012-1	France		*Fitch/S&P*					
			A Bonds	AAA/AAA	-	-	724	-	724
			B Bonds	-	-	-	356	-	356
	Auto ABS French Loans Master	France		*Fitch/Moody's*					
			A Bonds	AAA/Aaa	-	-	99	-	N/A
			B Bonds	-	-	-	10	-	N/A
	Auto ABS 2013-2	France		*Fitch/Moody's*					
			A Bonds	AAA/Aaa	-	-	429	-	450
			B Bonds	A+/A2	-	-	20	-	20
			C Bonds	-	-	-	25	-	25
	Auto ABS DFP Master Compartment France 2013	France		*Moody's/S&P*					
			A Bonds	Aaa/AAA	-	-	550	-	N/A
			S Bonds	Aaa/AAA	-	-	225	-	N/A
			B Bonds	-	-	-	290	-	N/A
	Auto ABS2 2013-A	France		*Moody's/DBRS*					
			A Bonds	Aaa/AAA	-	-	522	-	522
			B Bonds	A2/A	-	-	52	-	52
			C Bonds	-	-	-	162	-	162
	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 German Loans 2011-2	France		*Fitch/Moody's*					
			A Bonds	AAA/Aaa	46	-	211	-	720
			B Bonds	-	80	-	80	-	80
	Auto ABS 2013-1	France		*Fitch/Moody's*					
			A Bonds	AAA/Aaa	81	-	272	-	361
			B Bonds	-	116	-	116	-	116
	Auto ABS German Lease Master	France		*Fitch/Moody's*					
			A Bonds	AAA/Aaa	-	-	150	-	N/A
			B Bonds	-	-	-	57	-	N/A
	Auto ABS DFT Master Compartment Germany 2013	France		*Moody's/S&P*					
			A Bonds	Aaa/AAA	-	-	189	-	N/A
			B Bonds	-	-	-	116	-	N/A
	Auto ABS German Loans Master	France		*Fitch/Moody's*					
			A Bonds	AAA/Aaa	-	-	118	-	
			A Bonds	AAA/Aaa	462	-	279	-	N/A
			B Bonds	-	74	-	69	-	N/A
Spain	Auto ABS 2012-3	Spain		*Fitch/DBRS*					
			A Bonds	AA-/AA(low)	-	-	-	668	668
			B Bonds	-/CCC	-	-	-	132	132
Italy	Auto ABS S.r.l. 2012-2	Italy		*Fitch/S&P*					
			A Bonds	AA/AA	-	-	-	107	537
			B Bonds	-	-	-	-	94	94
	Auto ABS Italian Loans Master S.r.l.	Italy		*Fitch/DBRS*					
			A Bonds	AA+/AA	459	-	-	438	N/A
			B Bonds	-	66	-	-	62	N/A
United Kingdom	Auto ABS UK Loans PLC	United Kingdom		*Fitch*					
			A Bonds	AAA	-	-	996	-	905
			B Bonds	-	-	-	237	-	426
			B Bonds	-	-	-	243	-	
Switzerland	Auto ABS Swiss Leases 2013 GmbH	Switzerland	A Bonds	-	-	-	200	-	196
Elimination of intercompany transactions (1)					(336)	-	(2,646)	(956)	
Total					**1,048**	**-**	**4,830**	**545**	
					1,048		**5,375**		

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

The French seller's funds, the Spanish fund and the funds in the United Kingdom and in Switzerland were zeroed out in 2015 since they have been accounted for using the equity method, following the implementation of the joint ventures with Santander CF in France, in the United Kingdom, in Spain and in Switzerland (see Note 12.2).

Other debt securities (Except Accrued interest)

(in million euros)				at Dec. 31, 2015		at Dec. 31, 2014	at the origin
Country of Seller	Fund	Country of Fund	Issued Securities	Transferred debts of operations to be taken over by partnership	Debts of continuing operations	Debts of continuing operations	
Brazil	FIDC	Brazil	Senior	38	-	174	N/A
			Subordinated	2	-	11	N/A
Elimination of intercompany transactions				(2)	-	(11)	
Total				**38**	**-**	**174**	

The German seller's funds, the Italian 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, 2015	Dec. 31, 2014
Fair value adjustments to borrowings	-	1
Fair value adjustments to EMTNs/BMTNs	25	70
Fair value adjustment to certificates of deposit	-	-
Fair value adjustments to bonds	-	-
Total	**25**	**71**

Hedging effectiveness is analyzed in Note 24.3.

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

Note 21 Accruals and Other Liabilities

	Dec. 31, 2015		Dec. 31, 2014	
(in million euros)	Liabilities to be taken over by partnership	Continuing operations	Liabilities to be taken over by partnership	Continuing operations
Trade payables	**89**	**35**	**156**	**84**
- Related companies (1)	74	24	128	71
- Non-group companies	15	11	28	13
Accrued payroll and other taxes	**114**	**8**	**112**	**25**
Accrued charges	**36**	**23**	**122**	**44**
- Related companies	1	1	10	1
- Non-group companies	35	22	112	43
- of which insurance activities	-	*5*	-	*2*
Other payables	**12**	**26**	**60**	**4**
- Related companies	-	-	47	-
- Non-group companies	12	26	13	4
- of which insurance activities	-	*15*	-	-
Deferred income	**26**	**11**	**25**	**37**
- Related companies	-	-	8	-
- Non-group companies	26	11	17	37
- of which margin calls received on swaps designated as hedges (2)	-	*1*	-	*4*
Other	**35**	**6**	**124**	**21**
- Non-group companies	35	6	124	21
Total	**312**	**109**	**599**	**215**
	421		**814**	

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

(2) *At December 31, 2015, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €168 million, compared to €182 million at December,31, 2014 (see Note 6.2).*

Note 22 Insurance Activities

22.1 Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2015		Dec. 31, 2014	
	Liabilities to be taken over by partnership	Continuing operations	Liabilities to be taken over by partnership	Continuing operations
Life insurance liabilities	**-**	**40.6**	**-**	**32.9**
Unearned premium reserve (UPR)	-	6.9	-	7.0
Claims reserve				
- Claims reserve - reported claims	-	12.4	-	10.9
- Claims reserve - claims incurred but not reported (IBNR)	-	21.3	-	15.0
Other	-	-	-	-
Non-life insurance liabilities	**0.8**	**42.6**	**1.0**	**33.6**
Unearned premium reserve (UPR)	-	4.8	-	5.3
Provision pour sinistre à payer (PSAP):				
- Claims reserve - reported claims	0.8	9.1	1.0	8.0
- Claims reserve - claims incurred but not reported (IBNR)	-	28.7	-	20.3
Other	-	-	-	-
Total liabilities related to insurance contracts	**0.8**	**83.2**	**1.0**	**66.5**
	84.0		**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	**7.0**	**5.3**	**12.3**
+ Written premiums	58.3	76.2	134.5
- Earned premiums	(58.4)	(76.7)	(135.1)
+ Other movements	-	-	-
At the end of the period	**6.9**	**4.8**	**11.7**

22.2.2 Claims Reserve

(in million euros)	Life	Non-Life	Total
At the beginning of the period	**25.9**	**28.3**	**54.2**
of which reported claims	10.9	8.0	18.9
of which claims incurred but not reported (IBNR)	15.0	20.3	35.3
- Claims paid in current year	(9.1)	(8.3)	(17.4)
+ Claims incurred in current year	13.4	12.5	25.9
+ Claims incurred in prior years	3.5	5.3	8.8
+ Other movements	-	-	-
At the end of the period	**33.7**	**37.8**	**71.5**
of which notified claims	*12.4*	*9.1*	*21.5*
of which claims incurred but not reported (IBNR)	*21.3*	*28.7*	*50.0*

22.3 Income from Activities for continuing operations

22.3.1 Technical Income from Insurance Activities

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
+ Earned premiums	**135.1**	**121.0**
- Cost	**(106.9)**	**(29.4)**
Claims expenses	*(17.4)*	*(16.7)*
Change in insurance liabilities (except for UPR)	*(17.3)*	*(12.4)*
Brokerage fees	*(72.2)*	*(0.3)*
- Before elimination of intercompany transactions	*(72.2)*	*(170.3)*
- Elimination of intercompany transactions (1)	*-*	*170.0*
Margin on sales of Insurance activities	**28.2**	**91.6**
+/- Other technical income (expense)	**(2.9)**	**(1.2)**
Personnel costs	*(0.3)*	*(0.1)*
Other technical income (expense)	*(2.6)*	*(1.1)*
- Before elimination of intercompany transactions	*(3.1)*	*(1.3)*
- Elimination of intercompany transactions	*0.5*	*0.2*
+ Investment income, net	**0.1**	**0.6**
- Before elimination of intercompany transactions	*0.1*	*0.8*
- Elimination of intercompany transactions	*-*	*(0.2)*
Contribution to operating income	**25.4**	**91.0**

(1) In 2015, the brokerage fees are no longer eliminated with the joint ventures in France, in the United Kingdom and in Spain, following their being accounted for using the equity method (€54,1 million). Consequently, starting in 2015, the brokerage fees are not longer eliminited with the future joint ventures in partnership with Santander CF (€18,1 million).

22.3.2 Non-technical Income from Insurance Activities

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
+/- Other non-technical income (expense)	**(0.3)**	**(2.4)**
Personnel costs	*(1.1)*	*(1.1)*
Other non-technical income (expense)	*0.8*	*(1.3)*
- Before elimination of intercompany transactions	*1.1*	*(0.9)*
- Elimination of intercompany transactions	*(0.3)*	*(0.4)*
Contribution to operating income	**(0.3)**	**(2.4)**

22.3.3 Operating Income from Insurance Activities

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
Technical income	25.4	91.0
Non-technical income	(0.3)	(2.4)
Contribution to operating income	**25.1**	**88.6**

Note 23 Provisions

(in million euros)	Dec. 31, 2014 Published at end 2014	Additional scope reclassification	Provisions for continuing operations	Charges	Reversals Utilized	Reversals Unutilized	Equity	Reclassifications, currency effect	Dec. 31, 2015 Provisions for continuing operations
Provisions for pensions and other post-retirement benefits	2	(2)	-	-	-	-	-	-	-
Provisions for doubtful commitments:									
- Corporate dealers	-	-	-	-	-	-	-	-	-
- Corporate and equivalent	-	-	-	-	-	-	-	-	-
Provisions for fiscal risks (1)	-	-	-	38	-	-	-	-	38
Provisions for commercial and tax disputes	29	(2)	27	7	(3)	-	-	1	32
Other	2	-	2	-	(2)	-	-	-	-
Total	**33**	**(4)**	**29**	**45**	**(5)**	**-**	**-**	1	**70**

(1) *Provision for tax adjustments relating to deductible VAT totaling €38 million at Banque PSA Finance.*

Pension Obligations for continuing operations :

The additional reclassification of the 2014 opening under IFRS 5, in light of the expanded partnerships with Santander CF, had a €2 million negative impact on provisions for pensions, the balance of which has been reduced to zero.

Note 24 Derivatives

Group Interest Rate Management Policy

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

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

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 99%) 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 31.12.2015
Financial assets				
Wholesale financing	2,015	-	-	2,015
Hedge fixed rate customer financing	1,774	2,610	-	4,384
Non hedged fixed rate customer financing (Brazil and Argentina)	129	344	-	473
Other adjustable rate loans and receivables	(15)	-	-	(15)
Fixed rate financial assets	-	-	-	-
Other financial assets	1,050	-	-	1,050
Total financial assets (a)	**4,953**	**2,954**	**-**	**7,907**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**22**	**-**	**-**	**22**
Non financial assets				
Fixed assets and goodwill	-	73	-	73
Other non financial assets	1,365	-	-	1,365
Total non financial assets	**1,365**	**73**	**-**	**1,438**
Total assets				*9,367*
Financial liabilities				
Hedged fixed rate debt	(1,536)	(20)	(230)	(1,786)
Non hedged fixed rate debt (Brazil and Argentina)	(143)	(206)		(349)
Hedged adjustable rate debt	(1,906)	-	-	(1,906)
Other borrowings and deposits	(2,242)	-	-	(2,242)
Total financial liabilities (b)	**(5,827)**	**(226)**	**(230)**	**(6,283)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(34)**	**-**	**-**	**(34)**
Non financial liabilities				
Other non financial liabilities	(723)	-	-	(723)
Total non financial liabilities	**(723)**	**-**	**-**	**(723)**
Equity (3)	**-**	**(2,327)**	**-**	**(2,327)**
Total equity and liabilities				*(9,367)*
Net position before hedging = (a) + (b)	**(874)**	**2,728**	**(230)**	**1,624**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(1,263)	(1,245)	-	(2,508)
- lending leg	2,508	-	-	2,508
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**1,245**	**(1,245)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- lending leg	1,536	20	230	1,786
- borrowing leg	(1,786)			(1,786)
Classified as held for trading swaps (unachievable hedging test) (1)				
- lending leg	-	-	-	-
- borrowing leg	-	-	-	-
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial liabilities (d)	**(250)**	**20**	**230**	**-**
Trading transactions (e) (1)	**-**	**3**	**-**	**3**
Derivatives net position = (c) + (d) + (e)	**995**	**(1,222)**	**230**	**3**
Net position after hedging (3)	**121**	**1,506**	**-**	**1,627**
Note: Net position after hedging in December 2014	*333*	*3,573*	-	*3,906*

This table analyzes financial assets and liabilities based on their maturity, for fixed rate items, or the next repricing date, for adjustable rate items. It is before IFRS 5 reclassifications: it takes into account 100% of customer loans and receivables and 100% of debts.

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 €6,661 million total swaps nominal at Dec. 31, 2015:*
a) €1,315 million swaps set up by the United Kingdom branch, represent closed positions with no impact on income and set each other off within trading portfolios of contracts with similar characteristics;
b) €3 million represent a cross currency swap (open position).

The impact of these swaps on the income statement is not material (see Notes 5, 15 and 24.4). 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 €1,049 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 €1,506 million and is mainly hedged by equity.*

24.2 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	ARS	MXN	PLN	RUB	USD
Assets	-	-	-	35	255	6	-	137	-	7
Liabilities	-	-	-	-	(213)	(6)	-	-	-	(466)
Net position before hedging	**-**	**-**	**-**	**35**	**42**	**-**	**-**	**137**	**-**	**(459)**
Hedging assets	-	-	-	(35)	(42)	-	-	(137)	-	-
Hedging liabilities	-	-	-	-	-	-	-	-	-	459
Hedging position	**-**	**-**	**-**	**(35)**	**(42)**	**-**	**-**	**(137)**	**-**	**459**
Net position after hedging at December 31, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2014	-	-	-	-	*(1)*	-	-	-	-	-

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	-	-	8	17	-	-	-	-
Liabilities	(1)	-	(5)	(4)	(17)	-	-	-	-
Net position before hedging	**-**	**-**	**(5)**	**4**	**-**	**-**	**-**	**-**	**-**
Hedging assets	-	-	-	-	-	-	-	-	-
Hedging liabilities	-	-	5	-	-	-	-	-	-
Hedging position	**-**	**-**	**5**	**-**	**-**	**-**	**-**	**-**	**-**
Net position after hedging at December 31, 2015	**-**	**-**	**-**	**4**	**-**	**-**	**-**	**-**	**-**
Note: December 2014	-	-	-	-	-	-	-	-	-

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, 2015	-	39	25	152	3	19	6	44	34	1	165	**488**
Note: December 2014	*14*	*73*	*30*	*110*	*3*	*20*	*7*	*40*	*37*	*9*	*148*	***491***

(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.

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

(in million euros)	Dec. 31, 2015	Implemen-tation of the partnership	Dec 31, 2014	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	4	(6)	44		
- Buyback contracts	2	(4)	-		
- Long-term leases	3	(5)	(5)		
Total valuation, net	**9**	**(15)**	**39**	**(15)**	
Derivatives designated as hedges of customer loans					
- Assets (Note 6)	1	-	-		
- Liabilities (Note 16)	(8)	12	(31)		
Total valuation, net	**(7)**	**12**	**(31)**	**12**	**(3)**
Ineffective portion of gain and losses on outstanding hedging transactions	**2**	**(3)**	**8**		**(3)**
Fair value adjustments to hedged debt (Note 20)					
- Valuation, net	-		(2)		
Total valuation, net	**-**	**-**	**(2)**	**2**	
Derivatives designated as hedges of debt					
- Assets (Note 6)	-		2		
- Liabilities (Note 16)	-		-		
Total valuation, net	**-**	**-**	**2**	**(2)**	**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	(25)		(69)		
Total valuation, net	**(25)**	**-**	**(69)**	**44**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 6)	34		74		
- Liabilities (Note 16)	-		-		
Total valuation, net	**34**	**-**	**74**	**(40)**	**4**
Ineffective portion of gain and losses on outstanding hedging transactions	**9**		**5**		**4**
Fair value adjustments to hedged bonds (Note 20)					
- Valuation, net	-		-		
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of bonds (1)					
- Assets (Note 6)	1	(3)	14		
- Liabilities (Note 16)	(1)	3	(14)		
Total valuation, net	**-**	**-**	**-**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**	**0**		**0**

(1) Closed position swaps (set up by Banque PSA Finance and the securitization funds) designated as hedges of the securitization funds' bond debt.

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

(in million euros)	Dec. 31, 2015	Implemen-tation of the partnership	Dec. 31, 2014	Fair value adjustments
Financial assets at fair value (Note 5)				
- Fair value adjustments to marketable securities	-	-	1	**(1)**
- Fair value of trading derivatives	1	(3)	3	**1**
Total valuation, net	**1**	**(3)**	**4**	**-**
Financial liabilities at fair value (Note 15)				
- Fair value of trading derivatives	(1)	-	(3)	**2**
Total valuation, net	**(1)**	**-**	**(3)**	**2**
Impact in profit or loss				**2**

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 (€419 million forecasted in year 2015 vs €385 million forecasted at end of 2014).

For 2015

(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, 2015
Assets							
Cash, central banks, post office banks	-	154	-	-	-	-	**154**
Financial assets at fair value through profit or loss	2	339	-	-	-	42	**383**
Hedging instruments	13	-	-	-	-	-	**13**
Available-for-sale financial assets	11	-	-	-	-	-	**11**
Loans and advances to credit institutions	-	87	-	-	-	-	**87**
Customer loans and receivables	3	139	70	85	163	-	**460**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	9	-	-	-	-	-	**9**
Other assets	1,202	-	-	-	-	-	**1,202**
Total assets of continuing operations	1,240	719	70	85	163	42	**2,319**
Total assets of operations to be taken over by partnership							**7,048**
Total assets							**9,367**
Equity and liabilities							
Central banks, post office banks	-	-	-	-	-	-	**-**
Financial liabilities at fair value through profit or loss	1	-	-	-	-	-	**1**
Hedging instruments	9	-	-	-	-	-	**9**
Deposits from credit institutions	7	118	22	29	150	-	**326**
Due to customers	-	158	1	1	2	1	**163**
Debt securities	2	4	-	3	-	-	**9**
Fair value adjustments to debt portfolios hedged against interest rate risks	25	-	-	-	-	-	**25**
Other liabilities	280	-	-	-	-	-	**280**
Sub-Total	324	280	23	33	152	1	**813**
Deposit from Credit Institutions (non-transferred)	1	486	-	35	-	-	**522**
Due to customers (non-transferred)	-	305	-	-	-	-	**305**
Debt Securities (non-transferred)	41	999	487	-	20	230	**1,777**
Total non-transferred debts of operations to be taken over by partnership	42	1,790	487	35	20	230	**2,604**
Total liabilities to continuing operations	366	2,070	510	68	172	231	**3,417**
Total transferred liabilities of operations to be taken over by partnership							**3,623**
Equity	-	-	419	-	-	1,908	**2,327**
Total equity and liabilities							**9,367**

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							**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							**25,031**

Financing commitments given to customers for continuing operations amounted to €5 million at December 31, 2015 (see Note 27) . They have a 0 to 3 months maturity.

Detail of credit facilities is given in Note 27.2.

Covenants

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.

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
- 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
- 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.

Futhermore, agreements include four specific acceleration clauses requiring:

- to maintain a banking licence and to thereby comply with the capital ratios applicable to all French banks;
- the need to retain a Common Equity Tier One ratio of at least 11%;
- the compliance with the €250 million risk exposure limit to PSA Peugeot Citroën group;
- the prohibition from financing the joint ventures with Santander CF beyond a €500 million guarantees amount.

All applicable clauses were complied with in 2015.

Note 26 Fair Value of Financial Assets and Liabilities

(in million euros)	Fair value Dec. 31, 2015	Fair value Dec. 31, 2014	Book value Dec. 31, 2015	Book value Dec. 31, 2014	Difference Dec. 31, 2015	Difference Dec. 31, 2014
Assets						
Cash, central banks, post office banks	154	308	154	308	-	-
Financial assets at fair value through profit or loss (1)	383	455	383	455	-	-
Hedging instruments (1)	13	58	13	58	-	-
Available-for-sale financial assets (2)	11	14	11	14	-	-
Loans and advances to credit institutions (3)	87	1,070	87	1,070	-	-
Customer loans and receivables (4)	462	4,012	460	4,048	2	(36)
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	1	4	1	4	(0)	-
Hedging instruments (1)	9	54	9	54	-	-
Deposits from credit institutions (5)	858	6,554	848	6,355	(10)	(199)
- *of which debts of continuing operations*	*331*	*931*	*326*	*930*	*(5)*	*(1)*
- *of which non-transferred debts of operations to be taken over by partnership*	*527*	*5,623*	*522*	*5,425*	*(5)*	*(198)*
Due to customers (3)	468	420	468	420	-	-
- *of which debts of continuing operations*	*163*	*420*	*163*	*420*	-	-
- *of which non-transferred debts of operations to be taken over by partnership*	*305*	-	*305*	-	-	-
Debt securities (5)	1,813	6,230	1,811	6,204	(2)	(26)
- *of which debts of continuing operations*	*9*	*2,928*	*9*	*2,914*	-	*(14)*
- *of which non-transferred debts of operations to be taken over by partnership*	*1,804*	*3,302*	*1,802*	*3,290*	*(2)*	*(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

27.1 Other Commitments

(in million euros)	Dec. 31, 2015 – Commitments of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Commitments of operations to be taken over by partnership – Non-transferred	Dec. 31, 2015 – Commitments of continuing operations	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
Financing commitments						
Commitments received from credit institutions (see Note 27.2)	118	1,382	461	646	5,200	518
Commitments given to credit institutions	-	-	-	-	-	-
Commitments given to customers (1)	203	-	5	1,128	-	130
- of which Crédipar	-	-	-	*785*	-	-
Guarantee commitments						
Commitments received from credit institutions	168	-	8	169	-	197
- guarantees received in respect of customer loans	168	-	7	169	-	196
- guarantees received in respect of securities held	-	-	1	-	-	1
- other guarantees received from credit institutions	-	-	-	-	-	-
Guarantees given to credit institutions	-	4	-	-	1	-
Commitments given to customers	1	-	26	65	-	1
- Sofib	-	-	-	61	-	-
- Sofira	-	-	-	4	-	-
- Banque PSA Finance	-	-	26	-	-	-
- Italian branch	1	-	-	-	-	1
Other commitments received						
Securities received as collateral	26	-	-	-	-	5
Other commitments given						
Assets given as collateral for proprietary transactions (see Notes 9.1 and 17)	-	-	-	117	2,009	131
- to the ECB	-	-	-	-	2,009	-
- to credit institutions by the Italian branch	-	-	-	-	-	131
- to credit institutions by the Belgian subsidiary	-	-	-	117	-	-
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.*

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

27.2 Credit facilities

(in million euros)	Dec. 31, 2015 – Commitments of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Commitments of operations to be taken over by partnership – Non-transferred	Dec. 31, 2015 – Commitments of continuing operations	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
Undrawn bank facilities, by drawdown priority (see Note 17)						
Syndicated term loan (1)	-	-	-	-	1,100	-
Revolving bilateral bank facilities (1)(2)	-	682	406	506	954	506
Other bank facilities	118	-	55	140	-	12
Syndicated credit facilities (1)(3)	-	700	-	-	3,146	-
Total	**118**	**1,382**	**461**	**646**	**5,200**	**518**
		1,961			**6,364**	

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

(2) *Out of a total of €1,154 million at December 31, 2015.*

(3) *At December 31, 2015, €700 million expiring in February 2020.*

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.

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, 2015			Dec. 31, 2014		
	Commitments of operations to be taken over by partnership		Commitments of continuing operations	Commitments of operations to be taken over by partnership		Commitments of continuing operations
(in million euros)	Transferred	Non-transferred		Transferred	Non-transferred	
Liquidity Reserve	127	-	418	23	-	1,247
- Reserves deposited with the central banks (see Note 4)	27	-	154	23	-	307
- Mutual funds qualified as cash equivalents (see Note 5)	88	-	1	-	-	47
- Treasury bonds (OAT) qualified as cash equivalents (see Note 5)	-	-	251	-	-	252
- Time accounts qualified as cash equivalents (see Note 8)	12	-	12	-	-	641
Possibilities of financing from the ECB	-	-	-	-	48	-
Undrawn bank facilities	118	1,382	461	646	5,200	518
Total	**245**	**1,382**	**879**	**669**	**5,248**	**1,765**
		2,506			**7,682**	

27.4 Management of liquidity risk

(see "Liquidity Security" 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.

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, 2015, the financial security amounted to €2,506 million.

Thanks to the roll-over of bank facilities, along with the deposit activity, the securitization and the remaining 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, 2015	Dec. 31, 2014
Installment contracts	**83**	**100**
- of which related companies	*9*	*6*
Buyback contracts	**12**	**11**
- of which related companies	*-*	*-*
Long-term leases	**6**	**6**
- of which related companies	*-*	*1*
Wholesale financing	**11**	**18**
- of which related companies	*7*	*12*
Other finance receivables	**3**	**13**
- of which related companies	*2*	*1*
Commissions paid to referral agents	**(8)**	**(10)**
- Installment contracts	(5)	(7)
- Buyback contracts	(3)	(2)
- Long-term leases	-	(1)
- of which related companies	*(1)*	*(1)*
Other business acquisition costs	**(1)**	**(1)**
Interest on ordinary accounts	**-**	**-**
Interest on guarantee commitments	**-**	**-**
Total	**106**	**137**

Note 29 Interest Expense on Hedging Instruments

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
Swaps hedging retail financing (Fair Value Hedge)	(13)	(27)
Amortization of premiums on open swaptions (Time Decay)	-	-
Deferred intrinsic value of terminated swaptions released to the income statement	-	1
Total	**(13)**	**(26)**

Note 30 Other Revenue and Expense

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
- Fees and commissions on retail customer transactions	2	2
- Fees and commissions on other customer transactions	-	-
- Share of joint venture operations	-	-
- Other	5	2
Other revenue	**7**	**4**
- Bank charges	-	-
- Provisions and gains and losses on sales of used vehicles, net	-	-
- Share of joint venture operations	(1)	(1)
- Other	(4)	(6)
Other expense	**(5)**	**(7)**
Other revenue and expense	**2**	**(3)**

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, 2015**	**Dec. 31, 2014**
Interest expense on debt securities	(12)	(54)
Interest expense on bonds and other fixed income securities	-	-
- of which securitization: preferred bonds	-	-
Total	**(12)**	**(54)**

Note 33 General Operating Expenses

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Personnel costs	**(10)**	**(10)**
- Wages and salaries	(8)	(8)
- Payroll taxes	(2)	(2)
- Employee profit sharing and profit-related bonuses	-	-
Other general operating expenses	**(81)**	**(37)**
- External expenses (1)	(181)	(125)
- of which related companies	*(101)*	*(78)*
- Re-invoicing to operations in partnership or to be taken over by partnership (2)	100	88
Total	**(91)**	**(47)**

(1) *Including a provision for tax adjustments relating to deductible VAT totaling €38 million at Banque PSA Finance.*

(2) *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, 2015**	**Dec. 31, 2014**
Country ISO code:		
AR	(5)	(5)
CZ	(3)	(3)
FR (1)	(61)	(17)
GB	(3)	-
HR	(1)	(1)
HU	(1)	(2)
IT	(1)	(1)
MT	(4)	(4)
MX	(1)	(2)
NL	(1)	(1)
RU	(6)	(7)
SK	(1)	(1)
SI	(2)	(2)
TR	(1)	(1)
Total	**(91)**	**(47)**

(1) *Including a provision for tax adjustments relating to deductible VAT totaling €38 million at Banque PSA Finance.*

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)	Published balance sheet at Dec. 31, 2014	Additional scope of partnership: IFRS 5 reclassi-fications	Balance sheet at Dec. 31, 2014 after additional reclassi-fications	Net new loans and exchange difference (1)(2)	Cost of risk				Cost of risk for the period at Dec. 31, 2015	Balance at Dec. 31, 2015
					Charges	Reversals	Credit losses	Recoveries on loans written off in prior periods		
Retail										
Sound loans with no past-due installments	3,341	(2,779)	562	(266)				-	-	296
Sound loans with past-due installments	118	(84)	34	(20)				-	-	14
Guarantee deposits (lease financing)	(7)	6	(1)	-				-	-	(1)
Non-performing loans	147	(92)	55	(40)			(5)	-	(5)	10
Total (2)	**3,599**	**(2,949)**	**650**	**(326)**	**-**	**-**	**(5)**	**-**	**(5)**	**319**
Impairment of sound loans with past-due installments	(19)	14	(5)	2	-	1	-	-	1	(2)
Impairment of non-performing loans	(125)	75	(50)	40	(4)	6	-	-	2	(8)
Total impairment (2)	**(144)**	**89**	**(55)**	**42**	**(4)**	**7**	**-**	**-**	**3**	**(10)**
Deferred items included in amortized cost	**42**	**(49)**	**(7)**	**1**	**-**	**-**	**-**	**-**	**-**	**(6)**
Net book value (A - see B Note 9.2)	**3,497**	**(2,909)**	**588**	**(283)**	**(4)**	**7**	**(5)**	**-**	**(2)**	**303**
Recoveries on loans written off in prior periods								1	1	
Impairment of doubtful commitments					-	-	-	-	-	
Retail cost of risk					**(4)**	**7**	**(5)**	**1**	**(1)**	
Corporate dealers										
Sound loans with no past-due installments	361	(198)	163	(35)					-	128
Sound loans with past-due installments	2	(2)	-	-					-	-
Guarantee deposits	(1)	1	-	-					-	-
Non-performing loans	99	(80)	19	(8)			(3)		(3)	8
Total	**461**	**(279)**	**182**	**(43)**	**-**	**-**	**(3)**	**-**	**(3)**	**136**
Impairment of sound loans	(4)	4	-	-	-	-	-	-	-	-
Impairment of non-performing loans	(30)	19	(11)	1	(3)	6	-	-	3	(7)
Total impairment	**(34)**	**23**	**(11)**	**1**	**(3)**	**6**	**-**	**-**	**3**	**(7)**
Deferred items included in amortized cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value (B - see A Note 9.2)	**427**	**(256)**	**171**	**(42)**	**(3)**	**6**	**(3)**	**-**	**-**	**129**
Recoveries on loans written off in prior periods								-	-	
Impairment of doubtful commitments					-	-	-	-	-	
Corporate dealers cost of risk					**(3)**	**6**	**(3)**	**-**	**-**	
Corporate and equivalent										
Sound loans with no past-due installments	116	(85)	31	(4)					-	27
Sound loans with past-due installments	1	-	1	-					-	1
Guarantee deposits	(1)	1	-	-					-	-
Non-performing loans	3	(2)	1	1			-		-	2
Total	**119**	**(86)**	**33**	**(3)**	**-**	**-**	**-**	**-**	**-**	**30**
Impairment of sound loans	(1)	1	-	-	-	-	-	-	-	-
Impairment of non-performing loans	(3)	2	(1)	-	-	-	-	-	-	(1)
Total impairment	**(4)**	**3**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Deferred items included in amortized cost	**-**	(1)	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Net book value (C - see C Note 9.2)	**115**	**(84)**	**31**	**(3)**	**-**	**-**	**-**	**-**	**-**	**28**
Recoveries on loans written off in prior periods								-	-	
Impairment of doubtful commitments					-	-	-	-	-	
Corporate and equivalent cost of risk					**-**	**-**	**-**	**-**	**-**	
Total loans										
Sound loans with no past-due	3,818	(3,062)	756	(305)	-	-	-	-	-	451
Sound loans with past-due installments	121	(86)	35	(20)	-	-	-	-	-	15
Guarantee deposits	(9)	8	(1)	-	-	-	-	-	-	(1)
Non-performing loans	249	(174)	75	(47)	-	-	(8)	-	(8)	20
Total	**4,179**	**(3,314)**	**865**	**(372)**	**-**	**-**	**(8)**	**-**	**(8)**	**485**
Impairment of sound loans	(5)	5	-	-	-	-	-	-	-	-
Impairment of sound loans with past-due installments	(19)	14	(5)	2	-	1	-	-	1	(2)
Impairment of non-performing loans	(158)	96	(62)	41	(7)	12	-	-	5	(16)
Total impairment	**(182)**	**115**	**(67)**	**43**	**(7)**	**13**	**-**	**-**	**6**	**(18)**
Deferred items included in amortized cost	**42**	**(50)**	**(8)**	**1**	**-**	**-**	**-**	**-**	**-**	**(7)**
Net book value	**4,039**	**(3,249)**	**790**	**(328)**	**(7)**	**13**	**(8)**	**-**	**(2)**	**460**
Recoveries on loans written off in prior periods								1	1	
Impairment of doubtful commitments					-	-	-	-	-	
Total cost of risk					**(7)**	**13**	**(8)**	**1**	**(1)**	

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.*

(2) *The impact of the exit from the revolving credit business following the establishment of the joint venture in France in February 2015 was reflected in a €104 million reduction in gross outstandings and a €33 million reduction in impairment. The disposal of the Hungarian subsidiary Retail Prod Zrt in July 2015 resulted in a €5 million reduction in gross outstandings and a €5 million reduction in impairment.*

34.2 Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	Dec. 31, 2015	Dec. 31, 2014 proforma
Sound loans with past-due installments (1)					
Charges	-	-	-	-	(2)
Reversals	1	-	-	1	1
Non-performing loans					
Charges	(4)	(3)	-	(7)	(18)
Reversals	6	6	-	12	14
Doubtful commitments					
Charges	-	-	-	-	-
Reversals	-	-	-	-	-
Credit losses	(5)	(3)	-	(8)	(10)
Recoveries on loans written off in prior periods	1	-	-	1	1
Cost of risk	**(1)**	**-**	**-**	**(1)**	**(14)**

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.

34.3 Information about Defaults with no Impairment

As regards Retail, sound loans in default are systematically impaired (see footnote (1) of Note 34.2).
As regards Corporate, since 2014, given the statistical impairment applied to Corporate sound receivables (see footnote (1) of Note 34.2) there is no longer any such receivable in default that is not impaired.

Note 35 Income Taxes

35.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2014								Dec. 31, 2015
	IFRS 5 published	Additional scope of partnership: reclassi-fications	Taxes on continuing operations	Income	Equity	Payment	IFRS 5 reclassifi-cation in Income statement (1)	Exchange difference and other (2)	Taxes on continuing operations
Current tax									
Assets	9	(7)	2						12
Liabilities	(8)	1	(7)						(6)
Total	**1**	**(6)**	**(5)**	**(19)**	**-**	**28**	**-**	**2**	**6**
Deferred tax									
Assets	83	(50)	33						27
Liabilities	(24)	-	(24)						(12)
Total	**59**	**(50)**	**9**	**60**	**1**	**-**	**(56)**	**1**	**15**

(1) Mainly for eliminations of intragroup transactions between continuing operations and operations to be taken over by partnership (see Note 35.2, 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.

35.2 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 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%.

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.

Article 15 of France's amended Finance Act 2014 no. 2014-891 dated August 8, 2014 provides for the extension of the 10.7% exceptional surtax for 2015 (Article 235 b ZAA of the French General Tax Code), thus maintaining the tax rate for this year at 38%. The exceptional contribution was discontinued for 2016, meaning that the rate drops to 34.43%.

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.

At December 31, 2015, there was no further revaluation of deferred tax liabilities for the French joint ventures. The impact on earnings is a positive €1 million from the reversal for utilization, the remaining balance down €11 million, having been transferred at the time of establishing the joint venture in France in February 2015.

(in million euros)	Dec. 31, 2015	Dec. 31, 2014
Income taxes on continuing operations		
Current tax	**(19)**	**(19)**
Deferred tax	**60**	**77**
Deferred taxes arising in the year (1)	60	77
Unrecognized deferred tax assets and impairment losses	-	-
Income taxes on operations to be taken over by partnership		
Current and deferred tax (2)	(73)	(154)
Total	**(32)**	**(96)**

(1) Including at December 31, 2015, a €56 million positive amount mainly for eliminations of intragroup transactions with operations to be taken over by partnership.

(2) Including at December 31, 2015, a €56 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.

35.3 Banque PSA Finance tax proof

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Pre-tax income of continuing operations	(45)	(354)
Pre-tax income of operations to be taken over by partnership	250	541
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(123)	(12)
Permanent differences	65	104
Taxable Income	**147**	**279**
of which retroactive correction following tax audit (1)	-	96
Legal tax rate in France for the period	*38.0%*	*38.0%*
Theoretical tax	**(56)**	**(106)**
Impact of differences in foreign tax rates	11	15
Impact of changes in foreign tax rates	2	-
Impact of provisional surtax in France	1	(1)
Adjustment related to the previous year	4	(5)
Tax disputes and adjustments	(4)	-
Deferred tax reversal following tax audit (1)	-	35
Other	7	(5)
Income taxes before impairment of assets on tax loss carryfowards	**(35)**	**(67)**
Group effective tax rate	*23.7%*	*24.0%*
Deferred tax assets on tax loss carryforwards:		
- Charges (2)	(2)	(29)
- Reversals (3)	5	-
Income taxes	**(32)**	**(96)**

(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 35.4, foonote (2).*

(3) *Of which €4.5 million of reversed impairment on Spain, classified in Income of operations to be taken over by partnership.*

35.4 Deferred Tax Assets on Tax Loss Carryforwards for continuing operations

	Dec. 31, 2014							**Dec. 31, 2015**
(in million euros)	**Balance sheet after IFRS 5 reclassification**	**Balance sheet after IFRS 5 reclassification**	**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	52	4	56	4	(8)	-	(1)	51
Allowances (2)	(33)	6	(27)	-	-	(2)	1	(28)
Total	**19**	**10**	**29**	**4**	**(8)**	**(2)**	**-**	**23**

(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) *Since 2014, Banque PSA Finance's deferred tax asset on the tax loss carryforward has been fully written down, for an amount of €25 million at end 2015.*

Note 36 Segment Information

36.1 Key Balance Sheet Items

For 2015

	Financing activities							
		End user						
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 31, 2015
Assets								
Customers loans and receivables	6,217	13,662	1,457		-	213	(213)	21,336
Securities			310	-	88	267	(219)	446
Loans and advances to credit institutions			3,622	4	110	5,720	(8,174)	1,282
Other assets				1,054	78	376	(178)	1,330
Total Assets							**(8,784)**	**24,394**
Liabilities								
Refinancing (1)	4,094	12,120	1,170	-	-	10,521	(8,479)	19,426
Due to customers (1)	272	43	123	-		13	(115)	336
Liabilities related to insurance contracts					87			87
Other liabilities				1,226	77	120	(190)	1,233
Equity (2)				2,585	67	660		3,312
Total Liabilities							**(8,784)**	**24,394**

For 2014

	Financing activities							
		End user						
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 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	25	184	-		23	(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**

Segment information is disclosed:
- before IFRS 5 reclassifications;
- before the equity method accounting of the joint ventures with Santander CF;
- and 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

For 2015

(in million euros)	IFRS 8 segment information balance sheet as at Dec. 31, 2015	Presentation differences IFRS 8 vs IFRS 5	Reclassi-fications per IFRS 5	Amortized cost of debt retired early	Impairment of disposal group	Partnership implementation with Santander CF (IFRS 3) (1)	IFRS 5 published balance sheet at Dec. 31, 2015
Assets							
Customers loans and receivables	21,336	3	(6,397)	-	-	(14,482)	460
Securities	446	-	(102)	-	-	39	383
Loans and advances to credit institutions	1,282	-	(296)	-	-	(899)	87
Deferred tax assets		113	(65)	-	-	(21)	27
Investments in associates and joint ventures accounted for using the equity method		64	-	-	-	917	981
Assets of operations to be taken over by partnership			7,090	-	(42)	-	7,048
Other assets	1,330	(160)	(230)	-	-	(559)	381
Total Assets	**24,394**	**20**	**-**	**-**	**(42)**	**(15,005)**	**9,367**
Liabilities							
Refinancing	19,426	(19,426)					
Deposits from credit institutions		9,836	(381)	-	-	(8,607)	848
Due to customers	336	3,197	(1,729)	-	-	(1,336)	468
Debt securities		6,396	(1,153)	-	-	(3,457)	1,786
Liabilities related to insurance contracts	87	-	(1)	-	-	(3)	83
Deferred tax liabilities		317	(31)	(12)	-	(262)	12
Liabilities of operations to be taken over by partnership			3,629	-	(6)	-	3,623
Other liabilities	1,233	(300)	(334)	37	-	(416)	220
Equity	3,312	-	-	(25)	(36)	(924)	2,327
Total Liabilities	**24,394**	**20**	**-**	**-**	**(42)**	**(15,005)**	**9,367**

(1) Partnership implementation with Santander CF, in France and United Kingdom in February 2015, in Malta in May 2015, in Spain and in Switzerland in october 2015, led to equity-method accounting of the joint ventures (see Notes 12.2.1 to 12.2.5).

For 2014

(in million euros)	IFRS 8 segment information balance sheet as at Dec. 31, 2014	Presentation differences IFRS 8 vs IFRS 5	Reclassi-fications per IFRS 5	Amortized cost of debt retired early	Impairment of disposal group	IFRS 5 published balance sheet at Dec. 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
Investments in associates and joint ventures accounted for using the equity method		104	-	-	-	104
Assets of operations to be taken over by partnership			18,655	-	(126)	18,529
Other assets	1,373	(197)	(425)	-	-	751
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**

36.2 Key Income Statement Items

For December 31, 2015

(in million euros)	Financing activities					Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 31, 2015
		End user			Financial derivative instruments (3)				
	Corporate dealers	Retail	Corporate and equivalent	Unallocated					
Net interest revenue on customer transactions (at amortized cost) (1)	237	1,047	83	(34)	(47)		11	(8)	1,289
Net investment revenue	-	-	-	10		-	6	(3)	13
Net refinancing cost (2) (3)	(119)	(435)	(32)	156	47	-	(18)	11	(390)
Net gains or losses on trading transactions							(4)		(4)
Net gains or losses on available-for-sale financial assets									-
Margin on sales of insurance services						32		76	108
Margin on sales of other services						125		(76)	49
Net banking revenue	**118**	**612**	**51**	**132**	**-**	**157**	**(5)**	**-**	**1,065**
Cost of risk (A)	(22)	(44)	(3)						(69)
Net income after cost of risk	**96**	**568**	**48**	**132**	**-**	**157**	**(5)**	**-**	**996**
General operating expenses and equivalent				(398)		(5)	(79)	-	(482)
Operating Income	**96**	**568**	**48**	**(266)**	**-**	**152**	**(84)**	**-**	**514**
of which Insurance						*29*		*76*	*105*

(A) ***Additional information on the cost of risk of joint ventures:***
In addition to the accounting policies on the cost of risk set out in Note 2, separate probabilities of default are calculated for the joint ventures in partnership with Santander CF group for sound loans with and without past-due installments. This calculation is done in the manner indicated in the guidance for IAS 39 (sections AG89 and AG90), where the concept of "losses incurred but not yet reported" is defined.

For 2014

(in million euros)	Financing activities					Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 31, 2014
		End user			Financial derivative instruments (3)				
	Corporate dealers	Retail	Corporate and equivalent	Unallocated					
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*

Segment information is disclosed:
- before IFRS 5 reclassifications;
- before the equity method accounting of the joint ventures with Santander CF;
- and 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 €11.5 million at December 31, 2015 (compared to a negative €1.2 million at December 31, 2014). 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, 2015 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

At December 31, 2015

				Impact of the partnership with Santander CF			
(in million euros)	IFRS 8 Income statement at Dec. 31, 2015	Reclassi-fications per IFRS 5	Reclassi-fication of costs of the non-transferred debts	Cost of debt retired early	Impairment of disposal group	Equity-method accounting of equity attributable to Group in JV (1)	IFRS 5 Income statement published at Dec. 31, 2015
Net interest revenue on customer transactions (at amortized cost)	1,289	(621)	1	-	-	(581)	88
Net investment revenue	13	(12)	-	-	-	2	3
Net refinancing cost	(390)	126	140	-	-	103	(21)
Net gains or losses on trading transactions	(4)	-	-	-	-	-	(4)
Net gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-
Margin on sales of insurance services	108	(21)	-	-	-	(59)	28
Margin on sales of other services	49	(15)	-	-	-	(15)	19
Net banking revenue	**1,065**	**(543)**	**141**	**-**	**-**	**(550)**	**113**
General operating expenses	(461)	178	-	-	-	192	(91)
Depreciation and amortization of intangible and tangible assets	(21)	2	-	-	-	2	(17)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	-	-	-	-	-	-	-
Gross operating income	**583**	**(363)**	**141**	**-**	**-**	**(356)**	**5**
Cost of risk	(69)	34	-	-	-	34	(1)
Operating Income	**514**	**(329)**	**141**	**-**	**-**	**(322)**	**4**
Share in net income of associates and joint ventures accounted for using the equity method	11	-	-	-	-	112	123
Impairment on goodwill	-	-	-	-	-	-	-
Pension obligation - expense	-	-	-	-	-	-	-
Pension obligation - income	-	-	-	-	-	-	-
Other non-operating items	(22)	3	21	-	-	-	2
Costs of the non-transferred debts of operations to be taken over by partnership	-	-	(162)	(12)	-	-	(174)
Pre-tax income	**503**	**(326)**	**-**	**(12)**	**-**	**(210)**	**(45)**
Income taxes	(148)	89	-	2	-	98	41
Net income from continued operations	**355**	**(237)**	**-**	**(10)**	**-**	**(112)**	**(4)**
Gross income of operations to be taken over by partnership	-	326	-		(76)	-	250
Tax on the net income of operations to be taken over by partnership	-	(89)	-		16	-	(73)
Net income of operations to be taken over by partnership	**-**	**237**	**-**	**-**	**(60)**	**-**	**177**
Net income for the year	**355**	**-**	**-**	**(10)**	**(60)**	**(112)**	**173**

(1) Partnership implementation with Santander CF, in France and United Kingdom in February 2015, in Malta in May 2015, in Spain and in Switzerland in october 2015, led to equity-method accounting of the joint ventures (see Notes 12.2.1 to 12.2.5).

At December 31, 2014 after extending the partnership with Santander CF (proforma)

(in million euros)	IFRS 8 Income statement at december 31, 2014	Reclassi-fications per IFRS 5	Reclassi-fication of costs of the non-transferred debts	Revaluation	IFRS 5 proforma Income statement as at December 31, 2014
Net interest revenue on customer transactions (at amortized cost)	1,411	(1,306)	-	-	105
Net investment revenue	14	(12)	-	-	2
Net refinancing cost (2) (3)	(713)	229	432	-	(52)
Net gains or losses on trading transactions	(3)	4	-	-	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	(29)	-	-	19
Net banking revenue	**851**	**(1,116)**	**432**	**-**	**167**
General operating expenses	(375)	328	-	-	(47)
Depreciation and amortization of intangible and tangible assets	(22)	12	-	-	(10)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	(1)	1	-	-	-
Gross operating income	**453**	**(775)**	**432**	**-**	**110**
Cost of risk	(116)	102	-	-	(14)
Operating Income	**337**	**(673)**	**432**	**-**	**96**
Share in net income of associates and joint ventures accounted for using the equity method	12	-	-	-	12
Impairment on goodwill	-	-	-	-	-
Pension obligation - expense	-	-	-	-	-
Pension obligation - income	-	-	-	-	-
Other non-operating items	(11)	6	-	-	(5)
Costs of the non-transferred debts of operations to be taken over by partnership	-	-	(432)	(25)	(457)
Pre-tax income	**338**	**(667)**	**-**	**(25)**	**(354)**
Income taxes	(120)	169	-	9	58
Net income from continued operations	**218**	**(498)**	**-**	**(16)**	**(296)**
Gross income of operations to be taken over by partnership	-	667	-	(126)	541
Tax on the net income of operations to be taken over by partnership	-	(169)	-	15	(154)
Net income of operations to be taken over by partnership	**-**	**498**	**-**	**(111)**	**387**
Net income for the year	**218**	**-**	**-**	**(127)**	**91**

Note 37 Information on establishments

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

37.1 Locations by country

Country ISO code	Entity	Consolidation method 31.12.2015	Consolidation method 31.12.2014	Localization	Type of activity (NACE code)
AR	PSA Finance Argentina Compania Financiera S.A.	FC	FC	Buenos Aires	K64
AT	Banque PSA Finance Niederlassung Österreich	FC	FC	Vienna	K64
BE	PSA Finance Belux	FC	FC	Brussels	K64
	Belgium branch	FC	FC	Brussels	K64
BR	Banco PSA Finance Brasil S.A.	FC	FC	Sao Paulo	K64
	PSA Finance Arrendamento Mercantil S.A.	FC	FC	Sao Paulo	N77
	FIDC	FC	FC	Sao Paulo	K64
CH	PSA Finance Suisse S.A.	EM	FC	Schlieren	K64
	Auto ABS Swiss Leases 2013 GmbH	EM	FC	Zug	K64
CN	Dongfeng Peugeot Citroën Auto Finance Company Ltd	EM	EM	Beijing	K64
CZ	PSA Finance Ceska Republika S.r.o.	FC	FC	Prague 4	K64
DZ	BPF Algérie	FC	FC	Algiers	K64
DE	Banque PSA Finance S.A. Niederlassung Deutschland	FC	FC	Neu-Isenburg	K64
ES	Banque PSA Finance, Sucursal en Espana	-	FC	Madrid	K64
	PSA Financial Services Spain E.F.C. S.A.	EM	-	Madrid	K64
	Auto ABS 2012-3	EM	FC	Madrid	K64
FR	Banque PSA Finance	FC	FC	Paris	K64
	Crédipar	EM	FC	Levallois-Perret	K64
	CLV	EM	FC	Levallois-Perret	N77
	Sofib	EM	FC	Levallois-Perret	K64
	Sofira	-	FC	Levallois-Perret	K64
	PSA Assurance S.A.S.	FC	FC	Paris	K64
	Auto ABS 2011-1	-	FC	Paris	K64
	German Loans Auto ABS 2011-2	FC	FC	Paris	K64
	Auto ABS 2012-1	EM	FC	Paris	K64
	Auto ABS French Loans Master	EM	FC	Paris	K64
	Auto ABS DFP Master Compartment France 2013	EM	FC	Paris	K64
	Auto ABS 2013-1	FC	FC	Paris	K64
	Auto ABS 2013-2	EM	FC	Paris	K64
	Auto ABS German Lease Master	-	FC	Paris	K64
	Auto ABS2 2013-A	EM	FC	Paris	K64
	Auto ABS DFP Master Compartment Germany 2013	-	FC	Paris	K64
	Auto ABS German Loans Master	FC	FC	Paris	K64
	Auto ABS3 2014-1	EM	FC	Paris	K64
GB	Banque PSA Finance - UK Branch	FC	FC	Redhill	K64
	PSA Finance UK Ltd	EM	FC	Redhill	K64
	Vernon Wholesale Investments Company Ltd	FC	FC	Redhill	K64
	Auto ABS UK Loans PLC	EM	FC	London	K64
	Economy Drive Cars Limited	FC	FC	West Midland	G45
HR	PSA Financial d.o.o.	FC	FC	Zagreb-Buzin	K64
HU	PSA Finance Hungaria Zrt.	FC	FC	Budapest	K64
	Retail Prod Zrt	-	FC	Budapest	K64
IT	Banque PSA Finance Succursale in Italia	FC	FC	Milan	K64
	PSA Renting Italia S.p.A.	FC	FC	Milan	N77
	PSA Factor Italia S.p.A.	FC	FC	Milan	K64
	Auto ABS S.r.l. 2012-2	-	FC	Conegliano	K64
	Auto ABS Italian Loans Master S.r.l.	FC	FC	Conegliano	K64
MT	PSA Services Ltd	FC	FC	Ta' Xbiex	K64
	PSA Insurance Ltd	FC	FC	Ta' Xbiex	K65
	PSA Life Insurance Ltd	FC	FC	Ta' Xbiex	K65
	PSA Insurance Manager Ltd	FC	-	Ta' Xbiex	K65
	PSA Insurance Europe Ltd	EM	-	Ta' Xbiex	K65
	PSA Life Insurance Europe Ltd	EM	-	Ta' Xbiex	K65
MX	Banque PSA Finance Mexico SA de CV SOFOM	FC	FC	Mexico	K64
NL	PSA Finance Nederland B.V.	FC	FC	Rotterdam	K64
	PSA Financial Holding B.V.	FC	FC	Rotterdam	K64
	PSA Financial Services Nederland B.V.	FC	-	Rotterdam	K64
	Peugeot Finance International N.V.	FC	FC	Rotterdam	K64
PL	Banque PSA Finance SA Oddzial w Polsce	FC	FC	Warsaw	K64
	PSA Finance Polska Sp.zo.o.	FC	FC	Warsaw	K64
PT	Banque PSA Finance Sucursal em Portugal	-	FC	Carnaxide	K64
	PSA Gestao Comercio E Aluguer de Veiculos	-	FC	Carnaxide	N77
RU	Bank PSA Finance Rus	FC	FC	Moscow	K64
SK	PSA Finance Slovakia S.r.o.	FC	FC	Bratislava 2	K64
SI	BPF Financiranje d.o.o.	FC	FC	Ljubljana	K64
TR	BPF Pazarlama A.H.A.S.	FC	FC	Atasehir - Istanbul	K64

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

37.2 Income statement items and employees by country

At December 31, 2015

	(in million euros)	Income statement items						
				Pre-tax income				
Country	**Public investment subsidies received**	**Sales and revenue (1)**	**Net banking revenue**	**Total**	***o/w share in net income of associates and joint ventures accounted for using the equity method***	**Current tax**	**Deferred tax**	**Number of employees (2)**
AR	-	82	43	39		(14)	1	16
AT	-	19	9	2		(1)	-	33
BE	-	77	35	10		(3)	-	80
BR	-	134	48	(3)		(8)	4	133
CH (3)	-	30	19	(23)	*1*	(2)	-	
CN	-			(5)	*11*			
CZ	-	8	4	1		(1)	-	23
DE	-	141	77	27		(13)	-	202
DZ	-	-	-	-		-	-	-
ES (3)	-	134	46	-	*5*	(7)	19	
FR (3)	-	886	65	142	*72*	-	5	-
GB (3)	-	52	6	(43)	*34*	(2)	4	-
HR	-	3	1	-		-	-	18
HU	-	5	-	2		-	-	5
IT	-	151	46	2		-	-	150
MT (3)	-	138	29	25	-	-	(9)	29
MX	-	3	2	1		-	-	-
NL	-	37	18	29		(2)	-	83
PL	-	21	9	3		(1)	-	109
PT	-	14	4	(13)		-	1	-
RU	-	18	13	6		(2)	1	40
SK	-	4	2	1		-	-	13
SI	-	9	5	2		(1)	(1)	13
TR	-	1	1	-		-	-	17
Total	**-**	**1,967**	**482**	**205**	***123***	**(57)**	**25**	**964**

(1) In accordance with the "Autorité de Contrôle Prudentiel et de Résolution" instruction, the reported sales and revenue correspond to the total of banking operating income.

(2) Corresponds to full-time legal staff directly employed by the Banque PSA Finance's subsidiaries and branches which are fully consolidated at December 31, 2015.

(3) Country in which a partnership was undertaken in 2015.

Income statement items are disclosed before elimination of inter and intra company transactions, before reclassification of costs of non-transferred debts of operations to be taken over by partnership, and before IFRS 5 reclassifications.
The "Revenues", "Net Banking Revenue", "Current Tax" and "Deferred Tax" items only relate to the fully consolidated entities. For joint ventures undertaken in 2015, this information does not include transactions concluded following the establishment of the partnership.

The reconciliation with the items in the consolidated income statement at December 31, 2015 is as follows:

(in million euros)	Totals of the table above	Reclassification: costs of non-transferred debts of operations to be taken over by partnership	IFRS 5 reclassification: income of operations to be taken over by partnership	**Income of continuing operations**	**Income of operations to be taken over by partnership (see Note 3.3)**
Net banking revenue	482	174	(543)	**113**	**543**
Share in net income of associates and joint ventures accounted for using the equity method	123	-	-	**123**	**-**
Costs of non-transferred debts of operations to be taken over by partnership	-	(174)	-	**(174)**	**-**
Pre-tax income	205	-	(250)	**(45)**	**250**
Income taxes	(32)	-	73	**41**	**(73)**
Pre-tax income	173	-	(177)	**(4)**	**177**

Note 38 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.

38.1 Subsidiary in Argentina

PSA Finance Argentina Compania Financiera S.A. *50% owned by Banque PSA Finance*

Minority interest: 50%

Key Balance Sheet Items

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Customer loans and receivables	144	201
Other assets	20	17
Total assets	**164**	**218**
Refinancing	82	140
Other liabilities	35	25
Equity		
- Elimination (1)	13	13
- Consolidated reserves - equity holders of the parent	10	13
- Minority interests	24	27
Total equity and liabilities	**164**	**218**

(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, 2015**	**Dec. 31, 2014**
Net banking revenue	**43**	**33**
General operating expenses	(5)	(4)
Gross operating income	**38**	**29**
Cost of risk	1	(1)
Operating income	**39**	**28**
Income taxes	(13)	(10)
Net income for the year	**26**	**18**
- of which minority interests	13	9
- of which attributable to equity holders of the parent	13	9

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, 2013	**40**	**50%**	**20**	**41**	**(21)**
Net income of the period	18		9	9	
Exchange difference	(5)		(2)		(2)
At December 31, 2014	**53**	**50%**	**27**	**50**	**(23)**
Net income of the period	26		13	13	
Dividends	(14)		(7)	(7)	
Exchange difference	(18)		(9)		(9)
At December 31, 2015	**47**	**50%**	**24**	**56**	**(32)**

38.2 Subsidiary in Slovenia

BPF Financiranje d.o.o. *50% owned by PSA Financial Holding B.V., itself 100% owned by Banque PSA Finance)*

Minority interest: 50%

Key Balance Sheet Items

(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Customer loans and receivables	129	111
Other assets	4	3
Total assets	**133**	**114**
Refinancing	123	94
Other liabilities	4	14
Equity		
- Elimination (1)	2	2
- Consolidated reserves - equity holders of the parent	1	1
- Minority interests	3	3
Total equity and liabilities	**133**	**114**

(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 December 31, 2015 were not material, and amounted to €5 million and €0.8 million respectively.
The minority interest amounted to €3.5 millions at December 31, 2015 compared with €3.1 million at December 31, 2014, fully composed of share capital and reserves.

Note 39 Auditors fees

	Ernst & Young		**Mazars**	
(in million euros)	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
Audit				
- Statutory and contractual audit services				
- Banque PSA Finance	0.1	0.1	0.1	0.1
- Fully-consolidated companies	0.6	0.8	0.2	0.4
- *of which France*	-	*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	**0.7**	**0.9**	**0.3**	**0.5**

Note 40 Subsequent Events

Except the partnership with Santander CF, its consequences and new steps described in Note 1.A - 2015 Main Events, no other event occurred between December 31, 2015 and the Board of Directors' meeting to review the financial statement on February 19, 2016 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, 2015

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, 2015, 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 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, 2015 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 notes 1.A " Main Events of the period and Group Structure", 2.I "Assets and activities held-for-sale or to be taken over by partnership" and 3 "IFRS 5 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

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 matter(s):

- 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 company 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 24, 2016

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG Audit
Anne Veaute	Luc Valverde

Statement from the person responsible for the 2015 annual report

Person responsible for the annual report

Rémy Bayle
Chief Executive Officer of Banque PSA Finance S.A.

Certification of the person reponsible for the annual report

I hereby certify, after having taking all reasonable steps to this effect, that the information containted 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.

Rémy Bayle
Chief Executive Officer of Banque PSA Finance S.A.

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