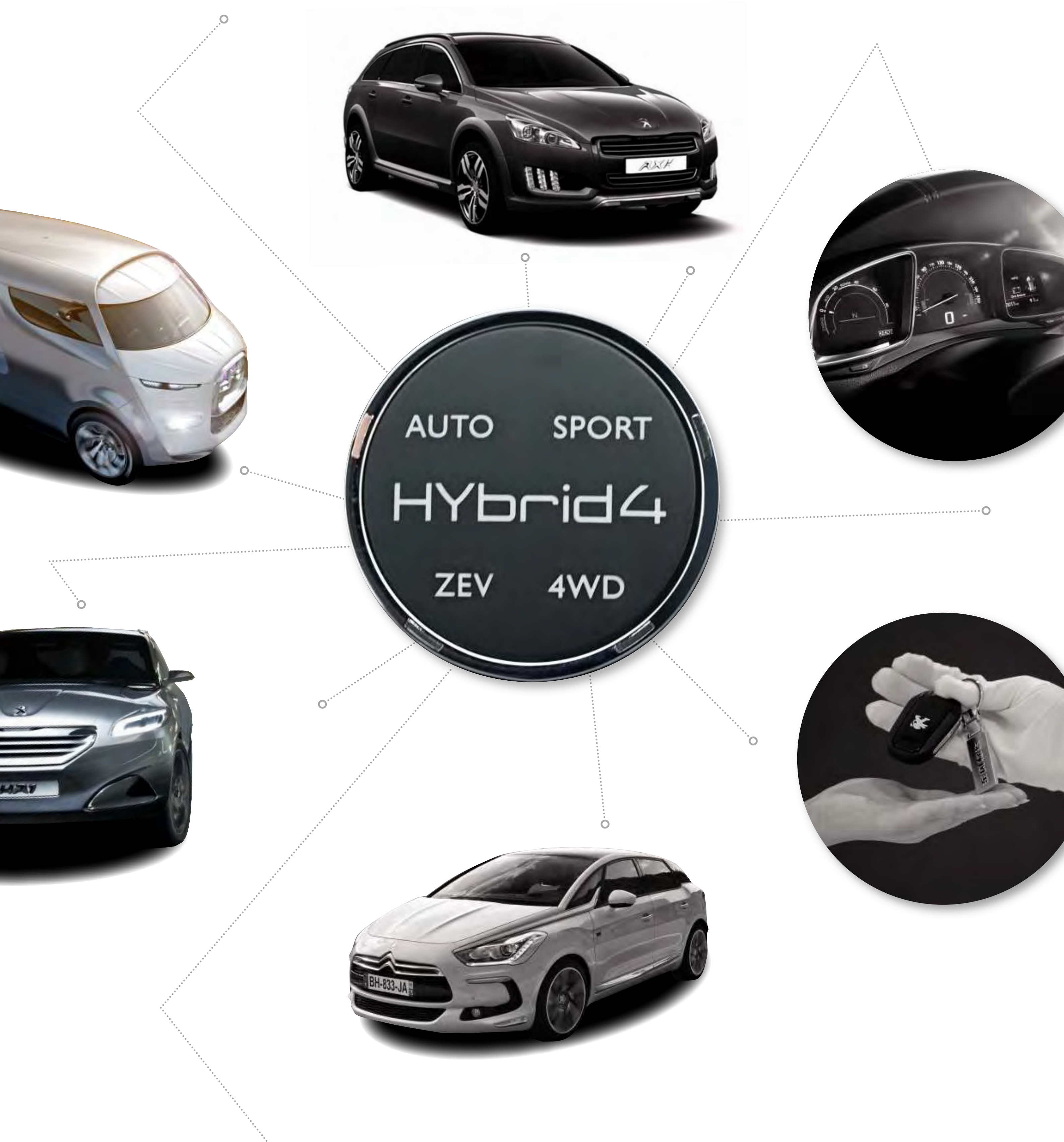
BANQUE PSA FINANCE

2011 ANNUAL REPORT



BOARD OF DIRECTORS

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Chairman

Philippe Alexandre
Director

Philippe Varin
Director

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Pierre Todorov

AUTOMOBILES PEUGEOT
Director
Represented by :
Jacques Vincent Rambaud

AUTOMOBILES CITROËN
Director
Represented by :
Frédéric Banzet

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Chief Executive Officer

Philippe Alexandre
Managing Director

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Executive Managing Officer

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Executive Managing Officer

STATUTORY AUDITORS

Ernst & Young
Mazars

SUBSTITUTE AUDITORS

Guillaume Potel
PICARLE

As at February 10, 2012

BANQUE PSA FINANCE

Société anonyme. Share capital: €177,408,000 euros
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Registered in Paris under no. 325 952 224 - Siret 325 952 224 00013
ORIAS registration number 07 008 501 available at www.orias.fr
APE business identifiered code: 6419Z
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Annual Shareholder's Meeting of April 20, 2012

Wholly-owned by Peugeot S.A., Banque PSA Finance provides financing for sales of Peugeot and Citroën cars and light commercial vehicles in 23 countries. It supports the brands' growth by offering retail and fleet customers a diversified range of financing solutions and related services, and by providing Peugeot and Citroën dealers with financing for new and used vehicles and spare parts inventories.

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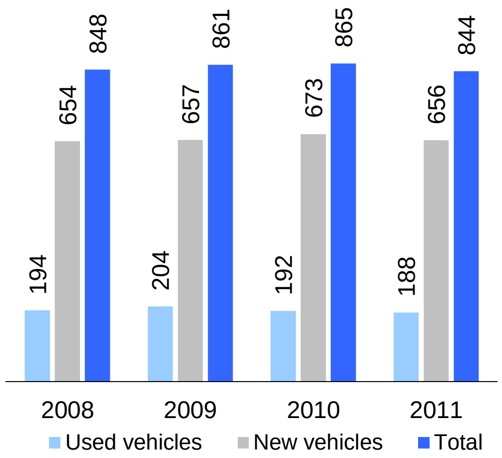
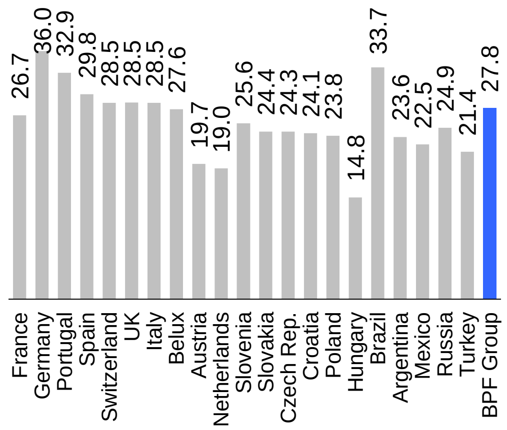
1.1 Key Figures

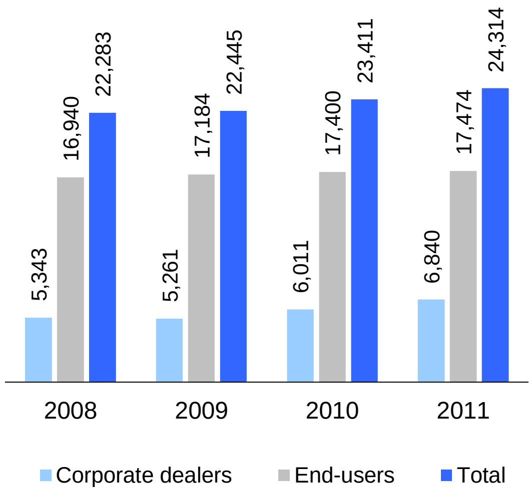
NUMBER VEHICLES FINANCED, END-USER LOANS
(in thousand vehicles)



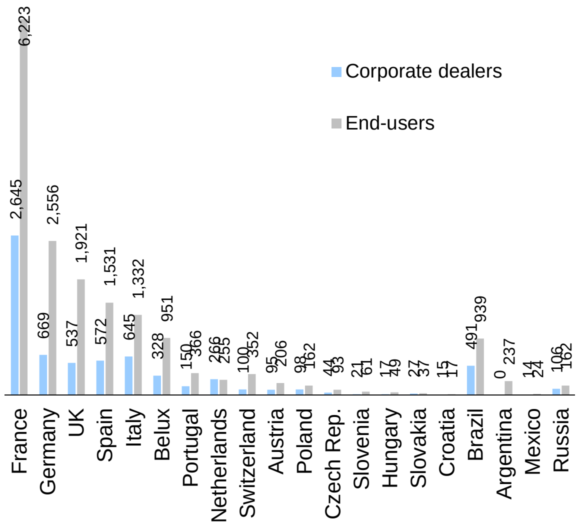
PENETRATION RATE BY COUNTRY AT DEC. 31, 2011
(as a %; new vehicles financed/PSA PEUGEOT CITROEN new vehicle registrations)



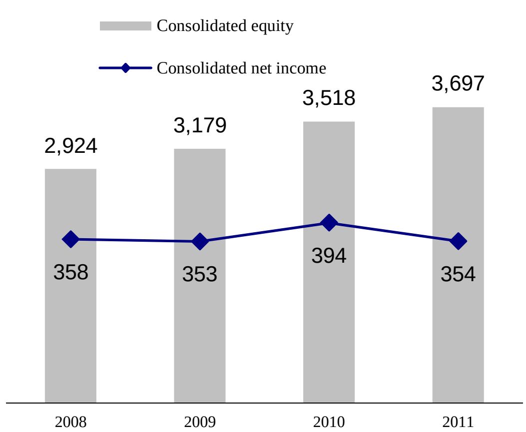
END-USER AND CORPORATE DEALER LOANS OUTSTANDING AT DEC.31, 2011 (in million euros)



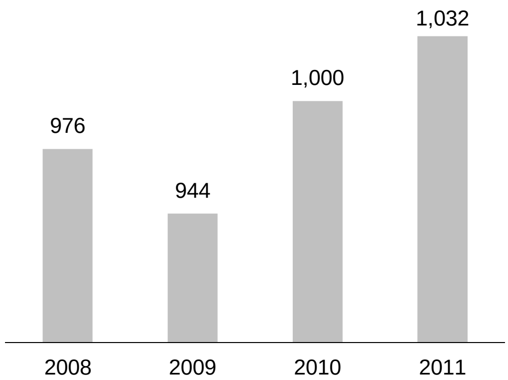
END-USER AND CORPORATE DEALER LOANS OUTSTANDING BY COUNTRY AT DEC.31, 2011 (in million euros)



EQUITY AND NET INCOME AT DEC.31, 2011
(in million euros)



NET BANKING REVENUE
(in million euros)



1.2 Chairman's Message

At a time when global automobile markets expanded by a moderate 3% overall, PSA Peugeot Citroën maintained its 2011 unit sales on a par with 2010, with a total of 3,549,000 new vehicles and CKD units sold during the year.

Banque PSA Finance provided financing for 27.8% of the new cars sold by Peugeot and Citroën dealers in its markets, versus 27.2% in 2010. This was its highest penetration rate since it was licensed to operate as a bank in July 1995. In all, the Bank financed the purchase of more than 655,000 new vehicles, a slight 2.5% contraction compared with 2010, in line with the lower PSA Peugeot Citroën sales.

This sales performance was led by the development of an increasing number of innovative products and services, the pragmatic approach to their sustained deployment and the broadening and deepening of the Bank's synergies with the brands and partnerships with dealers.

It was also a record year for Banque PSA Finance's service and insurance contract business, whose penetration rate rose to 161%.

Nevertheless, in achieving these market share gains, the Bank was careful to maintain the credit quality of its loan book. Risk acceptance criteria were kept as strict as ever, the approach to the highest-risk customer segments remained highly selective, and collection and recovery processes were further strengthened over the year.

As a result, the cost of risk improved considerably, declining to 0.49% of average net outstanding loans from 0.56% in 2010.

On the financing side, Banque PSA Finance was able to find adequate financing solutions in a tight market and thereby retain its level of liquidity, successfully completing its first bond issue on the US market in April 2011. At December 31, 2011, the Bank liquidity position reaches €8,679 million, comprising excess liquidity and undrawn credit lines.

International expansion, a major component of Banque PSA Finance's growth strategy and a sign of its increasingly global scope, was pursued at a faster pace in 2011. This was particularly the case in Argentina and Brazil, with a 16% increase in the volume of new-vehicle financing, and in China, where the number of financing contracts for new and used vehicles rose by 88%.

Lastly, Banque PSA Finance continued to enhance its internal control system.

The combination of all these factors, which represent highly compelling indicators of its teams' operational efficiency and commitment, enabled the Bank to increase net banking revenue and report operating income of €532 million in 2011. This represented a 5.1% gain on 2010, which was a very satisfactory performance given the risks created by the major upheavals in its business environment over the year.

In a persistently uncertain economy, with limited visibility, Banque PSA Finance has confirmed the robustness of its business model, which is being sustained by the gradual yet assertive deployment of the PSA Excellence System.

Banque PSA Finance has the resources needed to consolidate its performance and stay the course in 2012, thereby demonstrating once again its ability to respond effectively to challenging situations.

Frédéric Saint-Geours

1.3 Activities and Business Evolution

1.3.1 Summary Financial Information

The following summary historical consolidated information has been derived from the consolidated financial statements of BPF included in this annual report, which were 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 and Mazars for 2011, and Pricewaterhousecoopers Audit and Mazars for 2010.

New financing

(in million euros)	2011	2010	% change
End-users loans			
Number of vehicles financed	843,811	864,670	- 2.4
Amount of financing *(in million euros, excluding interests)*	8,790	8,627	+ 1.9
Corporate dealers loans			
Number of vehicles financed	2,089,923	2,146,386	- 2.6
Amount of vehicles financing *(in million euros)*	38,234	37,104	+ 3.0
Amount of spare parts financing and other *(in million euros)*	4,809	4,544	+ 5.8

Balance sheet

(in million euros)

Assets	Dec. 31, 2011	Dec. 31, 2010	% change
Cash, central banks, post office banks	23	20	+ 15.0
Financial assets at fair value through profit or loss	1,204	788	+ 52.8
Hedging instruments	389	183	+ 112.6
Available-for-sale financial assets	2	2	+ 0.0
Loans and advances to credit institutions	859	1,391	- 38.2
Customer loans and receivables	24,314	23,411	+ 3.9
Deferred tax assets	149	174	- 14.4
Other assets	944	893	+ 5.7
Total assets	**27,884**	**26,862**	**+ 3.8**

Equity and liabilities	Dec. 31, 2011	Dec. 31, 2010	% change
Financial liabilities at fair value through profit or loss	5	21	- 76.2
Hedging instruments	181	214	- 15.4
Deposits from credit institutions	4,985	6,263	- 20.4
Due to customers	342	339	+ 0.9
Debt securities	16,889	15,001	+ 12.6
Deferred tax liabilities	441	502	- 12.2
Other liabilities	1,344	1,004	+ 33.9
Equity	3,697	3,518	+ 5.1
Total equity and liabilities	**27,884**	**26,862**	**+ 3.8**

INCOME STATEMENT

(in million euros)	2011	2010	% change
Net banking income	1,032	1,000	+ 3.2
General operating expenses	-367	-347	+ 5.8
Cost of risk	-115	-129	- 10.9
Operating income	**532**	**507**	**+ 4.9**
Non operating income	2	27	- 92.6
Income taxes	-180	-140	+ 28.6
Net income for the year	**354**	**394**	**- 10.2**

CUSTOMER LOANS AND RECEIVABLES

BY CUSTOMER SEGMENT

(In million euros)	Dec. 31, 2011	Dec. 31, 2010	% change
Corporate dealers	6,840	6,011	+ 13.8
End-users	17,474	17,400	+ 0.4
of which Retail	15,984	16,095	- 0.7
of which Corporate and equivalent	1,490	1,466	+ 1.6
of which eliminations and other	0	-161	- 100.0
Total Customer Loans and Receivables	**24,314**	**23,411**	**+ 3.9**

BY GEOGRAPHICAL REGION

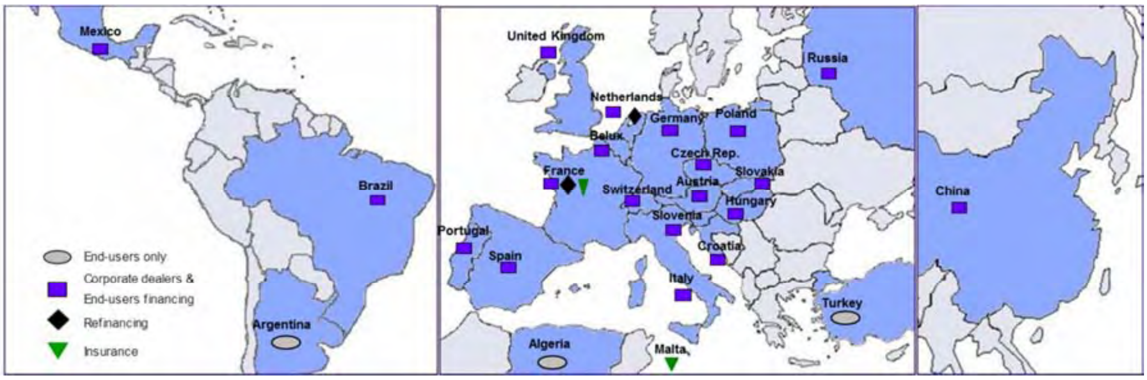
in million euros	Dec. 31, 2011	Dec. 31, 2010	% change
France	8,868	8,410	+ 5.4
Western Europe (excluding France)	12,832	12,698	+ 1.1
Central and Eastern Europe	641	681	- 5.9
Latin America	1,705	1,484	+ 14.9
Rest of the World	268	138	+ 94.2
Total	**24,314**	**23,411**	**+ 3.9**

NET BANKING INCOME BY CUSTOMER SEGMENT

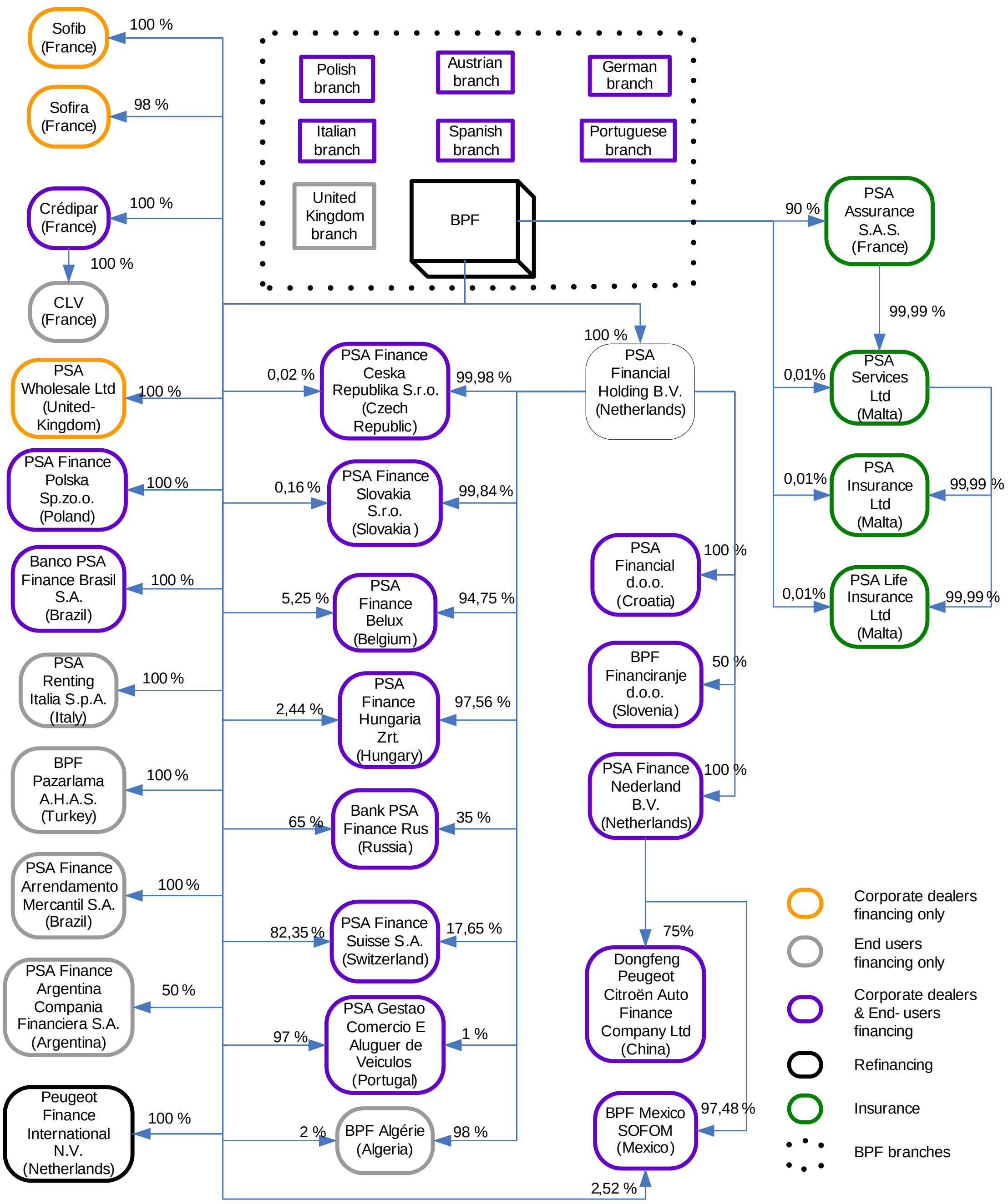
(in million euros)	2011	2010	% change
End-users	575	544	+ 5.7
of which Retail	551	514	+ 7.2
of which Corporate and equivalent	24	30	- 20.0
Corporate dealers	117	121	- 3.3
Insurances and Services (excluding securities income)	160	161	- 0.6
Unallocated and other[1]	180	174	+ 3.4
Total	**1,032**	**1,000**	**+ 3.2**

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

1.3.2 Organizational Structure



The following organizational chart only shows the BPF group entities with significant activities.



1.3.3 Business of the Main Banque PSA Finance Companies and its Branches

1.3.3.1 Introduction

Banque PSA Finance is the financing arm of the PSA Peugeot Citroën group, one of the world's largest automobile manufacturers. We provide a wide variety of financing options to individuals and businesses around the world for the acquisition of Peugeot and Citroën vehicles, as well as inventory, working capital and other financing to dealers in the Peugeot and Citroën networks.

In 2011, we provided €8,790 million of new financing for 843,811 vehicles acquired by individual, small business and corporate fleet customers (including leases). As of December 31, 2011, we had €24,314 million of outstanding customer loans and receivables, including €17,474 million end-user loans and leases, and €6,840 million of financing loans for Peugeot and Citroën corporate dealers. Our net banking income in 2011 was €1,032 million, our operating income was €532 million and our net income attributable to the parent was €345 million.

A. History and Organization

Our business is built on a historical automobile financing activity that has been conducted in the PSA Peugeot Citroën group since 1919. Since its earliest days, financing has been an integral part of the PSA Peugeot Citroën group's overall offering to its automobile customers, making the acquisition of an automobile accessible to wide segments of the population and fueling the PSA Peugeot Citroën group's expansion.

In 1979, the PSA Peugeot Citroën group created Crédipar as its principal French financing subsidiary (Crédipar today is our main French end-user financing subsidiary). BPF was created in 1982, under the name PSA Finance Holding, a holding company for the vehicle finance subsidiaries of the Peugeot and Citroën brands. In 1995, PSA Finance Holding became a licensed credit institution in France and was renamed Banque PSA Finance.

BPF's business has grown over the years with that of the PSA Peugeot Citroën group. We have historically expanded to support the international growth of the PSA Peugeot Citroën group, providing us with a natural platform for our geographical development.

We have a broad geographical footprint, with a presence in 23 countries which represent approximately 90% of assembled Peugeot and Citroën vehicles sold in 2011. Our main markets are in Western Europe (primarily France, the United Kingdom, Spain, Germany and Italy) and Brazil. We also have a growing presence elsewhere in Latin America and in Central and Eastern Europe, as well as a presence in China since 2004 and in Russia since the second quarter of 2010.

As of December 31, 2011, 36.5% of our outstanding customer loans and receivables were to customers in France, 55.4% elsewhere in Europe (of which 52.8% in Western Europe and 2.6% in central and Eastern Europe) and 8.1% in the rest of the world (excluding China, where our subsidiary is accounted for by the equity method). Our wide geographical presence gives us a solid base of operations and opportunities to take advantage of rapidly developing demand in emerging markets. Our outstanding loans outside Western Europe grew by 22% in 2011, excluding our Chinese equity affiliate, which recorded growth in outstanding loans of over 110%.

BPF is a limited liability company incorporated in France (*Société Anonyme*). It is a wholly-owned subsidiary of Peugeot S.A., which directly and indirectly holds all of BPF's shares. In France, we conduct our business through our subsidiaries Sofira and Crédipar. In the rest of Europe, we operate primarily through branches, as well as through wholly-owned or majority-owned subsidiaries. In Latin America and in Russia we operate through a variety of subsidiaries, with certain functions carried out through joint ventures and partnerships with other financial institutions. We operate through a majority-owned affiliate in China, which is jointly controlled with Dongfeng Peugeot Automobile, itself a joint venture between Dongfeng Motor Group, a leading Chinese car manufacturer, and members of the PSA Peugeot Citroën group. We also have subsidiaries in Malta that carry out insurance operations and that are regulated by the MFSA (Malta Financial Services Authority).

Except as otherwise indicated, figures presented in this annual report exclude our Chinese activities, as we operate in China through a subsidiary that is jointly controlled and therefore accounted for by the equity method.

B. Business Model and Strategy

BPF works in a close, privileged partnership with the Peugeot and Citroën commercial and dealer networks, financing close to 28% of the PSA Peugeot Citroën group's 2011 assembled vehicle sales in the countries where we operate (excluding China). Our key strengths include the following:

- ***A broad, structured and differentiated offering of financing products.*** Our comprehensive offering is developed to meet the needs of the Peugeot and Citroën networks and their customers. Our relationship of proximity with the commercial networks allows us to develop financing solutions and services packages specifically designed to address these needs.
- ***Close privileged relationship with Peugeot and Citroën brands.*** Our financing solutions are marketed with the support of, and in collaboration with, the Peugeot and Citroën commercial and dealer networks. We use a combined marketing approach that incorporates both a vehicle sales proposal and a financing offer. Our market

research shows that dealers tend to have a higher rate of repeat sales, in a shorter time period, when customers finance their vehicles through BPF, giving dealers a strong incentive to develop our cooperation.

- ***Highly efficient point of sale IT systems.*** Our information technology infrastructure is integrated with that of the dealer networks, allowing the dealers rapidly to quote global offers for vehicles, financing and ancillary services. Qualified customers can have their credit applications approved immediately through the system, while they are at the dealer's premises. The integrated information technology system also is a key cost reduction driver.

- ***A complementary services offering that enhances profitability.*** We offer our end-user financing customers a range of financial and vehicle-related service options, which we market together with our financing offers. We believe that our "one-stop shopping" approach makes our financing products and services more attractive to customers. Services also represent a significant source of revenues.

- ***Continuous geographical expansion.*** We have historically expanded to support the international growth of the PSA Peugeot Citroën group, providing us with a natural platform for our geographical development. Over the years, we have accompanied the commercial network's dynamic growth, initially throughout Western Europe, and more recently in the world's most promising emerging markets. Our strategy in emerging markets is also pragmatic, as we often enter new markets through partnerships with established financial institutions (for example, Santander in Brazil, BBVA in Argentina and Société Générale in Russia), allowing us to become rapidly operational while limiting costs.

While taking full advantage of our status as the dedicated commercial partner of the PSA Peugeot Citroën group, we operate under a management structure that is dedicated to the success of our business and the control of our own risks. Our marketing strategy is determined on an autonomous basis that reflects our own market studies and product conceptions, while also benefitting from information provided by the Peugeot and Citroën commercial networks. Our asset quality management system includes a robust retail credit acceptance policy based on internally-developed credit scoring, and high standards of credit analysis for corporate financing. We set pricing policies in accordance with our assessment of risk – when incentive financing rates are offered to promote vehicle sales, they are generally subsidized by the Peugeot and Citroën brands. We also have low exposure to the residual value of financed vehicles, as dealers or manufacturers are committed to buy leased vehicles back from us at the end of the lease contract, at a price determined at the time of entry into the lease.

1.3.3.2 Our Products and Services

Our financing products and services include the following:

- ***End-user Financing (72% of outstanding customer loans and receivables as of December 31, 2011).*** We offer individuals, small businesses and corporate fleet customers a diversified range of financing solutions, including credit for the purchase of new and used vehicles, as well as a variety of leasing solutions with and without purchase options.

- ***Corporate dealer Financing (28% of outstanding customer loans and receivables as of December 31, 2011).*** We provide dealers in the Peugeot and Citroën networks with financing for inventories of new and used vehicles and replacement parts.

- ***Services.*** We offer our end-user customers additional products and services such as loan payment insurance covering death, disability and unemployment, car insurance, and vehicle related services such as warranty extensions and vehicle maintenance contracts.

The table below shows the number and amount of new financing contracts in 2011 compared to 2010, as well as the amount of our outstanding loans, in each case divided into end-user loans and corporate dealer loans.

Financing by Portfolio

(in million euros)	2011	2010	% change
End-users loans			
Number of vehicles financed	843,811	864,670	- 2.4
Amount of financing *(in million euros, excluding interests)*	8,790	8,627	+ 1.9
Corporate dealers loans			
Number of vehicles financed	2,089,923	2,146,386	- 2.6
Amount of vehicles financing *(in million euros)*	38,234	37,104	+ 3.0
Amount of spare parts financing and other *(in million euros)*	4,809	4,544	+ 5.8

Outstanding loans by portfolio	Dec. 31, 2011	Dec. 31, 2010	% change
End-users	17,474	17,400	+ 0.4
Corporate dealers	6,840	6,011	+ 13.8
Total loans	**24,314**	**23,411**	**+ 3.9**

A. Loan Portfolios

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

- End-user loans represent primarily financing for the acquisition of vehicles by individuals, small businesses and corporate fleet customers, either through installment loans or leasing.
- Corporate dealer loans represent financing provided to Peugeot and Citroën dealers for inventories of new and used vehicles and replacement parts. Also included in this portfolio is financing provided to corporate dealers, primarily loans and leases made to corporate dealers to finance vehicles used in their business activities, and for working capital, real estate for dealer premises and other financing requirements, including ordinary accounts in debit.

See "1.5.1.2 Outstanding Loans" for a breakdown of our outstanding loans by portfolio.

B. End-user Financing

We finance the purchase and lease of new and used vehicles by individual and business customers through the Peugeot and Citroën dealer networks. Our financing solutions include installment loans as well as leasing contracts with and without the option to purchase the vehicle at the end of the lease terms.

Our end-user customers include primarily individuals, small business customers and large corporate fleet customers. As of December 31, 2011, 91% of our outstanding end-user loans and receivables were made to individual and small business customers and 9% were made to corporate fleet customers. Our new end-user financing contracts in 2011 had an average original duration of 42 months.

The large majority of our financing is for new vehicles. We also provide financing for the purchase of used vehicles, which include primarily vehicles that Peugeot and Citroën dealers recover from lease customers at the end of the lease terms as well as vehicles acquired by dealers as trade-ins in connection with new car sales, which may be Peugeot and Citroën vehicles, or the vehicles of other car manufacturers. We also occasionally provide financing when a corporate customer chooses to refinance its existing fleet of cars as used cars. In 2011, we provided end-user financing for 843,811 vehicles.

We entered into 585,735 new installment sales financing contracts and 258,076 new leasing contracts in 2011 which, together, represented €8,790 million of new financing. Demand shifts regularly between demand for lease financing and demand for installment loans, depending largely on prevailing interest rates and the level of overall demand. As of December 31, 2011, 58.2% of our outstanding end-user loans and receivables were installment sales financing contracts (€10,171 million), 40.2% were leasing contracts (€7,028 million) and the remainder were other types of financing contracts.

Pricing is based on our proprietary credit scoring system that evaluates the risk associated with the customer's credit profile. Interest rates (and implied interest rates on leases) are generally fixed rate. Customers also pay application processing fees that vary from one country to another depending on market practices and local regulations. We also offer preferential financing rates to our employees.

Promotional financing rates are generally subsidized by Peugeot and Citroën, which offer special rates to customers in order to increase vehicle sales. We generally apply our ordinary pricing and credit scoring procedures to these loans, although on occasion we offer special rates for our own marketing purposes, alone or jointly with Peugeot and Citroën.

Geographical Coverage

We provide end-user financing to Peugeot and Citroën customers in 23 countries (including China) which represent approximately 90% of assembled Peugeot and Citroën vehicles sold in 2011. Our largest markets are France, other countries in Western Europe (mainly the United Kingdom, Germany, Spain and Italy) and Brazil. The following table breaks down our outstanding end-user loans by country as of December 31, 2011 (excluding outstanding end-user loans of our Chinese subsidiary which were €250 million as of December 31, 2011). Our outstanding loans provided in Turkey are booked by our partners and therefore do not appear below. The same is true for our former activity in Algeria and for our new partnership in Mexico.

OUTSTANDING END-USER LOANS BY REGION

End-users	December 31, 2011	
	in million euros	*as a % of total*
France	6,223	35.6%
Western Europe (excluding France)	9,470	54.2%
Central and Eastern Europe	419	2.4%
Latin America	1,200	6.9%
Rest of the World	162	0.9%
Total	**17,474**	**100.0%**

Marketing and Penetration Rates

BPF works in a close, privileged partnership with the Peugeot and Citroën commercial and dealer networks, financing close to 28% of the PSA Peugeot Citroën group's new vehicle sales in 2011.

Our financing solutions are marketed with the support of, and in collaboration with, the Peugeot and Citroën commercial and dealer networks. We use a combined marketing approach that incorporates both a sales proposal and an offer for financing and ancillary services. Our market research shows that dealers tend to have a higher rate of repeat sales, in a shorter time period, when customers finance their vehicles through BPF, giving dealers a strong incentive to develop our cooperation. We also pay commission to dealers when we finance vehicles sold by them.

Our information technology infrastructure is integrated with that of the dealer networks, allowing the dealers rapidly to quote global offers for vehicles, financing and ancillary services. Qualified customers can have their credit applications approved immediately through the system, while they are at the dealer's premises. In France, we typically process approximately 90% of credit applications for individuals, and two thirds for businesses, in less than four hours. The integrated information technology system is also a key cost reduction driver.

To support Peugeot and Citroën's online marketing messages and offerings, simulation and presentation applications have been developed to enable customers to explore Banque PSA Finance's financing solutions. Credit simulators and online customer relation management have been introduced in France, Germany, Italy, the United Kingdom, Spain, Portugal, Belgium, Switzerland, Poland and the Czech Republic.

Our comprehensive offering is developed to meet the needs of the Peugeot and Citroën networks and their customers. Our relationship of proximity with the commercial network allows us to develop solutions specifically designed to address these needs. We take part in the work done by Peugeot and Citroën to identify the specific products likely to appeal to target customer segments, well ahead of a new vehicle's market launch.

We measure our "penetration rate" by comparing the number of Peugeot and Citroën new vehicles we finance to the number of new Peugeot and Citroën passenger cars and light commercial vehicles sold in the countries where we operate. The number of new vehicles sold includes vehicles purchased for cash, without financing. Our overall share of Peugeot and Citroën vehicles purchased with financing is significantly higher, but there is not sufficient information regarding financing provided by our competitors to allow us to calculate precise figures.

The table below presents our penetration rates in the countries in which we provide financing for 2011 and 2010.

BANQUE PSA FINANCE PENETRATION RATE BY COUNTRY

	PSA Peugeot Citroën registrations		New vehicles financed1		Banque PSA Finance penetration rate	
Countries	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
France	**840,784**	**871,875**	**224,785**	**242,991**	**26.7**	**27.9**
Germany	172,589	173,895	62,194	67,228	36.0	38.7
Portugal	32,374	43,641	10,643	11,672	32.9	26.7
Spain	158,048	202,968	47,048	45,185	29.8	22.3
Switzerland	32,200	32,316	9,185	8,424	28.5	26.1
United Kingdom	200,462	217,437	57,226	56,605	28.5	26.0
Italy	185,424	238,718	52,921	58,299	28.5	24.4
Belux	118,055	124,833	32,586	37,337	27.6	29.9
Austria	33,240	32,208	6,533	5,485	19.7	17.0
Netherlands	82,911	70,686	15,752	9,484	19.0	13.4
Western Europe (excluding France)	**1,015,303**	**1,136,702**	**294,088**	**299,719**	**29.0**	**26.4**
Slovenia	10,681	10,261	2,731	2,337	25.6	22.8
Slovakia	8,682	9,089	2,115	2,381	24.4	26.2
Czech Republic	15,692	15,185	3,817	4,919	24.3	32.4
Croatia	7,025	5,337	1,695	1,245	24.1	23.3
Poland	33,517	35,753	7,963	12,827	23.8	35.9
Hungary	4,916	3,886	727	531	14.8	13.7
Central and Eastern Europe	**80,513**	**79,511**	**19,048**	**24,240**	**23.7**	**30.5**
Brazil	175,855	174,413	59,251	55,418	33.7	31.8
Argentina	106,937	79,657	25,211	17,546	23.6	22.0
Mexico	5,796	6,195	1,302	1,935	22.5	31.2
Latin America	**288,588**	**260,265**	**85,764**	**74,899**	**29.7**	**28.8**
Russia[2]	71,944	53,081	17,920	16,189	24.9	30.5
Turkey	65,354	72,257	13,999	14,242	21.4	19.7
Rest of the World	**137,298**	**125,338**	**31,919**	**30,431**	**23.2**	**24.3**
Total	**2,362,486**	**2,473,691**	**655,604**	**672,280**	**27.8**	**27.2**

1 Passenger cars and light commercial vehicles

2 Our Russian subsidiary began business in the second quarter of 2010.

Our end-user penetration rate in China in 2011 was in strong progression (7.6% against 4.2% in 2010) even if comparatively low, primarily because Chinese customers are only beginning to use consumer financing for their purchases of automobiles.

End-user Installment Loans for New and Used Vehicles

End-user installment loan contracts generally provide for fixed monthly payments covering accrued interest and the amortization of principal, although in some cases we offer financing options with balloon payments at the end of the loan. In France, for example, loans with linear or other regular principal amortization schedules typically represent approximately 95% of outstanding loans at any given time. In the case of balloon loans, the purchaser generally has the option to sell the vehicle back to the dealer at the end of the loan term for an amount equal to the balloon payment then due, which amount is credited towards the purchase of a new vehicle (in which case we receive the balloon payment from the dealer unless we finance the new vehicle), or to keep the car and either make the balloon payment or refinance the balloon amount. The trade-in option is available if the vehicle has not exceeded a specified number of kilometers and is in good condition at the end of the loan term.

We limit financing to a specified percentage of the sales price of a vehicle. Generally, the borrower makes a down payment of at least 30%, although our policy varies from country to country. We do not in any case finance amounts that are greater than 100% of the vehicle sales price (including options and accessories). Many customers (particularly individuals) choose to finance a lower proportion of the vehicle sales price, or have lower authorized financing amounts based on their credit scores, with the result that our financings on average represent less than 70% of new vehicle sales prices. We also typically require that a customer's monthly loan payments to us, together with other required loan payments (such as on home mortgage loans), represent no more than a specified percentage of household income.

Loan terms typically range from one year to a maximum of eight years, although practices vary by country. Payments are generally due on a monthly basis, although in some cases the first payment may be deferred for 60 or 90 days. We do not make loans with negative amortization or similar features.

Customers in some countries may prepay their loans at any time, while in other countries prepayments may only be made if the vehicle is severely 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 secured 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 that allows us to recover the vehicle in case of default. In some countries, we are able to enforce our rights without judicial procedures, while in other countries we are required to obtain a court order before recovering a vehicle.

In individual cases, we may also obtain third party guarantees, co-borrowing agreements or other support for the credit of the vehicle purchaser. For business and corporate customers, we may also take security interests in other business assets or the business itself (the *fonds de commerce*, in France). We also may be named as beneficiary under car insurance, accident or life insurance policies, and we sometimes obtain ancillary rights, such as an assignment of vehicle warranties or maintenance contracts.

Lease Financing

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

We purchase vehicles from Peugeot and Citroën dealers and lease them to end-user customers. We offer end-user customers leasing contracts of between one and four years, either with a requirement that the lessee return the vehicle at the end of the term, or alternatively with the option for the lessee to purchase the vehicle at the end of the term for its residual value. Generally, we remain the owner of the leased vehicles throughout the lease term. At the end of the lease term, to the extent the customer is required or chooses to trade in the leased vehicle, the dealer or manufacturer is committed to buy the vehicle back 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). While the customer may have an obligation to pay a fee if the vehicle is not in good condition or has been driven for more than the agreed number of kilometers, this does not affect the price that the dealer or manufacturer is required to pay to us. 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. If negotiated in advance, lease contracts may include additional payments meant to cover any damages to the car in the case that we repossess the vehicle due to non-payment of lease amounts.

Underwriting, Payments and Collection

Our end-user financing solutions are offered by Peugeot and Citroën dealers to their customers as part of the overall vehicle sales offering. We provide dealers with an internet-based system that allows them to request and, for most of the customers, obtain credit authorization and pricing while the customer is at the dealership. The credit package is processed together with the vehicle sales agreement.

For customers with lower credit scores, we generally require central authorization before committing to any financing, with the level of authorization depending on the credit score, the percentage of the vehicle price to be financed and the total amount of the financing.

Corporate fleet customers sometimes have authorized credit lines based on a periodic credit review and analysis. In those cases, financing is automatically authorized when vehicles are purchased so long as the total amount of financing outstanding is within the authorized limit.

We have developed differentiated scoring systems for new and used cars, for individual and business customers and for financing by way of installment loans and leases. We obtain inputs for scoring credit applicants from our internal database, built up from detailed customer profiles and 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). Where such databases are not available, we generally require customers to provide income and other credit-related documentation. 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 case of detected unpaid, a second direct debit is activated in order to treat automatically the greater number of arrears. For residual unpaid, we typically send reminder notices or call customers within days of a late payment notice being detected, with follow-up letters and phone calls continuing where the delinquency is not promptly remedied. In most countries, we use in-house collections teams to manage this process. We have two centralized recovery centers for initial recovery procedures, one located in Warsaw, Poland for our main Northern European branches and the other in Madrid, Spain for the Southern European branches.

When payments remain overdue for a specified period of time (generally 45 to 90 days, depending on jurisdiction), our collections team makes a determination whether to repossess the vehicle or to start legal repossession proceedings, where required under local laws and regulations. Following repossession, we use legally available procedures (typically auctions or sales to a network of dealers or garages) to sell the repossessed vehicle. Where loan balances remain outstanding following the sale, we determine whether to institute legal proceedings or to sell the receivables to a commercial recovery service.

C. Corporate Dealers Financing

We provide financing for vehicles and replacement parts for the Peugeot and Citroën dealer networks. We may also grant lines to dealers to finance their buy-back obligations with respect to leased vehicles or balloon loans. We finance the entire purchase price of vehicles purchased by corporate dealers, but we limit the aggregate amount of financing that we extend to each dealer. We regularly reassess the dealers' creditworthiness and adjust financing limits accordingly.

In 2011, 2,089,923 vehicles were financed for dealers through our corporate dealer financing program, representing a slight decrease (-2.6%) referring to total sales from 2010. Because corporate dealer loans are typically short-term and because we provide financing to corporate dealers for vehicles with respect to which we may not provide end-user financing, the number of vehicles that we finance on a corporate dealer basis is mechanically greater than the number of vehicles that we finance on an end-user basis. In 2011, the amount of new vehicle loans extended to Peugeot and Citroën dealers increased by 3.0%, reflecting an increase in the average price of vehicles financed.

In addition, we provide financing to corporate dealers including loans and leases made to finance vehicles used in their business activities (for example demonstration vehicles or vehicles for lending to customers). Also included is financing of general working capital requirements, as well as funding for other purposes such as the construction or renovation of dealerships and ordinary accounts in debit.

The table below illustrates the number of vehicles financed for Peugeot and Citroën dealers in 2010 and 2011, as well as the breakdown of our outstanding corporate dealer loan portfolio (excluding China).

New Corporate dealer Financing

	2011	2010	% change
Number of vehicles	**2,089,923**	**2,146,386**	**- 2.6**
Amount (in million euros)			
Vehicles	38,234	37,104	+ 3.0
Spare parts and other	4,809	4,544	+ 5.8
Total	**43,043**	**41,648**	**+ 3.3**

Outstanding Corporate dealer Loans

(in million euros)	Dec. 31, 2011	Dec. 31, 2010	% change
Vehicles	4,840	4,224	+ 14.6
Spare parts and other	2,000	1,787	+ 11.9
Total	**6,840**	**6,011**	**+ 13.8**

Geographical coverage

We provide financing of Peugeot and Citroën corporate dealers on a global basis, with geographical coverage substantially similar to that of our end-user business. As is the case for end-user financing, our main markets are France, other countries in Western Europe and Brazil.

The following table sets forth our outstanding corporate dealer loans broken down by country as at December 31, 2011 (excluding outstanding corporate dealer loans of our Chinese subsidiary which were €256 million as at December 31, 2011). We do not provide corporate dealer financing in Algeria, Argentina and Turkey.

Outstanding Corporate dealer Loans by Region

Corporate dealers	December 31, 2011	
	in million euros	*as a % of total*
France	2,645	38.7%
Western Europe (excluding France)	3,362	49.2%
Central and Eastern Europe	222	3.2%
Latin America	505	7.4%
Rest of the World	106	1.5%
Total	**6,840**	**100.0%**

Corporate dealer Financing Business

The structure of our corporate dealer financing varies by country. We sometimes provide dealers with incentives to sell the vehicles and to repay the financing quickly. We provide, over a period, dealers with an interest-free financing, subsidized by the PSA Peugeot Citroën group. We are typically repaid directly from the proceeds of the sale of the vehicle to the dealer's customer. Alternatively, when we finance the customer's purchase, we can apply the proceeds of the end-user financing directly to the repayment of the outstanding corporate dealer financing.

We take a security interest or other right in the vehicle and replacement parts that are financed. We may either sell the vehicle to the dealer with a title retention clause exercisable in case of default, or we may deliver the vehicle to the dealer on consignment (we use the consignment procedure primarily in the United Kingdom, Portugal and Hungary). We also may take a security interest in other assets of the dealer, including a mortgage on the dealer's ownership or leasehold interest in the dealership, as well as an interest in other business assets or in the business as a whole.

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

We evaluate dealer credit applications on the basis of ordinary credit evaluation criteria for corporate and business loans, using documents furnished by the dealers (organizational documents, commercial registry extracts and financial statements) as well as information from public and commercial credit information providers. We also evaluate the value of the security package underlying the loan.

While many dealers are independent, some dealerships are owned by the PSA Peugeot Citroën group and its affiliates. We provide financing to affiliate-owned dealerships on the same basis as to independent dealers.

D. Services and Insurance

We offer our end-user financing customers a range of financial and vehicle-related service options, which we market together with our financing offers. Our service packages include financial services contracts (for example loan repayment insurance), car insurance, and 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.

We have developed loan and service packages with Peugeot and Citroën, such as *Easydrive* with Peugeot, *Doppel Flat* for Citroën, and *Just Add Fuel* with Peugeot, which include financing, maintenance and roadside assistance services and car insurance. Other packages are designed to meet the needs of specific markets and dealers, such as installment loans, step-up leasing and buy-back leasing in Poland, repair shop financing in Spain and Portugal, flat-rate monthly premium auto insurance and payment protection insurance with unemployment cover, as well as 0% loan packages in Spain, *Small Fleet Insurance* in the United Kingdom, auto insurance in Slovenia and Germany, installment loans and service contracts in Belgium, variable and fixed rate combinations and B-to-B leasing contracts in Austria.

We have for many years provided our customers with access to insurance products of third-party insurers as an important part of our overall marketing effort, to cover loan repayment, accidents and other risks. In 2009, we began providing some of these insurance products through our own insurance subsidiary in Malta to customers in our main markets in Europe. Our subsidiary offers insurance products that directly support our loans and leases, and for which we believe claims are likely to follow determinable actuarial trends and not expose us to excess volatility. For example, we offer insurance providing for the payment of outstanding vehicle loans upon the death of the borrower, or to cover any shortfall in primary insurance coverage in case of substantial damage to or destruction of the vehicle. We continue to provide customers with other insurance products, such as car insurance, through third parties in the countries in which we operate.

The table below shows the number of service contracts, including contracts for services provided by our subsidiary in Malta and contracts sold by us for services provided by third parties, by category for 2010 and 2011.

NEW SERVICES CONTRACTS

(In number of contracts)	2011	2010	% change
Financial services	623,012	585,397	+ 6.4
Car insurance	245,235	242,758	+ 1.0
Vehicle-related services	515,188	494,246	+ 4.2
Total	**1,383,435**	**1,322,401**	**+ 4.6**

In 2011, we averaged 1.61 service contracts sold to each customer financing a car, increase of 8 points towards 2010. We have made a concerted effort to grow our service offerings in the past several years, increasing the number of service contracts from approximately 1.10 in 2002 for each customer financing a car to the present level of 1.61.

1.3.3.3 Partnerships and Ventures

We have a number of partnerships, joint ventures and similar arrangements, which we have entered into in connection with our expansion into new geographical areas. These partnerships allow us to avoid the significant start-up costs associated with putting in place back-office processing structures, while providing us with the benefits of relationships with established financial institutions that have substantial experience in the markets that we enter. While the purpose of these partnerships is to facilitate our entry into new markets, they can develop into long-term relationships that allow us to concentrate on the development of our commercial activities.

Our three main partnership and joint venture arrangements relate to our activities in Brazil, Russia and Argentina. We also operate by way of partnerships in other countries as appropriate.

We operate in Brazil through our two wholly-owned subsidiaries: Banco PSA Finance Brasil S.A. and PSA Finance Arrendamento Mercantil S.A. (together, "BPF Brazil"). BPF Brazil operates the corporate dealer financing as well as marketing for the end-user activities and is responsible for credit approval, refinancings and the relationship with the Peugeot and Citroën networks in Brazil. We have a non-exclusive contractual profit-sharing agreement with Banco Santander Brasil, pursuant to which Banco Santander Brasil provides back-office services for the end-user financing business other than marketing. BPF Brazil pays Banco Santander Brasil a management fee for the services provided. Banco Santander also refinances the majority of our outstanding loans in Brazil.

In Argentina, we provide end-user financing through PSA Finance Argentina Compania Financiera, a joint venture company owned 50% by us and 50% by a subsidiary of the BBVA group in respect of which we have management control, and which are therefore fully consolidated in our financial statements. Profits are distributed to each partner equally by way of dividends. The BBVA subsidiary finances approximately half of the loans written by the joint venture company.

In China, we own a 75% stake in our Chinese subsidiary, Dongfeng Peugeot Citroën Auto Finance Company Ltd., alongside of Dongfeng Peugeot Citroën Automobiles, itself a joint venture between Dongfeng Motor Group, a leading Chinese car manufacturer, and members of the PSA Peugeot Citroën group. We do not consolidate the results of the Chinese joint venture, as we have joint management control with our partner.

In Russia, we nowadays own 100% of our Russian credit consumer subsidiary, Bank PSA Finance Rus. The subsidiary offers end-user financing and leasing solutions to individual and fleet customers, as well as financing for corporate dealers. Bank PSA Finance Rus has pursued its cooperation with a subsidiary of the Société Générale group similar to the arrangement in Brazil with Banco Santander Brasil, for back office services in the end-user segment.

1.3.3.4 Competition

As Peugeot and Citroën dealers are not contractually obligated to obtain corporate dealer financing from us or to propose our financing to their customers, we compete for end-user as well as corporate dealer customers in all markets in which we operate. Our main competitors are commercial banks and consumer finance companies. We also effectively compete against the customer's option to purchase vehicles for cash or with financing that is not secured by the vehicle.

We compete based on the quality of the services that we offer, as well as the interest rates and terms we are able to offer customers, which are influenced in part by our cost of funds.

Although we are not directly in competition with the captive finance companies of other major automobile manufacturers, these companies represent indirect competition because sales of their parent companies' automobiles are in competition with sales of Peugeot and Citroën vehicles that provide our source of customers.

1.3.3.5 Employee Relations

As at December 31, 2011, we had 2,338 employees globally (including employees of the PSA Peugeot Citroën group who work on matters for our Group on substantially a full-time basis), excluding employees of our joint venture partners. Our management believes that we and our subsidiaries have good relations with our employees. Terms and conditions of employment, including working hours, health and safety, disputes, termination of employment, vacations and benefits, are governed, in accordance with a variety of collective bargaining agreements, individual agreements and common law contracts.

1.3.3.6 Properties

We do not own any material real property. Our head corporate offices are located at the headquarters of the PSA Peugeot Citroën group. In 2010, a subsidiary of Crédipar sold its headquarters in Levallois outside of Paris, and has entered into a lease for the premises.

1.3.3.7 Legal Proceedings

We have worldwide operations and we and our branches and subsidiaries are required to comply with applicable national and local laws and regulations which vary from one country to another. We are the subject of certain claims and legal proceedings incidental to the normal conduct of our business. Management does not believe that such claims and proceedings are likely, on aggregate, to have a material adverse effect on our financial condition.

1.4 Management's Discussion and Analysis of Results of Operations

Substantially all of our business consists of providing financing for the acquisition of new and used Peugeot and Citroën vehicles, and inventory financing for Peugeot and Citroën corporate dealers. Our net banking income is derived primarily from net interest revenues on the loans and lease financings that we provide to customers. We also record significant net banking income from insurance and other services that we offer to financing customers.

During the period from 2008 through 2011, global financial markets and the worldwide automobile market were profoundly affected by the disruptions resulting from the financial crisis. The impact of these disruptions continues to affect employment levels, interest rates and other factors that directly impact our business.

1.4.1 Peugeot and Citroën Vehicle Sales

PSA Peugeot Citroën continued to globalize and move its brands upmarket with 3.5 million vehicles sold in 2011. Sales of new vehicles and CKD units were down 1.5% to 3,549,000 units, but with a sharp increase in the proportion of sales outside Europe, to 42% of the total, an increase in the proportion of premium vehicle sales to 18%, reflecting the success of the Citroën DS line and the Peugeot 3008, 508 and RCZ, and a further decline in corporate average emissions to 127.9g of CO2/km vs. 132g in 2010.

In 2011, the worldwide automotive market expanded by an aggregate 3%. Growth was led by vibrant emerging markets, with Latin America up by 8%, Russia up by 39% and China (passenger cars) up by around 3%.

In Europe, in a crisis-hit environment made more difficult by the austerity measures introduced in the summer, the car market contracted by 0.5%. Performances varied widely by country, with Germany up 9.4%, France down 1.3%, the United Kingdom down 2.4%, Spain down 16.9%, Italy down 10.5% and Central and Eastern Europe down 1.9%. From September onwards, prices came under severe pressure. With its strong presence in Europe – particularly Spain, Italy and the United Kingdom – PSA Peugeot Citroën experienced a 1.5% decline in global unit sales.

Group unit sales contracted by 6.1% in Europe but grew by 10.6% in Latin America, 7.6% in China and 34.8% in Russia. As a result of these contrasting trends, sales outside Europe represented 42% of the consolidated total vs. 39% in 2010.

In 2011, the situation in the European automotive market, particularly the B segment, confirmed that PSA strategy of becoming more global and moving the Peugeot and Citroën brands further upmarket is the right one. PSA Peugeot Citroën new developments and the new Brand Department organization will allow the Group to implement our strategy even faster.

PSA Peugeot Citroën globalisation strategy led to a rising proportion of sales generated outside Europe.

With an unfavorable market mix, in a European car and light commercial vehicle market that declined by 0.5% in 2011 (with car sales down 1.4% but light commercial vehicle sales up 7%), registrations of PSA Peugeot Citroën vehicles contracted by 6.8% to 2,045,000 units. As a result, the Group's market share fell by 0.9 points compared with 2010 to 13.3%. This was almost entirely due to lower sales in the B segment, as the Peugeot 207 came under stiff competition. The 207's replacement, the Peugeot 208, will be introduced in 2012. Despite these negative headwinds, the Group showed resilience in the higher priced segments. Its market share remained stable in the C segment, thanks to vibrant demand for the new Citroën C4, and rose in the D and E segments following the successful launch of the Peugeot 508.

Outside Europe, PSA Peugeot Citroën registered a sharp increase in the proportion of sales. Sales outside Europe accounted for 42% of the 2011 consolidated total, compared with 39% in 2010 and 32% in 2009. Unit sales of assembled vehicles rose by a strong 10.8%, confirming PSA Peugeot Citroën's commitment to its priority growth regions of Latin America, China and Russia, and its ambition to become more global:

- In Latin America, sales topped 300,000 units for the first time. Despite a sharp slowdown in Brazilian demand in the second half, BtoB sales helped to drive an 8% increase in the Latin American market as a whole, with gains of 3% in Brazil and 29% in Argentina. In this environment, Group sales in the region rose by 10.6% to 326,000 vehicles. Market share increased to 5.5% in 2011 from 5.4% the previous year. The launch of two local-manufactured models – the Peugeot 408 and Citroën C3 Picasso – contributed significantly to this performance and reaffirmed the Group's commitment to expanding its presence in the region.
- In China, PSA Peugeot Citroën observed real advances in implementing its growth strategy, with over 400,000 vehicles sold. After several years of very fast growth, the Chinese passenger car market appeared to settle at cruising speed in 2011 with volumes up 3.3%. The Group kept pace with market growth by launching two new models, the

Peugeot 508 and Peugeot 308. Along with the Citroën C5 introduced in 2010, these new models complete the two brands' product offer in the Chinese market, particularly in the executive segment. Supported by the development of the distribution networks, PSA Peugeot Citroën sold a total of 404,000 vehicles in China in 2011, representing a market share of 3.4%. By the end of the year, Peugeot had 284 dealers and 220 agents, representing 504 outlets in total, while Citroën had 360 dealers and 500 agents, for a total of 860 outlets.

- In Russia, the market continued to expand rapidly in 2011. A total of 2.66 million vehicles were sold, 39% more than in 2010. The increase reflected underlying growth that was maintained despite the withdrawal of scrappage incentives in June. The 75,000 vehicles sold by PSA Peugeot Citroën represented an increase of 34.8%, broadly in line with the market. The Group's market share stood at 2.7%. Sales were sustained by the launch of the new Citroën C4 and the restyled Peugeot 308, both assembled at the Kaluga plant. The distribution network continued to expand, with the two brands' 141 sales outlets now covering 90% of the country.

Furthermore, the Group's strategy aims to increase the value of the Peugeot and Citroën brands by accentuating the move upmarket, leading to an increased proportion of premium vehicles in total sales. In 2011, premium vehicle sales represented 18% of the total vs. 13% in 2010. Examples of the strategy include the launch of the Peugeot 508, and of the successful latest addition to the Citroën DS line, the DS4.

The Group is also committed to meet the environmental challenge with a further reduction in CO2 emissions. The Group's technological advances ensured that it maintained its environmental leadership in 2011. In the less than 110g of CO2/km segment in Europe, it remains the unchallenged leader with a market share of 23.8%. And the 4.1g/km reduction in average carbon emissions of its new vehicles to 127.9g from 132g in 2010 confirms the quality of the Group's environmental strategy built around: Optimizing petrol and diesel engines; Developing micro-hybrid, hybrid and plug-in hybrid technologies with broader deployment of Stop&Start technology; and New electric vehicles (the Peugeot i0n and the Citroën C-Zero brought to market in December 2010). The HYbrid4 technology was awarded the Environmental prize at the Goldenes Lenkrad awards organized by Germany's Auto Bild magazine in November 2011.

1.4.2 BPF Commercial Activity

BPF's financing activity largely followed the patterns of the PSA Peugeot Citroën group's vehicle sales, with strong activity internationally and more variable activity from country to country in Europe, driven by economic conditions and the phasing out of scrappage plans.

We launched our end-user financing activity in Russia in the second quarter of 2010, after initially developing a financing offer for corporate dealer inventories. Our end-user activity recorded a strong initial penetration rate of 30.5% in 2010 (based on new Peugeot and Citroën vehicles sold during the period in which our subsidiary was in operation) and a good level of 24.9% in 2011.

1.4.2.1 End-user Financing

In this mixed economic context, we sustained a strong overall level of end-user activity, with a stable number of vehicles financed in 2011. Activity levels in Western Europe were mixed and depended largely on the impact of the crisis, while business in emerging markets grew strongly, including in Brazil (our largest market outside Europe), Russia (where we commenced activities in the second quarter of 2010) and China (where we have a subsidiary accounted for by the equity method).

Despite wide variances from one country to another depending on the continued effects of the financial crisis on the car market, BPF recorded a slight decrease in overall volume of end-user financing in 2011, with 843,811 contracts compared to 864,670 in 2010. The following table provides information relating to BPF's end-user financing activity in 2010 and 2011 (excluding China).

END-USER FINANCING OF NEW AND USED VEHICLES

in number of contracts	2011	2010	% change
Installment sales	585,735	598,574	- 2.1
Leasing activity and other financing	258,076	266,096	- 3.0
TOTAL	**843,811**	**864,670**	**- 2.4**
of which outside Western Europe	150,535	140,828	+ 6.9

in million euros (excluding accrued interests)			
Installment sales	5,161	5,105	+ 1.1
Leasing activity and other financing	3,629	3,522	+ 3.0
TOTAL	**8,790**	**8,627**	**+ 1.9**
of which outside Western Europe	1,255	1,079	+ 16.3

Growth in new financings, including both installment sales and leasing activity, was 1.9%. Average amounts financed, which declined steadily throughout 2009 and 2010, started recovering during the second half of 2011. The increased average value of financings, coupled with a currency effect (mainly the British pound and Brazilian Real), resulted in a growth in monetary terms despite a reduction in terms of numbers of contracts for installment sales financing and leases.

The following table illustrates the amount of new end-user financing entered into in 2010 and 2011 (excluding China) by customer segment.

END-USER FINANCING OF NEW AND USED VEHICLES BY CUSTOMER SEGMENT

in million euro	2011	2010	% change
Retail financing	7,804	7,617	+ 2.5
of which new vehicles	6,429	6,288	+ 2.2
of which used vehicles and other	1,375	1,329	+ 3.5
Corporate and equivalent financing	986	830	+ 18.8
End-user financing	**8,790**	**8,447**	**+ 4.1**

New financing for individuals and small businesses increased in 2011 compared to 2010. Financing of new vehicles for this customer segment grew in 2011, while used vehicle financing remained stable, as discussed below. New financing for corporate fleet customers increased by 18.8% in 2011, as a result of the rebound in our clients' commercial activity, confirming the very positive trend of 2010 (+23.5%).

The following table breaks down the end-user loans made in 2010 and 2011 by country (excluding China), based on the number of vehicles financed.

END-USER FINANCING OF NEW AND USED VEHICLES BY REGION

in number of contracts			**% change**
France	300,359	325,016	- 7.6
Western Europe (excluding France)	392,917	398,826	- 1.5
Central and Eastern Europe	22,122	27,023	- 18.1
Latin America	96,177	83,176	+ 15.6
Rest of the World	32,236	30,629	+ 5.2
Total	**843,811**	**864,670**	**- 2.4**

A. New Vehicle Financing

BPF financed 655,604 new vehicles through installment sales financing or leases in 2011, representing a decrease of 2.5% compared to 2010. But, compared to the decrease in number of registrations for the Group (-4.5% in the perimeter covered by BPF), this evolution emphasizes the good synergies with the marketing organizations of the Peugeot and Citroën brands.

Our overall penetration rate was 27.8% in 2011, compared to 27.2% in 2010, reflecting acceleration during the second half of the year. This acceleration is mainly due to the development of joint operations between both brands and the bank.

Markets outside Europe showed the most dynamic growth, accounting for 18.0% of new vehicle financing in 2011 compared to 15.7% in 2010. The most significant growth markets were Brazil and Argentina, although our subsidiary in Russia also contributed. Business in China (where our subsidiary is accounted for by the equity method) also grew strongly, as outstanding loans doubled. See “1.4.2.4 Financing in China.”

Western Europe

The number of new vehicles we financed in Western Europe (including France) decreased by 4.4% in 2011 to 518,873, whilst the penetration rate increased by 0.9 point. Given the highly uncertain economic environment, penetration rate performance was variable by country, with few decreases in France (-1.2 points), Germany (-2.7 points) and Belgium (-2.3 points), and strong improvements in all other countries: Italy (+4.1 points), Spain (+7.5 points), Portugal (+6.2 points), Netherlands (+5.6 points), Switzerland (+2.4 points) and Austria (+2.7 points).

- France. In 2011, new vehicles financings dropped from 242,991 in 2010 to 224,785 in 2011 representing a decrease of 7.5%. Crédipar’s share of new Peugeot and Citroën financing decreased less than the volumes, by 1.2 points in 2011 to a penetration rate of 26.7%. Both brands were looking for additional volumes in the BtoB activity (new relationships with leasing companies), which affected our market share.

- Germany. Our penetration rate decreased by 2.7 points but remains at the highest level. Along with the Peugeot and Citroën brands, we developed new packages including financing, maintenance services and a flat-rate auto insurance option such as *Easydrive* for Peugeot and *Doppel Flat* for Citroën.

- Spain. Excellent year in 2011. Strong common actions were launched with the brands in order to sell financing, insurances, service contracts together with the car, thus to improve a lot the customer satisfaction and loyalty.

- United Kingdom. The U.K. market continued to be one of our most highly competitive markets in 2011. The penetration rose by 2.5 points to reach the second historical record. In the United Kingdom, our branch worked closely with the Peugeot and Citroën brands, including on the *Just Add Fuel* package offering organized with Peugeot.

- Italy. Despite a difficult automobile market, financing volumes decreased in 2011 but the penetration rate increased by 4.1 points. This was mainly due to joint operations with the Peugeot and Citroën brands.

- Belgium and Luxembourg. Sales volumes decreased in Belgium as well as penetration (-2.3 points). The automobile market was very competition, with special promotions being launched and extended during the Brussels Auto Show in 2011.

Central and Eastern Europe

In Central and Eastern Europe, there was in 2011 an important decline for the two biggest markets, Poland and Czech Republic, while our other markets had contrasting performances.

- Poland. Volumes and market share decreased, because of the crisis. Our penetration rate lost 12.1 points in one year, following the local performances of the brands.
- Czech Republic. Our penetration rate lost 8.1 points, at 24.3%. Few commercial actions and stronger competition from the other banks explained a decline in new vehicles financed, despite a slight increase of new vehicles sales for the brands.

Latin America

Some of our fastest growing markets are in Latin America. Our business there is conducted mainly through our subsidiaries in Brazil and Argentina. In Brazil, we operate through a contractual partnership and outsourcing agreement with Banco Santander. In Argentina, we operate through a joint venture with BBVA, PSA Finance Argentina. See "1.3.3.3 Partnerships and Ventures" for more information regarding these arrangements.

- In Brazil, where market growth was influenced by the government's sharp reduction in new vehicle sales taxes, the local BPF subsidiary recorded a 6.9% increase in financing volumes. Meanwhile, despite the competition from banks (which are allowed to locate their sales personnel at dealerships to solicit customers directly), our subsidiary's market share still increased by 1.9%. We financed 59,251 new vehicles in 2011. Our penetration rate was a relatively high 33.7% in 2011 (the second best rate for our Bank).
- In Argentina, the sales of new vehicles grew significantly by 34% in terms of units in 2011. Our Argentinian subsidiary financed 25,211 cars, an increase of 44%. And its penetration rate was up to 23.6% (+1.6 point compared to 2010), thanks to incentives offered with Peugeot and Citroën brands.
- In Mexico we recorded a significant drop in activity, both for volumes (-33%) and market share (-8.7 points).

Rest of World

In Russia, as part of our strategy of expanding in PSA Peugeot Citroën host countries offering significant growth potential, we acquired in 2009 98% of American International Group Inc.'s Russian Credit consumer subsidiary, the company "OOO AIG Bank (Rus)". Renamed Bank PSA Finance Rus, the subsidiary obtained a new banking license from Russia's Central Bank in December 2009 and offers end-user financing and leasing solutions to individual and fleet customers, as well as financing for corporate dealers. In the second quarter of 2010, we launched the end-user financing activity of our Russian subsidiary which achieved a penetration rate of over 30.5% over the period in which we operated in 2010. In 2011, the penetration rate decreased by 5.6 points but the volume increased, with 17,920 new vehicle contracts financed.

Elsewhere, in Turkey, the subsidiary's penetration rate increased by 1.7 point. As a result of our partnership arrangement in Turkey, we do not keep outstanding loan amounts on our books and only record a commission received from our partner. We stopped financing vehicles in Algeria in 2010 due to new government measures. Our former activity in that country had begun in 2009 and was relatively small.

In China, where we have had operations since 2004, our subsidiary provided end-user financing for 28,780 new vehicles in 2011 which represents a strong increase of 87.6% (which is not recorded in the figures above, as the subsidiary is accounted for by the equity method). See "1.4.2.4 Financing in China."

B. Used Vehicle Financing

In 2011, used vehicle financing was stable compared to 2010. Growth of used car financing volumes was strong internationally, but volumes decreased significantly in Europe. The worldwide number of used vehicles financed decreased to approximately 187,574 in 2011 compared to 191,493 in 2010. This decrease was due to the decline of car rental companies' buy-backs, the impact of new vehicle purchases driven by low-emission incentives, and stricter application of acceptance criteria.

1.4.2.2 Corporate dealer Financing

Our corporate dealer financing business rebounded strongly in 2011. The improvement in 2011 was particularly significant in the second half of the year, with higher average financing amounts and a strong increase in volume towards the end of the year.

We provided corporate dealer financing for a total of 2,089,923 vehicles in 2011, a slight decrease compared with 2010 in volume. On the other hand, amounts financed increased by 3.3%, as a result of a favorable mix effect on the average value of vehicles taken into inventory.

The following table sets forth our new corporate dealer financing activity for the years ended December 31, 2010 and 2011.

NEW CORPORATE DEALER FINANCING

	2011	2010	% change
Number of vehicles	**2,089,923**	**2,146,386**	**- 2.6**
Amount (in million euros)			
Vehicles	38,234	37,104	+ 3.0
Spare parts and other	4,809	4,544	+ 5.8
Total	**43,043**	**41,648**	**+ 3.3**

OUTSTANDING CORPORATE DEALER LOANS

(in million euros)	Dec. 31, 2011	Dec. 31, 2010	% change
Vehicles	4,840	4,224	+ 14.6
Spare parts and other	2,000	1,787	+ 11.9
Total	**6,840**	**6,011**	**+ 13.8**

The increase in average corporate dealer loans and in the amount outstanding at the end of the year reflects both increased network inventories in 2011 compared to low level in 2010, as well as an increase in average value of vehicles financed due to the end of the scrappage programs in some European countries.

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

1.4.2.3 Insurance and Services

In 2011, we sold an average of 1.61 services contracts to each end-user customer financing a car, a significant increase compared to 1.53 contracts in 2010. Our Malta insurance subsidiary's business grew substantially in 2011 after the start of activities in 2009 and a promising 2010.

Our services activities include insurance and vehicle-related services that we offer to end-user customers as part of our marketing effort. Service revenues contribute significantly to our results.

Revenues from services include two components, which are accounted for differently in our consolidated income statement:

- The margin that we earn on the insurance that we provide through our subsidiary in Malta is recorded under "margin on sales of insurance services" and represents our earned premiums, less paid claims and changes in liabilities related to insurance contracts (generally, reserves for incurred but unreported claims). We provide loan payment insurance that covers payments on our loans or leases in case of the death or incapacity of the customer, or in case of substantial damage to or destruction of the vehicle where the primary insurance is insufficient to cover the entire amount of our receivable. We started providing this insurance in 2009.

- Commissions that we earn from the sale of services of third party providers are recorded as "margin on sales of other services." These services include insurance that we do not provide directly (such as car insurance), as well as vehicle-related services such as maintenance and extended warranties.

Because we started providing insurance through our subsidiary in Malta in 2009, there has been a shift in services revenues between margin on sales of other services and margin on sales of insurance activities. The following table shows our net banking income from services, broken down between these two categories, in 2010 and 2011.

NET BANKING INCOME FROM SERVICES

(In million euros)	2011	2010	% change
Margin on sales of insurance services	77	45	+ 71.1
Margin on sales of other services[1]	83	116	- 28.4
Total	**160**	**161**	**- 0.6**

1 After elimination of intra-segment transactions, which are primarily commissions paid by the Malta subsidiary to other Group entities.

1.4.2.4 Financing in China

China represents a dynamic growth market, both for the PSA Peugeot Citroën group's vehicle sales activities, and for our financing activities. We have experienced strong growth in financing business in recent years, with outstanding loans more than doubling from the end of 2010 to the end of 2011. This is not reflected in the figures relating to our consolidated loan portfolios, 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 2010 and 2011.

FINANCING IN CHINA

	2011	2010	% change
End-user loans *(including leases)*			
Number of vehicles *(new and used)* financed	28,780	15,338	+ 87.6
Amount of financing *(in million euros, excluding interests)*	215	107	+ 100.9
Corporate dealer loans			
Number of vehicles financed	210,831	235,590	- 10.5
Amount of financing *(in million euros, including spare parts)*	2,408	2,698	- 10.7

Outstanding loans *(in million euros)*	Dec. 31, 2011	Dec. 31, 2010	% change
End-user loans *(including leases)*	250	104	+ 140.4
Corporate dealers loans	256	136	+ 88.2
Total loans	**506**	**240**	**+ 110.8**

1.4.3 Results of Operations

Despite the crisis, we increased our operating income in 2011, compared to 2010. In addition to the trends in our business activities described above, the key factors that impacted our results of operations were the following:

- An increase in interest margins, with the spread between our interest revenues and our refinancing costs growing significantly on end-user loans throughout the period, and sustained outstanding loans on corporate dealer.
- Limited increases in operating expenses, despite new taxes, opening new subsidiaries and investing in our information technology capacity.
- A cost of risk reduced by -11%, which represented 49 basis points of average outstanding loans in 2011, versus 56 basis points in 2010.

We have a policy of maintaining significant liquidity and capital cushions. Our Basel II Tier One capital ratio, consisting exclusively of common equity, was 14.44% as of June 30, 2011, and we are to retain 50% of our consolidated net income in 2011.

Our conservative policies served us well during the crisis period, giving us continued access to financing despite the fact that we do not have a deposit base and that our ratings were downgraded at the beginning of the crisis as a result of the uncertainties facing the automobile industry. Moreover, as a licensed credit institution, we have access to sources of liquidity such as the European Central Bank. In 2011, we were able to access all of our regular financing channels, including commercial paper, bonds and medium-term notes, bank facilities and securitization. In addition to usual channels, Banque PSA Finance successfully issued in 2011 a first offering on the US bond market, accessing to an important source of financing diversification

Consolidated net income was €354 million euros in 2011, compared to €394 million in 2010. Decrease is exclusively due to opposite effects of non-operating items and taxes between both years. Whereas 2010 benefited from a property disposal and allowances reversals on deferred tax assets, 2011 was impacted by a high level of income taxes mainly due to an impairment of tax credit and a new tax rate in France. The following table shows the main line items that impacted our net income in 2010 and 2011.

NET INCOME

(in million euros)	2011	2010	% change
Net banking income	1,032	1,000	+ 3.2
General operating expenses	-367	-347	+ 5.8
Cost of risk	-115	-129	- 10.9
Operating income	**532**	**507**	**+ 4.9**
Non operating income	2	27	- 92.6
Income taxes	-180	-140	+ 28.6
Net income for the year	**354**	**394**	**- 10.2**

1.4.3.1 Net Banking Income

Net banking income increased by 3.2%, from €1,000 million in 2010 to €1,032 million in 2011. This increase is mainly due to higher business volume and profitability of the bank operations. It reflects the quality of Banque PSA Finance's current production in retail financing, the volumes and the maintenance of corporate dealers financing margin.

Net interest margin increased from €665 million in 2010 to €692 million in 2011, a 4.1% increase. These figures represent the interest revenues earned on customer transactions, less refinancing costs. Significant growth in net interest margin was recorded among retail (individual and small business) customers, while corporate and equivalent net interest margin declined slightly. Net interest margin on corporate dealers is down €5 million euros, the positive volume effect being compensated by a negative product mix effect.

The following table breaks down our net banking income by customer segment for the years ended December 31, 2010 and 2011.

NET BANKING INCOME BY CUSTOMER SEGMENT

(in million euros)	2011	2010	% change
End-users	575	544	+ 5.7
of which Retail	551	514	+ 7.2
of which Corporate and equivalent	24	30	- 20.0
Corporate dealers	117	121	- 3.3
Insurances and Services (excluding securities income)	160	161	- 0.6
Unallocated and other[1]	180	174	+ 3.4
Total	**1,032**	**1,000**	**+ 3.2**

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.

The increase in net banking income from end-user customers was attributable to strong growth in end-user net interest margin, which increased from €514 million in 2010 to €551 million in 2011, representing growth of 7.2%.

Corporate dealer net banking income decreased slightly in 2011, reflecting a decrease in margins and a growth in average financings outstanding. The decrease in margins is totally due to a mix effect between corporate dealers products, the individual margin of each product remaining unchanged between 2010 and 2011.

Net banking income from insurance services and other services remained stable at €160 million in 2011, compared to €161 million in 2010. The increase in insurance is compensated by the decrease of other services, reflecting the following:

- The margin on sales of insurance services contributed €77 million in 2011 compared to €45 million in 2010. The increase reflects the ramp up of our insurance business based in Malta, which began activities in 2009 and was in full operation for the full year 2011. Earned premiums were €98 million compared to €58 million in 2010, while paid claims and changes in liabilities related to insurance activities represented a negative €21 million in 2011 compared to a negative €13 million in 2010.
- The margin on sales of other services was down €33 million to €83 million in 2011 compared to €116 million in 2010, due to a reduction in commissions on sales of insurance of third-party providers, resulting from the transfer of this business to our own subsidiary.

1.4.3.2 General Operating Expenses

General operating expenses and equivalent were €385 million in 2011 compared to €364 million in 2010. The increase was mainly attributable to costs relating to the level of activities of our subsidiaries in Brazil, Russia and Malta, expenses relating to the ongoing investment program in the bank information systems for €7 million euros, and a new tax impacting French supervised banks for €4 million euros.

1.4.3.3 Cost of Risk

Our cost of risk in 2011 was €115 million, representing 0.49% of our average net amounts outstanding, compared to €129 million in 2010, representing 0.56% of our average net amounts outstanding.

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

We analyze separately our cost of risk that we consider to be representative of trends in collection rates and delinquencies, and certain other items that include charges resulting from changes to our statistical impairment analysis reflecting changes in the economic environment in one or more countries where we do business, reversals of impairment charges resulting from the recovery of value added taxes on defaulted loans in certain countries and other items that we do not consider to be representative of trends in collection rates and delinquencies.

For retail exposure, the impairment charges result from a change in the statistical methods that we use to estimate prospective loss rates in case of default (known as “loss given default” or LGD) for our main markets. We estimate prospective LGD based on historical observations of defaults over a five-year period, and under our traditional method the earliest year represented an average of loss experience over several prior years. Because of the significant changes in the global economy, we evaluated the impact of eliminating the averaging feature from the earliest year used to determine our LGD estimate. We observed that the impact was particularly significant in Spain and, to a lesser degree, in France. As a result, we decided to record an additional impairment charge in 2010.

Cost of risk for retail exposure (individuals and small businesses) was €107 million in 2011 and €108 million in 2010. In our retail segment, we pursued enhanced risk management policies that we implemented at the beginning of the financial crisis, including adopting a selective approach to riskier customer segments, applying stringent acceptance criteria and larger required deposits for higher risk products (generally those with longer durations), and using shorter collection processes with increased staffing. These measures helped to reduce cost of risk over the years in this segment.

Our cost of risk for corporate and equivalent reduced significantly to a net zero million in 2011 compared to €8 million in 2010, mainly due to less new defaults in all European countries and depreciation reversals in Spain.

Cost of risk with respect to corporate dealer financing decreased to €8 million in 2011 compared to €13 million in 2010, mainly due to impairment reversals in France and Germany, and despite additional impairments in Spain.

This relatively modest level of risk reflects strong resilience of the Peugeot and Citroën dealer networks, helped by increased supervision and strict monitoring of corporate dealer financing commitments.

1.4.3.4 Operating Income

Operating income was €532 million in 2011 compared to €507 million in 2010, an increase of 4.9% that reflects the increase in net banking revenue, the modest level of risk, and the well-managed operating expenses.

1.4.3.5 Consolidated Net Income

Consolidated net income amounted to €354 million in 2011 versus €394 million in 2010, a decrease of 40 million. This decrease is totally due to opposite effects in taxes between both years.

Whereas 2010 benefited from allowances reversals on deferred tax assets, 2011 was impacted by a high level of income taxes mainly due to an impairment of tax credit and a new tax rate in France.

Pre-tax net income remained unchanged at €534 million in 2011, same amount than in 2010. While 2010 benefited from a €24 million gain from the sale and leaseback of Crédipar's headquarters building near Paris, growth in 2011 is mainly coming from the operating income with a 25 million raise between 2010 and 2011.

1.5 Financial Condition

1.5.1 Assets

1.5.1.1 General

Total assets amounted to €27,884 million as of December 31, 2011, a 3.8% increase compared to €26,862 million as of December 31, 2010. The large majority of our assets consist of outstanding customer loans.

1.5.1.2 Outstanding loans

Total outstanding loans (including installment sales financing and lease contracts) increased by 3.9% from €23,411 million as of December 31, 2010 to €24,314 million as of December 31, 2011. Loans to end-users customers increased very slightly, while financing for corporate dealers increased by a greater amount. The following tables present outstanding loans by customer segment as of the end of 2010 and 2011.

END-USER AND CORPORATE DEALER FINANCING

(In million euros)	Dec. 31, 2011	Dec. 31, 2010	% change
Corporate dealers	6,840	6,011	+ 13.8
End-users	17,474	17,400	+ 0.4
of which Retail	15,984	16,095	- 0.7
of which Corporate and equivalent	1,490	1,466	+ 1.6
of which eliminations and other	0	-161	- 100.0
Total Customer Loans and Receivables	**24,314**	**23,411**	**+ 3.9**

The proportion of our portfolio represented by installment sales financing increased as compared to lease financing. The change occurred primarily among retail customers, for which installment sales contracts were €9,889 million as of December 31, 2010 and €10,067 million as of December 31, 2011, representing an increase of 1.8%. Lease contracts (including leases with purchase options, referred to as "buyback contracts" in the Notes to our consolidated financial statements) for this customer segment amounted to €5,927 million as of December 31, 2010 and €5,643 million as of December 31, 2011, a decrease of 4.8%.

The overwhelming majority of the financing for corporate and equivalent customers consists of lease financing. The outstanding amount increased from €1,230 million as of December 31, 2010 to €1,385 million as of December 31, 2011.

Geographically, the breakdown of our loan portfolio reflects the commercial activity described above – a significant increase in outstanding end-user loans in growth markets such as Russia, Brazil and Argentina, as well as in the United Kingdom and France, and declines in Germany and Spain. The following table presents a geographical breakdown of our outstanding customer loans as of December 31, 2010 and 2011 (excluding China).

OUTSTANDING LOANS BY REGION

	December 31, 2011			December 31, 2010		
in million euros	Corporate dealers	End-users	Total	Corporate dealers	End-users	Total
France	2,645	6,223	8,868	2,207	6,203	8,410
Western Europe (excluding France)	3,362	9,470	12,832	3,117	9,581	12,698
Central and Eastern Europe	222	419	641	218	463	681
Latin America	505	1,200	1,705	408	1,076	1,484
Rest of the World	106	162	268	61	77	138
Total	**6,840**	**17,474**	**24,314**	**6,011**	**17,400**	**23,411**

1.5.2 Financing

Our strong capital base, coupled with a quality asset portfolio and solid profitability, provide us with a strong foundation for obtaining financing. We have diversified sources of funding, including commercial paper, debt securities, securitization and syndicated and bilateral credit lines. As a regulated credit institution, we also have access to sources of liquidity such as the European Central Bank.

Because we do not have end-user deposits, we depend on the wholesale markets – bank financing and capital markets – for funding.

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. We also seek to maintain a liquidity cushion in the form of undrawn confirmed syndicated lines of credit and cash.

Banque PSA Finance may have to borrow from the banking and capital markets in France and abroad (Americas and Asia), to finance its current activity and investment necessary for its future development. As part of this funding policy, it can seize market opportunities to refinance in advance and thus increase the level of its debt.

At December 31 2011, 19% of financing was provided by bank facilities, 59% by the capital markets, 18% by loan securitizations and 4% from public sources such as SFEF (the French State-sponsored liquidity provider that was established during the financial crisis). At December 31, 2010 these sources provided 22%, 55%, 16% and 7% of our financing, respectively.

The following table breaks down our financing by source and type of financing as of December 31, 2009, December 31, 2010 and December 31, 2011.

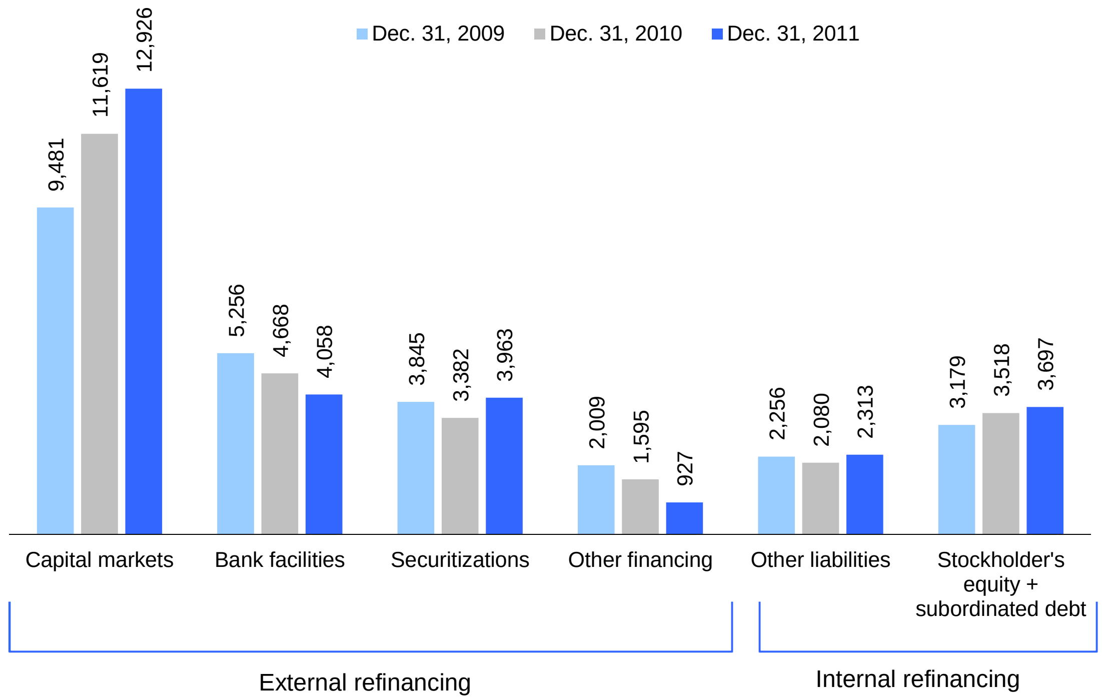
SOURCES AND TYPES OF FINANCING

(in million euros)	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Bonds + BMTN	701	618	558
EMTN	8,375	6,800	5,399
Other	96	113	73
Long-Term	*9,172*	*7,531*	*6,030*
CD	2,869	2,762	2,286
CP	885	1,324	1,148
Other	0	1	17
Short-Term	*3,754*	*4,088*	*3,451*
Capital markets	**12,926**	**11,619**	**9,481**
Bank facilities	**4,058**	**4,668**	**5,256**
Securitizations	**3,963**	**3,382**	**3,845**
Other financing[1]	**927**	**1,595**	**2,009**
Total external refinancing	**21,874**	**21,264**	**20,591**
Other liabilities	2,313	2,080	2,256
Stockholder's equity + subordinated debt	3,697	3,518	3,179
Total assets	**27,884**	**26,862**	**26,026**

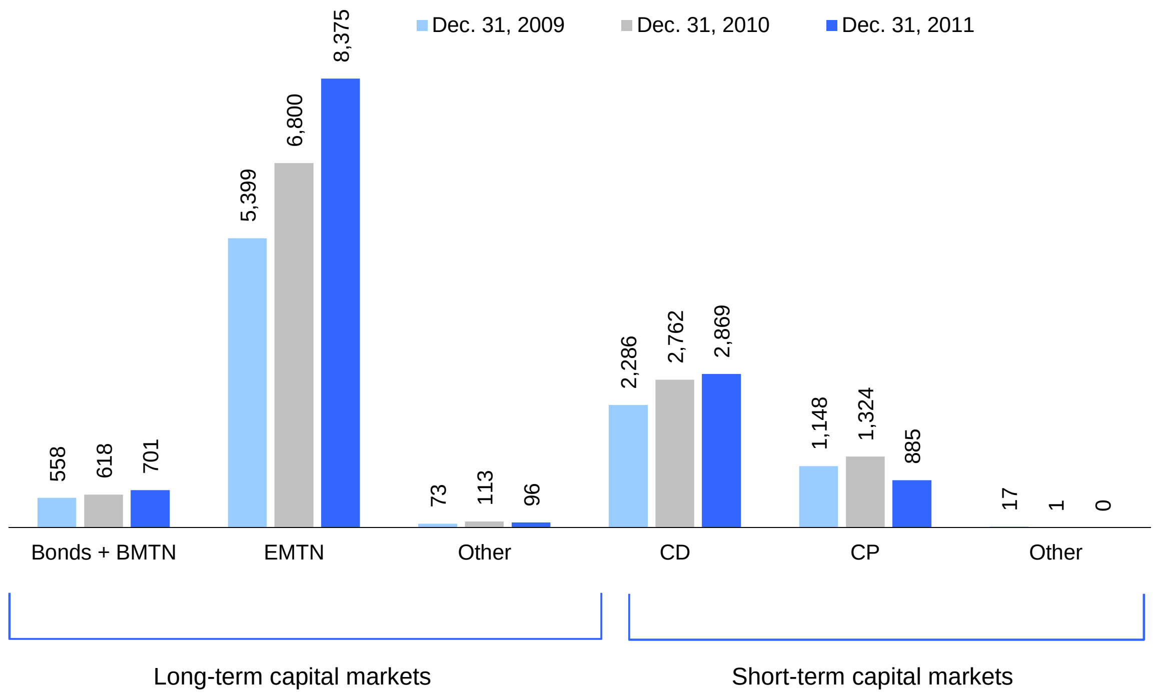
1 Represents SFEF (the French government sponsored liquidity provider) (€689 million), BUBA (€65 million) and VIVE PLAN in Spain (€173 million).

SOURCES OF REFINANCING *(in million euros)*

(EXCLUDING UNDRAWN CONFIRMED BANK CREDIT LINES)



CAPITAL MARKETS *(in million euros)*



In 2011, we renewed our maturing bilateral bank credit lines, and at December 31, 2011, we had €4,058 million in outstanding bank loans versus €4,668 million at December 31, 2010.

Our outstanding capital markets financings rose from €11,619 million at December 31, 2010 to €12,926 million at December 31, 2011. Outstanding short-term debt, commercial paper issued by Sofira and deposit bonds issued by Banque PSA Finance decreased from €4,087 million at December 31, 2010 to €3,754 million at December 31, 2011.

In 2011, Banque PSA Finance took advantage of favorable windows in the Euro medium term capital markets to raise €2,400 million with an average maturity of more than 4 years, in three bond offerings. In April 2011, Banque PSA Finance successfully carried out its inaugural bond offering on the US bond market, accessing an important source of financing diversification. Banque PSA Finance raised US$ 1,250 million (€878 million at the date of issue), in a Rule 144A private placement through 4 tranches. These operations have increased the outstanding amount of EMTN BMTN, and other bonds by €1,641 million to €9,172 million (from €7,531 million at December 31, 2010), at longer maturities and tightened spreads at issue.

Two new securitization transactions were undertaken in 2011, one in July concerning French auto loan of Crédipar issued by FCT Auto ABS, followed by one in November for German auto loan issued by a new FCT auto ABS German Loans (Auto ABS FCT Compartment 2011-1 and Auto ABS German Loans Compartment 2011-2). The outstanding amount of securitizations increased from €3,382 million at December 31, 2010 to €3,963 million at December 31, 2011. All of our securitization transactions are fully consolidated and carried on balance sheet. Total receivables sold to securitization vehicles were €4,008 million as of December 31, 2011 and €3,305 million as of December 31, 2010.

1.5.3 Liquidity

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

At December 31, 2011, financing with an original maturity of twelve months or more represented 80% of the total (versus 71% at December 31, 2010), providing continued solid coverage of potential liquidity risk. A detailed analysis of our assets and liabilities by maturity is set forth in Note 24 to our consolidated financial statements.

The maturities of refinancing comfortably exceed the maturities of the retail financing loan book. The average maturity of medium and long-term financing raised in 2011 was 3.3 years.

Banque PSA Finance seeks to permanently maintain cash on the balance sheet, and back-up facilities to cover at least 6 months of refinancing needs. Our 6 months objective correspond to a stress scenario where access to financial market is closed, and where we are still able to refinance our new outstandings based on forecast level of activity. At December 31, 2011 excess liquidity represented €724 million. Banque PSA Finance had undrawn committed lines of credit amounting to €7,955 million of which €5,755 million are syndicated credits.

These syndicated lines of credit are spread out over three terms, June 2013, June 2014 and December 2014 respectively for €1,755 million, €2,000 million and €2,000 million and were agreed with syndicates of leading banks. These backup syndicated lines were not drawn at December 31, 2011.

Our credit facilities do not require us to comply with financial ratios or contain other financial covenants beyond customary negative pledge, cross default and similar clauses. They provide that we must repay the credit facilities if Peugeot S.A. does not directly or indirectly own a majority of our outstanding shares.

As of December 31, 2011, we have outstanding financing commitments to customers of €1,465 million, a decrease compared to €1,652 million as of December 31, 2010. In addition, we had €110 million in outstanding guarantee commitments to customers, compared to €104 million as of December 31, 2010.

1.5.4 Credit Ratings

Our ability to raise financing on acceptable conditions depends on our maintenance of investment grade credit ratings. The following table sets forth our main credit ratings (or those of our issuing subsidiaries) assigned to our different categories of financings.

In 2011, Moody's Investors Service and Standard & Poor's have left unchanged long-term notes (Baa1 and BBB) and short-term (P-2 and A-2) to Banque PSA Finance.

However, on October 26th 2011, Moody's lowered its outlook from stable to negative on Banque PSA Finance. Standard & Poor's maintained its outlook to stable.

The two current ratings remain at investment grade level and are two notches above those of Peugeot SA.

CREDIT RATINGS

Credit rating		Issuer (active programs)	Type	Program size at Dec. 31, 2011	Utilized at Dec. 31, 2011
S&P	Moody's	Short-term		*(in million euros)*	
A-2	P-2	Banque PSA Finance	CD	4,000	2,869
A-2	P-2	Sofira	CP	1,800	885
S&P	Moody's	Long-term			
BBB	Baa1	Banque PSA Finance	BMTN	1,000	30
BBB	Baa1	Banque PSA Finance (and PFI NV)	EMTN	14,000	9,360*

* Excluding accrued interest and debt issuance costs; including €985 million in intragroup financing eliminated in consolidation.

1.5.5 Equity

As of December 31, 2011 our consolidated shareholders equity attributable to equity holders of the parent was €3,667 million, an increase of €175 million compared to €3,492 million as of December 31, 2010. The difference reflects primarily the portion of net income from 2010 retained in reserves, as well as the impact of currency exchange rate adjustments recorded directly in equity.

1.5.5.1 Tier One Capital

In line with Banque PSA Finance's policy of presenting a robust Tier One capital and capital adequacy ratio and supporting its business growth, shareholders will be asked at the Annual Meeting to approve a recommendation to reinvest 50% of net income for the year, leading to a €172 million increase in equity, and to pay out €172 million in dividends.

After taking into account the recommended appropriation of income, regulatory capital will amount to €3,217 million, up 3.6%.

At June, 30, 2011, capital adequacy ratio was 14.44% against 14.21% at the end of 2010.

1.5.6 Outlook

From the onset of the crisis, Banque PSA Finance has acted to motivate its teams, strengthen its risk prevention processes and ensure that any occurrence of risk is handled effectively in order to keep profitability high and maintain the cost of risk at a benchmark level.

Banque PSA Finance will continue to capitalize on its business model whilst developing a policy directed towards the globalization of the brands, to reinforce the innovation of its products and services, to embed the PSA Excellence System within the Bank and to continue to reinforce the internal controls.

1.6 Risk Factors

1.6.1 Risks Relating to BPF's Automobile Financing Business

Demand for our financing depends on factors that impact the automotive industry.

Substantially all of our business involves providing financing in the automotive industry. Disruptions in the automotive industry have had and could in the future have an adverse impact on demand for the types of financing that we provide. Demand for end-user and corporate dealer financing is linked to demand for new and used vehicles, which in turn is affected by fuel prices, employment levels and household disposable income, consumer spending trends, government incentives, vehicle tax rates, prevailing interest rates, inflation and technological advances, among other factors. In addition, a depressed automotive market could lower the resale value of vehicles that we repossess and resell following customer defaults on loan payments, which could negatively affect our recovery levels.

Our results are affected by government programs that influence the desirability of new car purchases.

Our results of operations can be affected by government programs that influence consumer behavior through incentives and/or taxes. These plans had a positive effect on Peugeot and Citroën sales and on the number of vehicles that we financed, although they tended to reduce the average amount of each financing. Future government initiatives that affect the demand for automobiles and automobile financing, including changes in vehicle tax rates, could have an impact on our results of operations and financial condition.

We depend on the PSA Peugeot Citroën group's automobile sales for substantially all of our business.

Almost all of our revenues come from the financing of Peugeot and Citroën vehicles and dealers. Any downturn in the Peugeot or Citroën share of the automobile market in the countries in which we offer financing, or any decrease in overall volume of sales of Peugeot and Citroën vehicles, would reduce our base of potential customers. Such changes could result, in particular, from changes in consumer demand, changes in the actual or perceived quality, safety or reliability of Peugeot and Citroën vehicles, and/or competition.

In addition, Peugeot and Citroën sometimes sponsor special-rate financing incentive programs, which reduce the overall cost of financing a vehicle for consumers. Under these programs, Peugeot and Citroën make support payments to us, and we provide financing to their customers at rates that are lower than our normal rates. These programs increase our financing volume and share of financing of Peugeot and Citroën vehicles, but have the opposite effect when the incentive programs are terminated. If the manufacturers were to adopt marketing strategies in the future that de-emphasize such programs in favor of other incentives, our financing volume could be reduced.

Competition could materially adversely affect our revenues and profitability.

We compete for end-user as well as corporate dealer customers in all markets in which we operate. Peugeot and Citroën dealers are not contractually obligated to obtain financing from us or to propose our financing to their customers. We compete based on the quality of the services that we offer, as well as the interest rates and terms we are able to offer customers, which are influenced in part by our cost of funds. Our main competitors are commercial banks and consumer finance companies. Some of our competitors may be able to offer lower rates if they have lower borrowing costs. If we are unable to respond to the competitive environment in our major markets with attractive and profitable products and services, we may lose market share in important areas of our business.

We may be vulnerable to political, macroeconomic and financial environments or circumstances specific to the countries where we do business.

Our large geographical coverage exposes us to country risk, which is the risk that economic, financial, political or social conditions in a foreign country will affect our business or financial interests. We do business throughout the world, including in developing regions of the world commonly known as emerging markets. In the past, many emerging market countries have experienced severe economic and financial disruptions, including devaluations of their currencies and capital and currency exchange controls, as well as low or negative economic growth. Our businesses and revenues derived from operations outside the European Union are subject to risk of loss from various unfavorable political, economic and legal developments, including currency fluctuations, social instability, changes in governmental policies, expropriation, nationalization, confiscation of assets and changes in legislation relating to local ownership.

In the European Union we are potentially adversely exposed to the current weakness of the Eurozone and euro currency and its consequences on the Eurozone countries.

1.6.2 Risks Relating to Financial Markets and BPF's Status as a Financial Institution

Disruptions and declines in the global financial markets may adversely affect our business and financial condition.

Conditions in the financial markets in Europe and in the other markets in which we operate have a material effect on our business and financial condition. Global financial markets have experienced severe disruptions in recent years. While market conditions have improved over the past year, the European financial markets continue to be highly volatile, as a result of concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations.

Market disruption and volatility could have a negative impact on our ability to access the global capital markets as we have in the past. Refinancing of our outstanding loan book could become more costly or could be unavailable. If our cost of funding were to increase significantly, we would have to pass the cost on to our customers, which could harm our competitive position and financial condition. If we were unable to pass on these costs, our profitability would be adversely affected. If refinancing were unavailable or significantly limited for an extended period, we would not be able to provide the same volume of new loans and our results of operations and financial condition would be negatively affected.

Our level of profitability is tied to our access to funds at a reasonable cost in the financial markets and our credit ratings.

Our main sources of funds include short term issues under our commercial paper program, debt issues under our medium-term note program, medium-term bank borrowings and securitizations. We do not have a base of customer deposits. Reliance on wholesale market funding may make our earnings more susceptible to fluctuations in interest rates and in capital market liquidity in general, than banks with large deposit bases. We are also more exposed to market disruptions than deposit-taking banks. During the financial crisis, some of the markets on which we depend for funding stopped functioning normally, and banks sharply curtailed their lending activities. While we were able to obtain liquidity through government-sponsored programs during this period, there can be no assurance that such programs will be available or will provide us with sufficient liquidity in the event of future market disruptions.

The cost of our funding depends to a large extent on our credit ratings. In 2009, as a result of the extremely poor conditions in the automobile markets and the liquidity crises in financial markets, Standard & Poor's and Moody's downgraded our financial strength and credit ratings. In addition, any changes in rating methodology applicable to securitizations may affect the attractiveness of securitization as a funding source for us, or increase the cost of using securitization. As the rating agencies have stated that financing companies owned by automobile manufacturers should generally not be rated more than two notches above the parent, and as we are currently rated two notches above Peugeot S.A., any downgrading in the rating of Peugeot S.A. could cause our ratings to be downgraded accordingly. Any downgrade in our ratings or adverse change in rating agency methodologies may increase our cost of funding and affect our competitive position in the automobile financing market.

We are exposed to credit risk from our customers.

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. We are exposed to credit risk from individual customers, corporate fleet customers, and Peugeot and Citroën dealers. 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. Although we record impairment charges in our financial statements for possible loan losses based on our past lending experience, our volume of financings and general economic conditions, there can be no assurance that our impairment charges will be sufficient to cover actual losses resulting from customer defaults, particularly if the rate of customer default increases significantly.

An increase in the number of defaults of individual customers, for example, could result from a deterioration of the economic situation and a related increase in unemployment. In the past several years, the worldwide financial crisis and related increases in unemployment have increased the rate of default on our loan portfolio.

We are also exposed to credit risk from Peugeot and Citroën corporate dealers for the financing of vehicle and replacement parts inventories, vehicle buyback commitments at the end of leasing contracts and other types of financing. The rate of dealer default is affected by the financial strength of the dealers in the Peugeot-Citroën network, which itself is influenced by the strength of the automotive sector and the strength of the Peugeot and Citroën brands.

We are exposed to credit risk from our counterparties on financial instruments.

We manage our interest rate risk and our balance sheet as a whole by entering into derivative transactions with credit institutions and very short-term cash investments in short-term paper issued by credit institutions. As a result, we are exposed to the risk of financial loss relating to the failure of our counterparties to honor their contractual obligations.

Volatility in interest rates may negatively affect our net interest income and have other adverse consequences.

Interest rates are highly sensitive to many factors beyond our control, including monetary policies and domestic and international economic and political conditions. As with any bank, changes in market interest rates could affect our net interest income, the largest source of our revenues. An increase in interest rates may reduce the demand for loans and our ability to originate loans. On the other hand, a decrease in the general level of interest rates may affect us through, among other things, increased prepayments on our loan portfolio. In addition, changes in interest rates could affect the amount of interest paid on our loan portfolio and the amount of our refinancing costs. Any mismatch between these interest rates could expose us to losses. In the context of our risk management policies, we enter into transactions to hedge exposure to interest rate risk. However, these transactions may not be fully effective to offset the effects of unfavorable interest rate changes.

We are exposed to operational risks in connection with our activities.

Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources systems, risk management and internal controls (including fraud prevention). Internal processes are subject to risks associated with human error, breaches of security and failure of error prevention and detection systems. Operational risks also include possible failures of information technology systems, which we describe in more detail below. External events include floods, fires, windstorms, earthquakes or terrorist attacks. If we do not successfully manage operational risk, we could suffer significant losses, which could adversely affect our results of operations and financial condition.

Our business is subject to consumer protection regulatory regimes in the countries where we operate.

We must comply with new and changing consumer credit regulations in the countries in which we operate, including regulations adopted in European countries pursuant to the 2008 European Union Consumer Credit Directive. The Consumer Credit Directive and other consumer protection legislation regulates matters such as advertising to consumers, the information to be provided to borrowers regarding interest rates and loan conditions, pre-financing credit checks, borrowers' ability to cancel financing contracts, and the ability of borrowers to prepay loans. In some countries, regulations affect the maximum amounts that consumers can borrow, maximum interest rates (usury rates) and the definitions of the categories to which these maximums apply. Our efforts to comply with these laws and regulations impose significant costs on us, and affect the conduct of our business. Additional regulation could add significant costs or operational constraints that might impair the profitability of our business.

We are subject to bank supervisory and regulatory regimes in France and in other countries.

We are subject to a variety of supervisory and regulatory regimes in each of the jurisdictions in which we operate, including with respect to banking, consumer credit and insurance. Non-compliance could lead to significant intervention by regulatory authorities and fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. The financial services industry and the consumer credit industry have experienced increased scrutiny from a variety of regulators in recent years, as well as an increase in the penalties and fines sought by regulatory authorities, a trend that may be accelerated in the current financial context. In addition, our relationship with the PSA Peugeot Citroën group may subject us to a heightened level of regulatory scrutiny. The businesses and earnings of group entities can be materially adversely affected by the policies and actions of various regulatory authorities of France, other European Union or foreign governments and international agencies. Such constraints could limit the ability of group entities to expand their businesses or to pursue certain activities. The nature and impact of future changes in such policies and regulatory action are unpredictable and are beyond our control. Such changes could include, but are not limited to, the following:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which group entities operate;
- general changes in regulatory requirements, such as prudential rules relating to the capital adequacy framework, and new liquidity ratios, such as those that are being proposed as part of the Basel III process;
- changes in rules and procedures relating to internal controls;

- changes in the financial reporting environment;
- the imposition of taxes on banks and credit institutions, financial transactions and/or the compensation provided to employees of banks and credit institutions;
- restrictions on certain types of financial transactions such as derivatives and securitization transactions; and
- restrictions on the ability of automotive networks to promote or sell certain financial services.

1.6.3 Other Risks Relating to BPF's Operations

Tax laws and their interpretation in France and in the countries in which we do business may significantly affect our results.

As a multinational group, we are subject to tax legislation in a number of countries. We structure our business globally in order to optimize our effective tax rate. Modifications to the tax regime by the competent authorities in those countries may have a significant effect on our results. The structures of intragroup transactions and of our international organization are based on our own interpretations of applicable tax laws and regulations, generally relying on opinions received from independent tax counsel, and, to the extent necessary, on rulings or specific guidance from competent tax authorities. There can be no assurance that the tax authorities will not seek to challenge such interpretations, in which case entities in our group could become subject to tax claims.

An interruption in or breach of our information systems may result in lost business and other losses.

As with most other banks, we rely heavily on communications and information systems to conduct our business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in our dealer interface and credit application process, payment systems, general ledger, deposit, servicing and/or loan organization systems. If, for example, our information systems failed, even for a short period of time, we would be unable to timely serve some customers' needs and could thus lose their business. Likewise, a temporary shut-down of our information systems, even though we have back-up recovery systems and contingency plans, could result in considerable costs that are required for information retrieval and verification. We cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. Maintaining and upgrading our information technology systems requires us to incur significant costs. In addition, reporting requirements pursuant to the Basel III bank regulatory reforms will require us to invest in further development of our information systems.

We rely on the PSA Peugeot Citroën group for important functions relating to our business.

We rely on the PSA Peugeot Citroën group for a number of support functions required to conduct our business, such as financing, human resources, information technology and legal. We also benefit from centralized purchasing (particularly information technology purchasing) for group entities. If the PSA Peugeot Citroën group in the future were to become unable or unwilling to provide these services to us, our operations could be disrupted if we were not able to handle the relevant functions in-house, and we could incur substantial replacement costs for hiring in-house staff or contracting with other external providers.

1.7 Risk Management and Internal Control System

We maintain a strict risk management system under the regulatory supervision of the French *Autorité de Contrôle Prudentiel.* Our credit management and collections policies, developed under the supervision of the Chairman and Chief Executive Officer, include loan-to-value targets (on average, 70% of a vehicle's value, although the target varies by country), direct debit payments and rapid action in case of delinquencies. These systems have allowed us to maintain a cost of risk of less than 50 basis points of outstanding customer loans and receivables. We also prohibit operational currency positions and have a policy of minimizing interest rate exposure.

1.7.1 Credit Risk Management

1.7.1.1 Retail Credit Risk Management

Our retail loan acceptance processes are based on a centralized data gathering and analysis system which is managed and overseen by a dedicated unit at our headquarters but adapted according to the specific characteristics of each local market. The headquarters-based credit risk control unit regularly assesses the system's effectiveness, working closely with the operating units in France and abroad which undertake regular credit analyses. Common applications are deployed in the main European entities to manage the first level of unpaid contracts. In case direct debits are refused, our strategy is to present the payment order a second time immediately, or to contact a customer directly by phone as soon as a payment is in arrears.

Loan default phone call management in Europe is based on two call-centers, one covering France, Germany, the United Kingdom, Austria and Poland, and the other one covering Spain, Portugal and Italy. Since 2010, we have focused increasingly on improvement in the recovery of loss on cases which have progressed to a litigation stage. We also reinforced our programs to modernize the recovery IT systems for our main subsidiaries.

1.7.1.2 Corporate Credit Risk Management

Reporting to the Corporate Commitments and Management Department, the corporate unit is responsible for controlling corporate dealer and corporate fleet credit risk during the life of a loan. The unit uses credit rating systems, developed according to Basel II specifications (described below), that determine discretionary lending limits and define clear risk management and control rules. The reliability and performance of these systems is measured regularly to ensure that the credit analysis and operational monitoring remain of a high quality both at a local level and at headquarters. Warning systems are also in place to ensure that incurred risks are identified and dealt with on a timely basis.

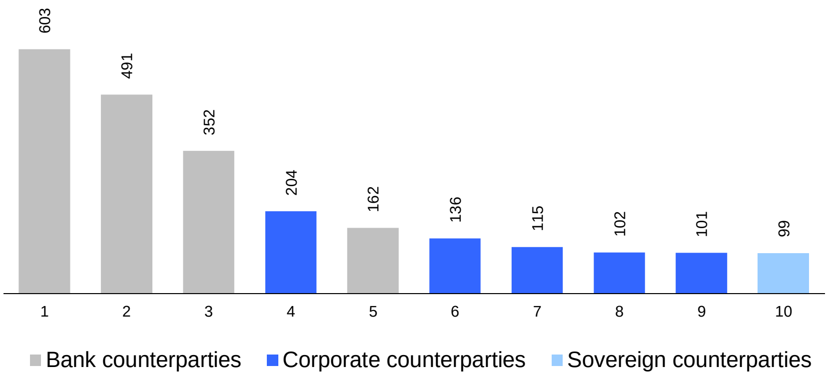
1.7.1.3 Concentration of credit risk

We have established internal limits on concentration of credit risk which are below the relevant regulatory limits. At December 31, 2011, risk-weighted assets corresponding to loans to PSA Peugeot Citroën group entities amounted to €321.5 million or 10% of regulatory capital.

Risk-weighted assets corresponding to those of our corporate customers included in our ten largest risk-weighted exposures amounted to €657 million at December 31, 2011, representing 20.4% of regulatory capital.

The following chart sets forth the amount of our exposure to our ten largest counterparties.

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

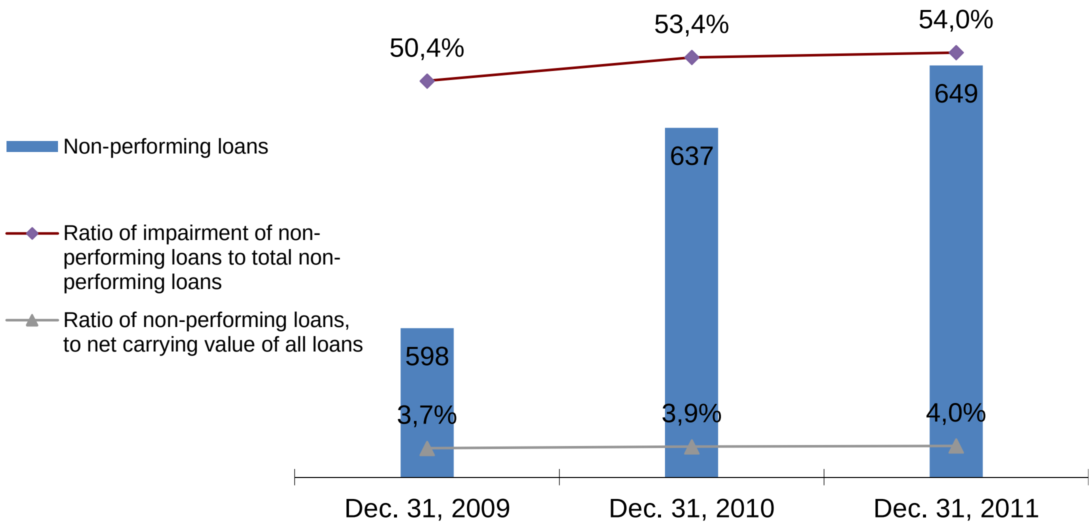


1.7.1.4 Loan Loss Allowances and Defaults

We deduct impairment losses from the carrying value of our loans and receivables as they are recorded. Our policies for recognizing impairment losses are described in Note 2.C.6.4 to our 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. For a discussion of our cost of risk over the last three years, see ''1.4 Management's Discussion and Analysis of Results of Operations.''

The table present in the Note 33 of our consolidated financial statements sets forth our sound loans with past-due installments (delinquent loans), non-performing loans and related impairment amounts, in each case as of December 31, 2010 and 2011. For retail financing to individuals, we record statistical impairment charges in respect of delinquent loans, before they become 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.

RETAIL NON-PERFORMING LOANS
(In million euros, except percentages)



The level of our non-performing loans has stabilized since August 2010, after increasing in the prior months as a result of the financial crisis. Total non-performing loans to retail customers (individual and small business), before deducting impairment charges, increased from €637 million as at December 31, 2010, to €649 million as at December 31, 2011. Newly non-performing loans to these customer segments represented 1.65% of total payments due in 2009, 1.15% of total payments due in 2010, but only 1.03% in 2011, as a result of a favorable trend that began in July of 2009.

1.7.2 Capital Adequacy

On April 6, 2009, the French banking supervisor (then called the *Commission Bancaire* and now called the *Autorité de Contrôle Prudentiel* or ACP) authorized us to use an advanced internal ratings-based approach (IRBA) to calculate the minimum capital requirement for the retail portfolio and a foundation internal ratings-based approach (IRBF) for the corporate portfolio effective from January 1, 2009 in France, Germany, the United Kingdom, Spain and Portugal. We received approval on March 8, 2010 from the ACP to use the IRBA and the IRBF in Italy and on January 24, and July 4, 2011 from the ACP to include Belgium and the Netherlands in our IRB perimeter.

The approval by the ACP covers our main markets and activities and we expect our internal methods to be deployed gradually in other subsidiaries. We are currently engaged in the process of having our internal methods approved for Brazil in 2012.

Our consolidated regulatory capital is calculated in accordance with French bank standard CRBF 90-02. Our minimum capital requirement and the capital adequacy ratio are calculated in accordance with a government order dated February 20, 2007, which provides that the difference between recognized impairment losses (based on statistical methodology) and expected actual losses should be deducted from Tier One capital (if negative), or added to Tier Two capital (if positive), subject to a limit of 0.6% of risk-weighted assets as calculated using our internal ratings-based approach.

CRBF 90-02 provides that loans to related parties must be deducted from regulatory capital unless the borrower has a rating greater than 4 from the *Banque de France* or an investment grade rating from a recognized rating agency. As of today, the PSA Peugeot Citroën group meets these criteria, on the basis of its ratings from the *Banque de France* and Moody's Investors Service. However, its ratings from Standard & Poor's and Fitch are currently below investment grade. Our total risk-weighted exposure to the PSA Peugeot Citroën group was €321.5 million as at December 31, 2011.

BPF maintains a solid financial structure. As of June 30, 2011 our consolidated Basel II Tier One ratio (the most recent official ratio) was 14.44%. Because all of our Tier One capital is in the form of common equity, our capital ratios should not be affected significantly by changes in the definition of Tier One capital that are expected to be implemented in 2013 pursuant to the Basel III standards.

All of our total consolidated equity qualifies as Tier One capital. Before adjustment for the difference between recognized depreciation and expected actual losses, regulatory capital (in the amount of €3,175 million) exceeded required capital by €1,543 million as of June 2011. After deductions from regulatory capital, Tier One Basel II capital stood at €2,946 million and the minimum capital requirement at €1,632 million. The consolidated capital adequacy ratio was therefore 14.44%.

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. Currency risk reflects the capital allocated to subsidiaries and branches which do not benefit from ACP exemption (UK, Poland….) and the minimum capital requirement is calculated by applying a 8% ratio to the regular currency risk.

BPF meets Basel I requirements as our Basel II Tier One capital always exceeds Basel I requirements by more than 80%.

CAPITAL ADEQUACY RATIO

(in million euros)	7 countries IRB June 30, 2011	6 countries IRB Dec. 31, 2010
Credit risk		
Standard approach	579	636
Foundation internal ratings-based approach (IRBF)	396	333
Advanced internal ratings-based approach (IRBA)	499	479
Subtotal	**1,474**	**1,448**
Operational risk (standard approach)	136	136
Currency risk (structural currency position)	22	23
Total risk-weighted assets (A)	**1,632**	**1,607**
Equivalent risk base (A)/0,08=(B)	20,400	20,088
Regulatory capital	3,175	3,104
Deductions from regulatory capital	-229	-250
Basel II Tier One capital (C)	**2,946**	**2,854**
Capital adequacy ratio (Basel II) : (C)/(B)	**14,44%**	**14,21%**

All the data used to model and calculate credit risk is extracted from our management accounting systems. In order to track all risk parameters on a consistent basis, for the eight markets covered at the end of 2011 by our internal ratings-based approaches, data is transferred from these systems to either the central risk database, for retail exposures, or the corporate risk database, for corporate exposures. Data from these two central risk databases is then fed into a central capital management system, while statutory accounting data is integrated into a separate centralized system. After reconciling management and statutory accounting data, the minimum capital requirement is calculated and regulatory capital reports are produced.

1.7.3 Banque PSA Finance Rating Systems

1.7.3.1 Classes of Retail Assets

The retail rating models are used to measure credit risk for the retail segment, particularly for the calculation of the capital adequacy ratio, and to group counterparties together in consistent risk classes.

Experience gained since 1984, when internal scores began to be assigned to retail counterparties, helped us to establish a Basel II-compliant scoring system. Loan acceptance and collection methods have been standardized, by centralizing scoring, rule-setting and management system parameterization processes.

Risk selection processes in each finance company are based on scores that reflect the type of counterparty, the type of asset to be financed and the type of transaction and which naturally vary from one country to another. Risks are assessed using a rating matrix that simulates default probabilities over a one-year period. At each month-end, for each accepted loan application, a probability of default (PD), or behavior score, is calculated. The behavior scores are updated monthly throughout the life of the loan facility, taking into account any material event such as observed defaults and changes in the outstanding principal amount.

The behavior score determines the risk class assigned to the facility. A specific classification system is used for each retail entity that applies the IRB approach, including several classes for sound loans and one class for non-performing loans. A probability of default (PD) is assigned to each risk class based on historical default data for the portfolio. This PD is used to determine the facility's risk weighting for the calculation of the capital adequacy ratio. A loss given default (LGD) is then calculated for each risk segment, such segment being either driven by the financing method, and/or the asset category (new/used vehicle).

The PD and LGD parameters are estimated at the level of each country at least twice a year.

1.7.3.2 Building the Internal Rating Model

The statistical model used to attribute behavior scores to loan facilities was developed using logistic regression, which explains a default event according to qualitative criteria such as the original credit score, the customer's risk profile, the characteristics of the asset being financed and information concerning the life of the loan facility. This modeling methodology was applied to the loan book in each country concerned, to develop a suite of country-specific rating models for retail exposures.

These rating models were then used to assign a class of risk to each loan facility in the loan books of the eight countries that apply the IRB approach.

In accordance with Article 132 of French Government Order dated February 20, 2007, loss given default (LGD) is expressed as a percentage of exposure at default (EAD) and corresponds to an estimate of the final economic loss that will be incurred by us in the event of default. LGD is calculated based on facility loss rates. The facility LGD is then segmented to obtain LGD estimates aligned with each country's businesses.

LGD for each segment is estimated using two models:

- An historical model based on a theoretical curve adjusted to reflect the series of average loss rates observed over 60 months; and
- A prospective model based on the EAD-weighted average of the average loss rates observed over 60 recovery months by default year and 60-month extrapolations of average loss rates observed for each default year.

1.7.3.3 Retail Model Back-testing

Each retail model is back-tested annually. These tests are designed to provide assurance that the model's discriminating properties and the PD and LGD calibrations properly assess credit risk.

Back-testing of PD calibrations consists of checking, for each risk class that expected risk levels are aligned with actual risk levels. To this end, a confidence interval is determined around estimated PD for each asset class and a check is performed to ensure that the observed default rate is within this interval. LGD back-testing consists of checking estimation accuracy by comparing actual loss rates to forecast rates for each risk segment.

1.7.3.4 Classes of Corporate Assets

We use corporate models for end-user financing for corporate fleet customers as well as financing provided to Peugeot and Citroën corporate dealers.

Our corporate risk assessment systems are focused on experts' analyses of counterparties' credit position. Corporate dealer models have been built historically on the basis of expert advice adapted to the characteristics of a low default portfolio. For each corporate dealer counterparty, a grading is calculated on the basis of a series of criteria including commercial performance, financials and financial structure, payment behavior. For fleets, each counterparty is assigned an internal rating based on internal data, such as the credit analyst's opinion and the counterparty's payment behavior, and external data such as the counterparty's external credit rating, balance sheets and ownership structure. This rating is updated at least once per year.

The internal rating is based on the alignment between the counterparty's grading and the associated PD. The PD associated with a grading is determined either by reference to our historical default data or by reference to external statistics obtained from recognized bodies when necessary due to low default rates on our corporate loan book and the limited number of fleet customers outside France.

Two risk scales are used, one for corporate fleet financing and the other for corporate dealer financing. Once rated, counterparties are categorized according to a grid comprising eight risk classes, seven for sound facilities and one for facilities in default. For each class, a risk class PD is calculated as the arithmetical average of the PDs of the counterparties included in the class.

Counterparties are classified as in default upon issue of a Flash Report by the account manager responsible for processing the facility. The reasons for issuing a Flash Report depend on the type of financing (fleet or dealer).

IRBF corporate models are back tested annually against actual defaults and benchmarked against external data providers to ensure the continuing efficiency of the scoring systems for corporate customers.

1.7.4 Financial Risk Management

1.7.4.1 Currency Risk

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

Structural currency positions (investments in subsidiaries and branches' allocated capital) and future profits and losses are not hedged using derivative financial instruments. As the businesses of subsidiaries and branches will, by definition, continue for an indefinite period, any such hedges would represent long-term open positions. At December 31, 2011, the structural currency position amounted to €551 million.

1.7.4.2 Interest Rate Risk

Our general policy is to neutralize the effect of changes in interest rates on each entity's operating income by using appropriate financial instruments to match interest rate structures of assets and liabilities.

The implementation of this policy is supervised by the Refinancing Committee of BPF. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives. In 2011, the Group's average annual sensitivity to a 1% increase in interest rates remained below €5.2 million in operating income throughout the year.

With respect to assets, fixed rate installment loans are either hedged by interest rate swaps that are purchased on the market as soon as the financing is granted or – in countries where there is no liquid market for interest rate instruments – financed by fixed rate debt. In practice, the swaps are purchased at ten-day intervals. Corporate dealers loans are granted at short-term rates. This fair value hedging strategy means that all of the Bank's interest-bearing assets are at short-term rates.

With respect to liabilities, all new interest-bearing debt is converted to a rate based on a 3- month or shorter benchmark using appropriate hedging instruments.

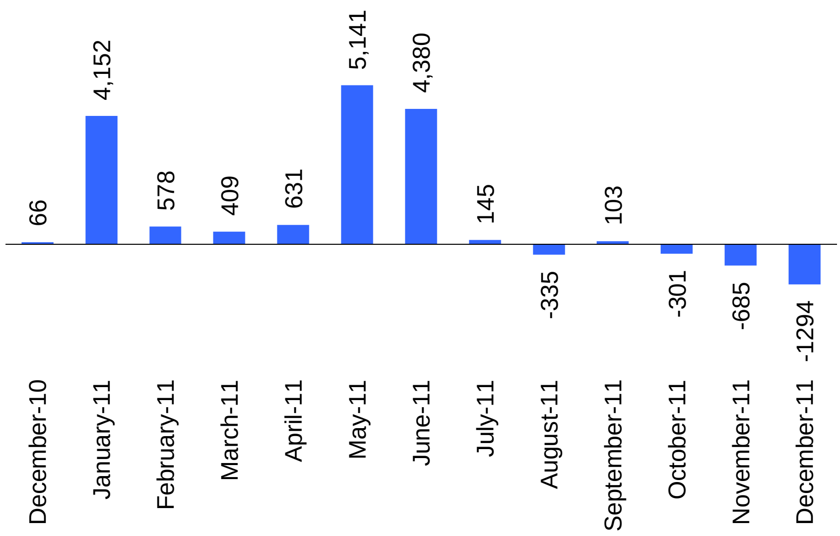
These management techniques serve to neutralize interest rate risks on our balance sheet.

In addition, in order to ensure an optimal cost of refinancing for the new credit granted to final customers, we sometimes use option coverage. At December 31, 2011, none of the production of future credits is covered by swaptions.

The following graph shows the average annual sensitivity of the BPF Group's operating income to a 1% increase in interest rates from December 2010 to December 2011.

SENSITIVITY TO A 1-POINT INCREASE IN INTEREST RATE

(in thousands euros)



1.7.4.3 Counterparty Risk – Liquidity Reserve and Derivatives

We are consistently in a net borrower position. As a result, our exposure to counterparty risk on financial instruments is limited to amount of our invested liquidity reserve and the amount of derivative contracts to which we are party for the hedging of interest rate and currency risks.

Our liquidity reserve is invested in money market securities deposits and in mutual funds with a capital guarantee and guaranteed yields, issued and managed by leading banks. We assign an internal rating to each counterparty based on issuer financial strength and capital adequacy analyses. These ratings are used to set exposure limits covering both amounts and periods, by counterparty and by type of transaction (investments and derivatives). Actual exposures are checked and compared with the corresponding limits on a daily basis.

Derivatives are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for regular margin calls. Counterparties for derivatives contracts are all rated A or higher.

1.7.5 Internal Control

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

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

1.7.5.1 Recurring Controls

A. First-tier Controls, the Lynchpin of the Internal Control System

First-tier controls are either embedded in procedures and performed by all employees in the normal course of their work, or they are performed by dedicated employees within the operating units. They are supervised by the structures responsible for second-tier controls.

B. Second-tier Controls

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

- Compliance Control,

- Operational Risk Control of Finance Companies and central structures,
- Accounting and Outsourcing Operational Risk 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 that regulatory developments are taken into account, particularly in information systems.

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

- recurring assessments of the effectiveness of controls over operational risks within the corporate functions, subsidiaries and branches as well as for outsourced services;
- specific second-tier controls, performed across the entire organization;
- issuance of written recommendations and follow-up of their implementation; and
- collecting, analyzing and monitoring operational losses and incidents identified in the risk mapping process.

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

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

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

C. Senior Management Oversight

The *Filière Risques* function was introduced in 2010. It is a regulatory and independent function created by the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel* – ACP). The *Filière Risques* manager is responsible for measuring and overseeing all our risks (except compliance risk) on a consolidated basis and participating in their overall management. It integrates the Basel II second pillar in our risk management system. The *Filière Risques* manager reports to the Executive Committee and to the Audit Committee.

1.7.5.2 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.

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

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

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

It may consult, if applicable, BPF's Chairman and Chief Executive Officer, Managing Directors (Directeurs Généraux) and statutory auditors and may consult any person likely to assist it in its work. Once a year, the Audit Committee receives reports of the periodic and permanent control officers, outside the presence of our management if necessary.

Executive management is responsible for defining and implementing the system of internal control. It oversees the system's efficiency and effectiveness, and ensures that adequate resources are assigned to internal control. It is supported in this task by an Internal Control Committee, which has front-line responsibility for the operational management of the internal control system.

B. Organization of Internal Control

The internal control system is built around regular first-tier controls backed by an organization structure in which each individual's authority and responsibilities are clearly defined, primarily 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.

At Group level, committees have been set up to determine and implement our policies in the areas of internal control and decision-making processes during regular meetings. These committees are as follows:

- the Credit Risks Committee, which monitors changes in troubled loans and credit losses, and analyzes the performance of the risk selection systems for retail and corporate (fleet and dealer) loan books. The committee also reviews and makes decisions concerning developments in the Basel II system;
- the Lending Margins Committee;
- the Products and Processes Committee;
- the Group Credit Committee, which reviews corporate dealer and fleet financing applications;
- the Refinancing Committee, which reviews the results of our refinancing and interest rate risk management policies;
- the IT Security Committee; and
- the Compliance Committee.

1.8 Share Ownership

1.8.1 Share Capital

Banque PSA Finance is a limited liability corporation (*Société Anonyme*) organized under the laws of France. Our head office is located at 75, avenue de la Grande-Armée, 75116 Paris, France. We are a licensed credit institution regulated by the French banking supervisory regulatory, the Autorité de Contrôle Prudentiel, and the Group operates through licensed branches and affiliates around the world.

The share capital has stood at €177,408,000 since 8 November 2002 without any change since. It is divided into 11,088,000 fully paid shares of €16 each.

All of our outstanding shares are held by Peugeot S.A. (8,307,993 shares, or 74.93%) or its wholly-owned subsidiaries Automobiles Peugeot (1,780,002 shares, or 16.05%) and Automobiles Citroën (1,000,001 shares, or 9.02%). 4 shares are also held directly by 4 members of the Board of Directors.

1.8.2 Related-Party Agreements

We are party to several agreements with the PSA Peugeot Citroën group for the provision of support services to us and our subsidiaries or branches wherever located. Main agreements are:

- a Financing and Treasury Management Services Agreement provides that Peugeot S.A. ("PSA"), acting through its financing and treasury department, acts on our behalf with respect to legal matters, tax, treasury management, capital markets and bank refinancing and securitizations. PSA also manages our counterparty risk, interest rate and exchange rate risks, liquidity risks, as well as assisting with our compliance with banking, tax and other regulatory requirements.
- an IT services Agreement with Peugeot Citroën Automobiles S.A. ("PCA"). PCA agrees to use its IT expertise to select and install software packages for our business and to develop specific applications for our activity. PCA also provides maintenance, security and backup services and, in the context of this agreement, ensures that all intellectual property rights are respected.

PSA and PCA are paid a service fee for these services, in addition to fees for specific transactions or operations. The total amounts paid by the BPF Group to the PSA Peugeot Citroën group in 2011 were €95 million euros.

1.8.3 Ordinary and Extraordinary Shareholder's Meeting to be held on April 20, 2012 – Draft resolutions

1.8.3.1 Ordinary resolutions *(subject to approval by the Shareholder's Meeting on April 20, 2012)*

First Resolution: Approval of the management report and statutory accounts

The Shareholders, having considered the statutory financial statements, the management report of the Board of Directors for 2011, and the general report of the Auditors, approve the Board of Director's Management report in its entirety.

The Shareholders approve the financial statements for 2011, showing a net income of €288,385,381.45.

Second 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 report of the auditors on the consolidated financial statements, approve the consolidated financial statements for 2011 as presented.

Third Resolution: Appropriation of Income

The Shareholders note that income available for distribution, consisting of a net income for the year of €288,385,381.45 and retained earnings of €982,283,831.56 brought forward from the previous year, amounts to €1,270,669,213.01.

The Shareholders resolve to appropriate income available for distribution as follows:

- to the payment of a dividend	€171,864,000.00
- to the undistributable reserves	€1,085,815.63
- to the retained earnings	€1,097,719,397.38

The dividend of €15.50 per share shall be paid after the Shareholder's meeting of April 20, 2012. The Shareholders take due note that under the former fiscal years 2008, 2009 and 2010 the paid dividends were respectively amounting to €12.90, €12.60 and €14.00, such dividends being qualified, for individual beneficiaries only, to a 40% rebate.

Fourth Resolution: Reappointment of one Director

The Shareholders upon proposal of the Board of Directors decide to renew the Director term of the company Peugeot SA, for a six year period expiring at the end of the Shareholder's meeting to be called in order to approve in 2018 the financial statements for the year 2017.

Fifth Resolution: Reappointment of a second statutory auditor and his substitute

The Shareholders decide to renew for a six year term, expiring at the end of the Shareholder's meeting to be called in order to approve in 2018 the 2017 financial statements, the mandate as statutory auditor of the MAZARS firm, headquartered in Courbevoie (92400), 61 rue Henri Regnault, as well as the mandate as substitute auditor of Mr. Guillaume POTEL, headquartered in Courbevoie (92400), 61 rue Henri Regnault.

Sixth Resolution: Reappointment of a statutory auditor and his substitute

The Shareholders decide to renew for a six year term, expiring at the end of Shareholder's meeting to be called in order to approve in 2018 the 2017 accounts, the mandate as statutory auditor of the firm ERNST & YOUNG AUDIT, headquartered in Paris-La Défense (92037), 1 place des Saisons, as well as the mandate as substitute auditor of the company PICARLE headquartered in Paris-La Défense (92037), 11 avenue de l'Arche, Faubourg de l'Arche.

Seventh Resolution

The Shareholders having heard the auditors' special report on the regulated agreements as provided by article L. 225-38 of the French Commercial Code approve said report.

1.8.3.2 Extraordinary resolutions *(subject to approval by the Shareholder's Meeting on April 20, 2012)*

Eighth Resolution: Authorization to issue shares giving direct or indirect access to the share capital

The Shareholders having considered the report of the Board of Directors and deciding in accordance with the provisions of Articles L 225-129-2 and L 228-92 of the French Commercial Code,

I. Delegate to the Board of Directors the competence to decide one or more capital increases, within twenty-six months as of this Shareholder's meeting, to be achieved through:

a) the issuance, in France or abroad, in euros, of new Banque PSA Finance's shares and / or any new securities other than shares that may also be denominated in foreign currencies.

b) and / or capitalization to the share capital of profits, reserves or shares premiums, in the form of bonus shares or of a raise of the nominal value of the existing shares.

II. Decide that the total amount of the capital increases that may thus be immediately and / or in the future fulfilled (including issuing of any shares in order to protect the rights of previously issued securities holders) cannot have as an effect to raise in excess of €300,000,000 the share capital, currently set as at €177,408,000, being understood that the amount of premiums and / or reimbursement shall not be included within the above mentioned cap.

III. Decide that the Shareholders will have a preferential right issue, in proportion to their shares, given them a right to access to securities issued under this resolution.

IV. Decide:

a) That the non-subscribed shares by irrevocable entitlement shall be allocated to the Shareholders who have subscribed an excess number of shares higher than they could subscribe prorata to their preferential subscription rights within the limits of their requests;

b) In the event of a capital increase by incorporation of profits, reserves or share premium, fractional rights shall not be negotiable and the corresponding shares will be sold, the proceeds of the sale being allocated to rights holders , no later than 30 days after the date of registration in their account of the whole number of shares allotted;

c) In case of issuance of hybrid securities, shareholders will have no preferential right to subscribe for the shares to be issued to the holders of such securities;

This delegation supersedes the delegation granted to the Board of Directors by the Shareholder's General Meeting dated April 21, 2010.

Ninth resolution: Authorization to increase the share capital reserved for employees

The Shareholders after considering the provisions of Article L.225-129-6 of the French Commercial Code and in particular its third paragraph, as well as the auditors' special report, and after reviewing the report and recommendations of the Board of Directors, does not authorize the Board of Directors to increase the capital, by issuing shares for the benefit of the employees and for a period of 26 months as of this Shareholder's meeting.

1.8.4 Information about the Administrative and Management Bodies

1.8.4.1 Board of Directors

We are 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 3 or more than 12 directors, no more than one-third of whom may be older than 65 years (and not may be older than 70 years). The Board of Directors is currently made up of 6 directors appointed by the General Meeting of Shareholders. In accordance with French law, our directors may be removed at any time, with or without cause. Each director is appointed for a term of 6 years. We do not pay attendance fees to our directors.

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

Name and position within BPF	Other positions held
Frédéric SAINT-GEOURS **Chairman and Chief Executive Officer** First appointed to the Board on July 3, 2009 Current term expires in 2014 Born on April 20, 1950	***Chairman of the Supervisory Board*** • Peugeot Finance International N.V. (Netherlands) ***Vice-Chairman and Director*** • PSA International S.A. (Switzerland) ***Vice-Chairman*** • Dongfeng Peugeot Citroën Automobiles Company Ltd (China) ***Member of the Managing Board*** • Peugeot S.A. ***Director*** • Automobiles Citroën • Faurecia • Gefco • Institut pour la Ville en Mouvement • Peugeot Citroën Automobiles S.A. • PCMA Holding B.V. (Netherlands) • Casino Guichard-Perrachon ***Chairman*** • Union des Industries et des Métiers de la Métallurgie ***Permanent Representative of Peugeot S.A.*** • On the Board of Automobiles Peugeot
Philippe ALEXANDRE **Managing Director** First appointed to the Board on March 25, 2009 Current term expires in 2015 Born on August 10, 1956	***Director*** • Crédipar ***Chairman of the Board of Directors*** • Dongfeng Peugeot Citroën Auto Finance Company Ltd (China) • PSA Wholesale Limited (United Kingdom) ***Permanent Representative of Banque PSA Finance*** • On the Board of Sofib • On the Board of PSA Finance Belux (Belgium)

Name and position within BPF	Other positions held
Philippe VARIN **Director** First appointed to the Board on July 20, 2009 Current term expires in 2015 Born on August 8, 1952	***Chairman of the Managing Board*** • Peugeot S.A. ***Chairman of the Board*** • Peugeot Citroën Automobiles ***Chairman*** • Institut pour la Ville en Mouvement ***Director*** • Faurecia • Gefco • PCMA Holding B.V. (Netherlands) ***Non-Executive Director*** • BG Group PLC (United Kingdom)
Peugeot S.A **Director** First appointed to the Board on Dec. 15, 1982 Current term expires in 2012	***Director*** • Automobiles Citroën • Automobiles Peugeot • Gefco • GIE PSA Trésorerie • GIE PSA Peugeot Citroen • Peugeot Motocycles • Institut pour la Ville en Mouvement • ANSA
Jean-Claude HANUS **Permanent Representative of Peugeot S.A.** Function expires as at July 27, 2011 Born on January 14, 1947	***Chairman*** • DJ6 • Grande Armée Participations ***Director*** • Automobiles Peugeot • Compagnie Générale de Crédit aux Particuliers-Crédipar • Faurecia • Peugeot Citroën Automoviles Espana S.A. • PCMA Holding B.V. (Netherlands) • Comité des Constructeurs Français Automobiles ***Permanent Representative of Peugeot S.A.*** • On the Board of Gefco • On the Board of Automobiles Citroën
Pierre TODOROV **Permanent Representative of Peugeot S.A.** Since July 28, 2011 Born on May 15, 1958	***Chairman*** • DJ6 ***Director*** • Automobiles Peugeot • Compagnie Générale de Crédit aux Particuliers-Crédipar • Peugeot Citroën Automoviles Espana S.A. • PCMA Holding B.V. (Netherlands) ***Permanent Representative of Peugeot S.A.*** • On the Board of Gefco • On the Board of Automobiles Citroën ***Permanent Representative of Automobiles Peugeot*** • On the Board of Football Club-Sochaux Montbéliard ***Managing Director*** • DJ56 • DJ57 • DJ58

Name and position within BPF	Other positions held
Automobiles Peugeot* **Director** First appointed to the Board on Dec. 15, 1982 Current term expires in 2014	***Director*** • Football Club Sochaux-Montbéliard S.A. • GLM1 • Institut pour la Ville en Mouvement • Peugeot Saint-Denis Automobiles • Société Financière de Banque – Sofib • Peugeot Algérie (Algeria) • Peugeot España S.A. (Spain) • SOPRIAM (Marocco) • SOMACA (Marocco) • Société Tunisienne Automobile Financière Immobilière et Maritime (Tunisia) ***Managing Director*** • Peugeot Média Production
Jean-Marc GALES **Permanent Representative of Automobiles Peugeot** Since October 19, 2009 Function expires as at January 4, 2012 Born on August 16, 1962	***Chairman of the Board of Directors*** • Automobiles Citroën • Automobiles Peugeot • Citer • Peugeot Motocycles ***Chairman*** • Citroën (Suisse) S.A. • Citroën Italia Spa • Peugeot Automobili Italia Spa ***Chairman of the Supervisory Board*** • Citroën Deutschland GmbH • Citroën Nederland B.V. • Peugeot Deutschland GmbH ***Member of the Managing Board*** • Peugeot S.A. ***Chairman and Director*** • Citroën UK Limited • Citroën Belux • Peugeot Suisse S.A. • Peugeot Motor Company Plc (United Kingdom) ***Director*** • Automoviles Citroën España S.A. • Dongfeng Peugeot Citroën Automobiles Company Ltd (China) • Peugeot España S.A. • Peugeot Algérie • Institut pour la Ville en Mouvement
Automobiles Citroën **Director** First appointed to the Board on December 15, 1982 Current term expires in 2013	***Chairman*** • Automoveis Citroën S.A. (Portugal) ***Director*** • Société Financière de Banque – Sofib • Automoviles Citroën España S.A. • Société Tunisienne des Automobiles Citroën • Institut pour la Ville en Mouvement

Name and position within BPF	Other positions held
Frédéric BANZET **Permanent Representative of Automobiles Citroën** Since October 19, 2009 Born on September 16, 1958	***Managing Director*** • Automobiles Citroën ***Chairman*** • Citroën Sverige AB ***Supervisory Board Member*** • Citroën Deutschland GmbH (Deutschland) • Citroën Nederland B.V. (Netherlands) • Citroën Polska (Poland) ***Director*** • Société Foncière, Financière de Participations-FFP • Automoveis Citroën S.A. (Portugal) • Citroën Belux (Belgium) • Citroën Danmark A/S • Citroën Norge AS • Etablissements Peugeot Frères • Citroën UK Limited • Automoviles Citroën Espana • Changan PSA Automobiles Company (China)

Functions held by the Executive Managing Officers non Directors of Banque PSA Finance as of 31 December 2011:

Name and position within BPF	Other positions held
Bernard DARRIEUTORT **Executive Managing Officer** *("Directeur Général Délégué")* Since November 19, 2007 Current term expires in 2014 (Function matching the term of the function of current Chief Executive Officer) Born on January 5, 1949	***Vice-Chairman*** Dongfeng Peugeot Citroën Auto Finance Company (China) ***Chairman and Supervisory Board Member*** • PSA Financial Holding B.V. (Netherlands) ***Chairman and Supervisory Director*** • PSA Finance Nederland B.V. ***Chairman*** • Banco PSA Finance Brasil S.A. (Brazil) • PSA Finance Arrendamento Mercantil S.A (Brazil) • PSA Finance Suisse S.A. (Switzerland) • PSA Finance Belux • PSA Finance Argentina Compania Financiera S.A. (Argentina) ***Supervisory Board member*** • Peugeot Finance International N.V. (Netherlands) ***Prokurist*** • BPF Pazarlama Ve Acentelik Hizmetleri Anonim Sirketi (Turkey) ***Director*** • PSA Wholesale Limited (United Kingdom)

Name and position within BPF	Other positions held
Alain MARTINEZ	***Managing Director***
Executive Managing Officer	• Peugeot Automobili Italia S.p.A.
("Directeur Général Délégué")	***Chairman***
Since July 25, 2011	• PSA Finance Belux
Current term expires in 2014 (Function matching the term of	• PSA Finance Suisse (Switzerland)
the function of current Chief Executive Officer)	• Bank PSA Finance Rus (Russian Federation)
Born on September 20, 1958	***Chairman et Supervisory Director***
	• PSA Finance Nederland B.V.
	Chairman and Supervisory Board Member
	• PSA Financial Holding B.V. (Netherlands)
	Supervisory Board Member
	• Peugeot Finance International N.V. (Netherlands)
	• BPF Financiranje d.o.o. (Slovenia)
	Director
	• PSA Services s.r.l. (Italy)
	• Beri Italia s.r.l.
	• PSA Wholesale Limited (United Kingdom)
	• PSA Financial d.o.o. (Croatia)
	Permanent Representative of Banque PSA Finance
	• On the Board of PSA Finance Belux

*** Modification which has taken place since December 31, 2011 (Change of Permanent Representative of Automobiles Peugeot):**

Name and position within BPF	Other positions held
Jacques Vincent RAMBAUD	***Managing Director***
Permanent Representative of Automobiles Peugeot	• Automobiles Peugeot
Since January 19, 2012	***Director***
Born on May 6, 1959	• Peugeot Otomotiv Pazarlama A.S. (Turkey)
	• Peugeot Espana S.A.
	• Peugeot Nederland N.V.
	• Coriolis Composites (France)
	• SFPR (France)

1.8.4.2 Compensations

A. Compensation policy

The compensation policy of BPF executive officers has been defined by the Compensation Committee of its parent company, PSA Peugeot Citroën, group of which BPF executive officers are employees. As such, the provisions of Article 4 - V of the amended Finance Law No. 2011-1416 of Nov. 2, 2011 for 2011 do not apply to BPF officers.

The compensation of BPF Chief Executive Officer, member of the PSA Peugeot Citroën Managing Board, but also Finance and Strategic Development Director, takes into account his activities as executive member of PSA's Executive Board.

The compensation policy considers:

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

The compensation structure is as follows:

•A base salary;
•An incentive bonus equivalent to 11% of the base salary.

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

B. Compensations paid for 2011

As required by law, particularly Article L225-102-1 of the French Commercial Code relating to the disclosure of compensation paid to corporate officers, Banque PSA Finance hereby states that no remuneration or benefits of any kind have been provided by the company or its affiliates to any of its corporate officers or during the past year, and that the remunerations and benefits granted to those officers by the controlling company, Peugeot S.A., are the following:

Total direct and indirect salaries and benefits granted for 2011 and 2010 by the company or its affiliates to the Bank's Board of Directors

Philippe VARIN Chairman of the Managing Board	**Amounts during the 2011 financial year**		**Amounts during the 2010 financial year**	
	Earned	**Paid**	**Earned**	**Paid**
Salary	1,300,000	1,300,000	1,300,000	1,300,000
Bonus		1,651,000	1,651,000	
Exceptional salary		300,000	300,000	
Director's Fees				
Company Car	2,700	2,700	2,700	2,700
TOTAL	**1,302,700**	**3,253,700**	**3,253,700**	**1,302,700**

Jean-Marc GALES Executive Vice-President, Brands	**Amounts during the 2011 financial year**		**Amounts during the 2010 financial year**	
	Earned	**Paid**	**Earned**	**Paid**
Salary	618,000	618,000	618,000	618,000
Bonus	-	525,300	525,300	-
Exceptional salary	-	120,000	120,000	-
Director's Fees	-	-	-	-
Company Car	2,700	2,700	2,700	2,700
TOTAL	620,700	1,266,000	**1,266,000**	**620,700**

Frédéric SAINT-GEOURS Executive Vice-President, Finance and Strategic Development	Amounts during the 2011 financial year		Amounts during the 2010 financial year	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	618,000	618,000
Bonus		525,300	525,300	
Exceptional salary		120,000	120,000	
Director's Fees				
Company Car	2,700	2,700	2,700	2,700
TOTAL	**620,700**	**1,266,000**	**1,266,000**	**620,700**

Total direct and indirect salaries and benefits granted for 2011 and 2010 by the company or its affiliates to the managing board's members

Frédéric SAINT-GEOURS Chairman and Chief Executive Officer of Banque PSA Finance	period from January 1, 2010 to December 31, 2012
Philippe ALEXANDRE Deputy Chief Executive Officer	period from January 1, 2010 to December 31, 2012
Bernard DARRIEUTORT Deputy Chief Executive Officer	period from January 1, 2010 to December 31, 2012
Alain MARTINEZ Deputy Chief Executive Officer	period from July 25, 2010 to December 31, 2012

	Amounts during the 2011 financial year		Amounts during the 2010 financial year	
	Earned	Paid	Earned	Paid
Salary	1,097,000	1,097,000	1,005,000	1,005,000
Bonus	120,611	670,290	670,290	107,141
Exceptional bonus		120,000	120,000	
Exceptional salary	6,101	6,101	41,682	41,682
Director's Fees				
Company Car	7,681	7,681	8,100	8,100
TOTAL	**1,231,393**	**1,901,072**	**1,845,072**	**1,161,923**

1.8.4.3 Committees

Our Board of Directors has established one committee in order to facilitate its work: the Audit Committee.

A. Audit Committee

As of February 13, 2012, our Audit Committee currently consists of the following members:

Name	Position within the PSA Peugeot Citroën group
Pierre TODOROV, Chairman	General Secretary of PSA
Gilles COMES	Management Control Officer
Laurent FABRE	Group Internal Audit Officer

B. Executive Committee

As of February 1, 2012, our Executive Committee will consist of the following members:

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

2

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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2.1. Statutory auditors' report on the consolidated financial statements

➔ For the year ended December 31, 2011

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 Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Banque PSA Finance ;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 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.

II - Justification of our assessments

The accounting estimates used to prepare the consolidated financial statements for the year ended December 31, 2011 were made taking into account a certain difficulty for apprehending the economic future related to the crisis of public finances in some countries of the Euro zone (and especially in Greece) and the economic and liquidity crisis.
In that context and in accordance with the requirements of article L. 823-9 of the French Commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:
For all companies with banking operations and specifically in the current economic crisis context, significant estimates have to be used for the impairment of credit risks. Banque PSA Finance sets aside impairments to cover credit risks that are inherent to its business, as disclosed in paragraphs 2 § C.6.4, 8 and 33 of the notes to the consolidated financial statements.
As part of our assessment of these estimates, we have examined the processes implemented by management and, in view of the financial crisis, the adjustments thus made 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.

III - Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Courbevoie, February 15, 2012

The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	Mazars S.A.
Luc Valverde	Anne Veaute

2.2 Consolidated Balance Sheet

(in million euros)	Dec. 31, 2011	Dec 31, 2010
Assets		
Cash, central banks, post office banks (Note 3)	23	20
Financial assets at fair value through profit or loss (Note 4)	1 204	788
Hedging instruments (Note 5)	389	183
Available-for-sale financial assets (Note 6)	2	2
Loans and advances to credit institutions (Note 7)	859	1 391
Customer loans and receivables (Notes 8, 33 and 36)	24 314	23 411
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Note 9)	73	80
Held-to-maturity investments	-	-
Current tax liabilities (Note 35.1)	8	27
Deferred tax liabilities (Note 35.1)	149	174
Accruals and other assets (Note 10)	612	543
Investments in associates and joint ventures accounted for using the equity method (Note 11)	62	54
Property and equipment (Note 12)	15	14
Intangible assets (Note 12)	91	92
Goodwill (Note 13)	83	83
Total assets (Note 36)	**27 884**	**26 862**

(in million euros)	Dec. 31, 2011	Dec 31, 2010
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 14)	5	21
Hedging instruments (Note 15)	181	214
Deposits from credit institutions (Notes 16 and 36)	4 985	6 263
Due to customers (Note 17)	342	339
Debt securities (Notes 18 and 36.1)	16 889	15 001
Fair value adjustments to debt portfolios hedged against interest rate risks (Note 19)	185	46
Current tax liabilities (Note 35.1)	34	60
Deferred tax liabilities (Note 35.1)	441	502
Accruals and other liabilities (Note 20)	1 052	824
Liabilities related to insurance contracts (Note 21.1)	27	17
Provisions (Note 22)	46	57
Subordinated debt	-	-
Equity	3 697	3 518
- Equity attributable to equity holders of the parent	3 667	3 493
- Share capital and capital in excess of par value of stock	835	835
- Reserves	2 571	2 341
- Net income and gains and losses recognized directly in Equity	(84)	(71)
- Net income for the year	345	388
- Minority interests	30	25
Total equity and liabilities (Note 36)	**27 884**	**26 862**

2.3 Consolidated Statement of Income

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Net interest revenue on customer transactions (Note 36.2)	**1 584**	**1 398**
- Interest and other revenue on assets at amortized cost (Notes 27 and 36.3)	1 619	1 591
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 23.5)	(7)	(128)
- Net interest revenue from hedging instruments (Note 28)	(76)	(242)
- Fair value adjustments to hedging instruments (Notes 23.3 and 23.5)	12	128
- Interest expense on customer transactions	(4)	(3)
- Other revenue and expense (Note 29)	40	52
Net investment revenue (Note 36.2)	**28**	**8**
- Interest and dividends on marketable securities	25	8
- Fair value adjustments to assets valued using the fair value option (Note 23.6)	-	-
- Gains and losses on sales of marketable securities	3	-
- Investment acquisition costs	-	-
Net refinancing cost (Note 36.2)	**(738)**	**(567)**
- Interest and other revenue from loans and advances to credit institutions	17	17
- Interest on deposits from credit institutions (Note 30)	(180)	(179)
- Interest on debt securities (Note 31)	(559)	(379)
- Expenses related to financing commitments received	(44)	(71)
- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 23.5)	(139)	6
- Interest on hedging instruments	52	64
- Fair value adjustments to hedging instruments (Note 23.5)	139	(7)
- Fair value adjustments to financing liabilities valued using the fair value option (Note 23.6)	-	-
- Debt issuing costs	(24)	(18)
Net gains and losses on trading transactions	**(3)**	**-**
- Interest rate instruments (Note 23.6)	(5)	(1)
- Currency instruments	2	1
Net gains and losses on available-for-sale financial assets	**1**	**-**
Margin on sales of Insurance services (Note 21.3)	**77**	**45**
- Earned premiums	98	58
- Paid claims and change in liabilities related to insurance contracts	(21)	(13)
Margin on sales of services	**83**	**116**
- Revenues	117	143
- Expenses	(34)	(27)
Net banking revenue (Notes 36.2 and 36.3)	**1 032**	**1 000**
General operating expenses (Note 32)	**(367)**	**(347)**
- Personnel costs	(146)	(140)
- Other general operating expenses	(221)	(207)
Depreciation and amortization of intangible and tangible assets	(17)	(16)
Gains and losses on disposals of fixed assets	(1)	(1)
Gross operating income	**647**	**636**
Cost of risk (Notes 33, 36.2 and 36.3)	(115)	(129)
Operating income (Notes 36.2 and 36.3)	**532**	**507**
Share in net income of associates and joint ventures accounted for using the equity method	3	2
Impairment on goodwill	-	-
Pension obligation - expense (Note 22.1.E)	(3)	(3)
Pension obligation - income (Note 22.1.E)	2	5
Other non-operating items (Note 34)	-	23
Pre-tax income	**534**	**534**
Income taxes (Notes 35.2 and 35.3)	(180)	(140)
Net income for the year	**354**	**394**
- of which minority interests	9	6
- of which attributable to equity holders of the parent	345	388
Earnings per share (in €)	*31,2*	*35,1*

2.4 Net Income and Gains and Losses Recognized Directly in Equity

(in million euros)	**Dec. 31, 2011**	**Dec. 31, 2010**
Net income	**354**	**394**
Exchange difference	(17)	80
- of which minority interest	*(1)*	*-*
Fair value adjustments to hedging instruments (1)	2	3
Deferred taxes (1)	(1)	(1)
Total gains and losses recognized directly in Equity after tax	**(16)**	**82**
Total net income and gains and losses recognized directly in Equity after tax	**338**	**476**
- of which minority interest	*8*	*6*
- of which attributable to equity holders of the parent	*330*	*470*

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

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

	Share capital and other reserves (1)								
(in million euros)	Share capital	Issue, share and merger premiums	Legal reserve and other reserves	Consolidated reserves	Gains and losses recognized directly in Equity	Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Minority interests	Total equity
Equity at December 31, 2009	**177**	**340**	**318**	**2 131**	**(153)**	**350**	**3 163**	**16**	**3 179**
Capital increase (2)								3	3
Effect of changes in group structure (3)				(1)			(1)	1	-
Appropriation of prior-year income				210		(350)	(140)	-	(140)
Income for the period				-		388	388	6	394
Exchange difference					80		80	-	80
Fair value adjustments to hedging instruments (4)					3		3	-	3
Deferred taxes on fair value adjustments to hedging instruments					(1)		(1)	-	(1)
Equity at December 31, 2010	**177**	**340**	**318**	**2 340**	**(71)**	**388**	**3 492**	**26**	**3 518**
Appropriation of prior-year income				233		(388)	(155)	(3)	(158)
Income for the period				-		345	345	9	354
Exchange difference					(16)		(16)	(1)	(17)
Fair value adjustments to hedging instruments (4)					2		2	-	2
Deferred taxes on fair value adjustments to hedging instruments					(1)		(1)	-	(1)
Others				(2)	2	-	-	(1)	(1)
Equity at December 31, 2011	**177**	**340**	**318**	**2 571**	**(84)**	**345**	**3 667**	**30**	**3 697**

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 increases by the subsidiary PSA Assurances S.A.S. First increase of €6 million in January 2010 (€5.3 million taken up by Banque PSA Finance and €0.7 million by Peugeot S.A.) and second increase of €11 million in December 2010 (€9.2 million taken up by Banque PSA Finance and €1.8 million by Peugeot S.A.). PSA Assurance S.A.S. was 90%-owned in 2010 vs 99.99% in 2009.

(3) €1 million impact of Peugeot S.A's increased interest in PSA Assurances S.A.S. on the allocation of consolidated reserves between equity attributable to equity holders of the parent and minority interests.

(4) Including fair value adjustments to cash flow hedges, mainly swaptions. The intrinsic value of swaptions at maturity is recognized over the life of the corresponding external swap purchased as a hedge of outstanding loans (fair value hedge). The income recognized during the period ended at December 31, 2011 amounted to €10.6 million (see Note 23.2).

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

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

(in millions of euros)	**Dec. 31, 2011**	**June 30, 2011**	**Dec. 31, 2010**
Tier 1 capital			
Published consolidated equity	3 697	3 528	3 518
Insurance companies accounted for using the equity method: minority interests	(9)	(7)	(5)
Regulatory consolidated equity (1)	3 688	3 521	3 513
Unrealized capital gains on cash flow hedges	(8)	(15)	(7)
Proposed dividend, PSA Peugeot Citroën Group	(172)	(70)	(155)
Proposed dividend, minority interests	-	-	-
Intangible assets	(59)	(59)	(59)
Goodwill	(83)	(83)	(83)
Total Tier 1 capital	**3 366**	**3 294**	**3 209**
Deductions from Tier 1 capital			
Equity interests in credit institutions	(2)	(2)	(2)
Equity interests in insurance companies	-	-	-
Investments in associates and joint ventures accounted for using the equity method	(147)	(117)	(103)
- of which insurance companies	*(85)*	*(52)*	*(48)*
Total deductions	**(149)**	**(119)**	**(105)**
Regulatory capital	**3 217**	**3 175**	**3 104**
Deductions from regulatory capital: Expected loss vs. Depreciation	Unavailable	(229)	(250)
Basel II Tier 1 capital (See the "Capital Adequacy" Section of the Management Report)	Unavailable	**2 946**	**2 854**
Capital adequacy ratio (Basel II)	Unavailable	**14,44%**	**14,21%**

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

2.6 Consolidated Statement of Cash Flows

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Income attributable to equity holders of Banque PSA Finance	**345**	**388**
Minority interests in income of subsidiaries	9	6
Net income of associates accounted for using the equity method, net of dividends received	(3)	(2)
Change in depreciation, amortization and other provisions	28	28
Change in deferred taxes	(39)	(47)
(Profit)/loss on disposals of assets	-	(23)
Funds from operations	**340**	**350**
Increase/decrease in:		
- loans and advances to credit institutions	67	(22)
- deposits from credit institutions	(1 282)	(1 212)
Change in customer loans and receivables	(977)	(514)
Increase/decrease in:		
- amounts due to customers	3	(31)
- financial assets at fair value through profit or loss	(126)	(55)
- financial liabilities at fair value through profit or loss	(16)	54
- hedging instruments	(239)	(152)
- debt securities	2 102	1 637
Change in working capital: assets	(92)	(8)
Change in working capital: liabilities	237	110
Net cash provided by operating activities	**17**	**157**
Acquisitions of subsidiaries	-	(39)
Purchases of fixed assets	(27)	(25)
Proceeds from disposals of fixed assets	8	57
Effect of changes in scope of consolidation	-	3
Net cash used by investing activities	**(19)**	**(4)**
Dividends paid to PSA Peugeot Citroën Group	(155)	(140)
Dividends paid to minority interests	(3)	-
Capital increase	-	3
Net cash used by financing activities	**(158)**	**(137)**
Effect of changes in exchange rates	(2)	11
Net change in cash and cash equivalents	**(162)**	**27**
Cash and cash equivalents at beginning of year	**1 316**	**1 289**
Cash, central banks, post office banks	20	99
Current account advances and loans and advances at overnight rates	1 296	1 190
Mutual funds, qualified as cash equivalents	-	-
Cash and cash equivalents at end of period	**1 154**	**1 316**
Cash, central banks, post office banks	23	20
Current account advances and loans and advances at overnight rates	831	1 296
Mutual funds, qualified as cash equivalents	300	-

2.7 Notes to the Consolidated Financial Statements

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Note 1 Group Structure

A. Changes in Group Structure

On February 24, 2010, Banque PSA Finance's German branch repurchased the loans sold in 2004 to the Auto ABS 2004-1 fund, representing less than €100 million on the repurchase date, 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.

On September 11, 2009, Banque PSA Finance bought 98% of AIG Bank Rus, of which 50% through PSA Financial Holding B.V., its Dutch subsidiary. Named Bank PSA Finance Rus, this new subsidiary is responsible for developing Banque PSA Finance's financing business in Russia. It has been fully consolidated since March 2010, leading to the recognition of €1.7 million of goodwill. In May, 2010, Banque PSA Finance purchased 15% of Bank PSA Finance Rus from its Dutch subsidiary, increasing its direct interest to 63% from 48%. The shares were transferred at their historic value and the transaction therefore had no impact on the consolidated financial statements of Banque PSA Finance Group.

On April 13, 2010, both of Banque PSA Finance's Brazilian subsidiaries began to sell automobile loans and future finance lease revenues to a "Fonds d'Investissement en Droits de Créances" (FIDC). At the end of December 2011, the total amounted to €695 million (€551 million at the end of December 2010). The FIDC is an open-end fund that can purchase successive packages of loans, in line with the agreement entered into with Banco Santander. The Brazilian subsidiaries are entitled to the bulk of the operating income generated by the receivables sold to the fund. As a consequence, the fund has been fully consolidated since April 2010.

On May 25, 2010, Banque PSA Finance acquired a further 50% of its Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd., through its Dutch subsidiary PSA Finance Nederland B.V. Although it is now 75%-owned, Banque PSA Finance shares control with its Chinese partner and does not have full control of the subsidiary, and it therefore continues to be accounted for using the equity method.

On November 25, 2010, Banque PSA Finance's German branch sold €680.3 million worth of future finance lease revenues to the Auto ABS 2010-1 fund. The fund issued €500 million worth of AAA-rated A bonds, €79.9 million worth of B bonds and €100.4 million worth of C bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since November 2010.

In order to develop the insurance business in Malta, Banque PSA Finance increased the capital of its French subsidiary PSA Assurance S.A.S. in two stages, first by €6 million in January 2010 (€5.3 million taken up by Banque PSA Finance and €0.7 million by Peugeot S.A.) and then by €11 million in December 2010 (€9.2 million taken up by Banque PSA Finance and €1.8 million by Peugeot S.A.). Following these share issues, PSA Assurances S.A.S. was 90%-owned by Banque PSA Finance.

Following the disposal of the building held and managed by GIE Foncier Crédipar at Levallois-Perret, the GIE was liquidated in December 2010.

On June 24, 2011, Banque PSA Finance's Spanish branch repurchased the loans sold in 2009 to the Auto ABS 2009-1 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.

On July 20, 2011, Crédipar sold €1,050 million worth of automobile loans to the Auto ABS 2011-1 fund. The fund issued €956 million worth of AAA/Aaa rated A bonds and €94 million worth of B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since July 2011.

In July 2011, Banque PSA Finance purchased the 2% retained interest of AIG Bank Rus, increasing its direct interest to 65%. The indirect interest held through its Dutch subsidiary PSA Financial Holding B.V., remained unchanged at 35%.

On November 25, 2011, Banque PSA Finance's German branch sold €800 million worth of automobile loans to the Auto ABS German loans 2011-2 fund. The fund issued €720 million worth of Aaa/AAA rated A bonds and €80 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 November 2011.

B. List of Consolidated Companies

Companies	Country	% Direct interest	Banque PSA Finance Indirect interest %	Held by	% interest at December 31 2011	2010
Branches						
German branch	Germany	-	-		-	-
Austrian branch	Austria	-	-		-	-
Spanish branch	Spain	-	-		-	-
Italian branch	Italy	-	-		-	-
Polish branch	Poland	-	-		-	-
Portuguese branch	Portugal	-	-		-	-
United Kingdom branch	United Kingdom	-	-		-	-
Fully Consolidated Companies						
Sales financing in France						
Crédipar	France	100	-		100	100
CLV	France	-	100	Crédipar	100	100
Sofib	France	100	-		100	100
Sofira	France	98	-		98	98
Sales financing outside France						
BPF Algérie	Algeria	2	98	PSA Financial Holding B.V.	100	100
PSA Finance Argentina Compania Financiera S.A.	Argentina	50	-		50	50
PSA Finance Belux	Belgium	5,25	94,75	PSA Financial Holding B.V.	100	100
Banco PSA Finance Brasil S.A.	Brazil	100	-		100	100
PSA Finance Arrendamento Mercantil S.A.	Brazil	100	-		100	100
PSA Financial d.o.o.	Croatia	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Hungaria Zrt.	Hungary	2,44	97,56	PSA Financial Holding B.V.	100	100
PSA Renting Italia S.p.A.	Italy	100	-		100	100
Banque PSA Finance Mexico SA de CV SOFOM	Mexico	2,52	97,48	PSA Finance Nederland B.V.	100	100
PSA Finance Nederland B.V.	Netherlands	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Polska Sp.zo.o.	Poland	100	-		100	100
PSA Gestao Comercio E Aluguer de Veiculos	Portugal	97	1	PSA Financial Holding B.V.	98	98
PSA Finance Ceska Republika S.r.o.	Czech Republic	0,02	99,98	PSA Financial Holding B.V.	100	100
PSA Wholesale Ltd	United Kingdom	100	-		100	100
Bank PSA Finance Rus	Russia	65	35	PSA Financial Holding B.V.	100	98
PSA Finance Slovakia S.r.o.	Slovakia	0,16	99,84	PSA Financial Holding B.V.	100	100
BPF Financiranje d.o.o.	Slovenia	-	50	PSA Financial Holding B.V.	50	50
PSA Finance Suisse S.A.	Switzerland	82,35	17,65	PSA Financial Holding B.V.	100	100
BPF Pazarlama A.H.A.S.	Turkey	100	-		100	100
Insurance						
PSA Assurance S.A.S.	France	90	-		90	90
PSA Services Ltd	Malta	0,01	99,99	PSA Assurance S.A.S.	90	90
PSA Insurance Ltd	Malta	0,01	99,99	PSA Services Ltd	90	90
PSA Life Insurance Ltd	Malta	0,01	99,99	PSA Services Ltd	90	90
Other companies						
Financière Greffulhe S.A.S.	France	-	100	Crédipar	100	100
SNDA	France	100	-		100	100
PSA Factor Italia S.p.A.	Italy	-	94,54	Succursale en Italie	94,54	94,54
PSA Finance S.C.S.	Luxembourg	100	-		100	100
PSA Financial Holding B.V.	Netherlands	100	-		100	100
Peugeot Finance International N.V.	Netherlands	100	-		100	100
Vernon Wholesale Investment Company Ltd	United Kingdom	-	100	PSA Wholesale Ltd	100	100
Special purpose entities						
Auto ABS 2006-1 Fund	France	-	-		100	100
Auto ABS 2007-1 Fund	France	-	-		100	100
Auto ABS S.r.l. 2007-2 Fund	Italy	-	-		100	100
Auto ABS 2008-1 Fund	France	-	-		100	100
Auto ABS 2009-1 Fund	Spain	-	-		-	100
FIDC	Brazil	-	-		100	100
Auto ABS 2010-1 Fund	France	-	-		100	100
Auto ABS 2011-1 Fund	France	-	-		100	-
Auto ABS German loans 2011-2 Fund	France	-	-		100	-
Investments in Associates						
Dongfeng Peugeot Citroën Auto Finance Company Ltd	China	-	75	PSA Finance Nederland B.V.	75	75

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, 2011 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, 2011 were unchanged compared with December 31, 2010 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2011.

New IFRSs and IFRIC Interpretations whose Application was Compulsory in the Fiscal Year Commencing January 1, 2011

At December 31, 2011, the new standards whose application was compulsory in the European Union, and applied by the Banque PSA Finance Group for the first time, were the following:

- **Annual improvements to IFRS:** the **amendments to IFRS 7** – Improving Disclosures About Financial Instruments, are the only ones with a potential impact on the notes to Banque PSA Finance's consolidated financial statements; to comply with these amendments, the relevance of the interactions between quantitative and qualitative information has been checked.

The other newly compulsory standards in the European Union do not currently concern the Banque PSA Finance Group.

New IFRSs and IFRIC Interpretations Applicable after the Fiscal Year Commencing January 1, 2011

Early adopted, complying with the AMF's recommendations for the fiscal year ending December 31, 2011
Disclosures requested by the following two amendments were for a large part already made in prior years, and have been completed:

- **amendment to IFRS 7** – Financial Instruments, Disclosures on Securitizations: applicable from January 1, 2012;

- **amendment to IAS 1** – Disclosures on the Gains and Losses Recognized Directly in Equity: applicable from January 1, 2013, subject to adoption by the European Union.

Subject to their adoption by the European Union, application of the following standards is compulsory from January 1, 2013
No early adoption is forecasted

The potential impacts of the main standards published by the IASB and the IFRIC, that have not yet been adopted by the European Union, are under review.

- **IFRS 13** – Fair Value Measurement, which gives precisions on the fair value calculation when this method is either required or permitted in another IFRS standard: no foreseeable impact on the disclosures made by Banque PSA Finance;

- **amendment to IAS 19** – Post-employment Benefits, which eliminates the option of using the corridor method and so makes it compulsory to account for actuarial gains and losses directly in equity**;** and besides modifies some methods in the calculation of retiring expenses ;

- **IFRS 10** – Consolidated Financial Statements, and **amendments to IAS 27** – Separate Financial Statements, which will replace the present **IAS 27 standard** – Consolidated and Separate Financial Statements**.** These texts introduce a new definition of control, based on power, exposure (or rights) to variable returns, and the ability to use this power to affect the amount of the return;

- **IFRS 11** – Joint Arrangements, and **amendment to IAS 28** – Investments in Associates and Joint Ventures, which will replace the present **IAS 28 standard** – Associates. These texts mainly prescribe two different accounting methods:
Joint arrangements classified as « joint operations » will be accounted for based on the percentage of assets, liabilities, revenues and expenses controlled by the Group. A joint operation may be realized through a simple contract or through a separate jointly-controlled vehicle.
Joint arrangements classified as « joint ventures », will be consolidated using the equity method, because they only allow rights to the net assets of the arrangement;

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

- **amendment to IFRS 7** – Disclosures about Offsetting of Financial Assets and Liabilities.

Among these new standards, the amendment to IAS 19 and IFRS 11 may have a potential impact.
Besides, IFRS 9 that will replace IAS 39 from January 1, 2015, and whose only phase 1 – Classification and Measurement of Financial Instruments was published, will have a potential impact on Banque PSA Finance's consolidated financial statements.

Format of the Financial Statements:

As no template is provided in IFRS, the consolidated financial statements are presented largely in accordance with Conseil National de la Comptabilité (CNC) recommendation 2009-R.04 on the format of credit institutions' IFRS financial statements. Banque PSA Finance's consolidated financial statements include prior year comparatives.

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

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

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

The annual consolidated financial statements and notes for Banque PSA Finance Group were approved by the Board of Directors on February 13, 2012.

A. Basis of Consolidation

Consolidation Methods

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

All material intragroup transactions and balances are eliminated in consolidation.

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

Certain companies meeting the above criteria are not consolidated because they are not material in relation to the consolidated financial statements. Investments in these companies are classified as "Available-for-sale assets" (see note C.4 below).

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".

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.

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,
- fair value of hedging instruments,
- 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.

Main Consolidation Adjustments

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

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

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 capitalized costs are amortized over the estimated useful life of the software, 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, including transaction expenses, over the Group's equity in the fair value at the acquisition date of the identifiable assets and liabilities acquired. It was amortized on a straight-line basis over 20 years until December 31, 2003.

Effective from January 1, 2004, in accordance with IFRS 3 – Business Combinations, goodwill is no longer amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see note B.4 below).

Crédipar Goodwill

Crédipar's fair market value at December 31, 1998 was calculated in connection with the acquisition by Banque PSA Finance of the 50% interest in Crédipar held by Sovac S.C.A. Following final adjustments in 1999, as allowed under generally accepted accounting principles, the initial goodwill was determined to be €100 million. After deducting accumulated amortization for the period to December 31, 2003, Crédipar goodwill amounted to €75 million at January 1, 2004.

Sofib Goodwill

Sofib was acquired from PSA Peugeot Citroën on April 1, 1999. Goodwill arising on the acquisition totalled €7.6 million. After deducting accumulated amortization for the period to December 31, 2003, Sofib goodwill recognized in the opening IFRS balance sheet at January 1, 2004 amounted to €6 million.

Bank PSA Finance Rus Goodwill

Bank PSA Finance Rus was acquired on September 11, 2009 and has been fully consolidated since Mars 2010. Goodwill on the acquisition amounted to €1.7 million.

DPCA Finance Company Goodwill

Goodwill on the May 25, 2010 acquisition of a further 50% of the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company amounted to €6 million. As Banque PSA Finance does not have full control of the subsidiary, it has been accounted for using the equity method. Consequently, the goodwill has been added to the carrying amount of the investment presented in "Investments in Associates and Joint Joint Ventures Accounted for using the Equity Method".

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 customer loans subject to IFRS 8 segmentation.

C. Financial Assets and Liabilities

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

As allowed under IAS 39, the Group has elected to apply transaction date accounting to financial assets and liabilities. Consequently, when the transaction date (corresponding to the date when the commitment is entered into) is different from the settlement date, the purchase or sale of securities is recognized in the balance sheet on the transaction date (see end of paragraphs C2 and C7.2 below).

The Group is not concerned by the provisions of IAS 39 regarding the application of hedge accounting to demand deposits, which in their current formulation have not been adopted by the European Commission (carve out).

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".

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 fair value of the economic hedges. Liquidity reserves are also also partly invested in mutual funds, whose units are not consolidated because they do not meet the criteria regarding control or rights in the majority of the benefits and corresponding risks (see IAS 27 – Consolidated financial statements and accounting for investments in subsidiaries and SIC 12 – Consolidation: Special Purpose Entities).

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

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

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in Banque PSA Finance's issuer spread. At December 31, 2011, 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, 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 expense on the vehicles are adjusted in order to present each transaction as a loan.

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

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

C.6.4 Impairment Losses

Impairment losses on finance receivables are deducted from their carrying value in the balance sheet, as soon as a loss event occurs.
Impairment losses are identified separately under specific line items.

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

Retail financing impairment losses

- ***Impairment losses on sound loans with past-due installments:***
  An impairment loss is recognized on sound loans when the borrower defaults on a single 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.

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

- Discounting retail financing recoveries leads to an increase in the impairment loss recognized upon occurrence of the loss event compared to the actual loss that will ultimately be recognized. This increase is linked to the passage of time. If the amount involved is material, this increase in the impairment loss is reversed over the average life of the loans by crediting “Cost of risk”.

Impairment losses on “Corporate dealers” and “Corporate and equivalent” financing

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

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

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

C.7 Financing Liabilities

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

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

C.7.1 Hedges of Interest Rate Risks on Financing Liabilities

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

C.7.2 Debt Securities

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

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

D. Liabilities Related to Insurance Contracts

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

E. Provisions

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

Provisions are discounted only when the impact is material.

F. Segment Information

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

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

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

- **Corporate and equivalent**, referring to:
  - companies 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),
  - banks 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 22.1). These benefits are paid under defined contribution and defined benefit plans.

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

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

Actuarial valuations are performed every year 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 recognized in the income statement by the corridor method, which consists of recognizing a specified portion of the net cumulative actuarial gains and losses that exceeds the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) and 10% of the fair value of any plan assets at the balance sheet date.

The total projected benefit obligation, including the portion not recognized due to the deferral of actuarial gains and losses, is covered by external funds. Because actuarial gains and losses are deferred, in some cases the amount of these external funds exceeds the recognized projected benefit obligation, leading to the recognition of an asset in "Other non-current assets" in an amount not exceeding the sum of net actuarial losses and unrecognized past service costs.

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

The Group no longer has any liability to make good any under-funding of the Banking Industry Pension Fund (CRPB), as the latest independent actuarial valuations performed in 2010 indicate that the vested benefit entitlements of employees are covered by the contributions paid to date.

H. Signature Commitments

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

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

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

Note 3 Cash, Central Banks, Post Office Banks

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Cash	1	1
Central banks and post office banks (deposits)	22	19
- of which compulsory reserves deposited with the Banque de France	8	2
Total	**23**	**20**

Note 4 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Marketable securities	1 199	767
- Mutual funds (1)	329	14
- of which units held by insurance companies	*28*	*14*
- Certificates of deposit	824	707
- of which CDs held by securitization vehicles	*679*	*578*
- Other	46	46
Fair value adjustments	-	-
Marketable securities booked at fair value through profit or loss	**1 199**	**767**
- of which accrued interest	*8*	*1*
Accrued interest on trading derivatives (2)	**1**	**1**
Fair value of trading derivatives (2)	**4**	**20**
Total (3)	**1 204**	**788**

Fair value is determined by applying valuation techniques based for the most part 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 liquidity reserve, which amounted to €724 million at December 31, 2011, consists of mutual funds qualified as cash equivalents (€300 million) classified as "Financial assets at fair value through profit or loss", interbank loans (€404 million) classified as "Loans and advances to credit institutions" (see Note 7) and reserves deposited with the central banks (€20 million) classified as "Cash, central banks, post office banks" (see Note 3).

(2) Swaps classified as held for trading, mainly set up during securitization transactions, represent closed positions that set each other off within portfolios of contracts with similar characteristics. They do not generate any material gains or losses (see Notes 14, 23.1 and 23.6).

(3) Financial assets at fair value through profit or loss by maturity are analysed in Note 24.

Note 5 Hedging Instruments - Assets

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Cash Flow hedges	**-**	**11**
Purchased options (1)	-	11
- of which intrinsic value at maturity	-	*9*
Fair Value Hedges	**389**	**172**
Adjustment accounts - off-balance sheet transactions in foreign currencies (2)	99	3
- of which related companies	-	-
Accrued income on swaps designated as hedges	49	38
- of which related companies	*1*	-
Positive fair value of instruments designated as hedges of:		
- Borrowings	15	25
- EMTNs/BMTNs	174	28
- Bonds	44	74
- Certificates of deposit	-	-
- Other debts securities	1	1
- Retail finance receivables	7	3
Total	**389**	**183**

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

Hedging effectiveness is analysed in Note 23.5.

(1) Swaptions purchased as hedges of future loan originations. At December 31, 2011, all swaptions had expired (see Note 15).

(2) Adjustment accounts are used to record fair value adjustments to currency swaps designated as:

- *hedges of foreign currency customer loans refinanced in euros; these fair value adjustments are offset by adjustments arising from the remeasurement of the foreign currency customer loans at period-end exchange rates (see Notes 8.3 and 15); or*
- *hedges of foreign currency financing liabilities; these fair value adjustments (including €88 million Euro/USD swaps) are offset by adjustments arising from the remeasurement of the underlying foreign currency financing liabilities at period-end exchange rates (see Notes 15 and 18.3).*

Note 6 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 year-end is not material. Marketable securities are included in "Financial assets at fair value through profit or loss" (see Note 4).

No provision has been booked for start-up losses of companies that are not yet consolidated, because none of them are expected to remain in a loss-making position over the long-term. There were no start up losses at December 31, 2011.

The fair value of these assets is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares.

Shares in non-consolidated companies amounted to €2 million at December 31, 2011 and mainly concern the PSA Finance P.L.C. subsidiary, awaiting for liquidation, that had been removed from the scope of consolidation at January 1, 2009. End of 2010 residual cash led to the payment of a €0.6 million dividend in 2011 to PSA Wholesale Ltd by PSA Finance P.L.C.

Note 7 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Demand accounts	**831**	**1 295**
Ordinary accounts in debit (1)	427	927
Cash receivables for securities to be delivered (2)	-	80
Loans and advances at overnight rates (3)	404	288
Time accounts (4)	**26**	**95**
Accrued interest	**2**	**1**
Total	**859**	**1 391**

(1) *Corresponding to amounts debited from external bank accounts, which include the last direct debits on customer accounts for the period.*

(2) *For details of securities to be delivered see Note 18 .*

(3) *The liquidity reserve, which amounted to €724 million at December 31, 2011, consists of mutual funds qualified as cash equivalents (€300 million) classified as "Financial assets at fair value through profit or loss" (see Note 4), interbank loans (€404 million) classified as "Loans and advances to credit institutions" and reserves deposited with the central banks (€20 million) classified as "Cash, central banks, post office banks" (see Note 3).*

(4) *Time accounts are analysed by maturity in Note 24.*

Analysis of Loans and Advances to Credit Institutions (including accrued interest) between Loans to Related Companies and Loans to Non-Group Institutions

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Non-group institutions	859	1 391
Total	**859**	**1 391**

Note 8 Customer Loans and Receivables

8.1 Analysis by Type of Financing

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Installment contracts	**10 230**	**10 034**
- of which securitized (1)	*3 176*	*2 913*
Buyback contracts (2)	**2 345**	**2 531**
Principal and interest	2 690	2 907
- of which securitized (1)	*215*	*800*
Unaccrued interest on buyback contracts	(345)	(376)
- of which securitized (1)	*(18)*	*(68)*
Long-term leases (2)	**4 818**	**4 737**
Principal and interest	5 296	5 184
- Related companies	1	1
- Non-group companies	5 295	5 183
- of which securitized (1)	*684*	*725*
Unaccrued interest on long-term leases	(416)	(394)
- of which securitized (1)	*(49)*	*(36)*
Leasing deposits	(62)	(53)
Wholesale financing	**5 879**	**5 165**
Principal and interest	5 949	5 236
- Related companies	130	209
- Non-group companies	5 819	5 027
Wholesale financing deposits	(70)	(71)
- Related companies	(56)	(59)
- Non-group companies	(14)	(12)
Other finance receivables (including equipment loans, revolving credit)	**810**	**763**
Ordinary accounts in debit	**156**	**117**
- Related companies	5	2
- Non-group companies	151	115
Deferred items included in amortized cost - Customers loans and receivables	**76**	**64**
- Deferred acquisition costs	443	428
- Deferred loan set-up costs	(113)	(101)
- Deferred manufacturer and dealer contributions	(268)	(284)
- Deferred discounting adjustments to subsidized loans (3)	14	21
Total Loans and Receivables at Amortized Cost	**24 314**	**23 411**
- of which loans and receivables given as collateral (4)	*1 233*	*1 328*

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

- *On July 13, 2006, Crédipar sold €1,372 million worth of future finance lease revenues and related VAT to the Auto ABS 2006-1 fund. The Auto ABS 2006-1 fund issued €1,118 million worth of AAA/Aaa/AAA rated preferred bonds and €132 million worth of A/A2/A rated subordinated bonds. Crédipar's retained interest amounts to €10,000.*
- *On January 29, 2007, Crédipar sold €1,250 million worth of automobile loans to the Auto ABS 2007-1 fund. The Auto ABS 2007-1 fund issued €1,181 million worth of AAA/Aaa rated preferred bonds and €69 million worth of A/Aa3 rated subordinated bonds. Crédipar's retained interest amounts to €10,000.*
- *On July 25, 2007, Banque PSA Finance's Italian branch sold €850 million worth of automobile loans to the Auto ABS S.r.l. 2007-2 fund, an Italian Special Purpose Vehicle (SPV). This SPV issued €816 million worth of AAA/Aaa rated preferred bonds, €34 million worth of A/A1 rated subordinated bonds and €18.7 million worth of junior bonds subscribed by Banque PSA Finance's Italian branch.*
- *On July 30, 2008, Banque PSA Finance's German branch sold €1,000 million worth of automobile loans to the Auto ABS 2008-1 fund. The Auto ABS 2008-1 fund issued €970 million worth of AAA/aaa rated preferred bonds and €30 million worth of A/Aa3 rated subordinated bonds. The German branch's retained interest amounts to*
- *On April 13, 2010, both of Banque PSA Finance's Brazilian subsidiaries began to sell automobile loans and future finance lease revenues to a "Fonds d'Investissement en Droits de Créances" (FIDC). At the end of december 2011, the total amounted to BRL1,675 million (€695 million). The FIDC is an open-end fund that can purchase successive packages of loans, in line with the agreement entered into with Banco Santander. The fund issued seniors bonds subcribed by Banco Santander (90%) and subordinated bonds subscribed by Banque PSA Finance's Brazilian branches (10%).*
- *On November 25, 2010, Banque PSA Finance's German branch sold €680.3 million worth of future finance lease revenues to the Auto ABS 2010-1 fund. The fund issued €500 million worth of AAA rated A bonds, €79.9 million worth of B bonds and €100.4 million worth of C bonds. All of the B and C bonds were purchased by Banque PSA Finance. The German branch's retained interest amounts to €300.*
- *On July 20, 2011, Crédipar sold €1,050 million worth of automobile loans to the Auto ABS 2011-1 fund. The fund issued €956 million worth of AAA/Aaa rated A bonds and €94 million worth of B bonds. All of the B bonds were purchased by Banque PSA Finance. Crédipar's retained interest amounts to €300.*
- *On November 25, 2011, Banque PSA Finance's German branch sold €800 million worth of automobile loans to the Auto ABS German loans 2011-2 fund. The fund issued €720 million worth of Aaa/AAA rated A bonds and €80 million worth of B bonds. All of the B bonds were purchased by Banque PSA Finance. The German branch's retained interest amounts to €300.*

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

(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) This concerns interest-free customer loans granted under the VIVE plan in Spain (see Note16).

(4) Including at December 31, 2011, €1,131 million corresponding to receivables given as collateral to the SFEF and €102 million corresponding to receivables given as collateral to the Budensbank by the German branch (see Note 26).

8.2 Customer Loans and Receivables by Segment

Type of financing	Corporate Dealers (A - see B Note 33.1)		End user: Retail (B - see A Note 33.1)		End user: Corporate and equivalent (C - see C Note 33.1)		Total	
(in million euros)	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Installment contracts	59	63	10 067	9 889	104	82	10 230	10 034
Buyback contracts	44	39	2 233	2 431	68	61	2 345	2 531
Long-term leases	91	72	3 410	3 496	1 317	1 169	4 818	4 737
Wholesale financing	5 879	5 165	-	-	-	-	5 879	5 165
Other finance receivables	627	562	175	199	8	2	810	763
Ordinary accounts in debit	150	115	-	-	6	2	156	117
Deferred items included in amortized cost	(10)	(5)	99	80	(13)	(11)	76	64
Total customer loans by segment (based on IFRS 8)	**6 840**	**6 011**	**15 984**	**16 095**	**1 490**	**1 305**	**24 314**	**23 411**

8.3 Analysis by Currency

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Net loans and receivables		
ARS	237	135
AUD	31	31
BRL	1 430	1 285
CHF	503	485
CZK	137	152
DKK	49	45
EUR	18 801	18 489
GBP	2 458	2 216
HRK	31	28
HUF	10	9
MXN	38	64
NOK	9	11
PLN	260	294
RUB	268	137
SEK	33	13
USD	19	17
Total	**24 314**	**23 411**

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 5 and 15).

8.4 Analysis by Maturity (except ordinary accounts in debit and deferred items included in amortized cost)

Analysis by Maturity at December 31, 2011

(in million euros)	Installment contracts	Buyback contracts	Long-term leases	Wholesale financing	Other finance receivables	Total at Dec. 31, 2011
Not broken down	478	140	181	133	74	1 006
0 to 3 months	1 010	185	693	3 483	114	5 485
3 to 6 months	756	180	665	1 013	49	2 663
6 months to 1 year	1 957	360	869	1 328	164	4 678
1 to 5 years	6 232	1 520	2 545	12	368	10 677
Over 5 years	63	19	-	-	69	151
Total, gross	**10 496**	**2 404**	**4 953**	**5 969**	**838**	**24 660**
Guaranties deposits	-	-	(62)	(70)	-	(132)
Impairment	(266)	(59)	(73)	(20)	(28)	(446)
Total net loans and receivables	**10 230**	**2 345**	**4 818**	**5 879**	**810**	**24 082**

Analysis by Maturity at December 31, 2010

(in million euros)	Installment contracts	Buyback contracts	Long-term leases	Wholesale financing	Other finance receivables	Total at Dec. 31, 2010
Not broken down	477	130	168	157	97	1 029
0 to 3 months	931	210	661	3 357	91	5 250
3 to 6 months	874	182	566	361	45	2 028
6 months to 1 year	1 844	360	927	1 372	103	4 606
1 to 5 years	6 038	1 690	2 537	9	403	10 677
Over 5 years	130	18	-	-	51	199
Total, gross	**10 294**	**2 590**	**4 859**	**5 256**	**790**	**23 789**
Guaranties deposits	-	-	(53)	(71)	-	(124)
Impairment	(260)	(59)	(69)	(20)	(27)	(435)
Total net loans and receivables	**10 034**	**2 531**	**4 737**	**5 165**	**763**	**23 230**

Note 9 Fair Value Adjustments to Finance Receivables Portfolios Hedged against Interest Rate Risks

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Fair value adjustments to		
Installment contracts	61	66
Buyback contracts	11	11
Long-term leases	1	3
Total	**73**	**80**

Hedging effectiveness is analyzed in Note 23.5.

Note 10 Accruals and Other Assets

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Other receivables	**323**	**319**
- Related companies (1)	94	93
- Non-group companies	229	226
Prepaid and recoverable taxes	**66**	**49**
Accrued income	**23**	**26**
- Related companies	1	1
- Non-group companies	22	25
- of which insurance activities	*12*	*8*
Prepaid expenses	**79**	**65**
Other	**121**	**84**
- Related companies	1	-
- Non-group companies	120	84
Total	**612**	**543**

(1) *Other receivables from related companies consist mainly of contributions receivable from the Peugeot and Citroën brands.*

Note 11 Investments in Associates and Joint Ventures Accounted for Using the Equity Method

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
At the beginning of the period	**54**	**14**
Share in net income	3	2
Change in Group structure (1)	-	33
Goodwill	-	6
Exchange difference	5	(1)
At the end of the period	**62**	**54**
- of which goodwill (2)	*7*	*6*

(1) *Acquisition by PSA finance Nederland B.V. of a further 50% of the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd. Banque PSA Finance does not have full control of the subsidiary, and it therefore continues to be accounted for using the equity method (see Note 1).*

(2) *The CNY56.7 million (€6.9 million at December 31, 2011) goodwill arising from the above transaction is included in "Investments in associates and joint ventures accounted for using the equity method" in accordance with IAS 28-Investments in Associates. An impairment test carried out on December 31, 2011 revealed no impairment in the carrying amount of goodwill (see the comments on goodwill in Notes 2.B.3 and 2.B.4).*

Note 12 Property and Equipment and Intangible Assets

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

(in million euros)	Dec. 31, 2011 Cost	Dec. 31, 2011 Depreciation/ amortization	Dec. 31, 2011 Net	Dec. 31, 2010 Cost	Dec. 31, 2010 Depreciation/ amortization	Dec. 31, 2010 Net
Land and buildings	1	-	1	1	-	1
Vehicles	13	(3)	10	12	(3)	9
Other	26	(22)	4	26	(22)	4
Property and equipment	**40**	**(25)**	**15**	**39**	**(25)**	**14**
Intangible assets (1)	**181**	**(90)**	**91**	**169**	**(77)**	**92**
Total	**221**	**(115)**	**106**	**208**	**(102)**	**106**

(1) *The development cost of software for internal use capitalized under intangible assets at December 31, 2011 amounted to €90,7 million net.*

Movements at Cost

(in million euros)	Dec. 31, 2010	Additions	Disposals	Other movements	Dec. 31, 2011
Land and buildings	1	5	(5)	-	1
Vehicles	12	11	(10)	-	13
Other	26	5	(5)	-	26
Property and equipment	**39**	**21**	**(20)**	**-**	**40**
Intangible assets	**169**	**12**	**-**	**-**	**181**
Total	**208**	**33**	**(20)**	**-**	**221**

Changes in Depreciation and Amortization

(in million euros)	Dec. 31, 2010	Charges	Reversals	Other movements	Dec. 31, 2011
Land and buildings	-	-	-	-	-
Vehicles	(3)	(3)	3	-	(3)
Other	(22)	(1)	1	-	(22)
Property and equipment	**(25)**	**(4)**	**4**	**-**	**(25)**
Intangible assets	**(77)**	**(13)**	**-**	**-**	**(90)**
Total	**(102)**	**(17)**	**4**	**-**	**(115)**

Note 13 Goodwill

An impairment test carried out on December 31, 2011 revealed no impairment in the carrying amount of goodwill (see the comments on goodwill in Notes 2.B.3 and 2.B.4).

Note 14 Financial Liabilities at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Accrued expense on trading derivatives (1)	3	1
Fair value of trading derivatives (1)	2	20
Total	**5**	**21**

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

(1) *Swaps classified as held for trading, mainly set up during securitization transactions, represent closed positions that set each other off within portfolios of contracts with similar characteristics. They do not generate any material gains or losses (see Notes 4, 23.1 and 23.6).*

Note 15 Hedging Instruments - Liabilities

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Cash Flow hedges	**-**	**3**
Sold options (1)	-	3
Fair Value Hedges	**181**	**211**
Adjustment accounts - commitments in foreign currencies (2)	36	22
- of which related companies	*36*	*22*
Unrealised losses on unclosed hedges	-	-
Accrued expenses on swaps designated as hedges	22	29
- of which related companies	*6*	*5*
Negative fair value of instruments designated as hedges of:		
- Borrowings	-	4
- EMTNs/BMTNs	7	6
- Bonds	44	74
- Certificates of deposit	-	-
- Retail finance receivables	72	76
Total	**181**	**214**

Fair value is determined by applying valuation techniques based for the most part on observable market data (level 2).
Hedging effectiveness is analysed in Note 23.5.

(1) *Swaptions purchased as hedges of future loan originations. At December, 31, 2011, all swaptions had expired (see Note 5).*

(2) *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 5, 8.3 and 18.3).*

Note 16 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Demand deposits (non-group institutions)	**104**	**590**
- Ordinary accounts in credit	85	536
- Accounts and deposits at overnight rates	18	52
- Other	1	2
Accrued interest	**1**	**1**
Time deposits (1)	**4 796**	**5 581**
- Related companies	-	-
- Non-group companies (2)	4 796	5 581
Deferred items included in amortized cost of deposits from credit institutions	**(14)**	**1**
- Debt issuing costs (deferred charges)	(28)	(20)
- Deferred discounting adjustments to subsidized loans (3)	14	21
Accrued interest	**98**	**90**
Total deposits from credit institutions at amortized cost	**4 985**	**6 263**

(1) *Time deposits are analysed by maturity in Note 24.*

(2) *Including at December 31, 2011 :*

- *€469 million in drawdowns on back up lines corresponding to long-term financing commitments (see Note 26).*
- *€200 million in drawdowns on credit facility (see Note 26).*
- *€689 million in deposits from the SFEF (see Note 26).*
- *€65 million in deposits from the Bundesbank held by the German branch (see Note 26).*
- *€173 million in deposits from Instituto de Crédito Oficial (ICO) that were received by the Spanish Branch under the "VIVE" (Vehiculo Innovador Vehiculo Ecologico) ecological vehicle development plan in Spain.*

(3) *This concerns interest-free deposits held by the Spanish branch under the VIVE plan in Spain (see Note 8.1 and previous footnote).*

Analysis by Currency

	Dec. 31, 2011		Dec. 31, 2010	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
ARS	-	165	-	80
BRL	18	363	21	315
CHF	6	11	1	11
CZK	1	77	4	79
EUR	45	3 359	472	4 319
GBP	18	694	43	732
HRK	1	7	2	12
HUF	1	4	9	-
MXN	-	10	-	13
PLN	14	18	38	20
RUB	-	88	-	-
Total	**104**	**4 796**	**590**	**5 581**

Note 17 Due to Customers

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Time deposits (non-group institutions) (1)	**2**	**3**
Demand accounts	**340**	**336**
- Related companies	85	60
- PSA Peugeot Citroën Group entities' ordinary accounts in credit (2)	*76*	*59*
- Non-group companies (independent dealers' ordinary accounts in credit)	255	276
Total	**342**	**339**

(1) *Time deposits are analysed by maturity in Note 24.*

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

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

(in million euros)	Dec. 31, 2011	31.12.2010
EUR	-	1
Other	2	2
Total	**2**	**3**

Note 18 Debt Securities

18.1 Analysis by Nature

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Interbank instruments and money-market securities (non-group institutions) (1)	**12 179**	**10 914**
- EMTNs and BMTNs	8 425	6 828
- Certificates of deposit and "billets de trésorerie"	3 754	4 086
- o/w paper in the process of being delivered	*-*	*80*
- o/w related companies	*-*	*-*
Accrued interest	**211**	**134**
Deferred items included in amortized cost of debt securities	**(15)**	**(13)**
- Debt issuing costs and premiums (deferred charges)	(15)	(13)
Bonds (2)	**3 575**	**3 224**
- o/w securitization: preferred and subordinated bonds (3)		
- Related companies	*25*	*25*
- Non-group companies	*3 137*	*2 786*
Accrued interest	**4**	**6**
- o/w securitization	*3*	*6*
Other debt securities	**810**	**690**
- o/w securitization: preferred bonds (4)	*681*	*535*
Accrued interest	**125**	**46**
- o/w securitization	*117*	*30*
Total debt securities at amortized cost	**16 889**	**15 001**

(1) *In 2011, Banque PSA Finance carried out several EMTN issues:*
- *in January, a €750 million 3.875% issue due January 2015;*
- *in February, a €1,000 million 4.25% issue due February 2016;*
- *in April, a $1,250 million issue (€878 million at the date of issue) on the US market:*
  - *$450 million issue due April 2014 at the 3-months Libor rate plus 190 bp;*
  - *$300 million 3.375% issue due April 2014;*
  - *$250 million 4.375% issue due April 2016;*
  - *$250 million 5.75% issue due April 2021;*
- *in June, a €650 million 4.00% issue due June 2015.*

(2) *Of which a €413 million 7-year bond issue launched by the subsidiary PSA Finance S.C.S. in December 2006.*

(3) *Bonds issued by the Auto ABS 2006-1, 2007-1, 2008-1, 2010-1 and 2011-1 funds and the Auto ABS German loans 2011-2 fund in France, and by the Auto ABS 2007-2 fund in Italy.The B and C bonds issued by the 2010-1 fund and the B bonds issued by the 2011-1 and 2011-2 funds were purchased by Banque PSA Finance (see Note 8.1).*

(4) *Other debt securities issued by the Brazilian FIDC.*

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

	Dec. 31, 2011			Dec. 31, 2010		
(in million euros)	Bonds	Money-market securities	Other	Bonds	Money-market securities	Other
0 to 3 months	290	3 824	52	366	4 181	4
3 to 6 months	220	966	48	309	697	10
6 months to 1 year	541	835	91	584	1 059	23
1 to 5 years	2 490	6 361	619	1 690	4 977	653
Over 5 years	34	193	-	275	-	-
Total	**3 575**	**12 179**	**810**	**3 224**	**10 914**	**690**

18.3 Analysis by Repayment Currency (1)

	Dec. 31, 2011			Dec. 31, 2010		
(in million euros)	Bonds	Money-market securities	Other	Bonds	Money-market securities	Other
ARS	-	20	-	-	13	-
BRL	-	-	777	-	-	649
EUR	3 575	11 093	33	3 224	10 855	41
JPY	-	100	-	-	46	-
USD (1)	-	966	-	-	-	-
Total	**3 575**	**12 179**	**810**	**3 224**	**10 914**	**690**

(1) *Adjustments arising from the remeasurement of hedged foreign currency financing liabilities (including €88 million due to USD issued debt) at period-end exchange rates are offset by fair value adjustments to the corresponding currency swaps (see Notes 5 and 15).*

Banque PSA Finance's residual currency position is presented in Note 23.4.

Note 19 Fair Value Adjustments to Debt Portfolios Hedged against Interest Rate Risks

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Fair value adjustments to borrowings	15	21
Fair value adjustments to EMTNs/BMTNs	169	24
Fair value adjustment to certificates of deposit	-	-
Fair value adjustments to bonds	1	1
Total	**185**	**46**

Hedging effectiveness is analyzed in Note 23.5.

Note 20 Accruals and Other Liabilities

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Trade payables	**351**	**275**
- Related companies (1)	289	198
- Non-group companies	62	77
Accrued payroll and other taxes	**95**	**84**
Accrued charges	**161**	**186**
- Related companies	8	40
- Non-group companies	153	146
Other payables	**57**	**57**
- Related companies	31	36
- Non-group companies	26	21
Deferred income	**280**	**117**
- Related companies	9	4
- Non-group companies	271	113
Other	**108**	**105**
- Non-group companies	108	105
Total	**1 052**	**824**

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

Note 21 Insurance Activities

21.1 - Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Life insurance liabilities	**13,7**	**7,7**
Unearned premium reserve (UPR)	4,3	2,5
Claims reserve		
- Claims reserve - reported claims	5,5	4,2
- Claims reserve - claims incurred but not reported (IBNR)	3,9	1,0
Other	-	-
Non-life insurance liabilities	**12,9**	**8,9**
Unearned premium reserve (UPR)	3,5	2,1
Claims reserve		
- Claims reserve - reported claims	4,5	4,5
- Claims reserve - claims incurred but not reported (IBNR)	4,9	2,3
Other	-	-
Total liabilities related to insurance contracts	**26,6**	**16,6**

21.2 - Change in Liabilities Related to Insurance Contracts

21.2.1 - Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-Life	Total
Opening reserve at January 1, 2011	**2,5**	**2,1**	**4,6**
+ Written premiums	41,5	59,8	**101,3**
- Earned premiums	(39,7)	(58,4)	**(98,1)**
+ Other movements	-	-	**-**
Closing reserve at December 31, 2011	**4,3**	**3,5**	**7,8**

21.2.2 - Claims Reserve

(in million euros)	Life	Non-Life	Total
Opening reserve at January 1, 2011	**5,2**	**6,8**	**12,0**
o/w reported claims	*4,2*	*4,5*	*8,7*
o/w claims incurred but not reported (IBNR)	*1,0*	*2,3*	*3,3*
- Claims paid in current year	(4,7)	(6,7)	(11,4)
+ Claims incurred in current year	6,3	8,3	14,6
+ Claims incurred in prior years	2,6	2,1	4,7
+ Other movements	-	(1,1)	(1,1)
Closing reserve at December 31, 2011	**9,4**	**9,4**	**18,8**
o/w notified claims	*5,5*	*4,5*	*10,0*
o/w claims incurred but not reported (IBNR)	*3,9*	*4,9*	*8,8*

21.3 - Income from Insurance Activities

21.3.1 - Technical Income from Insurance Activities

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
+ Earned premiums, net of reinsurance ceded premiums	98,1	58,5
Gross amount	*98,1*	*58,5*
Reinsurance ceded premiums	-	-
- Cost, net of reinsurance	(21,2)	(13,3)
Claims expenses (gross)	*(13,3)*	*(6,9)*
Reinsurance ceded claims expenses	-	-
Change in insurance liabilities (except for UPR)	*(7,9)*	*(6,4)*
Margin on sales of Insurance activities (1)	**76,9**	**45,2**
+/- Other technical income (expense)	(29,2)	(16,2)
Brokerage fees	*(28,1)*	*(16,1)*
Personnel costs	*(0,1)*	*(0,1)*
Reinsurance commissions	-	-
Other technical income (expense)	*(1,0)*	-
+ Investment income, net	*0,8*	*0,1*
Contribution to operating income before elimination of intercompany transactions	**48,5**	**29,1**
+/- Elimination of intercompany transactions	27,9	16,1
Contribution to operating income after elimination of intercompany transactions	**76,4**	**45,2**

21.3.2 - Non-technical Income from Insurance Activities

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
+/- Other non-technical income (expense)	(2,4)	(2,9)
Personnel costs	*(0,6)*	*(0,5)*
Other non-technical income (expense)	*(1,8)*	*(2,4)*
Contribution to operating income before elimination of intercompany transactions	**(2,4)**	**(2,9)**
+/- Elimination of intercompany transactions	*(0,2)*	*1,5*
Contribution to operating income after elimination of intercompany transactions	**(2,6)**	**(1,4)**

21.3.3 - Operating Income from Insurance Activities

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Technical income	76,4	45,2
Non-technical income	(2,6)	(1,4)
Contribution to operating income after elimination of intercompany transactions (1)	**73,8**	**43,8**

(1) See Note 36.2 Segment Information, Key Income Statement Items.

Note 22 Provisions

(in million euros)	Dec. 31, 2010	Charges	Reversals Utilized	Reversals Unutilized	Reclassifi-cations, currency effect	Dec. 31, 2011
Provisions for pensions and other post-retirement benefits (1)	26	5	(3)	-	(14)	14
Provisions for doubtful commitments:						
- Corporate dealers	4	1	(2)	-	-	3
- Corporate and equivalent	3	-	-	(3)	-	-
Provisions for losses on sales of used cars (2)	12	7	(6)	-	1	14
Provisions for sub-contracted long term leases	1	-	(1)	-	-	-
Other	11	5	(4)	-	3	15
Total	**57**	**18**	**(16)**	**(3)**	**(10)**	**46**

(1) *In Germany, a Contractual Trust Agreement (CTA) was set up at the end of 2011. This type of contract allows assets to be transferred to a trustee-administered external fund and to qualify as "plan assets" as defined in IAS 19. The CTA assets amounted to €14 million at December 31, 2011 and were previously recorded for the most part in "other assets". They can be taken into account in the calculation of provisions for pensions and other post-retirement benefits, which accordingly decreased by €14 million.*

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

22.1 Pension Obligations

A. Plan Description

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

In France, defined benefit obligations concern:
- statutory length-of-service awards payable to employees when they retire;
- supplementary pension benefits payable to executives. The obligation corresponds to the portion not transferred to an external fund in 2002. The plan is closed to new participants.

In the United Kingdom, defined benefit plans have been closed to new participants since May 2002.

B. Assumptions:

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

	Euro zone	United Kingdom
Discount rate		
2011	**4,50%**	**4,90%**
2010	4,70%	5,50%
Inflation rate		
2011	**1,80%**	**2,90%**
2010	2,00%	3,35%
Expected return on external funds		
2011	**4,80%**	**5,50%**
2010	5,25%	5,50%

Assumptions concerning future salary levels reflect, for each country, projected inflation rates and assumptions related to individual pay increases. The calculations are based on inflation plus 1% in 2011 and inflation plus 0.5% in subsequent years for France, and inflation plus 1% for the United Kingdom.

Mortality and staff turnover assumptions are based on the specific economic conditions of each Group company or the country in which they operate.

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

	Discount rate +0,25%	Inflation rate +0,25%
France	-2,37%	+3,06%
United Kingdom	-3,83%	+3,32%

C. Reconciliation of Balance Sheet Items to Historical Data

(in million euros)	Dec. 31, 2011 France	Dec. 31, 2011 Other countries	Dec. 31, 2011 Total	Dec. 31, 2010 France	Dec. 31, 2010 Other countries	Dec. 31, 2010 Total
Projected benefit obligation	**(9)**	**(66)**	**(75)**	**(9)**	**(54)**	**(63)**
Fair value of external funds	5	61	66	5	37	42
Surplus or (deficit)	**(4)**	**(5)**	**(9)**	**(4)**	**(17)**	**(21)**
Actuarial gains and losses	-	1	1	1	-	1
(Provision) net asset before minimum funding requirement	**(4)**	**(4)**	**(8)**	**(3)**	**(17)**	**(20)**
Minimum funding requirement provision	-	-	-	-	-	-
(Provision) net asset recognized in the balance sheet	**(4)**	**(4)**	**(8)**	**(3)**	**(17)**	**(20)**
o/w: provisions	*(5)*	*(9)*	*(14)*	*(4)*	*(22)*	*(26)*
o/w: net assets	*1*	*5*	*6*	*1*	*5*	*6*

In Germany, a Contractual Trust Agreement (CTA) was set up at the end of 2011. This type of contract allows assets to be transferred to a trustee-administered external fund and to qualify as "plan assets" in IAS 19. The CTA assets amounted to €14 million at December 31, 2011 and were previously recorded for the most part in "other assets".

D. Movement for the Year

Excluding minimum funding requirement (IFRIC14)

(in million euros)	Dec. 31, 2011 France	Dec. 31, 2011 Other countries	Dec. 31, 2011 Total	Dec. 31, 2010 France	Dec. 31, 2010 Other countries	Dec. 31, 2010 Total
Projected benefit obligation						
At beginning of the year	**(8,7)**	**(54,1)**	**(62,9)**	**(9,2)**	**(48,8)**	**(58,1)**
Service cost	(0,4)	(2,2)	(2,6)	(0,4)	(1,9)	(2,3)
Interest cost	(0,4)	(3,0)	(3,4)	(0,5)	(2,8)	(3,3)
Benefits paid	0,2	1,3	1,5	0,4	1,0	1,4
Actuarial gains and losses						
- Amount	0,2	(0,6)	(0,4)	1,0	(0,4)	0,6
- As a % of the projected benefit obligation	*2,91%*	*1,16%*	*0,60%*	*10,35%*	*0,77%*	*0,99%*
Exchange difference	-	(1,0)	(1,0)	-	(1,2)	(1,2)
Effect of changes in scope of consolidation	-	(5,8)	(5,8)	-	-	-
Curtailments and settlements	-	-	-	-	-	-
At year-end	**(9,1)**	**(65,4)**	**(74,6)**	**(8,7)**	**(54,1)**	**(62,9)**
Funded status						
At beginning of the year	**4,8**	**36,9**	**41,7**	**5,0**	**28,9**	**33,9**
Expected return on external funds	0,2	2,1	2,3	0,3	1,6	1,9
Actuarial gains and losses						
- Amount	-	0,5	0,5	(0,1)	2,6	2,5
- As a % of the projected benefit obligation	*0,74%*	*1,28%*	*1,05%*	*1,46%*	*8,93%*	*7,40%*
Exchange difference	-	1,1	1,1	-	1,1	1,1
Contributions paid	-	3,3	3,3	-	3,1	3,1
Benefits paid	(0,2)	(1,0)	(1,2)	(0,4)	(0,4)	(0,8)
Effect of changes in scope of consolidation	-	17,9	17,9	-	-	-
Curtailments and settlements	-	-	-	-	-	-
At year-end	**4,8**	**60,8**	**65,6**	**4,8**	**36,9**	**41,7**
Deferred items						
At beginning of the year	**0,9**	**0,5**	**1,3**	**1,9**	**2,2**	**4,0**
Items deferred during the year	(0,2)	0,1	(0,1)	(0,9)	(2,2)	(3,1)
Amortization of deferred items	-	0,1	0,1	(0,1)	0,2	0,1
Exchange difference and other	-	0,1	0,1	-	0,3	0,3
Curtailments and settlements	-	-	-	-	-	-
At year-end	**0,7**	**0,8**	**1,4**	**0,9**	**0,5**	**1,3**

Minimum funding requirement provision (IFRIC14)

(in million euros)	Dec. 31, 2011 France	Dec. 31, 2011 Other countries	Dec. 31, 2011 Total	Dec. 31, 2010 France	Dec. 31, 2010 Other countries	Dec. 31, 2010 Total
At beginning of the year	**-**	**-**	**-**	**-**	**(3,4)**	**(3,4)**
Charge for the year	-	-	-	-	-	-
Reversal for the year	-	-	-	-	3,6	3,6
Exchange difference	-	-	-	-	(0,2)	(0,2)
At year-end	**-**	**-**	**-**	**-**	**-**	**-**

The minimum funding requirement provision recognized in 2009 in application of IFRIC 14 was fully reversed in 2010.

E. Expense for the Year

Pension costs are recognized as follows:

- the service cost and amortization of deferred items are recognized in "General operating expenses (Personnel costs)";
- the interest cost, corresponding to the discounting adjustment to benefit obligations, and the charge to the minimum funding requirement provision (IFRIC 14) are recognized under "Pension obligation - expense";
- the expected return on external funds and the reversals from the minimum funding requirement provision (IFRIC 14) are recognized under "Pension obligation - income";
- exceptionally, the effects of restructuring plans are recognized under "Other non-operating items".

Pension costs break down as follows:

	Dec. 31, 2011			Dec. 31, 2010		
(in million euros)	France	Other countries	Total	France	Other countries	Total
Service cost	(0,4)	(2,2)	(2,6)	(0,4)	(1,9)	(2,3)
Amortization of deferred items	-	0,1	0,1	(0,1)	0,2	0,1
Interest cost	(0,4)	(3,0)	(3,4)	(0,5)	(2,8)	(3,3)
Expected return on external funds	0,2	2,1	2,3	0,3	1,6	1,9
Other	-	-	-	-	-	-
Total (before minimum funding requirement provision)	**(0,6)**	**(3,0)**	**(3,6)**	**(0,7)**	**(2,9)**	**(3,6)**
Change in minimum funding requirement liability (IFRIC 14)	-	-	-	-	3,6	3,6
Total	**(0,6)**	**(3,0)**	**(3,6)**	**(0,7)**	**0,7**	**-**

Note 23 Derivatives

Group Interest Rate Management Policy

(See the "Financial Risk Management" section of the Management Report)

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

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

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

Counterparty risk: Banque PSA Finance's exposure to counterparty risk is limited to its use of derivatives governed by standard FBF or ISDA agreements and very short term cash investments with leading counterparties. Customer credit risk is discussed in Note 33.

The bank does not incur any exposure 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 with a capital guarantee and a guaranteed yield.

23.1 - Banque PSA Finance Interest Rate Position

(in million euros)	0 to 1 year	1 to 5 years	+5 years	Total at Dec. 31, 2011
Financial assets				
Wholesale financing	5 879	-	-	5 879
Fixed rate customer financing	7 392	10 569	-	17 961
Other adjustable rate loans and receivables	474	-	-	474
Fixed rate financial assets	-	-	-	-
Other financial assets	2 081	-	-	2 081
Total financial assets (a)	**15 826**	**10 569**	**-**	**26 395**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**468**	**-**	**-**	**468**
Non financial assets				
Fixed assets and goodwill	-	189	-	189
Other non financial assets	832	-	-	832
Total non financial assets	**832**	**189**	**-**	**1 021**
Total assets				*27 884*
Financial liabilities				
Hedged fixed rate debt	(2 095)	(6 203)	(178)	(8 476)
Hedged adjustable rate debt	(12 842)	(13)	-	(12 855)
Other borrowings and deposits	(446)	-	-	(446)
Total financial liabilities (b)	**(15 383)**	**(6 216)**	**(178)**	**(21 777)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(371)**	**-**	**-**	**(371)**
Non financial liabilities				
Other non financial liabilities	(2 039)	-	-	(2 039)
Total non financial liabilities	**(2 039)**	**-**	**-**	**(2 039)**
Equity (3)	**-**	**(3 697)**	**-**	**(3 697)**
Total equity and liabilities				*(27 884)*
Net position before hedging = (a) + (b)	**443**	**4 353**	**(178)**	**4 618**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(6 122)	(5 637)	-	(11 759)
- lending leg	11 759	-	-	11 759
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**5 637**	**(5 637)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- borrowing leg	2 095	6 203	178	8 476
- lending leg	(8 476)	-	-	(8 476)
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- borrowing leg	-	13	-	13
- lending leg	(13)	-	-	(13)
Total derivatives hedging financial liabilities (d)	**(6 394)**	**6 216**	**178**	**-**
Trading transactions (e) (1)	**724**	**-**	**-**	**724**
Derivatives net position = (c) + (d) + (e)	**(33)**	**579**	**178**	**724**
Net position after hedging (3)	**410**	**4 932**	**-**	**5 342**
Note: Net position after hedging in 2010	*473*	*4 116*	*-*	*4 589*

This table analyzes financial assets and liabilities based on their maturity, for fixed rate items, or the next repricing date, for adjustable rate items.

In the section dealing with derivatives, the lending leg of swaps and other derivative transactions are reported as a positive amount and the borrowing leg is reported as a negative amount.

(1) *Swaps classified as held for trading represent i) two open position swaps for a notional amount of €335 million and three open position cross currency swaps for a notional amount of €320 million; ii) five swaps reclassified as held for trading for a notional amount of €69 million. The impact of these swaps on the income statement is not material (see Notes 4, 14 and 23.6). Note that none of the swaps from trading portfolio and including those in open positions, are included in the negotiation portfolio as defined by the banking supervisor for regulatory reporting purposes.*

(2) *Including €3,162 million of hedging swaps closed at consolidated level, set up during securitization transactions.*

(3) *The net position after hedging, with maturities ranging from 0 to 1 year, is not material. The net position after hedging, with maturities ranging from 1 to 5 years, amounts to €4,932 million and is mainly hedged by equity.*

23.2 - Hedges of Interest Rate Risks on Future Lending Transactions

In order to cap the refinancing cost of new financing (Installment contracts, Buyback contracts and Long-term leases), Banque PSA Finance purchased and sold swaptions (options on interest rate swaps, purchased net with the net premium paid). The loss resulting from time decay since the beginning of the year was €7.3 million, including €3.5 million in positive fair value adjustments. The notional amounts and maturities (1 to 3 years) of the swaps (options on interest swaps) match the forecast amounts and maturities of new financing expected to be originated in these same periods. At December 31, 2011, all swaptions had expired.

The €12.3 million positive change in the intrinsic value of swaptions before they expired was recognized directly in equity under "Gains and losses recognized directly in equity" (see "Consolidated statement of changes in equity attributable to equity holders of the parent and minority interests"). The deferred portion of the value released to income during the period, to offset changes in the value of the underlying (expired swaptions), was €10.6 million. Deferred gains and losses amounted to €12.3 million (€8.1 million net of deferred tax).

Swaptions Designated as Cash Flow Hedges

(in million euros)	Dec. 31, 2010	Change in intrinsic value	Gains or losses	Transfer to income	Change in deferred tax	Dec. 31, 2011
Intrinsic value of open swaptions	9,4	12,3	(21,7)	-		0,0
Hedging gains or losses	1,2	-	21,7	(10,6)		12,3
Gains recognized directly in equity (gross)	**10,6**	**12,3**	**-**	**(10,6)**	**-**	**12,3**
Deferred tax	(3,7)				(0,5)	(4,2)
Gains recognized directly in equity (net)	**6,9**	**12,3**	**-**	**(10,6)**	**(0,5)**	**8,1**

Timing of Impacts on Income

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
0 to 3 months	4,5	1,0
3 to 6 months	1,4	0,2
6 months to 1 year	2,5	0,1
1 to 5 years	3,9	-
+ 5 years	-	-
Total	**12,3**	**1,2**

Timing of Hedged Future Retail Financing

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
0 to 3 months	-	-
3 to 6 months	-	-
6 months to 1 year	-	-
1 to 5 years	-	2 378,0
+ 5 years	-	-
Total	**-**	**2 378,0**

23.3 - Hedges of Interest Rate Risks on Adjustable Rate Debt

Interest rate risks on fixed rate loans are hedged from the origination date by purchasing interest rate swaps on the market or, in countries where there is no liquid market for this type of instrument, by drawing down fixed rate financing facilities. In the latter case, variable rate financing may be set up, with the interest rate risk on the future cash flows hedged by means of a variable-to-fixed rate swap.

The change in value of this type of swaps was recognized directly in equity under "Gains and losses recognized directly in equity" (see "Consolidated statement of changes in equity attributable to equity holders of the parent and minority interests").

Cash Flow Hedges

(in million euros)	Dec. 31, 2010	Fair value adjustments	Dec. 31, 2011
Remeasurement of derivatives designated as hedges	-	0,5	0,5
Deferred tax	-	(0,2)	(0,2)
Gains (losses) recognized directly in equity, net	**-**	**0,3**	**0,3**

23.4 - Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

Parent's External Positions

(in million euros)	CHF	CZK	GBP	JPY	MXN	PLN	RUB	USD
Assets	375	88	1 877	-	18	99	130	-
Liabilities	-	(77)	(504)	(100)	-	-	-	(966)
Net position before hedging	**375**	**11**	**1 373**	**(100)**	**18**	**99**	**130**	**(966)**
Hedging assets	(375)	(11)	(1 371)	-	(18)	(99)	(130)	-
Hedging liabilities	-	-	-	100	-	-	-	966
Hedging position	**(375)**	**(11)**	**(1 371)**	**100**	**(18)**	**(99)**	**(130)**	**966**
Net position after hedging - December 2011	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**-**
Note: December 2010	*-*	*-*	*2*	*-*	*-*	*-*	*-*	*-*

Subsidiaries' External Positions

(in million euros)	CHF /HUF	EUR /AUD	EUR /BRL	EUR /DKK	EUR /GBP	EUR /HRK	EUR /HUF	EUR /NOK	EUR /SEK	EUR /TRY	EUR /USD
Assets	50	31	-	49	1	18	5	9	33	1	18
Liabilities	(49)	-	(62)	-	-	(18)	(5)	-	-	-	-
Net position before hedging	**1**	**31**	**(62)**	**49**	**1**	**-**	**-**	**9**	**33**	**1**	**18**
Hedging assets	-	(31)	-	(49)	-	-	-	(9)	(33)	-	(18)
Hedging liabilities	-	-	62	-	-	-	-	-	-	-	-
Hedging position	**-**	**(31)**	**62**	**(49)**	**-**	**-**	**-**	**(9)**	**(33)**	**-**	**(18)**
Net position after hedging - December 2011	**1**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**1**	**-**
Note: December 2010	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*1*	*-*

These positions are hedged using currency swaps, cross currency swaps and forward foreign exchange contracts.

As a result of the hedging policy, changes in currencies exchange rates would not have any significant impact on the Group net income.

B. Structural Positions in Foreign Currencies

Structural positions (investments in subsidiaries and the branches dotation capital) and future profits and losses are not hedged. As the business of subsidiaries and branches will, by definition, continue for an indefinite period, any such hedges would represent long-term open positions.

Position at December 31, 2011	CHF	CNY	CZK	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
(in million euros)	14	46	32	189	3	12	8	42	65	1	139	**551**
Note: December 2010	*14*	*42*	*33*	*174*	*3*	*17*	*9*	*49*	*49*	*1*	*134*	*525*

(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.

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

(in million euros)	Dec. 31, 2011	Dec. 31, 2010	Currency effect (1)	Fair value adjustments	Ineffective portion recognized in profit or loss
Fair value adjustments to customer loans (Installment contracts, Buyback contracts and Long-term leases) (Note 9)					
- Installment contracts	61	66			
- Buyback contracts	11	11			
- Long-term leases	1	3			
Total valuation, net	**73**	**80**	**-**	**(7)**	
Derivatives designated as hedges of customer loans					
- Assets (Note 5)	7	3			
- Liabilities (Note 15)	(72)	(76)			
Total valuation, net	**(65)**	**(73)**	**-**	**8**	**1**
Ineffective portion of gain and losses on outstanding hedging transactions	**8**	**7**			**1**
Fair value adjustments to hedged debt (Note 19)					
Valuation, net	(15)	(21)			
Total valuation, net	**(15)**	**(21)**		**6**	
Derivatives designated as hedges of debt					
- Assets (Note 5)	15	25			
- Liabilities (Note 15)	-	(4)			
Total valuation, net	**15**	**21**		**(6)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to hedged EMTNs/BMTNs (Note 19)					
Valuation, net	(169)	(24)			
Total valuation, net	**(169)**	**(24)**		**(145)**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 5)	174	28			
- Liabilities (Note 15)	(7)	(6)			
Total valuation, net	**167**	**22**		**145**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**(2)**	**(2)**			**0**
Fair value adjustments to hedged bonds (Note 19)					
Valuation, net	-	-			
Total valuation, net	**-**	**-**		**0**	
Derivatives designated as hedges of bonds (2)					
- Assets (Note 5)	44	74			
- Liabilities (Note 15)	(44)	(74)			
Total valuation, net	**-**	**-**		**0**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to hedged certificates of deposits					
Valuation, net	-	-			
Total valuation, net	**-**	**-**		**0**	
Derivatives designated as certificates of deposits					
- Assets (Note 5)	-	-			
- Liabilities (Note 15)	-	-			
Total valuation, net	**-**	**-**		**0**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to other hedged debt securities (Note 19)					
Valuation, net	(1)	(1)			
Total valuation, net	**(1)**	**(1)**		**0**	
Derivatives designated as hedges of other debt securities					
- Assets (Note 5)	1	1			
- Liabilities (Note 15)	-	-			
Total valuation, net	**1**	**1**		**0**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**

(1) The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange whereas their income statement items are translated on a month-by-month basis at the average monthly rate.

(2) Symmetrical swaps (set up by Banque PSA Finance and the securitization vehicles) designated as hedges of the securitization vehicles' bond debt.

Swaptions held to hedge future customer loans (Installment contracts, Buyback contracts and Long-term leases) are not included in the hedging effectiveness table as the loans have not yet been granted (see paragraph 23.2 above).

23.6 - Impact in Profit and Loss of Fair Value Adjustments to Financial Assets and Liabilities at Fair Value

(in million euros)	Dec. 31, 2011	Dec. 31, 2010	Fair value adjustments
Financial assets at fair value			
- Fair value adjustments to marketable securities	-	-	-
- Fair value of trading derivatives (Note 4)	4	20	**(16)**
- o/w symmetrical swaps set up during securitization transactions (1)	*2*	*20*	***(18)***
Total valuation, net	**4**	**20**	**(16)**
Financial liabilities at fair value			
- Fair value of trading derivatives (Note 14)	(2)	(20)	**18**
- o/w symmetrical swaps set up during securitization transactions (1)	*(2)*	*(20)*	***18***
Total valuation, net	**(2)**	**(20)**	**18**
Impact in profit or loss			**2**

(1) These swaps concern the part of bond debt purchased by Banque PSA Finance.

Note 24 Analysis by Maturity and Liquidity Risks

The Liquidity Risk Management is described in the "Liquidity" section of the Management Report.
The following liquidity risk presentation is based on a detailed breakdown of assets and liabilities analysed by maturity, according to contractual 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 (€172 million in year 2011 vs €155 million in year 2010).

For 2011

(in million euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Dec. 31, 2011
Assets							
Cash, central banks, post office banks	-	23	-	-	-	-	**23**
Financial assets at fair value through profit or loss	59	1 145	-	-	-	-	**1 204**
Hedging instruments	389						**389**
Available-for-sale financial assets	2						**2**
Loans and advances to credit institutions	2	843	3	7	4	-	**859**
Customer loans and receivables	661	5 484	2 663	4 679	10 676	151	**24 314**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	73						**73**
Other assets	1 020						**1 020**
Total Assets	**2 206**	**7 495**	**2 666**	**4 686**	**10 680**	**151**	**27 884**
Equity and liabilities							
Central banks, post office banks	-						**-**
Financial liabilities at fair value through profit or loss	5						**5**
Hedging instruments	181						**181**
Deposits from credit institutions	85	1 020	702	817	2 361	-	**4 985**
Due to customers	-	341	-	-	-	1	**342**
Debt securities	324	4 165	1 234	1 468	9 471	227	**16 889**
Fair value adjustments to debt portfolios hedged against interest rate risks	185						**185**
Other liabilities	1 600						**1 600**
Equity	-	-	172	-	-	3 525	**3 697**
Total Equity and liabilities	**2 380**	**5 526**	**2 108**	**2 285**	**11 832**	**3 753**	**27 884**

For 2010

(in million euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Dec. 31, 2010
Assets							
Cash, central banks, post office banks	-	20	-	-	-	-	**20**
Financial assets at fair value through profit or loss	67	694	8	19	-	-	**788**
Hedging instruments	183						**183**
Available-for-sale financial assets	2						**2**
Loans and advances to credit institutions	1	1 305	-	72	13	-	**1 391**
Customer loans and receivables	651	5 250	2 028	4 606	10 677	199	**23 411**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	80						**80**
Other assets	987						**987**
Total Assets	**1 971**	**7 269**	**2 036**	**4 697**	**10 690**	**199**	**26 862**
Equity and liabilities							
Central banks, post office banks	-						**-**
Financial liabilities at fair value through profit or loss	21						**21**
Hedging instruments	214						**214**
Deposits from credit institutions	95	3 069	304	525	2 270	-	**6 263**
Due to customers	-	337	-	-	-	2	**339**
Debt securities	173	4 551	1 016	1 666	7 320	275	**15 001**
Fair value adjustments to debt portfolios hedged against interest rate risks	46						**46**
Other liabilities	1 460						**1 460**
Equity	-	-	155	-	-	3 363	**3 518**
Total Equity and liabilities	**2 009**	**7 957**	**1 475**	**2 191**	**9 590**	**3 640**	**26 862**

Financing commitments given to customers amounted to €1,465 million at December 31, 2011 compared to €1,652 million at December 31, 2010 (see Note 26). They have a 0 to 3 months maturity.

Covenants

The loan agreements signed by Banque PSA Finance, mainly in connection with issues of debt securities, include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. In the case of Banque PSA Finance, these clauses nevertheless comprise exceptions allowing the Group to carry out securitization programs or to give assets as collateral;
- material adverse change clauses;
- pari passu clauses which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- cross default clauses whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- change of control clauses.

In addition, most loan agreements include a specific acceleration clause, requiring the Group to maintain a banking license and comply with the regulatory ratios applicable to all French banks.

The Group complied with all its covenants in 2010 and 2011.

Note 25 Fair Value of Financial Assets and Liabilities

	Fair value		Book value		Deferred gain or loss	
(in million euros)	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Assets						
Cash, central banks, post office banks	23	20	23	20	-	-
Financial assets at fair value through profit or loss (1)	1 204	788	1 204	788	-	-
Hedging instruments (1)	389	183	389	183	-	-
Available-for-sale financial assets (2)	2	2	2	2	-	-
Loans and advances to credit institutions (3)	859	1 391	859	1 391	-	-
Customer loans and receivables (4)	24 212	23 307	24 387	23 491	(175)	(184)
Liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	5	21	5	21	-	-
Hedging instruments (1)	181	214	181	214	-	-
Deposits from banks (5)	5 043	6 270	5 000	6 284	43	(14)
Due to customers (5)	342	339	342	339	-	-
Debt securities (5)	17 584	15 111	17 059	15 026	525	85

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

(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 that are not yet consolidated, 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 very short-term loans and advances to banks is close to their amortized cost.*

(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 rate at which similar loans were granted at the year-end.*

(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.*

The other balance sheet items not listed above are either non-financial items, or very short-term assets and liabilities whose fair value is not materially different from their book value.

Note 26 Other Commitments

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Financing commitments		
Commitments received from credit institutions (1)	7 955	8 375
Commitments given to credit institutions	-	-
Commitments given to customers (2)	1 465	1 652
- o/w Crédipar Group	*951*	*1 042*
Guarantee commitments		
Commitments received from credit institutions	1 284	795
- guarantees received in respect of customer loans	884	695
- guarantees received in respect of securities held	-	-
- other guarantees received from credit institutions	400	100
Guarantees given to credit institutions	1	1
Commitments given to customers	110	104
- Spanish branch	1	7
- Sofib	102	87
- Sofira	4	6
- Italian branch	3	4
Other commitments received		
Securities received as collateral	13	12
Investment put options (3)	55	55
Other commitments given		
Investment deliverable under forward sales contracts (3)	310	310
Investment call options (3)	55	55
Other (4)	1 233	1 328

(1) *Including at Decembre 31, 2011, by drawdown priority (see Note 16):*
- *€1,396 million not yet drawn from €1,865 million bilateral back-up lines corresponding to long-term financing commitments,*
- *€723 million not yet drawn from a €923 million 2-year credit facility signed on January 28, 2011 with a pool of nine international banks,*
- *€1,755 million 3.5-year syndicated credit facility signed on December 15, 2009 with a pool of twenty-one international banks.*
- *two €2,000 million syndicated credit facility expiring in June 2014 and in December 2014 respectively.*

These facilities and the liquidity reserve (see Note 4) were sufficient to cover the Bank's refinancing needs over a period of more than six months under an extreme liquidity stress scenario (see the "Liquidity" section of the Management Report).

(2) *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.*

(3) *This concerns French subsidiary Financière Greffuhle S.A.S.*

(4) *Including the amount of customer loans given as collateral for proprietary transactions to (see Notes 8.1 and 16):*
- *to Société de Financement de l'Economie Française (SFEF) pursuant to the measures to finance the economy introduced in France's amended Finance Act no.2008-1061 of October 16, 2008 (€1,131 million collateral for €689 million financing granted at December 31, 2011);*
- *to the Budensbank by the German branch (€102 million collateral for €65 million financing granted at December 31, 2011).*

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

Note 27 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	**Dec. 31, 2011**	**Dec. 31, 2010**
Installment contracts	**1 019**	**974**
- o/w related companies	*71*	*70*
- o/w securitized	*261*	*302*
- o/w related companies	*2*	*2*
Buyback contracts	**230**	**283**
- o/w related companies	*11*	*4*
- o/w securitized	*46*	*85*
Long-term leases	**375**	**381**
- o/w related companies	*102*	*112*
- o/w securitized	*29*	*3*
Wholesale financing	**268**	**221**
- o/w related companies	*184*	*146*
Other finance receivables (including equipment loans, revolving credit)	**39**	**37**
- o/w related companies	-	-
Commissions paid to referral agents	**(279)**	**(276)**
- Installment contracts	(187)	(183)
- Buyback contracts	(35)	(42)
- Long-term leases	(57)	(51)
- o/w related companies	*(38)*	*(41)*
Other business acquisition costs	**(37)**	**(32)**
Interest on ordinary accounts	**4**	**3**
Interest on guarantee commitments	**-**	**-**
Total	**1 619**	**1 591**

Note 28 Interest Expense on Hedging Instruments

(in million euros)	**Dec. 31, 2011**	**Dec. 31, 2010**
Swaps hedging retail financing (Fair Value Hedge)	(76)	(242)
Amortization of premiums on open swaptions (Time Decay)	(11)	(7)
Deferred intrinsic value of terminated swaptions released to the income statement (1)	11	7
Total	**(76)**	**(242)**

(1) See Note 23.2.

Note 29 Other Revenue and Expense

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
- Fees and commissions on retail customer transactions	90	89
- Fees and commissions on other customer transactions	3	3
- Share of joint venture operations	1	1
- Grant to the Russian subsidiary (1)	-	2
- Other	5	6
Other revenue	**99**	**101**
- Bank charges	(8)	(8)
- Provisions and gains and losses on sales of used vehicles, net	(13)	(12)
- Share of joint venture operations	(7)	(10)
- Other (2)	(31)	(19)
Other expense	**(59)**	**(49)**
Other revenue and expense	**40**	**52**

(1) *The grant to the Russian subsidiary was recorded as an expense in 2009 because the subsidiary was not yet consolidated. It was neutralised in 2010 following the first consolidation of the subsidiary.*

(2) *Including a €7 million expense corresponding to the deferred portion of discounting adjustments to subsidized loans (VIVE plan) released to the income statement during the period. This expense is offset by income in the same amount corresponding to the deferred portion of discounting adjustments to subsidized debt recorded under "Interest and other revenue from loans and advances to credit institutions".*

Note 30 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 31 Interest on Debt Securities

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Interest expense on debt securities	(504)	(343)
Interest expense on bonds and other fixed income securities	(55)	(36)
- o/w securitization: preferred bonds	*(49)*	*(32)*
Total	**(559)**	**(379)**

Note 32 General Operating Expenses

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Personnel costs	**(146)**	**(140)**
- Wages and salaries	(106)	(103)
- Payroll taxes	(35)	(32)
- Employee profit sharing and profit-related bonuses	(5)	(5)
Other general operating expenses	**(221)**	**(207)**
- o/w related companies	*(95)*	*(81)*
Total	**(367)**	**(347)**

General Operating Expenses by Geographical Area

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
France	**(137)**	**(126)**
Europe excl. France	**(190)**	**(184)**
- o/w Germany	(35)	(38)
- o/w Spain	(29)	(30)
- o/w Italy	(28)	(25)
- o/w United Kingdom	(30)	(29)
Rest of the world	**(40)**	**(37)**
- o/w Brazil	(26)	(25)
Total	**(367)**	**(347)**

Number of Employees by Geographical Area

	Dec. 31, 2011	Dec. 31, 2010
France	**761**	**775**
Europe excl. France	**1 436**	**1 389**
- o/w Germany	235	234
- o/w Spain	266	266
- o/w Italy	160	146
- o/w United Kingdom	273	271
Rest of the world	**141**	**137**
- o/w Brazil	60	57
Total	**2 338**	**2 301**

Legal staff directly employed by Banque PSA Finance's subsidiaries and branches.

Note 33 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.

33.1 - Changes in Loans

(in million euros)	Balance at Dec 31, 2010	Net new loans and exchange difference (1)	Cost of risk				Cost of risk for the period at Dec. 31, 2011	Balance at Dec. 31, 2011
			Charges	Reversals	Credit losses	Recoveries on loans written off in prior periods		
Retail								
Sound loans with no past-due installments	15 373	(109)	-	-	-	-	-	15 264
Sound loans with past-due installments	438	(9)	-	-	-	-	-	429
Guarantee deposits (lease financing)	(50)	(9)	-	-	-	-	-	(59)
Non-performing loans	637	114	-	-	(102)	-	(102)	649
Total	**16 398**	**(13)**	**-**	**-**	**(102)**	**-**	**(102)**	**16 283**
Impairment of sound loans with past-due installments	(44)	-	(11)	7	-	-	(4)	(48)
Impairment of non-performing loans	(340)	1	(137)	126	-	-	(11)	(350)
Total impairment	**(384)**	**1**	**(148)**	**133**	**-**	**-**	**(15)**	**(398)**
Deferred items included in amortized cost	**81**	**18**	**-**	**-**	**-**	**-**	**-**	**99**
Net book value (A - see B Note 8.2)	**16 095**	**6**	**(148)**	**133**	**(102)**	**-**	**(117)**	**15 984**
Recoveries on loans written off in prior periods						9	9	
Impairment of doubtful commitments			-	1	-	-	1	
Retail cost of risk			**(148)**	**134**	**(102)**	**9**	**(107)**	
Corporate dealers								
Sound loans with no past-due installments	5 893	879	-	-	-	-	-	6 772
Sound loans with past-due installments	20	1	-	-	-	-	-	21
Guarantee deposits	(72)	-	-	-	-	-	-	(72)
Non-performing loans	212	(35)	-	-	(11)	-	(11)	166
Total	**6 053**	**845**	**-**	**-**	**(11)**	**-**	**(11)**	**6 887**
Impairment of non-performing loans	(36)	1	(28)	26	-	-	(2)	(37)
Total impairment	**(36)**	**1**	**(28)**	**26**	**-**	**-**	**(2)**	**(37)**
Deferred items included in amortized cost	**(6)**	**(4)**	**-**	**-**	**-**	**-**	**-**	**(10)**
Net book value (B - see A Note 8.2)	**6 011**	**842**	**(28)**	**26**	**(11)**	**-**	**(13)**	**6 840**
Recoveries on loans written off in prior periods						4	4	
Impairment of doubtful commitments			-	1	-	-	1	
Corporate dealers cost of risk			**(28)**	**27**	**(11)**	**4**	**(8)**	
Corporate and equivalent								
Sound loans with no past-due installments	1 041	92	-	-	-	-	-	1 133
Sound loans with past-due installments	262	84	-	-	-	-	-	346
Guarantee deposits	(2)	1	-	-	-	-	-	(1)
Non-performing loans	31	13	-	-	(4)	-	(4)	40
Total	**1 332**	**190**	**-**	**-**	**(4)**	**-**	**(4)**	**1 518**
Impairment of non-performing loans	(16)	-	(7)	8	-	-	1	(15)
Total impairment	**(16)**	**-**	**(7)**	**8**	**-**	**-**	**1**	**(15)**
Deferred items included in amortized cost	**(11)**	**(2)**	**-**	**-**	**-**	**-**	**-**	**(13)**
Net book value (C - see C Note 8.2)	**1 305**	**188**	**(7)**	**8**	**(4)**	**-**	**(3)**	**1 490**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	3	-	-	3	
Corporate and equivalent cost of risk			**(7)**	**11**	**(4)**	**-**	**-**	
Total loans								
Sound loans with no past-due installments	22 307	862	-	-	-	-	-	23 169
Sound loans with past-due installments	720	76	-	-	-	-	-	796
Guarantee deposits (lease financing)	(124)	(8)	-	-	-	-	-	(132)
Non-performing loans	880	92	-	-	(117)	-	(117)	855
Total	**23 783**	**1 022**	**-**	**-**	**(117)**	**-**	**(117)**	**24 688**
Impairment of sound loans with past-due installments	(44)	-	(11)	7	-	-	(4)	(48)
Impairment of non-performing loans	(392)	2	(172)	160	-	-	(12)	(402)
Total impairment	**(436)**	**2**	**(183)**	**167**	**-**	**-**	**(16)**	**(450)**
Deferred items included in amortized cost	**64**	**12**	**-**	**-**	**-**	**-**	**-**	**76**
Net book value	**23 411**	**1 036**	**(183)**	**167**	**(117)**	**-**	**(133)**	**24 314**
Recoveries on loans written off in prior periods						13	13	
Impairment of doubtful commitments			-	5	-	-	5	
Total cost of risk			**(183)**	**172**	**(117)**	**13**	**(115)**	

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.*

33.2 - Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	Dec. 31, 2011	Dec. 31, 2010
Sound loans with past-due installments					
Charges	(11)	-	-	(11)	(15)
Reversals	7	-	-	7	11
Non-performing loans					
Charges	(137)	(28)	(7)	(172)	(138)
Reversals	126	26	8	160	100
Doubtful commitments					
Charges	-	-	-	-	(4)
Reversals	1	1	3	5	1
Credit losses	(102)	(11)	(4)	(117)	(105)
Recoveries on loans written off in prior periods	9	4	-	13	21
Cost of risk	**(107)**	**(8)**	**-**	**(115)**	**(129)**

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

Regarding Corporate risk, each customer (dealer and others) is individually evaluated and categorized in a risk class, which determines its probability of default. If the customer's situation worsens, a Flash Report is issued indicating the necessary impairment and the customer is reclassified as non-

Regarding Retail risk :

Risk selection processes are based on scores that reflect the different elements of the facility file. Scores are updated monthly throughout the life of the facility, taking into account the occurrence of any material event.

The score determines the risk class assigned to the facility. A probability of default is assigned to each risk class, calculated by reference to the historical default data.

For all risks classes, the loss given default is calculated by consistent risk segment.

Therefore Banque PSA Finance has a historical database which enables it to measure the probability of default on sound loans with past-due installments, as well as the average loss given default on non-performing loans discounted at the effective interest rate. This database covers the eight IRBA countries: France, United Kingdom, Germany, Spain, Portugal, since 2010 Italy and since 2011 Belgium and Netherlands.

For each non-IRBA country:

- *The probability of default is tracked separately for each country;*
- *The average loss rate is determined by multiplying a) the average of the discounted outstandings-weighted average loss rates of the eight IRBA countries by b) the non-IRBA country's loss rate on collections divided by the loss rate on collections of the eight IRBA countries.*

Note 2 paragraph C.6.4 describes impairment rules for Retail and Corporate.

33.3 - Information about Defaults with no Impairment

For 2011

(in million euros)	<= 90 days	> 90 days <= 180 days	> 180 days <= 1 an	> 1 an	Total at Dec. 31, 2011
Sound loans with past-due installments with no impairment	358	7	1	1	**367**

For 2010

(in million euros)	<= 90 days	> 90 days <= 180 days	> 180 days <= 1 an	> 1 an	Total at Dec. 31, 2010
Sound loans with past-due installments with no impairment	269	3	3	7	**282**

Corporate loans with one or more installments that are over 90 days past due and loans to local administrations with one or more installments that are over 270 days past due are not classified as non-performing when the delays are due to payment incidents or claims, and do not reflect a default risk.

Note 34 Other Non-operating Items

€ 23.6 million corresponding to the gain on the disposal of a building held by the GIE Foncier Crédipar, was accounted in other non operating items in 2010. After this disposal, the GIE was liquidated (see Note 1). At the same time, a 9-year lease contract was signed with the purchaser.

Note 35 Income Taxes

35.1 - Evolution of Balance Sheet Items

For 2011

(in million euros)	Dec. 31, 2010	Expense	Equity	Payment	Exchange difference and other (1)	Dec. 31, 2011
Current tax						
Assets	27	-	-	8	(27)	8
Liabilities	(60)	(219)	-	216	29	(34)
Total	**(33)**	**(219)**	**-**	**224**	**2**	**(26)**
Deferred tax						
Assets	174	(16)	(1)	-	(8)	149
Liabilities	(502)	55	-	-	6	(441)
Total	**(328)**	**39**	**(1)**	**-**	**(2)**	**(292)**

For 2010

(in million euros)	Dec. 31, 2009	Expense	Equity	Payment	Exchange difference and other (1)	Dec. 31, 2010
Current tax						
Assets	27	-	-	-	-	27
Liabilities	(30)	(186)	-	156	-	(60)
Total	**(3)**	**(186)**	**-**	**156**	**-**	**(33)**
Deferred tax						
Assets	145	20	-	-	9	174
Liabilities	(516)	26	(1)	-	(11)	(502)
Total	**(371)**	**46**	**(1)**	**-**	**(2)**	**(328)**

(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.*

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% and limited the use of tax loss carryforwards to 60% of taxable profit of the year.

At December 31, 2011 deferred tax liabilities falling due in 2012 and deferred tax assets for tax loss carryforwards, corresponding to the tax loss carryforwards to be used in 2012, were remeasured at the new rate. The net effect was an expense of €3,6 million.

(in million euros)	Dec. 31, 2011	Dec. 31, 2010
Current tax		
Income taxes	**(219)**	**(186)**
Deferred tax		
Deferred taxes arising in the year ended	**40**	**17**
Unrecognized deferred tax assets and impairment losses	**(1)**	**29**
Total	**(180)**	**(140)**

35.3 - Banque PSA Finance tax proof

(in million euros)	**Dec. 31, 2011**	**Dec. 31, 2010**
Pre-tax income	534	534
Permanent differences	6	(3)
Taxable Income	**540**	**531**
Theoretical tax	(195)	(183)
Theoretical rate	*36,100%*	*34,433%*
Impact of differences in foreign tax rates	38	21
Impact of changes in foreign tax rates	2	-
Impact of changes in France tax rates	(3)	-
Allowances on deferred tax assets:	-	
- Charges	(1)	-
- Reversals (1)	-	29
Allocated tax saving transferred back to PSA Peugeot Citroën	(3)	(3)
Tax refund from the Spanish Treasury relating to 2006 and 2007.	-	3
Impairment loss on tax credit to be received from Italian tax department	(15)	-
Other	(3)	(7)
Actual Tax Payable	**(180)**	**(140)**
Effective rate	*33,3%*	*26,3%*

(1) Banque PSA Finance has regularly positive taxable income that can be set off against loss carryforwards. Consequently, the impairment on the oldest deferred tax assets was reversed in 2010.

35.4 - Deferred Tax Assets on Tax Loss Carryforwards

For 2011

(in million euros)	**Dec. 31, 2010**	**New tax losses**	**Tax losses utilized in the year**	**Charges / Reversals**	**Exchange difference and other (1)**	**Dec. 31, 2011**
Deferred tax assets on tax loss carryforwards	121	2	(17)	-	(5)	101
Allowances	-	-	-	(1)	-	(1)
Total	**121**	**2**	**(17)**	**(1)**	**(5)**	**100**

For 2010

(in million euros)	**Dec. 31, 2009**	**New tax losses**	**Tax losses utilized in the year**	**Charges / Reversals**	**Exchange difference and other (1)**	**Dec. 31, 2010**
Deferred tax assets on tax loss carryforwards	101	17	(6)	-	9	121
Allowances	(29)	-	3	26	-	-
Total	**72**	**17**	**(3)**	**26**	**9**	**121**

(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.

Note 36 Segment Information

36.1 - Key Balance Sheet Items

For 2011

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 31, 2011
Assets								
Customers loans and receivables	6 840	15 984	1 490			639	(639)	24 314
Securities			570	-	28	1 742	(1 136)	1 204
Loans and advances to credit institutions			1 352	6	74	20 191	(20 764)	859
Other assets				1 111	54	1 846	(1 504)	1 507
Total Assets							**(24 043)**	**27 884**
Liabilities								
Refinancing	6 290	14 696	1 449	-	-	21 527	(22 088)	21 874
Due to customers	207	40	101	-		370	(376)	342
Liabilities related to insurance contracts					27			27
Other liabilities				2 938	42	543	(1 579)	1 944
Equity (1)				2 090	64	1 543		3 697
Total Liabilities							**(24 043)**	**27 884**

For 2010

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 31, 2010
Assets								
Customers loans and receivables	6 011	16 095	1 466			28	(189)	23 411
Securities			554	-	14	1 349	(1 129)	788
Loans and advances to credit institutions			1 760	8	44	19 575	(19 996)	1 391
Other assets				1 569	39	1 633	(1 969)	1 272
Total Assets							**(23 283)**	**26 862**
Liabilities								
Refinancing	5 603	15 002	1 366	-	2	20 174	(20 883)	21 264
Due to customers	223	39	79	-		336	(338)	339
Liabilities related to insurance contracts					17			17
Other liabilities				3 033	34	719	(2 062)	1 724
Equity (1)				1 976	23	1 519		3 518
Total Liabilities							**(23 283)**	**26 862**

Segment information is disclosed before elimination of inter and intra company transactions, shown in the "Eliminations" column.

(1) Equity is presented after deducting shares eliminated in consolidation, so as to show the contribution of each segment to Banque PSA Finance's reserves. In the published 2010 financial statements, the branches' income was included in equity attributable to equity holders of the parent (in the "Refinancing and securities" column). It is now included in "Financing activities".

36.2 Key Income Statement Items

For 2011

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Financing activities: Financial derivative instruments (3)	Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 31, 2011
Net interest revenue on customer transactions (at amortized cost) (1)	298	1 293	82	(15)	(79)		11	(6)	1 584
Net investment revenue	-	-	-	12		-	45	(29)	28
Net refinancing cost (2) (3)	(181)	(742)	(58)	217	79	1	(89)	35	(738)
Net gains or losses on trading transactions				(4)			1	-	(3)
Net gains or losses on available-for-sale financial assets							1		1
Margin on sales of insurance services						49		28	77
Margin on sales of other services						111	-	(28)	83
Net banking revenue	**117**	**551**	**24**	**210**	**-**	**161**	**(31)**	**-**	**1 032**
Cost of risk	(8)	(107)	-						(115)
Net income after cost of risk	**109**	**444**	**24**	**210**	**-**	**161**	**(31)**	**-**	**917**
General operating expenses and equivalent				(364)		(4)	(17)	-	(385)
Operating Income	**109**	**444**	**24**	**(154)**	**-**	**157**	**(48)**	**-**	**532**
- *o/w Insurance (See Note 21.3.3)*						*46*		*28*	*74*

For 2010

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Financing activities: Financial derivative instruments (3)	Insurance and services	Refinancing and securities	Eliminations	Total at Dec. 31, 2010
Net interest revenue on customer transactions (at amortized cost) (1)	253	1 310	85	1	(243)		(13)	5	1 398
Net investment revenue	-	-	-	8		-	24	(24)	8
Net refinancing cost (2) (3)	(132)	(796)	(55)	165	243	-	(11)	19	(567)
Net gains or losses on trading transactions				1			(1)	-	-
Net gains or losses on available-for-sale financial assets							-		-
Margin on sales of insurance services						29		16	45
Margin on sales of other services						132	-	(16)	116
Net banking revenue	**121**	**514**	**30**	**175**	**-**	**161**	**(1)**	**-**	**1 000**
Cost of risk	(13)	(108)	(8)						(129)
Net income after cost of risk	**108**	**406**	**22**	**175**	**-**	**161**	**(1)**	**-**	**871**
General operating expenses and equivalent				(345)		(3)	(16)	-	(364)
Operating Income	**108**	**406**	**22**	**(170)**	**-**	**158**	**(17)**	**-**	**507**
- *o/w Insurance (See Note 21.3.3)*						*26*		*18*	*44*

Segment information is disclosed before elimination of inter and intra company transactions, shown in the "Eliminations" column.

(1) Unallocated interest revenue on customer transactions mainly corresponds to the ineffective portion of gains or losses on hedging instruments recognized in the income statement in accordance with IAS 39 for a positive €1.1 million at December 31, 2011 (compared to a positive €3 million at December 31,

(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 €79 million reclassification at December 31, 2011 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.

36.3 -Geographical Areas

Key Balance Sheet Items

(in million euros)	Total assets		Customer loans and receivables		Refinancing (1)	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
France	**10 864**	**9 967**	**8 868**	**8 410**	**17 151**	**16 584**
Europe (excluding France)	**14 636**	**14 987**	**13 473**	**13 379**	**3 121**	**3 498**
- *o/w Germany*	*3 532*	*4 077*	*3 225*	*3 444*	*1 336*	*1 201*
- *o/w Spain*	*2 204*	*2 424*	*2 103*	*2 212*	*177*	*233*
- *o/w Italy*	*2 285*	*2 188*	*1 977*	*1 892*	*401*	*748*
- *o/w United Kingdom*	*2 598*	*2 379*	*2 458*	*2 216*	*210*	*287*
Rest of the world	**2 384**	**1 908**	**1 973**	**1 622**	**1 602**	**1 182**
- *o/w Brazil*	*1 749*	*1 484*	*1 430*	*1 285*	*1 298*	*1 062*
Total	**27 884**	**26 862**	**24 314**	**23 411**	**21 874**	**21 264**

(1) *Refinancing includes "Deposits from credit institutions" and "Debt securities" (see Notes 16 and 18). It concerns the group's external refinancing, mainly issued by Banque PSA Finance.*

Key Income Statement Items

(in million euros)	Interest and other revenue assets at amortized cost		Net banking revenue	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
France	**521**	**521**	**375**	**384**
Europe (excluding France)	**835**	**858**	**538**	**513**
- *o/w Germany*	*229*	*242*	*144*	*142*
- *o/w Spain*	*127*	*139*	*68*	*64*
- *o/w Italy*	*99*	*102*	*47*	*47*
- *o/w United Kingdom*	*155*	*164*	*84*	*89*
Rest of the world	**263**	**212**	**119**	**103**
- *o/w Brazil*	*195*	*175*	*79*	*74*
Total	**1 619**	**1 591**	**1 032**	**1 000**

(in million euros)	Cost of risk		Operating income	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
France	**(35)**	**(50)**	**195**	**200**
Europe (excluding France)	**(63)**	**(74)**	**275**	**246**
- *o/w Germany*	*(10)*	*(11)*	*96*	*91*
- *o/w Spain*	*(16)*	*(32)*	*20*	*1*
- *o/w Italy*	*(8)*	*(12)*	*11*	*9*
- *o/w United Kingdom*	*(5)*	*(1)*	*48*	*59*
Rest of the world	**(17)**	**(5)**	**62**	**61**
- *o/w Brazil*	*(13)*	*(2)*	*40*	*47*
Total	**(115)**	**(129)**	**532**	**507**

Note 37 Auditors fees

	Ernst & Young		Mazars		PriceWaterhouseCoopers	
(in millions euros)	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Audit						
- Statutory and contractual audit services						
- Banque PSA Finance	0,1	-	0,1	0,1	-	0,1
- Fully-consolidated companies	0,8	-	0,3	0,3	-	0,9
- *o/w France*	*0,1*	-	*0,1*	*0,1*	-	*0,1*
- Audit-related services						
- Banque PSA Finance	-	-	-	-	-	-
- Fully-consolidated companies	-	-	-	-	-	-
- *o/w France*	-	-	-	-	-	-
Other services provided to fully-consolidated subsidiaries						
- Legal and tax services	-	-	-	-	-	-
- Other	-	-	-	-	-	0,1
Total	**0,9**	**-**	**0,4**	**0,4**	**-**	**1,1**

Note 38 Subsequent Events

€700 million EMTN issue:

On January 16, 2012, Banque PSA Finance issued a €700 million 6% fixed-rate EMTN due July 2014. The transaction was 1.8 times oversubscribed with a very good portfolio quality. This bond issue confirms the bank's ability to access liquidity despite volatile financial market conditions. It joins in the balanced management of its liquidity and its needs, profiles of maturities, in line with the control of the average maturity of the bank, after the successes of the operations done in 2011.

Existing partnership in China:

In order to reinforce our partnership in China, Banque PSA Finance (BPF, through PSA Finance Nederland PFN, its Dutch subsidiary) and DongFeng Motor Group (DFG) signed an agreement of partial transfer (25%) of the participation of BPF (PFN) in DongFeng Peugeot Citroên Auto Finance Co. (DFCAFC), to the benefit of DFG.
After the Chinese Authorities' validation of this agreement, which would be obtained half-2012, DFG will be a new shareholder of DPCAFC. The shareholder structure will be as following : 50% BPF (through PFN), 25% DFG, 25% DPCA (DPCA : DongFeng Peugeot Citroën Automobile, Joint Venture : 50% PSA Peugeot Citroën / 50% DFG).
The participation of DFG to the capital of DPCAFC will further accentuate the strenghtened co-operation between DPCA and DPCAFC, thus aiming to contribute significantly to an increase of market share of the Peugeot and Citroên brands and of BPF in China.

New partnership in China:

To support the development of PSA and BPF's operations in China, a letter of intent was signed on January 20, 2012 between CAPSA (joint venture between Chang'An and PSA), China South Industries Group Corporation (CSGF) and BPF (through PFN). It scheduled the set up of an Auto Finance Company (AFC), 50%-owned by PFN and 50%-owned by CSGF. AFC's business will be the financing of CAPSA dealers as well as their end users. AFC's activity should start in 2013.

No events occurred between December 31, 2011 and the Board of Directors' meeting to review the financial statement on February 13, 2012 that could have a material impact on economic decisions made on the basis of these financial statements.

Statement by the person responsible for the Annual Report

Person Responsible for the 2011 Annual Report

Frédéric Saint-Geours

Chairman of the Board of Directors and Chief Executive Officer of Banque PSA Finance S.A.

Statement by the Person Responsible for the 2011 Annual Report

Having taken all reasonable care to ensure that such is the case, I hereby declare that the information contained in this Annual Report is, to the best of my knowledge, accurate with the facts and contains no omission likely to affect its purview.

I hereby declare that, to the best of my knowledge, i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Banque PSA Finance S.A. and of the companies belonging to the consolidated group, and ii) the Management Report presents as well a true and fair view of the business development, results and financial position of Banque PSA Finance S.A. and of the companies belonging to the consolidated group, together with a description of the main risks and uncertainties they have been facing during the year 2011.

I have obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Annual Report and examined the information about the financial position and the historical accounts contained therein.

Frédéric Saint-Geours

Chairman of the Board of Directors and Chief Executive Officer of Banque PSA Finance S.A.

Person Responsible for the Financial Information

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