BANQUE PSA FINANCE

2012 HALF-YEAR REPORT

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Philippe Varin
Director

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Ernst & Young
Mazars

SUBSTITUTE AUDITORS

Guillaume Potel
PICARLE

As at July 23, 2012

BANQUE PSA FINANCE

Société anonyme. Share capital: €177,408,000 euros
Registered office - 75, avenue de la Grande Armée – 75116 Paris - France
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
Interbank code: 13168N

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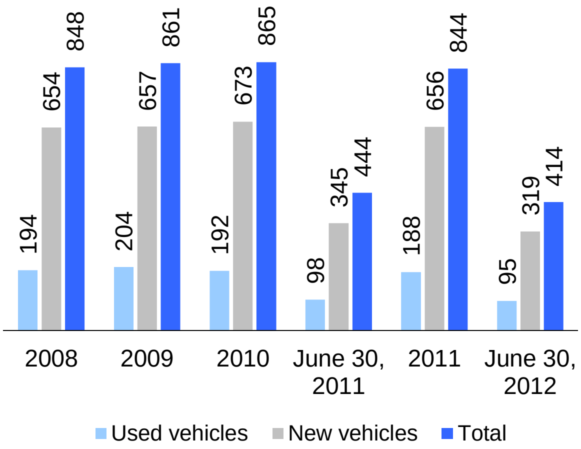
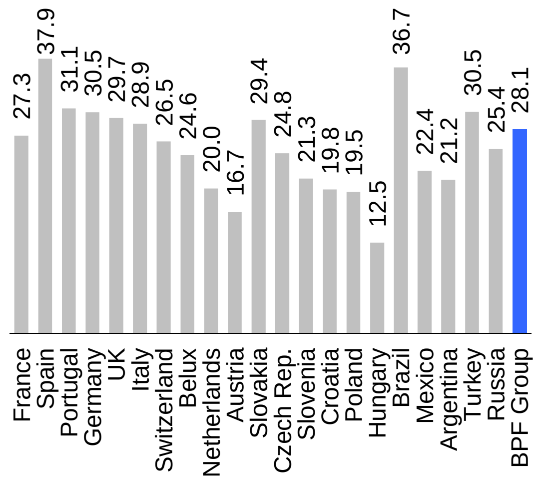
1 MANAGEMENT REPORT

1.1 Key Figures

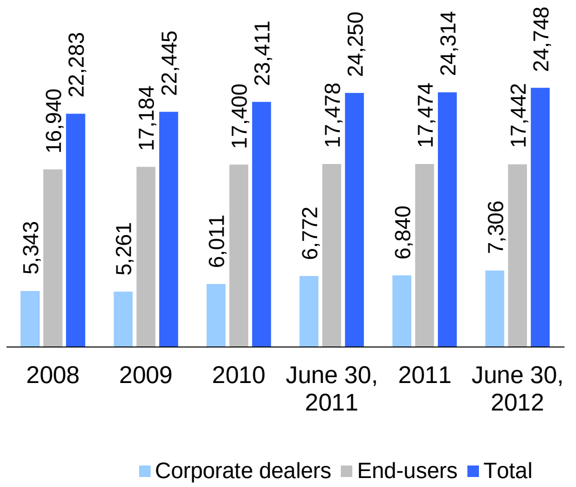
NUMBER VEHICLES FINANCED, END-USER LOANS
(in thousand vehicles)



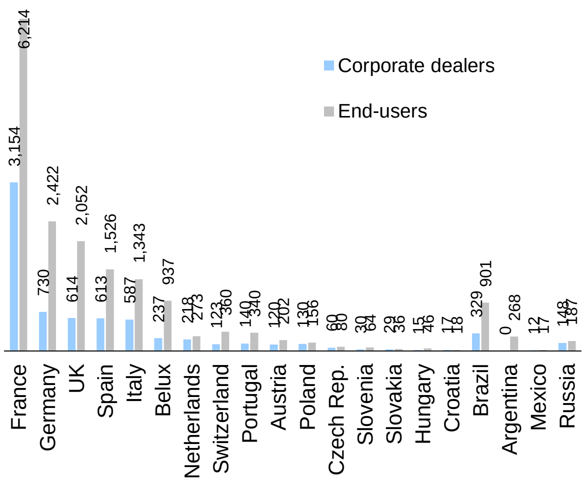
PENETRATION RATE BY COUNTRY AT JUNE 30, 2012
(as a %; new vehicles financed/PSA PEUGEOT CITROEN new vehicle registrations)



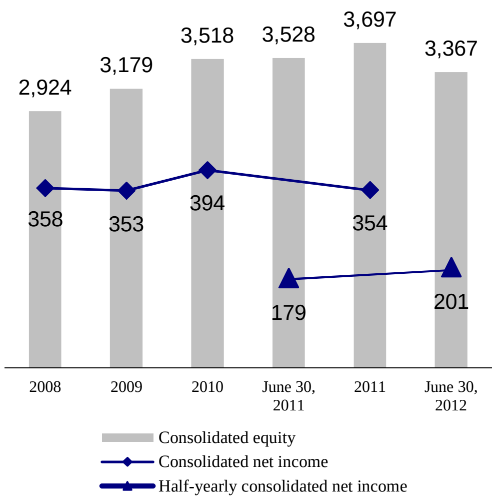
END-USER AND CORPORATE DEALER LOANS OUTSTANDING AT JUNE 30, 2012 (in million euros)



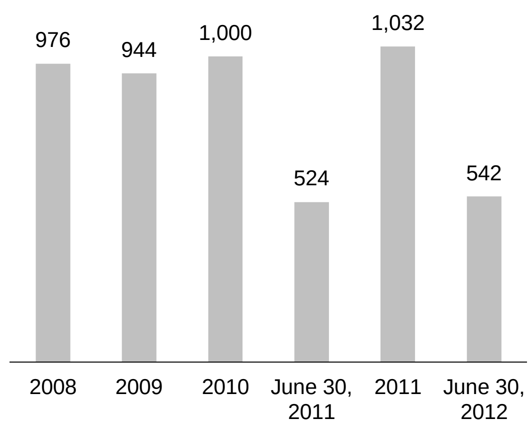
END-USER AND CORPORATE DEALER LOANS OUTSTANDING BY COUNTRY AT JUNE 30, 2012 (in million euros)



EQUITY AND NET INCOME AT JUNE 30, 2011
(in million euros)



NET BANKING REVENUE
(in million euros)



1.2 Activities and Business Evolution

1.2.1 Summary Financial Information

The following summary historical consolidated information has been derived from the consolidated financial statements of BPF included in this half-year 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.

New financing

(in million euros)	June 30, 2012	June 30, 2011	% change
End-users loans			
Number of vehicles financed	413,531	443,741	- 6.8
Amount of financing *(in million euros, excluding interests)*	4,327	4,612	- 6.2
Corporate dealers loans			
Number of vehicles financed	947,891	1,144,977	- 17.2
Amount of vehicles financing *(in million euros)*	17,557	20,687	- 15.1
Amount of spare parts financing and other *(in million euros)*	2,374	2,350	+ 1.0

Balance sheet

(in million euros)

Assets	June 30, 2012	Dec. 31, 2011	% change
Financial assets at fair value through profit or loss	807	1,204	- 33.0
Loans and advances to credit institutions	845	859	- 1.6
Customer loans and receivables	24,748	24,314	+ 1.8
Other assets	1,687	1,507	+ 11.9
Total assets	**28,087**	**27,884**	**+ 0.7**

Equity and liabilities	June 30, 2012	Dec. 31, 2011	% change
Deposits from credit institutions	5,498	4,985	+ 10.3
Debt securities	16,579	16,889	- 1.8
Other liabilities	2,643	2,313	+ 14.3
Equity	3,367	3,697	- 8.9
Total equity and liabilities	**28,087**	**27,884**	**+ 0.7**

INCOME STATEMENT

(in million euros)	June 30, 2012	June 30, 2011	% change
Net banking income	542	524	+ 3.4
General operating expenses and equivalent[1]	-192	-196	- 2.0
Cost of risk	-79	-54	+ 46.3
Operating income	**271**	**274**	**- 1.1**
Non operating income	5	1	+ 400.0
Income taxes	-75	-96	- 21.9
Net income for the year	**201**	**179**	**+ 12.3**

1 Including depreciation and amortization of intangible and tangible assets and gains and losses on disposals of fixed assets.

CUSTOMER LOANS AND RECEIVABLES

BY CUSTOMER SEGMENT

(In million euros)	June 30, 2012	Dec. 31, 2011	% change
Corporate dealers	7,306	6,840	+ 6.8
End-users	17,442	17,474	- 0.2
of which Retail	15,776	15,984	- 1.3
of which Corporate and equivalent	1,666	1,490	+ 11.8
of which eliminations and other	-	-	-
Total Customer Loans and Receivables	**24,748**	**24,314**	**+ 1.8**

BY GEOGRAPHICAL REGION

in million euros	June 30, 2012	Dec. 31, 2011	% change
France	9,368	8,868	+ 5.6
Western Europe (excluding France)	12,837	12,832	+ 0.0
Central and Eastern Europe	681	641	+ 6.2
Latin America	1,527	1,705	- 10.4
Rest of the World	335	268	+ 25.0
Total	**24,748**	**24,314**	**+ 1.8**

NET BANKING INCOME BY CUSTOMER SEGMENT

(in million euros)	June 30, 2012	June 30, 2011	% change
End-users	290	291	- 0.3
of which Retail	275	277	- 0.7
of which Corporate and equivalent	15	14	+ 7.1
Corporate dealers	63	58	+ 8.6
Insurances and Services (including net refinancing costs)	82	80	+ 2.5
Unallocated and other[1]	107	95	+ 12.6
Total	**542**	**524**	**+ 3.4**

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

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

1.2.2.1 Introduction

Wholly-owned by Peugeot S.A., Banque PSA Finance provides financing for sales of Peugeot and Citroën vehicles in 23 countries. It offers retail and fleet customers a diversified range of financing solutions and related services and provides Peugeot and Citroën dealers with financing for vehicles and spare parts inventories.

Except as otherwise indicated, figures presented in this semi-annual report exclude our Chinese activities, as we operate in China through a subsidiary that is consolidated by the equity method.

Our financing products and services include the following:

- ***End-user financing*** is intended for individuals, small businesses and corporate fleet customers :
  - ***Financing :*** 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. End-user loans outstanding represent 70% of total loans outstanding as of June 30, 2012.
  - ***Services :*** loan payment insurance covering unemployment, disability and death, car insurance, and vehicle related services such as warranty extensions and vehicle maintenance contracts.

    BPF offers some or all its services associated with packaged or integrated products in order to satisfy global customers' needs.
- ***Corporate dealer financing*** is intended for dealers in the Peugeot and Citroën networks
  - Financing for inventories of new and used vehicles, replacement parts and financing of working capital requirements. Corporate dealer loans outstanding represent 30% of total loans outstanding as of June 30, 2012.

1.3 Management's Discussion and Analysis of Results of Operations

1.3.1 Peugeot and Citroën Vehicle Sales

Global automobile markets rose by an aggregate 7% in the first half of 2012, led by growth of 14.4% both in the Asian and Russian markets. The Chinese passenger car market rose by 6.8% over the period.

In Europe, where the economic environment was weak, demand for cars and light commercial vehicles declined by a steep 7.2%, in particular: -21.5% in Italy, -13.3% in France, -10.2% in Spain, +0.6% in Germany, +1.4% in the United Kingdom, -1.6% in Central and Eastern Europe. The European market was down by 10% for PSA Peugeot Citroën, due to the unfavorable country mix.

In this environment, PSA Peugeot Citroën continued to globalize and move its brands upmarket. In the first half of 2012, sales of new vehicles and CKD units reached 1 619 000 units (-13%), of which 1 476 000 new vehicles (-10.7%), with the growth in the share of *premium* vehicles to 19%, as well as the reduction of vehicle average CO^2 emissions to 125.5 g/km.

PSA Peugeot Citroën's sales decreased by 13.6% and 21.1% respectively in Europe and in Latin America, while sales in China rose by 7.5% and in Russia by 14.7%. Thus, the sales outside Europe reached 39% of total sales compared to 38% in the first half of 2011 and 35% in the first half of 2010.

PSA PEUGEOT CITROËN REGISTRATIONS

Countries	June 30, 2012	June 30, 2011
France	**388,925**	**485,907**
Germany	86,577	91,937
Portugal	9,658	18,763
Spain	79,490	87,222
Switzerland	15,684	16,196
United Kingdom	109,830	106,888
Italy	89,184	108,223
Belux	58,015	66,782
Austria	16,543	18,144
Netherlands	46,347	49,840
Western Europe (excluding France)	**511,328**	**563,995**
Slovenia	5,022	5,999
Slovakia	3,833	4,567
Czech Republic	7,806	8,237
Croatia	3,760	3,727
Poland	17,271	17,466
Hungary	2,216	2,346
Central and Eastern Europe	**39,908**	**42,342**
Brazil	68,225	89,103
Argentina	57,267	55,398
Mexico	2,523	3,012
Latin America	**128,015**	**147,513**
Russia	39,351	33,795
Turkey	25,034	33,828
Rest of the World	**64,385**	**67,623**
Total	**1,132,561**	**1,307,380**

1.3.2 BPF Commercial Activity

1.3.2.1 End-user Financing

In this mixed economic context, the BPF penetration rate reached the highest level. At the end of June 2012 it increased by +1.7 points to 28.1% compared to the end of June 2011. Regarding the volumes and taking into account the decrease in new vehicle registrations of PSA Peugeot Citroën by 13.4% (BPF's perimeter), the number of new vehicle financing contracts we offered to end-user customers declined by 7.7% to 318,650 from 345,259 contracts in the first half of 2011.

In Western Europe, the new vehicle penetration rate increased by 2 points, in an environment particularly impacted by the crisis. The emerging countries recorded a strong growth in financing contracts, in particular Brazil with 36.7% penetration rate meaning +4 points compared to the first half of 2011. In Russia, after the first difficult quarter, the results increased over again since May and served to raise the number of new vehicle financing contracts by 7.7% versus last year. In China (where we have a subsidiary accounted for by the equity method), the results continue to proceed with a +1.6 points increase in penetration and almost 50% increase in volume of new vehicle contracts.

The following table provides information relating to BPF's end-user financing activity in the first half of 2011 and in the first half of 2012 (excluding China).

END-USER FINANCING OF NEW AND USED VEHICLES BY FINANCING TECHNIQUE

in number of contracts	June 30, 2012	June 30, 2011	% change
Installment sales	288,627	310,986	- 7.2
Leasing activity and other financing	124,904	132,755	- 5.9
TOTAL	**413,531**	**443,741**	**- 6.8**
of which outside Western Europe	70,614	74,564	- 5.3
in million euros (excluding accrued interests)			
Installment sales	2,542	2,745	- 7.4
Leasing activity and other financing	1,785	1,867	- 4.4
TOTAL	**4,327**	**4,612**	**- 6.2**
of which outside Western Europe	559	619	- 9.7

Taking into account the decrease in new vehicle registrations in most markets, the volume of installment sales and leasing activity declined by 6.8 %, despite the penetration increased by +1.7 points.

Average unit amounts financed rose by 0.7%, in the first half of 2012 because PSA Peugeot Citroën continued to move its brand vehicles upmarket. However, the impact of the fall in new vehicle registrations overall involves a decrease by 6.2% of the total amount financed.

The following table illustrates the amount of new end-user financing granted in the first half of 2011 and in the first half of 2012 (excluding China) by customer segment.

Financing of New and Used Vehicles by Market Segment

in million euros	June 30, 2012	June 30, 2011	% change
Retail financing	3,783	4,096	- 7.6
of which new vehicles	3,082	3,373	- 8.6
of which used vehicles and other	701	723	- 3.0
Corporate and equivalent financing	544	516	+ 5.4
End-user financing	**4,327**	**4,612**	**- 6.2**

New financing for Retail (individuals and small and medium-sized businesses) decreased by 7.6% in the first half of 2012 versus the first half of 2011. Financing of new vehicles for this customer segment decreased by 8.6% in 2012, being affected by the phasing out of scrappage plans in the end of the first quarter of 2011 and by the adverse economic conditions which impacted mainly retail customers. At the same time, the volume of used vehicle financing was down by 1.6% with the trend towards an improvement in the second half of the year. New financing for corporate fleet customers increased by 5.4% in the first half of 2012.

The following table breaks down the end-user loans made in the first half of 2011 and in the first half of 2012 by region (excluding China), based on the number of vehicles financed.

End-User Financing of New and Used Vehicles by Region

in number of contracts	June 30, 2012	June 30, 2011	% change
France	146,785	162,606	- 9.7
Western Europe (excluding France)	196,132	206,571	- 5.1
Central and Eastern Europe	9,718	11,183	- 13.1
Latin America	43,088	46,986	- 8.3
Rest of the World	17,808	16,395	+ 8.6
Total	**413,531**	**443,741**	**- 6.8**

A. New Vehicle Financing

BPF financed 318,650 new vehicles through installment sales financing or leases in the first half of 2012, representing a decrease of 7.7% compared to the first half of 2011. This decrease was lower than the decline in number of PSA Peugeot Citroën registrations (-13.4% in the perimeter covered by BPF), thanks to closer cooperation between BPF and Peugeot and Citroën marketing and sales teams.

Our overall penetration rate was 28.1% in the first half of 2012, compared to 26.4% in the first half of 2011. It was supported by the acceleration of commercial operations, carried out jointly by BPF and Peugeot and Citroën brands, initiated in the second half of 2011 and continued in the first half of 2012.

Markets outside Europe were also affected by the slowdown in growth, involving the decrease in new vehicle registrations, particularly in Latin America. The rest of the world sustained a significant growth with +8.6%. Overall, the markets outside Europe recorded a higher growth with a contribution to the number of financing contracts of 19.4% as of the end of June 2012 compared to 18% as of the end of June 2011. The most significant growth markets were Brazil, Argentina and Russia. Business in China also grew strongly, as outstanding loans increased there by 20.4% compared to December 31, 2011. (See “1.4.2.4 Financing in China.”)

B. Used Vehicle Financing

The increasing by +2.8% of the average amount financed of used vehicles served to limit the impact of the decrease in volume of used vehicles, represented 3.7% between June 30, 2011 and June 30, 2012.

Volumes increased in Western Europe, with the exception of Germany and especially of United Kingdom, which represents the main part of the decrease in volumes. This situation in the United Kingdom can be explained by strong commercial actions dedicated to the new vehicle market.

Used vehicle financing increased considerably by 16.6% in Latin America compared to June 30, 2011.

1.3.2.2 Corporate dealer Financing

We provided corporate dealer financing for a total of 947 891 vehicles as for the first half of 2012, a decrease of 17.2% compared with the first half of 2011 in volume. On the other hand, average amounts financed increased by 2.5%, as a result of a favorable mix effect on the average value of vehicles taken into inventory.

The increase in average corporate dealer loans and in the amount outstanding at the end of the period is a result of increased network inventories compared to 2011, as well as an increase in average value of vehicles financed due to the brand's move upmarket.

The following table sets forth our new corporate dealer financing activity in the end of June 2011 and 2012.

NEW CORPORATE DEALER FINANCING

(in million euros)	**June 30, 2012**	**June 30, 2011**	**% change**
Number of vehicles	**947,891**	**1,144,977**	**- 17.2**
Amount (in million euros)	**19,931**	**23,037**	**- 13.5**
of which vehicles	17,557	20,687	- 15.1
of which spare parts and other	2,374	2,350	+ 1.0

OUTSTANDING CORPORATE DEALER LOANS

(in million euros)	**June 30, 2012**	**Dec. 31, 2011**	**% change**
Vehicles	4,988	4,840	+ 3.1
Spare parts and other	2,318	2,000	+ 15.9
Total	**7,306**	**6,840**	**+ 6.8**

1.3.2.3 Insurance and Services

In the first half of 2012, we sold an average of 1.67 services contracts to each end-user customer financing a car, a significant increase compared to 1.66 contracts in the first half of 2011. 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 1.67.

NEW SERVICES CONTRACTS

(In number of contracts)	**June 30, 2012**	**June 30, 2011**	**% change**
Financial services	311,020	331,866	- 6.3
Car insurance	119,113	135,828	- 12.3
Vehicle-related services	268,523	267,868	+ 0.2
Total	**698,656**	**735,562**	**- 5.0**

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 contracts 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).
- 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, as of the end of June 2011 and the end of June 2012 excluding securities income.

NET BANKING INCOME FROM SERVICES

(In million euros)	**June 30, 2012**	**June 30, 2011**	**% change**
Margin on sales of insurance services	46	35	+ 31.4
Margin on sales of other services[1]	35	45	- 22.2
Total[2]	**81**	**80**	**+ 1.3**

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

2 Excluding net refinancing cost (see Note 23.2 of consolidated financial statements).

1.3.2.4 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.

The number of new and used vehicles financed increased by 50% from 9,325 contracts as of June 30, 2011 to 14,021 contracts as of June 30, 2012. The amount of financing rose by 78% to €121 million compared to €68 million in the first half of 2011.

We have experienced strong growth in financing business in recent years in China, with end-user outstanding loans increased by 20.4% from the end of December 2011 to the end of June 2012.

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 the first half of 2011 and the first half of 2012.

FINANCING IN CHINA

	June 30, 2012	June 30, 2011	% change
End-user loans *(including leases)*			
Number of vehicles *(new and used)* financed	14,021	9,325	+ 50.4
Amount of financing *(in million euros, excluding interests)*	121	68	+ 77.9
Corporate dealer loans			
Number of vehicles financed	96,500	107,725	- 10.4
Amount of financing *(in million euros, including spare parts)*	1,199	1,170	+ 2.5

Outstanding loans *(in million euros)*	June 30, 2012	Dec. 31, 2011	% change
End-user loans *(including leases)*	301	250	+ 20.4
Corporate dealers loans	317	256	+ 23.8
Total loans	**618**	**506**	**+ 22.1**

1.3.3 Results of Operations

Despite the crisis environment, our operating income remained relatively stable (-1.1%) in the first half of 2012, compared to the first half of 2011. It reached €271 million. In addition to the trends in our business activities described above, the following key factors impacted our operating income:

- An increase in net banking income from financing activities, due to an increase of the spread between our interest revenues and our refinancing costs on end-user loans, and to a growth in outstanding loans on corporate dealer;
- A decrease of €4 million in operating expenses and equivalent;
- A cost of risk increased by 17 basis points on average outstanding loans in the first half of 2012, versus December 31, 2011 mainly linked to an adjustment of depreciation rates and a cautious provision policy.

Banque PSA Finance has a policy of maintaining significant liquidity and capital reserves. Our Basel II Tier One capital ratio, consisting exclusively of common equity, was 14.75% as of December 31, 2011.

Consolidated net income reached €201 million euros as of the end of June 2012, compared to €179 million at the end of June 2011.

1.3.3.1 Net Banking Income

Net banking income increased by 3.4%, from €524 million at the end of June 2011 to €542 million at the end of June 2012.

This increase was mainly due to the managed growth of corporate dealers outstanding and financial margins, and to the quality of our clients' portfolio.

To a lesser extent, Banque PSA Finance registered a continuous rise, of 2.5%, of its net banking income on Insurances and Services.

1.3.3.2 General Operating Expenses

General operating expenses and equivalent were €192 million as of the end of June 2012 compared to €196 million as of the end of June 2011. This improvement mainly comes from a €2 million decrease of IT expenses, and a €3 million decrease of taxes.

1.3.3.3 Cost of Risk

Banque PSA Finance cost of risk at the end of June 2012 reached €79 million, representing 0.66% of the average net outstandings, compared to €54 million at the end of June 2011, representing 0.45% of its average net amounts outstanding and 0.49% as of the end of December 2011.

Cost of risk for retail exposure (individuals and small businesses) amounted to €71 million at the end of June 2012 and €55 million at the end of June 2011. This rise was linked to an adjustment of depreciation rates. Moreover, BPF continued to strengthen its risk management policies that were implemented at the beginning of the financial crisis and to modernize credit analysis and collection tools.

Our cost of risk for corporate and equivalent increased to a net €2 million at the end of June 2012 compared to €1 million reversal at the end of June 2011, mainly due to new defaults in Italy, in Portugal and in Germany.

Cost of risk for corporate dealer financing increased to €6 million at the end of June 2012 compared to zero million at the end of June 2011, mainly due to additional impairments in Spain and in Hungary. This limited rise of cost of risk reflects the strong resilience of the Peugeot and Citroën dealer networks in response to the financial crisis, enhanced by increased supervision and strict monitoring of corporate dealer financing commitments.

1.3.3.4 Operating Income

Operating income was €271 million at the end of June 2012 compared to €274 million at the end of June 2011. The net banking income rise and an efficient management of operating expenses compensate the cost of risk increase.

1.3.3.5 Consolidated Net Income

Consolidated net income amounted to €201 million at the end of June 2012 versus €179 million at the end of June 2011, an increase of €22 million. This rise is mainly due to taxes impact, and to a lesser extent to China.

1.4 Financial Condition

1.4.1 Assets

1.4.1.1 Outstanding loans

Total outstanding loans increased by 1.8% from €24,314 million as of December 31, 2011 to €24,748 million as of June 30, 2012. Loans to end-users customers remained stable between 2011 year-end and June 30, 2012, while financing for corporate dealers increased by 6.8%. The following table shows outstanding loans by customer segment as of the end of the first half of 2011 and 2012 (excluding China).

The proportion of our portfolio represented by installment sales financing remained steady as compared to lease financing. Installment sales contracts for retail customers (individuals and small businesses) were €10,067 million as of December 31, 2011 and €9,952 million as of June 30, 2012, representing a decrease of 1.1%. Lease contracts (including leases with purchase options, referred to as "buyback contracts" in the Notes of our consolidated financial statements) for this customer segment amounted to €5,643 million as of December 31, 2011 and €5,555 million as of June 30, 2012, a decrease of 1.6%.

The overwhelming majority of the financing for corporate and equivalent customers consists of lease financing. The outstanding amount increased from €1,385 million as of December 31, 2011 to €1,464 million as of June 30, 2012.

The geographical breakdown of our loan portfolio reflects the commercial activity described above: an increase in end-user outstanding in growth markets such as Russia and Argentina, and on some European countries such as United Kingdom, Switzerland, Italy and the Netherlands. The weight of each region in total outstanding loans remained stable. The following table presents a geographical breakdown of our outstanding customer loans as of December 31, 2011 and June 30, 2012 (excluding China).

OUTSTANDING LOANS BY REGION

	June 30, 2012			Dec. 31, 2011		
in million euros	Corporate dealers	End-users	Total	Corporate dealers	End-users	Total
France	3,154	6,214	9,368	2,645	6,223	8,868
Western Europe (excluding France)	3,382	9,455	12,837	3,362	9,470	12,832
Central and Eastern Europe	281	400	681	222	419	641
Latin America	341	1,186	1,527	505	1,200	1,705
Rest of the World	148	187	335	106	162	268
Total	**7,306**	**17,442**	**24,748**	**6,840**	**17,474**	**24,314**

1.4.2 Financing

Our strong capital base (reinforced every year by the addition of a significant part of our net result), coupled with a quality asset portfolio and solid profitability, provide us with a strong foundation for obtaining financing. We have diversified sources of funding that we used in the first half of 2012, including commercial paper, debt securities, securitization 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 exclusively 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 credit lines and cash.

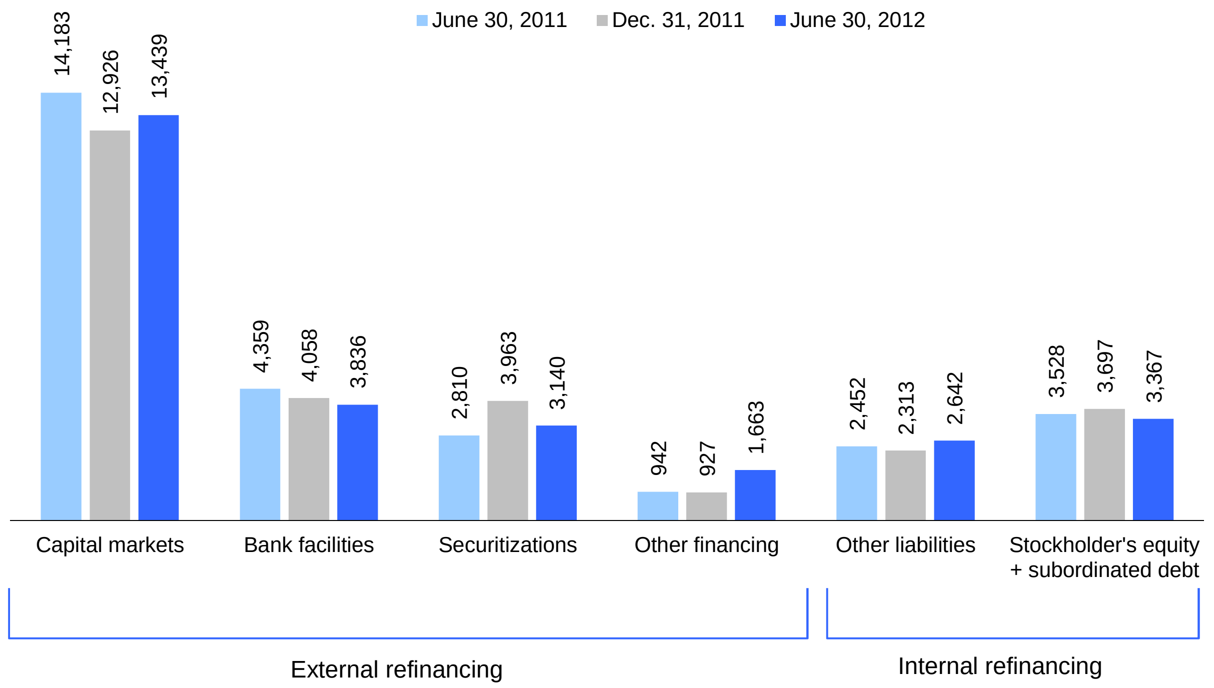
Banque PSA Finance may have to borrow from the banking and capital markets in France and abroad (Americas and Asia), to finance its current activity and investment necessary for its future development. As part of this funding policy, it can seize market opportunities to refinance in advance and thus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

At June 30, 2012, 17% of financing was provided by bank facilities, 61% by the capital markets, 14% by loan securitizations and 8% from public sources such as SFEF (the French State-sponsored liquidity provider that was established during the financial crisis). At December 31, 2011 these sources provided 19%, 59%, 18% and 4% of our financing, respectively.

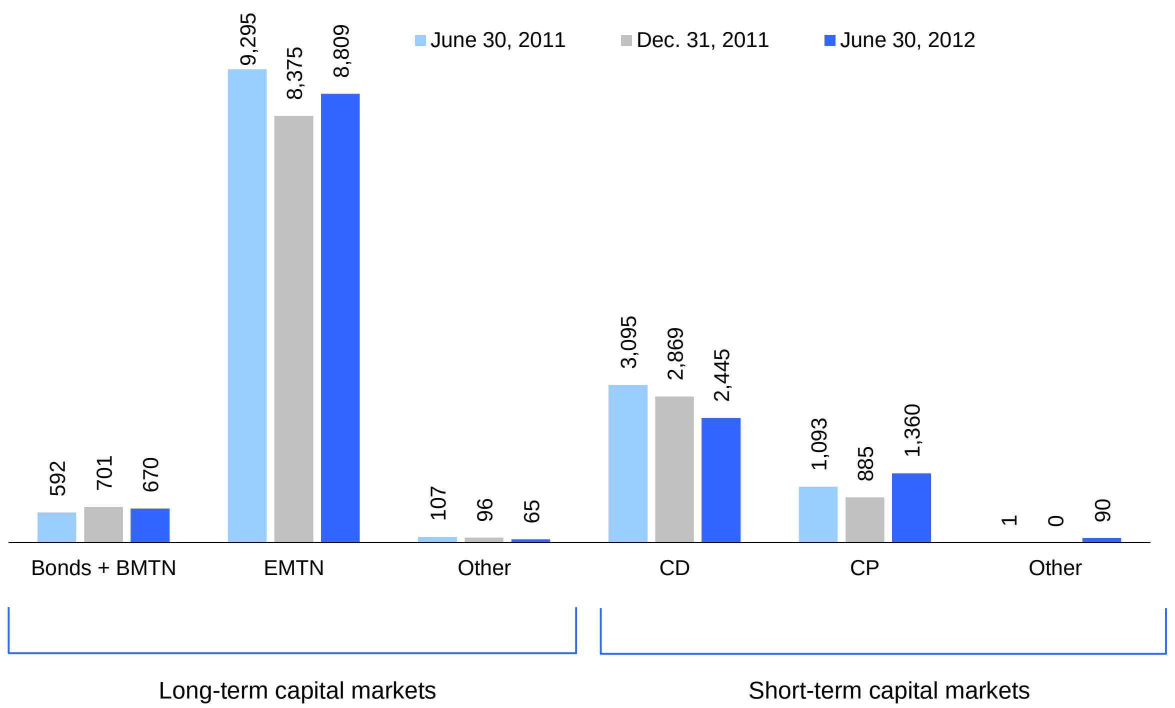
The following table breaks down our financing by source and type of financing as of June 30, 2011, December 31, 2011 and June 30, 2012.

Sources of refinancing *(in million euros)*

(EXCLUDING UNDRAWN CONFIRMED BANK CREDIT LINES)



Capital markets *(in million euros)*



Overall, we renewed the maturing drawn or revolving bilateral bank credit lines.

Those renewals allowed us to maintain a high level of bank facilities. We had €3,836 million in outstanding bank loans at June 30, 2012 versus €4,058 million at December 31, 2011. This decrease indicates a lower drawing of revolving credit lines, because of the sustained activity on capital markets during the first half of 2012.

Our outstanding amount of capital markets financings rose from €12,926 million at December 31, 2011 to €13,439 million at June 30, 2012. Outstanding short-term debt, commercial paper issued by Sofira and deposit bonds issued by Banque PSA Finance increased slightly from €3,754 million at December 31, 2011 to €3,805 million at June 30, 2012.

In the first half of 2012, Banque PSA Finance took advantage of favorable windows in the Euro medium term capital markets to carry out two bond offerings and two private placements. In June 2012, Banque PSA Finance successfully carried out its inaugural bond offering in Swiss franc, enhancing its financing diversification. Banque PSA Finance raised CHF225 million (€188 million at the date of issue). These operations amounted to €1,528 million with a 3-year average maturity.

These operations have increased the outstanding amount of EMTN and BMTN to €9,544 million at June 30, 2012 (from €9,172 million at December 31, 2011).

We participated in the 'Long Term Refinancing Operation', launched by the European Central Bank on February 28, 2012. The amount of customer receivables deposited as collateral for own account to the European Central Bank was €1,585 million at June 30, 2012 for a medium-term €700 million and a short-term €100 million received financings. We still have an unused €304.6 million collateral that is eligible for the European Central Bank short-term operations at June 30, 2012. Through a factoring operation on our corporate dealers portfolio in Italy, we refinanced €90 million at June 30, 2012. The outstanding amount of securizations and structured financings was constant at €3,940 million at June 30, 2012 versus €3,963 million at December 31, 2011. All our securization transactions and our structured financings are fully consolidated and carried on balance sheet.

1.4.3 Liquidity

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

At June 30, 2012, financing with an original maturity of twelve months or more represented 79% of the total (versus 80% at December 31, 2011), providing continued solid coverage of potential liquidity risk.

The refinancing maturities exceed the retail financing loans maturities. The average maturity of medium and long-term financing raised in 2012 was 2,8 years.

Banque PSA Finance endeavours to maintain a certain level of financial security by having access at all times to cash reserves and undrawn lines of credit covering at least six months' financing needs. The 6-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. At 30 June 2012, the liquidity reserve amounted to €355 million. Banque PSA Finance has €8,065 million worth of undrawn committed credit facilities, including syndicated lines of credit amounting to €5,755 million. A change in the Banque PSA Finance's rating could lead to an adjustment of the financial terms of some of these credit lines, but their amount would not be reduced. In addition, if its long and short-term ratings were to be downgraded, Banque PSA Finance would still be in a position to cover its refinancing needs for the next twelve months at least by increasing its external securitization programmes, with a portfolio of securitizable auto loans representing a refinancing of some €3 000 million, and by refinancing at short notice its receivables with the Central Bank.

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 June 30, 2012.

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 June 30, 2012, we have outstanding financing commitments to customers of €1,490 million, compared to €1,465 million as of December 31, 2011. In addition, we had €71 million in outstanding guarantee commitments to customers, compared to €110 million as of December 31, 2011.

1.4.4 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 2012, Moody's Investors Service and Standard & Poor's have left Banque PSA Finance’s short-term ratings (P-2 and A-2) unchanged and have modified the bank’s long term ratings.

On February 17, 2012, Standard & Poor's lowered its outlook on Banque PSA Finance from stable to negative.

On February 16, 2012, Moody's issued a negative watch statement on BPF rating. On May 25, 2012, Moody's lowered BPF rating from Baa1 with a negative outlook to Baa2 with a negative outlook.

On July 17, 2012, Moody's issued a negative watch statement on BPF rating.

The two current ratings keep the bank at investment grade level.

Credit Ratings

Credit rating		Issuer (active programs)	Type	Program size at June 30, 2012	Utilized at June 30, 2012
S&P	Moody's	Short-term		*(in million euros)*	
A-2	P-2	Banque PSA Finance	CD	4,000	2,445
A-2	P-2	Sofira	CP	1,800	1,360
S&P	Moody's	Long-term			
BBB	Baa2	Banque PSA Finance	BMTN	1,000	50
BBB	Baa2	Banque PSA Finance (and PFI NV)	EMTN	14,000	8,809*

* Excluding accrued interest and debt issuance costs.

1.4.5 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.

1.5 Risk Factors

1.5.1 Risks Relating to BPF's Automobile Financing Business

- Demand for our financing depends on factors that impact the automotive industry.
- Our results are affected by government programs that influence the desirability of new car purchases.
- We depend on the PSA Peugeot Citroën group's automobile sales for substantially all of our business.
- Competition could materially adversely affect our revenues and profitability.
- We may be vulnerable to political, macroeconomic and financial environments or circumstances specific to the countries where we do business.

1.5.2 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.
- Our level of profitability is tied to our access to funds at a reasonable cost in the financial markets and our credit ratings.
- We are exposed to credit risk from our customers.
- We are exposed to credit risk from our counterparties on financial instruments.
- Volatility in interest rates may negatively affect our net interest income and have other adverse consequences.
- We are exposed to operational risks in connection with our activities.
- Our business is subject to consumer protection regulatory regimes in the countries where we operate.
- We are subject to bank supervisory and regulatory regimes in France and in other countries.

1.5.3 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.
- An interruption in or breach of our information systems may result in lost business and other losses.
- We rely on the PSA Peugeot Citroën group for different functions relating to our business, as part of the development of synergies.

1.6 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 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 on outstanding customer loans and receivables of less than 66 basis points. We also prohibit operational currency positions and have a policy of minimizing interest rate exposure.

1.6.1 Credit Risk Management

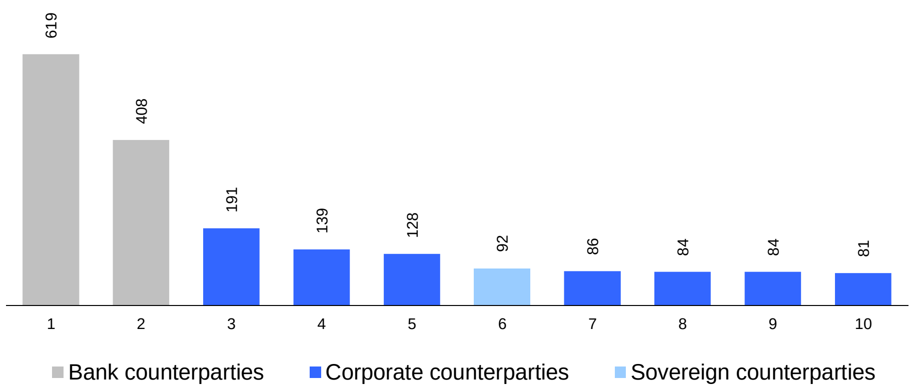
1.6.1.1 Concentration of credit risk

We have established internal limits on concentration of credit risk which are below the relevant regulatory limits. At June 30, 2012, risk-weighted assets corresponding to loans to PSA Peugeot Citroën group entities amounted to €392 million or 13% of regulatory capital.

Risk-weighted assets corresponding to those of our corporate customers included in our ten largest risk-weighted exposures amounted to €792 million at June 30, 2012, representing 24% of regulatory capital.

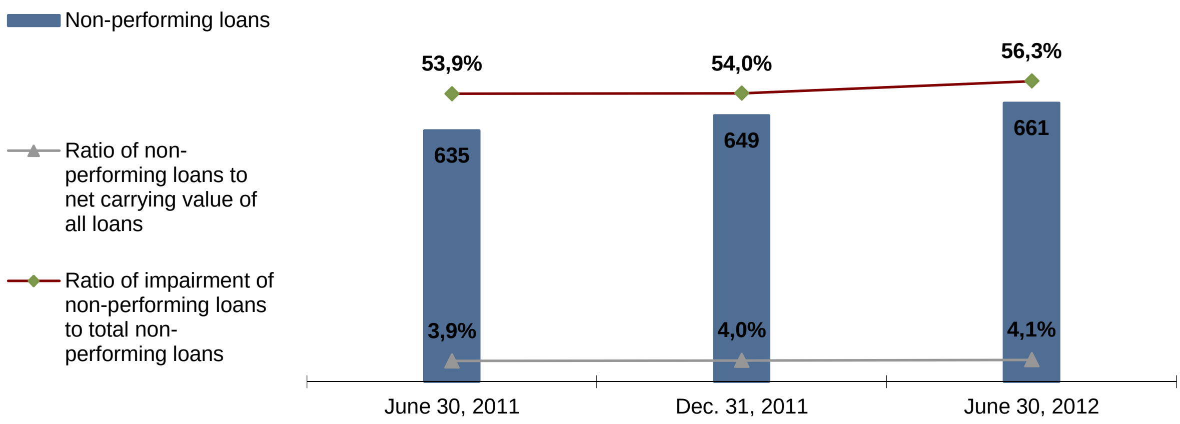
The following chart sets forth the amount of our exposure to our ten largest counterparties.

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



1.6.1.2 Loan Loss Allowances and Defaults

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



Total non-performing loans to retail customers (individual and small business), before deducting impairment charges, increased from €649 million as at December 31, 2011, to €661 million as at June 30, 2012. Newly non-performing loans to these customer segments represented 1.65%, 1.15%, 1.03% and 1.07% of total payments due in 2009, 2010, 2011 and first half of 2012 respectively.

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1.6.2 Capital and Capital Adequacy

BPF maintains a solid financial structure with regard to its regulatory capital calculated in accordance with French bank standard CRBF 90-02.

As of December 31, 2011 our consolidated Basel II Tier One ratio (the most recent official ratio) was 14.75%. Because all of our Tier One capital is in the form of common equity (*Core Tier One*), 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.

Before adjustment for the difference between recognized depreciation and expected actual losses, regulatory capital (in the amount of €3,217 million) exceeded required capital by €1,584 million as of December 2011. After deductions from regulatory capital, Tier One Basel II capital stood at €3,011 million and the minimum capital requirement at €1,633 million. The consolidated capital adequacy ratio was therefore 14.75%.

Operational risk being measured using the Standard approach, 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 primarily reflects the structural currency risk on the capital allocated to subsidiaries and branches which do not benefit from ACP exemption (United Kingdom…) and the minimum capital requirement is calculated by applying a 8% ratio to the regular currency risk defined above.

We should note that there is no additional transitional requirement with regard to minimum level because Basel II minimum capital requirement is higher than 80 % of Bale I minimum capital requirement.

CAPITAL AND CAPITAL ADEQUACY RATIO

(in million euros)	**8 countries IRB December 31, 2011**	**7 countries IRB June 30, 2011**
Credit risk		
Standard approach	546	579
Foundation internal ratings-based approach (IRBF)	420	396
Advanced internal ratings-based approach (IRBA)	505	499
Subtotal	**1,471**	**1,474**
Operational risk (standard approach)	138	136
Currency risk (structural currency position)	24	22
Total risk-weighted assets (A)	**1,633**	**1,632**
Equivalent risk base (A)/0,08=(B)	20,413	20,400
Regulatory capital	3,217	3,175
Deductions from regulatory capital	-206	-229
Basel II Tier One capital (C)	**3,011**	**2,946**
Capital adequacy ratio (Basel II) : (C)/(B)	**14,75%**	**14,44%**

1.6.3 Financial Risk Management

1.6.3.1 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 June 30, 2012, the structural currency position amounted to €577 million.

1.6.3.2 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 BPF Refinancing Committee. Interest rate risks on outstanding loans are mitigated through an assertive hedging policy, with a 3% ceiling on unhedged exposures by country arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives. The Group's average sensitivity to a 1% increase in interest rates between December 31, 2011 and June 30, 2012 remained below €3.028 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.

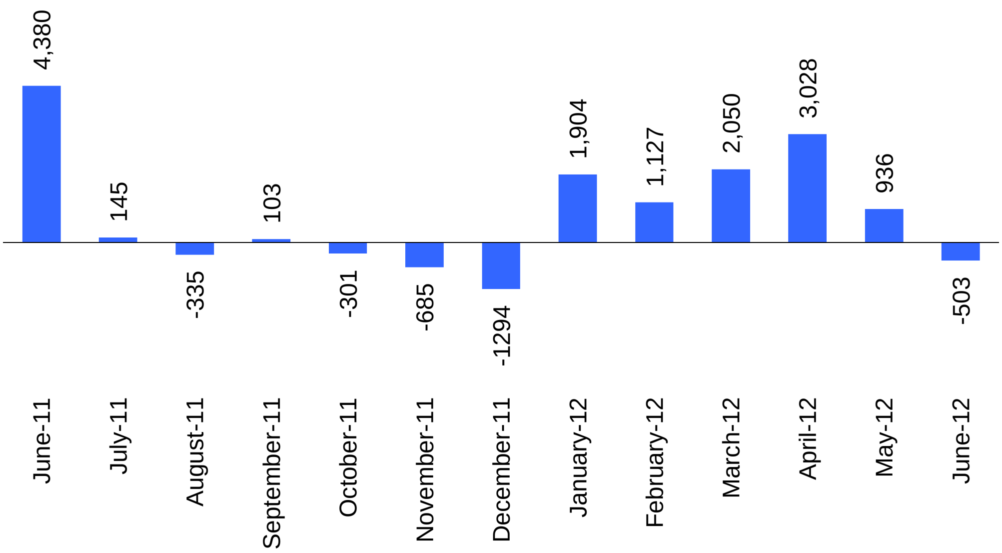
These management techniques serve to neutralize interest rate risks on our balance sheet.

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 June 30, 2012, no part 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 June 2011 to June 2012.

SENSITIVITY TO A 1-POINT INCREASE IN INTEREST RATE

(in thousands euros)



1.6.3.3 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 the 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 the issuer's 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 overall rated A or higher.

1.6.4 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.

1.6.4.1 Recurring Controls

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

These controls are made at the operating units level

B. Second-tier Controls

Second-tier controls are organized in 3 departments which cover all BPF activities:

- Compliance control,
- Operationnal Risk Control of Finance Companies and central structures,
- Accounting and Outsourcing Operational Risk Control.

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). It reports to the BPF General Secretariat. 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.

1.6.4.2 Periodic Controls

Periodic – or third-tier – controls consist of periodically checking transaction compliance, risk levels, compliance with procedures and the effectiveness of recurring controls. They are performed by the internal auditors, based on an Internal Audit plan that provides for all of our units and processes (including those that are outsourced) to be audited at least once every three years.

1.6.4.3 Oversight by Executive Management and the Board

The internal control system is overseen by executive management and the Board, supported by various committees: the Board of Directors and the BPF Executive Committee, particularly during dedicated meetings.

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CONSOLIDATED STATEMENTS JUNE 2012

2.1 Consolidated Balance Sheet

(in million euros)	**June 30, 2012**	**Dec. 31, 2011**
Assets		
Cash, central banks, post office banks	22	23
Financial assets at fair value through profit or loss (Note 3)	807	1 204
Hedging instruments (Note 4)	444	389
Available-for-sale financial assets (Note 5)	2	2
Loans and advances to credit institutions (Note 6)	845	859
Customer loans and receivables (Notes 7, 21 and 23)	24 748	24 314
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Note 15.5)	97	73
Held-to-maturity investments	-	-
Current tax assets (Note 22.1)	26	8
Deferred tax assets (Note 22.1)	148	149
Accruals and other assets	692	612
Investments in associates and joint ventures accounted for using the equity method (Note 8)	68	62
Property and equipment	15	15
Intangible assets	90	91
Goodwill	83	83
Total assets (Note 23)	**28 087**	**27 884**

(in million euros)	**June 30, 2012**	**Dec. 31, 2011**
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 9)	1	5
Hedging instruments (Note 10)	159	181
Deposits from credit institutions (Notes 11 and 23)	5 498	4 985
Due to customers (Note 12)	342	342
Debt securities (Notes 13 and 23)	16 579	16 889
Fair value adjustments to debt portfolios hedged against interest rate risks (Note 15.5)	226	185
Current tax liabilities (Note 22.1)	61	34
Deferred tax liabilities (Note 22.1)	407	441
Accruals and other liabilities	1 369	1 052
Liabilities related to insurance contracts (Note 14.1)	33	27
Provisions	45	46
Subordinated debt	-	-
Equity	3 367	3 697
- Equity attributable to equity holders of the parent	3 331	3 667
- Share capital and capital in excess of par value of stock	835	835
- Reserves	2 384	2 571
- Net income and gains and losses recognized directly in Equity	(83)	(84)
- Net income - equity holders of the parent	195	345
- Minority interests	36	30
Total equity and liabilities (Note 23)	**28 087**	**27 884**

2.2 Consolidated Statement of Income

(in million euros)	**June 30, 2012**	**June 30, 2011**	**Dec. 31, 2011**
Net interest revenue on customer transactions (Note 23.2)	**827**	**770**	**1 584**
- Interest and other revenue on assets at amortized cost (Notes 17 and 23.3)	820	802	1 619
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 15.5)	24	(79)	(7)
- Net interest revenue from hedging instruments	(24)	(58)	(76)
- Fair value adjustments to hedging instruments (Note 15.5)	(25)	82	12
- Interest expense on customer transactions	(2)	(2)	(4)
- Other revenue and expense	34	25	40
Net investment revenue (Note 23.2)	**13**	**11**	**28**
- Interest and dividends on marketable securities	12	10	25
- Fair value adjustments to assets valued using the fair value option (Note 15.6)	-	-	-
- Gains and losses on sales of marketable securities	1	1	3
- Investment acquisition costs	-	-	-
Net refinancing cost (Note 23.2)	**(377)**	**(338)**	**(738)**
- Interest and other revenue from loans and advances to credit institutions	8	7	17
- Interest on deposits from credit institutions (Note 18)	(98)	(83)	(180)
- Interest on debt securities (Note 19)	(278)	(258)	(559)
- Expenses related to financing commitments received	(30)	(23)	(44)
- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 15.5)	(41)	9	(139)
- Interest on hedging instruments	30	27	52
- Fair value adjustments to hedging instruments (Note 15.5)	43	(7)	139
- Fair value adjustments to financing liabilities valued using the fair value option (Note 15.6)	-	-	-
- Debt issuing costs	(11)	(10)	(24)
Net gains and losses on trading transactions	**(2)**	**-**	**(3)**
- Interest rate instruments (Note 15.6)	(3)	(1)	(5)
- Currency instruments	1	1	2
Net gains and losses on available-for-sale financial assets (Note 5)	**-**	**1**	**1**
Margin on sales of Insurance services (Note 14.3)	**46**	**35**	**77**
- Earned premiums	61	45	98
- Paid claims and change in liabilities related to insurance contracts	(15)	(10)	(21)
Margin on sales of services	**35**	**45**	**83**
- Revenues	50	58	117
- Expenses	(15)	(13)	(34)
Net banking revenue (Notes 23.2 and 23.3)	**542**	**524**	**1 032**
General operating expenses (Note 20)	**(184)**	**(188)**	**(367)**
- Personnel costs	(75)	(73)	(146)
- Other general operating expenses	(109)	(115)	(221)
Depreciation and amortization of intangible and tangible assets	(8)	(8)	(17)
Gains and losses on disposals of fixed assets	-	-	(1)
Gross operating income	**350**	**328**	**647**
Cost of risk (Notes 21, 23.2 and 23.3)	(79)	(54)	(115)
Operating income (Notes 23.2 and 23.3)	**271**	**274**	**532**
Share in net income of associates and joint ventures accounted for using the equity method	5	1	3
Impairment on goodwill	-	-	-
Pension obligation - expense	(2)	(1)	(3)
Pension obligation - income	2	1	2
Other non-operating items	-	-	-
Pre-tax income	**276**	**275**	**534**
Income taxes (Note 22)	(75)	(96)	(180)
Net income for the year	**201**	**179**	**354**
- of which minority interests	6	4	9
- of which attributable to equity holders of the parent	195	175	345
Earnings per share (in €)	*17,6*	*15,8*	*31,2*

2.3 Net Income and Gains and Losses Recognized Directly in Equity

(in million euros)	**June 30, 2012**	**June 30, 2011**	**Dec. 31, 2011**
Net income	**201**	**179**	**354**
Exchange difference	4	(19)	(17)
- of which minority interest	*-*	*(1)*	*(1)*
Fair value adjustments to hedging instruments (1)	(4)	13	2
Deferred taxes (1)	1	(4)	(1)
Total gains and losses recognized directly in Equity after tax	**1**	**(10)**	**(16)**
Total net income and gains and losses recognized directly in Equity after tax	**202**	**169**	**338**
- of which minority interest	*6*	*3*	*8*
- of which attributable to equity holders of the parent	*196*	*166*	*330*

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

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

(in million euros)	Share capital and other reserves (1)								
	Share capital	Issue, share and merger premiums	Legal reserve and other reserves	Consoli-dated 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, 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				-		175	175	4	179
Exchange difference					(18)		(18)	(1)	(19)
Fair value adjustments to hedging instruments (2)					13		13	-	13
Deferred taxes on fair value adjustments to hedging instruments					(4)		(4)	-	(4)
Others				(2)	2		-	(1)	(1)
Equity at June 30, 2011	**177**	**340**	**318**	**2 571**	**(78)**	**175**	**3 503**	**25**	**3 528**
Income for the period				-		170	170	5	175
Exchange difference					2		2	-	2
Fair value adjustments to hedging instruments (2)					(11)		(11)	-	(11)
Deferred taxes on fair value adjustments to hedging instruments					3		3	-	3
Equity at December 31, 2011	**177**	**340**	**318**	**2 571**	**(84)**	**345**	**3 667**	**30**	**3 697**
Appropriation of prior-year income				(187)		(345)	(532)	-	(532)
Income for the period						195	195	6	201
Exchange difference					4		4	-	4
Fair value adjustments to hedging instruments (2)					(4)		(4)		(4)
Deferred taxes on fair value adjustments to hedging instruments					1		1	-	1
Equity at June 30, 2012	**177**	**340**	**318**	**2 384**	**(83)**	**195**	**3 331**	**36**	**3 367**

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) 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 June 30, 2012 amounted to €4,2 million (see Note 15.2).

2.5 Consolidated Statement of Cash Flows

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
Income attributable to equity holders of Banque PSA Finance	**195**	**175**	**345**
Minority interests in income of subsidiaries	6	4	9
Net income of associates accounted for using the equity method, net of dividends received	(5)	(1)	(3)
Change in depreciation, amortization and other provisions	14	13	28
Change in deferred taxes	(32)	(20)	(39)
(Profit)/loss on disposals of assets	-	-	-
Funds from operations	**178**	**171**	**340**
Increase/decrease in:			
- loans and advances to credit institutions	(14)	65	67
- deposits from credit institutions	432	(870)	(1 282)
Change in customer loans and receivables	(414)	(878)	(977)
Increase/decrease in:			
- amounts due to customers	-	(10)	3
- financial assets at fair value through profit or loss (1)	89	30	(126)
- financial liabilities at fair value through profit or loss	(3)	(14)	(16)
- hedging instruments	(77)	(105)	(239)
- debt securities	(221)	1 996	2 102
Change in working capital: assets	(151)	(218)	(92)
Change in working capital: liabilities	390	361	237
Net cash provided by operating activities	**209**	**528**	**17**
Acquisitions of subsidiaries	-	-	-
Purchases of fixed assets	(10)	(13)	(27)
Proceeds from disposals of fixed assets	4	3	8
Effect of changes in scope of consolidation	-	-	-
Net cash used by investing activities	**(6)**	**(10)**	**(19)**
Dividends paid to PSA Peugeot Citroën Group	(532)	-	(155)
Dividends paid to minority interests	-	-	(3)
Capital increase	-	-	-
Net cash used by financing activities	**(532)**	**-**	**(158)**
Effect of changes in exchange rates	2	(5)	(2)
Net change in cash and cash equivalents	**(327)**	**513**	**(162)**
Cash and cash equivalents at the beginning of the period	**1 154**	**1 316**	**1 316**
Cash, central banks, post office banks	23	20	20
Current account advances and loans and advances at overnight rates	831	1 296	1 296
Mutual funds, qualified as cash equivalents	300	-	-
Cash and cash equivalents at the end of the period	**827**	**1 829**	**1 154**
Cash, central banks, post office banks	22	29	23
Current account advances and loans and advances at overnight rates	804	1 552	831
Mutual funds, qualified as cash equivalents (1)	1	248	300

(1) In the published financial statement at June 30, 2011, the change in mutual funds qualified as cash equivalents (€248 million) was included in "Increase/decrease in financial assets at fair value through profit or loss". They have been included in "Cash and cash equivalents" since December 31, 2011.

2.6 Notes to the Consolidated Financial Statements

Notes

Note 1 Change in Group Structure

On February 20, 2012, Banque PSA Finance's German branch repurchased the loans sold in 2008 to the Auto ABS 2008-1 fund, and the fund was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

Note 2 Accounting Policies

The interim consolidated financial statements for the six months ended June 30, 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting”, which allows to present a selection of explanatory notes. The condensed interim consolidated financial statements should be read and understood in conjunction with the 2011 consolidated financial statements.

The accounting principles applied to prepare the interim consolidated financial statements for the six months ended June 30, 2012, are identical to those used to prepare the 2011 consolidated financial statements.

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).

All IFRS standards published by IASB, whose application was compulsory in the fiscal year commencing January 1, 2012 are the same as those adopted by the European Union and whose application was compulsory in the European Union, except for:

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

Consequently, Banque PSA Finance's consolidated financial statements are established in accordance with compulsory IFRS standards and interpretations, as published by IASB.

Amendment to IFRS 7- Financial Instruments Disclosures, Transfer of Financial Assets, applicable from January 1, 2012, was early adopted for the consolidated accounts as at December 31, 2011.

The other texts, applicable from January 1, 2012, and not adopted yet by the European Union, have no impact on the interim consolidated financial statements.

During first-half 2012, the European Union adopted the following texts:

- Amendment to IAS 19 - Employee Benefits, whose application is compulsory in the fiscal year commencing January 1, 2013 (cf Note 2 in the consolidated financial statements as at December 31, 2011);
- Amendment to IAS 1 - Disclosures on the Gains and Losses Recognized Directly in Equity, early adopted in the consolidated financial statements as at December 31, 2011.

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.

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

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

The interim consolidated financial statements and notes for Banque PSA Finance Group as at June 30, 2012 were approved by the Board of Directors on July 23, 2012.

Note 3 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	June 30, 2012	Dec. 31, 2011
Marketable securities	805	1 199
- Mutual funds (1)	35	329
- of which units held by insurance companies	*34*	*28*
- Certificates of deposit	724	824
- of which CDs held by securitization vehicles	*601*	*679*
- Other	46	46
Fair value adjustments	-	-
Marketable securities booked at fair value through profit or loss	**805**	**1 199**
- of which accrued interest	*-*	*8*
Accrued interest on trading derivatives (2)	**-**	**1**
Fair value of trading derivatives (2)	**2**	**4**
Total	**807**	**1 204**

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 €355.2 million at June 30, 2012, consists of mutual funds qualified as cash equivalents (€1 million) classified as "Financial assets at fair value through profit or loss", interbank loans (€334.8 million) classified as "Loans and advances to credit institutions" (see Note 6) and reserves deposited with the central banks (€19.4 million) classified as "Cash, central banks, post office banks".

(2) Ten swaps classified as held for trading have a limited impact on the income statement (see Note 15.6). See the detail of these swaps in Note 15.1, footnote (1).

Note 4 Hedging Instruments - Assets

(in million euros)	June 30, 2012	Dec. 31, 2011
Fair Value Hedges	**444**	**389**
Adjustment accounts - commitments in foreign currencies (1)	120	99
- of which related companies	-	-
Accrued income on swaps designated as hedges	74	49
- of which related companies	*1*	*1*
Positive fair value of instruments designated as hedges of:		
- Borrowings	12	15
- EMTNs/BMTNs	216	174
- Bonds	20	44
- Certificates of deposit	-	-
- Other debts securities	1	1
- Retail finance receivables	1	7
Total	**444**	**389**

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 15.5.

(1) Adjustment accounts are used to record fair value adjustments to currency swaps designated as hedges of foreign currency customer loans refinanced in euros and foreign currency financing liabilities. These fair value adjustments are offset by adjustments arising from the remeasurement of the underlying foreign currency customer loans and financing liabilities at period-end exchange rates (see Notes 10 and 15.4.A).

Note 5 Available-for-sale Financial Assets

Available-for-sale financial assets consist mainly of investments in companies that are not consolidated, because the size of their business at the period-end is not material. Marketable securities are included in "Financial assets at fair value through profit or loss" (see Note 3).
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 June 30, 2012.

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 June 30, 2012 and mainly concern the PSA Finance P.L.C. subsidiary, without any operational activity, 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 6 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	**June 30, 2012**	**Dec. 31, 2011**
Demand accounts (non-group institutions)	**804**	**831**
- Ordinary accounts in debit (1)	469	427
- Cash receivables for securities to be delivered (2)	-	-
- Loans and advances at overnight rates (3)	335	404
Time accounts (non-group institutions)	**39**	**26**
Accrued interest	**2**	**2**
Total	**845**	**859**

(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 13.

(3) The liquidity reserve, which amounted to €355.2 million at June 30, 2012, consists of mutual funds qualified as cash equivalents (€1 million) classified as "Financial assets at fair value through profit or loss" (see Note 3), interbank loans (€334.8 million) classified as "Loans and advances to credit institutions" and reserves deposited with the central banks (€19.4 million) classified as "Cash, central banks, post office banks".

Note 7 Customer Loans and Receivables

7.1 Analysis by Type of Financing

(in million euros)	June 30, 2012	Dec. 31, 2011
Installment contracts	**10 232**	**10 230**
- of which securitized (1)	*2 683*	*3 176*
Buyback contracts (2)	**2 381**	**2 345**
Principal and interest	2 749	2 690
- of which securitized (1)	*116*	*215*
Unaccrued interest on buyback contracts	(368)	(345)
- of which securitized (1)	*(9)*	*(18)*
Long-term leases (2)	**4 781**	**4 818**
Principal and interest	5 336	5 296
- Related companies	1	1
- Non-group companies	5 335	5 295
- of which securitized (1)	*484*	*684*
Unaccrued interest on long-term leases	(425)	(416)
- of which securitized (1)	*(34)*	*(49)*
Leasing deposits	(130)	(62)
Wholesale financing	**6 190**	**5 879**
Principal and interest	6 287	5 949
- Related companies	252	130
- Non-group companies	6 035	5 819
Wholesale financing deposits	(97)	(70)
- Related companies	(81)	(56)
- Non-group companies	(16)	(14)
Other finance receivables (including equipment loans, revolving credit)	**889**	**810**
Ordinary accounts in debit	**193**	**156**
- Related companies	11	5
- Non-group companies	182	151
Deferred items included in amortized cost - Customers loans and receivables	**82**	**76**
- Deferred acquisition costs	449	443
- Deferred loan set-up costs	(113)	(113)
- Deferred manufacturer and dealer contributions	(265)	(268)
- Deferred discounting adjustments to subsidized loans (3)	11	14
Total Loans and Receivables at Amortized Cost	**24 748**	**24 314**
- of which loans and receivables given as collateral (4)	*2 829*	*1 233*

(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 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 June 2012, the total amounted to BRL1,225 million (€482 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 Note 11).

(4) Including at June 30, 2012 (see Note 16) :

- *€1,585 million corresponding to receivables given as collateral to the ECB,*
- *€1,132 million corresponding to receivables given as collateral to the SFEF,*
- *and €112 million corresponding to receivables given as collateral to the Budensbank by the German branch.*

7.2 Customer Loans and Receivables by Segment

Type of financing / IFRS 8 Segment	Corporate Dealers		End user				Total	
			Retail		Corporate and equivalent			
	(A - see B Note 21.1)		(B - see A Note 21.1)		(C - see C Note 21.1)			
(in million euros)	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
Installment contracts	79	59	9 952	10 067	201	104	10 232	10 230
Buyback contracts	46	44	2 250	2 233	85	68	2 381	2 345
Long-term leases	97	91	3 305	3 410	1 379	1 317	4 781	4 818
Wholesale financing	6 190	5 879	-	-	-	-	6 190	5 879
Other finance receivables	723	627	164	175	2	8	889	810
Ordinary accounts in debit	181	150	-	-	12	6	193	156
Deferred items included in amortized cost	(10)	(10)	105	99	(13)	(13)	82	76
Total customer loans by segment (IFRS 8 segment)	**7 306**	**6 840**	**15 776**	**15 984**	**1 666**	**1 490**	**24 748**	**24 314**

Note 8 Investments in Associates and Joint Ventures Accounted for Using the Equity Method

(in million euros)	June 30, 2012	Dec. 31, 2011
At the beginning of the period	**62**	**54**
Share in net income	5	3
Change in Group structure	-	-
Goodwill	-	-
Exchange difference	1	5
At the end of the period	**68**	**62**
- of which goodwill (1)	*7*	*7*

(1) The CNY56.7 million (€7 million at June 30, 2012) 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.

Note 9 Financial Liabilities at Fair Value Through Profit or Loss

(in million euros)	June 30, 2012	Dec. 31, 2011
Accrued expense on trading derivatives (1)	-	3
Fair value of trading derivatives (1)	1	2
Total	**1**	**5**

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

(1) Ten swaps classified as held for trading have a limited impact on the income statement (see Note 15.6). See the detail of these swaps in Note 15.1, footnote (1).

Note 10 Hedging Instruments - Liabilities

(in million euros)	June 30, 2012	Dec. 31, 2011
Fair Value Hedges	**159**	**181**
Adjustment accounts - commitments in foreign currencies (1)	7	36
- of which related companies	*7*	*36*
Unrealised losses on unclosed hedges	-	-
Accrued expenses on swaps designated as hedges	38	22
- of which related companies	*7*	*6*
Negative fair value of instruments designated as hedges of:		
- Borrowings	-	-
- EMTNs/BMTNs	3	7
- Bonds	20	44
- Certificates of deposit	-	-
- Retail finance receivables	91	72
Total	**159**	**181**

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 15.5.

(1) *Adjustment accounts are used to record fair value adjustments to currency swaps designated as hedges of foreign currency customer loans refinanced in euros and foreign currency financing liabilities. These fair value adjustments are offset by adjustments arising from the remeasurement of the underlying foreign currency customer loans and financing liabilities at period-end exchange rates (see Notes 4 and 15.4.A).*

Note 11 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	June 30, 2012	Dec. 31, 2011
Demand deposits (non-group institutions)	**155**	**104**
- Ordinary accounts in credit	127	85
- Accounts and deposits at overnight rates	27	18
- Other	1	1
Accrued interest	**1**	**1**
Time deposits (non-group institutions) (1)	**5 246**	**4 796**
Deferred items included in amortized cost of deposits from credit institutions	**(8)**	**(14)**
- Debt issuing costs (deferred charges)	(18)	(28)
- Deferred discounting adjustments to subsidized loans (2)	10	14
Accrued interest	**104**	**98**
Total deposits from credit institutions at amortized cost	**5 498**	**4 985**

(1) *Including at June 30, 2012:*
- *€426 million in drawdowns on back up lines corresponding to long-term financing commitments (see Note 16);*
- *€800 million in deposits from the ECB (see Note 16);*
- *€626 million in deposits from the SFEF (see Note 16);*
- *€172 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;*
- *€65 million in deposits from the Bundesbank held by the German branch (see Note 16).*

(2) *This concerns interest-free deposits held by the Spanish branch under the VIVE plan in Spain (see Note 7.1 and previous footnote).*

Note 12 Due to Customers

(in million euros)	June 30, 2012	Dec. 31, 2011
Demand accounts	**337**	**340**
- Dealers' ordinary accounts in credit		
- Related companies (1)	79	76
- Non-group companies	196	190
- Other amounts due to Customers		
- Related companies	3	8
- Non-group companies	59	66
Time deposits (non-group institutions)	**5**	**2**
Total	**342**	**342**

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

Note 13 Debt Securities

Analysis by Nature

(in million euros)	June 30, 2012	Dec. 31, 2011
Interbank instruments and money-market securities (non-group institutions) (1)	**12 715**	**12 179**
- EMTNs and BMTNs	8 910	8 425
- Certificates of deposit and "billets de trésorerie"	3 805	3 754
- o/w paper in the process of being delivered	-	-
Accrued interest	**141**	**211**
Deferred items included in amortized cost of debt securities	**(15)**	**(15)**
- Debt issuing costs and premiums (deferred charges)	(15)	(15)
Bonds (2)	**2 966**	**3 575**
- o/w securitization: preferred and subordinated bonds (3)		
- Related companies	*-*	*25*
- Non-group companies	*2 553*	*3 137*
Accrued interest	**1**	**4**
- o/w securitization	*1*	*3*
Other debt securities	**620**	**810**
- o/w securitization: preferred bonds (4)	*442*	*681*
Accrued interest	**151**	**125**
- o/w securitization	*144*	*117*
Total debt securities at amortized cost	**16 579**	**16 889**

(1) In 2012, Banque PSA Finance carried out several EMTN issues:
- *in January, a €700 million 6% issue due july 2014,*
- *in June, a CHF225 million 3.25% issue due september 2015,*
- *in June, a €600 million 4.875% issue due september 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, 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 7.1).

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

Note 14 Insurance Activities

14.1 - Liabilities Related to Insurance Contracts

(in million euros)	June 30, 2012	Dec. 31, 2011
Life insurance liabilities	**16,6**	**13,7**
Unearned premium reserve (UPR)	5,3	4,3
Claims reserve		
- Claims reserve - reported claims	7,1	5,5
- Claims reserve - claims incurred but not reported (IBNR)	4,2	3,9
Other	-	-
Non-life insurance liabilities	**16,4**	**12,9**
Unearned premium reserve (UPR)	4,0	3,5
Claims reserve		
- Claims reserve - reported claims	6,3	4,5
- Claims reserve - claims incurred but not reported (IBNR)	6,1	4,9
Other	-	-
Total liabilities related to insurance contracts	**33,0**	**26,6**

14.2 - Change in Liabilities Related to Insurance Contracts

14.2.1 - Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-Life	Total
Opening reserve at January 1, 2012	**4,3**	**3,5**	**7,8**
+ Written premiums	25,6	36,8	**62,4**
- Earned premiums	(24,6)	(36,3)	**(60,9)**
+ Other movements	-	-	**-**
Closing reserve at June 30, 2012	**5,3**	**4,0**	**9,3**

14.2.2 - Claims Reserve

(in million euros)	Life	Non-Life	Total
Opening reserve at January 1, 2012	**9,4**	**9,4**	**18,8**
o/w reported claims	*5,5*	*4,5*	*10,0*
o/w claims incurred but not reported (IBNR)	*3,9*	*4,9*	*8,8*
- Claims paid in current period	(3,6)	(7,0)	(10,6)
+ Claims incurred in current period	4,0	8,6	12,6
+ Claims incurred in prior years	1,5	1,4	2,9
+ Other movements	-	-	-
Closing reserve at June 30, 2012	**11,3**	**12,4**	**23,7**
o/w notified claims	*7,1*	*6,3*	*13,4*
o/w claims incurred but not reported (IBNR)	*4,2*	*6,1*	*10,3*

14.3 - Income from Insurance Activities

14.3.1 - Technical Income from Insurance Activities

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
+ Earned premiums, net of reinsurance ceded premiums	60,9	44,7	98,1
Gross amount	*60,9*	*44,7*	*98,1*
Reinsurance ceded premiums	-	-	-
- Cost, net of reinsurance	(15,5)	(9,9)	(21,2)
Claims expenses (gross)	*(10,6)*	*(6,5)*	*(13,3)*
Reinsurance ceded claims expenses	-	-	-
Change in insurance liabilities (except for UPR)	*(4,9)*	*(3,4)*	*(7,9)*
Margin on sales of Insurance activities (1)	**45,4**	**34,8**	**76,9**
+/- Other technical income (expense)	(18,0)	(13,2)	(29,2)
Brokerage fees	*(17,4)*	*(12,7)*	*(28,1)*
Personnel costs	*(0,1)*	-	*(0,1)*
Reinsurance commissions	-	-	-
Other technical income (expense)	*(0,5)*	*(0,5)*	*(1,0)*
+ Investment income, net	0,6	0,3	0,8
Contribution to operating income before elimination of intercompany transactions	**28,0**	**21,9**	**48,5**
+/- Elimination of intercompany transactions	16,9	12,5	27,9
Contribution to operating income after elimination of intercompany transactions	**44,9**	**34,4**	**76,4**

14.3.2 - Non-technical Income from Insurance Activities

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
+/- Other non-technical income (expense)	(1,0)	(1,4)	(2,4)
Personnel costs	*(0,3)*	*(0,3)*	*(0,6)*
Other non-technical income (expense)	*(0,7)*	*(1,1)*	*(1,8)*
Contribution to operating income before elimination of intercompany transactions	**(1,0)**	**(1,4)**	**(2,4)**
+/- Elimination of intercompany transactions	*0,1*	*0,2*	*(0,2)*
Contribution to operating income after elimination of intercompany transactions	**(0,9)**	**(1,2)**	**(2,6)**

14.3.3 - Operating Income from Insurance Activities

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
Technical income	44,9	34,4	76,4
Non-technical income	(0,9)	(1,2)	(2,6)
Contribution to operating income after elimination of intercompany transactions (1)	**44,0**	**33,2**	**73,8**

(1) See Note 23.2 Segment Information, Key Income Statement Items.

Note 15 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 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 21.

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

15.1 - Banque PSA Finance Interest Rate Position

(in million euros)	0 to 1 year	1 to 5 years	+5 years	Total at June 30, 2012
Financial assets				
Wholesale financing	6 190	-	-	6 190
Fixed rate customer financing	7 122	10 888	-	18 010
Other adjustable rate loans and receivables	548	-	-	548
Fixed rate financial assets	-	-	-	-
Other financial assets	1 674	-	-	1 674
Total financial assets (a)	**15 534**	**10 888**	**-**	**26 422**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**543**	**-**	**-**	**543**
Non financial assets				
Fixed assets and goodwill	-	188	-	188
Other non financial assets	934	-	-	934
Total non financial assets	**934**	**188**	**-**	**1 122**
Total assets				*28 087*
Financial liabilities				
Hedged fixed rate debt	(1 967)	(6 834)	(178)	(8 979)
Hedged adjustable rate debt	(12 508)	(37)	-	(12 545)
Other borrowings and deposits	(497)	-	-	(497)
Total financial liabilities (b)	**(14 972)**	**(6 871)**	**(178)**	**(22 021)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(386)**	**-**	**-**	**(386)**
Non financial liabilities				
Other non financial liabilities	(2 313)	-	-	(2 313)
Total non financial liabilities	**(2 313)**	**-**	**-**	**(2 313)**
Equity (3)	**-**	**(3 367)**	**-**	**(3 367)**
Total equity and liabilities				*(28 087)*
Net position before hedging = (a) + (b)	**562**	**4 017**	**(178)**	**4 401**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(6 084)	(5 983)	-	(12 067)
- lending leg	12 067	-	-	12 067
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**5 983**	**(5 983)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- lending leg	1 968	6 834	178	8 980
- borrowing leg	(8 980)			(8 980)
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- lending leg	-	37	-	37
- borrowing leg	(37)	-		(37)
Total derivatives hedging financial liabilities (d)	**(7 049)**	**6 871**	**178**	**-**
Trading transactions (e) (1)	**732**	**-**	**-**	**732**
Derivatives net position = (c) + (d) + (e)	**(334)**	**888**	**178**	**732**
Net position after hedging (3)	**228**	**4 905**	**-**	**5 133**
Note: Net position after hedging in 2011	*410*	*4 932*	*-*	*5 342*

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

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

(1) *Out of €24,368 million total swaps nominal at June 30, 2012, only ten swaps are classified as held for trading for an amount of €732 million: five open swaps held by Banque PSA Finance (€667 million) and five swaps in Argentina and Brazil, reclassified as held for trading (€65 million). The impact of these swaps on the income statement is not material (see Notes 3, 9 and 15.6). Note that none of the swaps from the trading portfolio, and including those in open positions, are included in the negotiation portfolio as defined by the banking supervisor for regulatory reporting purposes.*

(2) *Including €2,552 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 €4,905 million and is mainly hedged by equity.*

15.2 - Hedges of Interest Rate Risks on Future Lending Transactions

In order to cap the refinancing cost of new financing (Installment contracts, Buyback contracts and Long-term leases), Banque PSA Finance purchased and sold swaptions (options on interest rate swaps, purchased net with the net premium paid). The notional amounts and maturities (1 to 3 years) of the swaps (options on interest swaps) match the forecast amounts and maturities of new financing expected to be originated in these same periods. At December 31, 2011, all swaptions expired.

The deferred portion of the intrinsic value released to income during the period (expired swaptions), to offset changes in the value of the underlying item, was €4.2 million. Deferred gains and losses amounted to €8.1 million (€5.3 million net of deferred tax).

Swaptions Designated as Cash Flow Hedges

(in million euros)	Dec 31, 2011	Change in intrinsic value	Gains or losses	Transfer to income	Change in deferred tax	June 30, 2012
Intrinsic value of open swaptions	-	-	-	-		-
Hedging gains or losses	12,3	-	-	(4,2)		8,1
Gains recognized directly in equity (gross)	**12,3**	**-**	**-**	**(4,2)**	**-**	**8,1**
Deferred tax	(4,2)				1,4	(2,8)
Gains recognized directly in equity (net)	**8,1**	**-**	**-**	**(4,2)**	**1,4**	**5,3**

Timing of Impacts on Income

(in million euros)	June 30, 2012	Dec. 31, 2011
0 to 3 months	1,6	2,3
3 to 6 months	1,6	1,9
6 months to 1 year	2,5	3,2
1 to 5 years	2,4	4,9
+ 5 ans	-	-
Total	**8,1**	**12,3**

15.3 - 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, 2011	Fair value adjustments	June 30, 2012
Remeasurement of derivatives designated as hedges	0,5	0,4	0,9
Deferred tax	(0,2)	(0,1)	(0,3)
Gains (losses) recognized directly in equity, net	**0,3**	**0,3**	**0,6**

15.4 - 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	401	82	2 059	-	11	158	134	-
Liabilities	(183)	(53)	(522)	(50)	-	-	-	(993)
Net position before hedging	**218**	**29**	**1 537**	**(50)**	**11**	**158**	**134**	**(993)**
Hedging assets	(218)	(29)	(1 537)	-	(11)	(158)	(134)	-
Hedging liabilities	-	-	-	50	-	-	-	993
Hedging position	**(218)**	**(29)**	**(1 537)**	**50**	**(11)**	**(158)**	**(134)**	**993**
Net position after hedging - June 2012	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2011	-	-	*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	43	41	-	59		19	5	22	46	-	18
Liabilities	(42)	-	(62)	-	(1)	(19)	(5)	-	-	-	-
Net position before hedging	**1**	**41**	**(62)**	**59**	**(1)**	**-**	**-**	**22**	**46**	**-**	**18**
Hedging assets	-	(41)	-	(59)	-	-	-	(22)	(46)	-	(18)
Hedging liabilities	-	-	62	-	-	-	-	-	-	-	-
Hedging position	**-**	**(41)**	**62**	**(59)**	**-**	**-**	**-**	**(22)**	**(46)**	**-**	**(18)**
Net position after hedging - June 2012	**1**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2011	*1*	-	-	-	*1*	-	-	-	-	*1*	-

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

As a result of the hedging policy, substantial changes in currencies exchange rates will only have a limited impact on the Group net income.

B. Structural Positions in Foreign Currencies

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

Position at June 30, 2012	CHF	CNY	CZK	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
(in million euros)	14	47	33	201	3	19	8	43	65	1	143	**577**
Note: December 2011	*14*	*46*	*32*	*189*	*3*	*12*	*8*	*42*	*65*	*1*	*139*	*551*

(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.

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

(in million euros)	June 30, 2012	Dec 31, 2011	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)					
- Installment contracts	74	61			
- Buyback contracts	16	11			
- Long-term leases	7	1			
Total valuation, net	**97**	**73**	**-**	**24**	
Derivatives designated as hedges of customer loans					
- Assets (Note 4)	1	7			
- Liabilities (Note 10)	(91)	(72)			
Total valuation, net	**(90)**	**(65)**	**-**	**(25)**	**(1)**
Ineffective portion of gain and losses on outstanding hedging transactions	**7**	**8**			**(1)**
Fair value adjustments to hedged debt					
Valuation, net	(12)	(15)			
Total valuation, net	**(12)**	**(15)**		**3**	
Derivatives designated as hedges of debt					
- Assets (Note 4)	12	15			
- Liabilities (Note 10)	-	-			
Total valuation, net	**12**	**15**		**(3)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to hedged EMTNs/BMTNs					
Valuation, net	(213)	(169)			
Total valuation, net	**(213)**	**(169)**		**(44)**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 4)	216	174			
- Liabilities (Note 10)	(3)	(7)			
Total valuation, net	**213**	**167**		**46**	**2**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**(2)**			**2**
Fair value adjustments to hedged bonds					
Valuation, net	-	-			
Total valuation, net	**-**	**-**		**0**	
Derivatives designated as hedges of bonds (2)					
- Assets (Note 4)	20	44			
- Liabilities (Note 10)	(20)	(44)			
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 4)	-	-			
- Liabilities (Note 10)	-	-			
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					
Valuation, net	(1)	(1)			
Total valuation, net	**(1)**	**(1)**		**0**	
Derivatives designated as hedges of other debt securities					
- Assets (Note 4)	1	1			
- Liabilities (Note 10)	-	-			
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 15.2 above).

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

(in million euros)	June 30, 2012	Dec 31, 2011	Fair value adjustments
Financial assets at fair value			
- Fair value adjustments to marketable securities	-	-	**-**
- Fair value of trading derivatives (Note 3)	2	4	**(2)**
Total valuation, net	**2**	**4**	**(2)**
Financial liabilities at fair value			
- Fair value of trading derivatives (Note 9)	(1)	(2)	**1**
Total valuation, net	**(1)**	**(2)**	**1**
Impact in profit or loss			**(1)**

Note 16 Other Commitments

(in million euros)	June 30, 2012	Dec. 31, 2011
Financing commitments		
Commitments received from credit institutions (1)	8 065	7 955
Commitments given to credit institutions	-	-
Commitments given to customers (2)	1 490	1 465
- o/w Crédipar Group	*963*	*951*
Guarantee commitments		
Commitments received from credit institutions	1 125	1 284
- guarantees received in respect of customer loans	1 024	884
- guarantees received in respect of securities held	1	300
- other guarantees received from credit institutions	100	100
Guarantees given to credit institutions	1	1
Commitments given to customers	71	110
- Spanish branch	-	1
- Sofib	64	102
- Sofira	4	4
- Italian branch	3	3
Other commitments received		
Securities received as collateral	13	13
Investment put options (3)	55	55
Other	22	-
Other commitments given		
Investment deliverable under forward sales contracts (3)	310	310
Investment call options (3)	55	55
Other (4)	2 940	1 233

(1) *Including at June 30, 2012, by drawdown priority (see Note 11):*

- *€1,284 million not yet drawn from €1,710 million bilateral back-up lines corresponding to long-term financing commitments,*
- *€923 million not yet drawn from 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.*

Banque PSA Finance endeavours to maintain a certain level of financial security by having access at all times to cash reserves and undrawn lines of credit covering at least six months' financing needs.The 6-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. At 30 June 2012, the liquidity reserve amounted to €355 million.

Banque PSA Finance has €8,065 million worth of undrawn committed credit facilities, including syndicated lines of credit amounting to €5,755 million. A change in the Banque PSA Finance's rating could lead to an adjustment of the financial terms of some of these credit lines, but their amount would not be reduced.

In addition, if its long and short-term ratings were to be downgraded, Banque PSA Finance would still be in a position to cover its refinancing needs for the next twelve months at least by increasing its external securitisation programmes, with a portfolio of securitizable auto loans representing a refinancing of some €3,000 million, and by refinancing at short notice its receivables with the Central Bank (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) *Mainly including the amount of customer loans given as collateral for proprietary transactions (see Notes 7.1 and 11):*

- *to the European Central Bank (€1,585 million collateral for medium term €700 million and for short term €100 million financing granted at June 30, 2012; it remains a potential short term financing for an amount of €304.6 million);*
- *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 (€1,132 million collateral for €626 million financing granted at June 30, 2012);*
- *to the Budensbank by the German branch (€112 million collateral for €65 million financing granted at June 30, 2012);*
- *to Mediobanca by the Italian branch (€109 million collateral for €90 million financing granted at June 30, 2012).*

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

Note 17 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
Installment contracts	**516**	**509**	**1 019**
- o/w related companies	*34*	*34*	*71*
- o/w securitized	*136*	*126*	*261*
- o/w related companies	*5*	*-*	*2*
Buyback contracts	**112**	**119**	**230**
- o/w related companies	*6*	*5*	*11*
- o/w securitized	*13*	*26*	*46*
Long-term leases	**185**	**184**	**375**
- o/w related companies	*49*	*52*	*102*
- o/w securitized	*13*	*14*	*29*
Wholesale financing	**144**	**127**	**268**
- o/w related companies	*99*	*88*	*184*
Other finance receivables (including equipment loans, revolving credit)	**19**	**18**	**39**
- o/w related companies	*-*	*-*	*-*
Commissions paid to referral agents	**(141)**	**(138)**	**(279)**
- Installment contracts	(96)	(92)	(187)
- Buyback contracts	(16)	(18)	(35)
- Long-term leases	(29)	(28)	(57)
- o/w related companies	*(22)*	*(20)*	*(38)*
Other business acquisition costs	**(17)**	**(19)**	**(37)**
Interest on ordinary accounts	**2**	**2**	**4**
Interest on guarantee commitments	**-**	**-**	**-**
Total	**820**	**802**	**1 619**

Note 18 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 19 Interest on Debt Securities

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
Interest expense on debt securities	(253)	(236)	(504)
Interest expense on bonds and other fixed income securities	(25)	(22)	(55)
- o/w securitization: preferred bonds	*(22)*	*(19)*	*(49)*
Total	**(278)**	**(258)**	**(559)**

Note 20 General Operating Expenses

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
Personnel costs	**(75)**	**(73)**	**(146)**
- Wages and salaries	(56)	(54)	(106)
- Payroll taxes	(18)	(17)	(35)
- Employee profit sharing and profit-related bonuses	(1)	(2)	(5)
Other general operating expenses	**(109)**	**(115)**	**(221)**
- o/w related companies	*(44)*	*(45)*	*(95)*
Total	**(184)**	**(188)**	**(367)**

Note 21 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.

21.1 - Changes in Loans

(in million euros)	Balance at Dec 31, 2011	Net new loans and exchange difference (1)	Cost of risk: Charges	Cost of risk: Reversals	Cost of risk: Credit losses	Cost of risk: Recoveries on loans written off in prior periods	Cost of risk for the period at June 30, 2012	Balance at June 30, 2012
Retail								
Sound loans with no past-due installments	15 264	(148)	-	-	-	-	-	15 116
Sound loans with past-due installments	429	13	-	-	-	-	-	442
Guarantee deposits (lease financing)	(59)	(68)	-	-	-	-	-	(127)
Non-performing loans	649	66	-	-	(54)	-	(54)	661
Total	**16 283**	**(137)**	**-**	**-**	**(54)**	**-**	**(54)**	**16 092**
Impairment of sound loans with past-due installments	(48)	-	(4)	3	-	-	(1)	(49)
Impairment of non-performing loans	(350)	(1)	(82)	61	-	-	(21)	(372)
Total impairment	**(398)**	**(1)**	**(86)**	**64**	**-**	**-**	**(22)**	**(421)**
Deferred items included in amortized cost	**99**	**6**	**-**	**-**	**-**	**-**	**-**	**105**
Net book value (A - see B Note 7.2)	**15 984**	**(132)**	**(86)**	**64**	**(54)**	**-**	**(76)**	**15 776**
Recoveries on loans written off in prior periods						5	5	
Impairment of doubtful commitments			-	-	-	-	-	
Retail cost of risk			**(86)**	**64**	**(54)**	**5**	**(71)**	
Corporate dealers								
Sound loans with no past-due installments	6 772	494	-	-	-	-	-	7 266
Sound loans with past-due installments	21	(13)	-	-	-	-	-	8
Total	(72)	(27)	-	-	-	-	-	(99)
Non-performing loans	166	20	-	-	(1)	-	(1)	185
Total	**6 887**	**474**	**-**	**-**	**(1)**	**-**	**(1)**	**7 360**
Impairment of non-performing loans	(37)	(1)	(14)	8	-	-	(6)	(44)
Total impairment	**(37)**	**(1)**	**(14)**	**8**	**-**	**-**	**(6)**	**(44)**
Deferred items included in amortized cost	**(10)**	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**
Net book value (B - see A Note 7.2)	**6 840**	**473**	**(14)**	**8**	**(1)**	**-**	**(7)**	**7 306**
Recoveries on loans written off in prior periods						1	1	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate dealers cost of risk			**(14)**	**8**	**(1)**	**1**	**(6)**	
Corporate and equivalent								
Sound loans with no past-due installments	1 133	227	-	-	-	-	-	1 360
Sound loans with past-due installments	346	(40)	-	-	-	-	-	306
Total	(1)	-	-	-	-	-	-	(1)
Non-performing loans	40	(9)	-	-	-	-	-	31
Total	**1 518**	**178**	**-**	**-**	**-**	**-**	**-**	**1 696**
Impairment of non-performing loans	(15)	-	(7)	5	-	-	(2)	(17)
Total impairment	**(15)**	**-**	**(7)**	**5**	**-**	**-**	**(2)**	**(17)**
Deferred items included in amortized cost	**(13)**	**-**	**-**	**-**	**-**	**-**	**-**	**(13)**
Net book value (C - see C Note 7.2)	**1 490**	**178**	**(7)**	**5**	**-**	**-**	**(2)**	**1 666**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate and equivalent cost of risk			**(7)**	**5**	**-**	**-**	**(2)**	
Total loans								
Sound loans with no past-due installments	23 169	573	-	-	-	-	-	23 742
Sound loans with past-due installments	796	(40)	-	-	-	-	-	756
Total	(132)	(95)	-	-	-	-	-	(227)
Non-performing loans	855	77	-	-	(55)	-	(55)	877
Total	**24 688**	**515**	**-**	**-**	**(55)**	**-**	**(55)**	**25 148**
Impairment of sound loans with past-due installments	(48)	-	(4)	3	-	-	(1)	(49)
Impairment of non-performing loans	(402)	(2)	(103)	74	-	-	(29)	(433)
Total impairment	**(450)**	**(2)**	**(107)**	**77**	**-**	**-**	**(30)**	**(482)**
Deferred items included in amortized cost	**76**	**6**	**-**	**-**	**-**	**-**	**-**	**82**
Net book value	**24 314**	**519**	**(107)**	**77**	**(55)**	**-**	**(85)**	**24 748**
Recoveries on loans written off in prior periods						6	6	
Impairment of doubtful commitments			-	-	-	-	-	
Total cost of risk			**(107)**	**77**	**(55)**	**6**	**(79)**	

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.*

21.2 - Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	June 30, 2012	June 30, 2011	Dec. 31, 2011
Sound loans with past-due installments						
Charges	(4)	-	-	(4)	(3)	(11)
Reversals	3	-	-	3	2	7
Non-performing loans						
Charges	(82)	(14)	(7)	(103)	(90)	(172)
Reversals	61	8	5	74	91	160
Doubtful commitments						
Charges	-	-	-	-	-	-
Reversals	-	-	-	-	3	5
Credit losses	(54)	(1)	-	(55)	(63)	(117)
Recoveries on loans written off in prior periods	5	1	-	6	6	13
Cost of risk	**(71)**	**(6)**	**(2)**	**(79)**	**(54)**	**(115)**

See "Credit Risk Management" section of the Management Report.

21.3 - Information about Defaults with no Impairment

For 2012

(in million euros)	<= 90 days	> 90 days <= 180 days	> 180 days <= 1 year	> 1 year	Total at June 30, 2012
Sound loans with past-due installments with no impairment	310	2	1	1	**314**

For 2011

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

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 22 Income Taxes

22.1 - Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2011	Expense	Equity	Payment	Exchange difference and other (1)	June 30, 2012
Current tax						
Assets	8	-	-	70	(52)	26
Liabilities	(34)	(107)	-	28	52	(61)
Total	**(26)**	**(107)**	**-**	**98**	**-**	**(35)**
Deferred tax						
Assets	149	2	-	-	(3)	148
Liabilities	(441)	30	1	-	3	(407)
Total	**(292)**	**32**	**1**	**-**	**-**	**(259)**

(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.*

22.2 - Income taxes of fully-consolidated companies

Income taxes currently payable represent the amounts paid or currently due to the tax authorities for the period, calculated in accordance with the tax rules and rates in effect in the various countries.

Deferred income taxes relate to timing differences between the recognition of certain items of income and expense for consolidated financial reporting and tax purposes. These differences relate principally to the accounting treatment of leasing and long-term rental transactions, and impairment of non-performing loans.

Deferred taxes are determined as described in the published accounts at December 31, 2011, 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 2011, reversed at the level of €1.8 million at June 30, 2012.

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
Current tax			
Income taxes	(107)	(116)	(219)
Deferred tax	-	-	
Deferred taxes arising in the period	32	20	40
Unrecognized deferred tax assets and impairment losses	-	-	(1)
Total	**(75)**	**(96)**	**(180)**

22.3 - Banque PSA Finance tax proof

(in million euros)	June 30, 2012	June 30, 2011	Dec. 31, 2011
Pre-tax income	276	275	534
Permanent differences	-	7	6
Taxable Income	**276**	**282**	**540**
Theoretical tax	(100)	(97)	(195)
Theoretical rate	*36,100%*	*34,433%*	*36,100%*
Impact of differences in foreign tax rates	22	10	38
Impact of changes in foreign tax rates	-	1	2
Impact of changes in France tax rates	2	-	(3)
Allowances on deferred tax assets:			
- Charges	(1)	-	(1)
- Reversals	-	-	-
Allocated tax saving transferred back to PSA Peugeot Citroën	(2)	(1)	(3)
Tax refund from the Spanish Treasury relating to 2006 and 2007.	-	-	-
Impairment loss on tax credit to be received from Italian tax department	-	(15)	(15)
Other	4	6	(3)
Actual Tax Payable	**(75)**	**(96)**	**(180)**
Effective rate	*27,2%*	*34,1%*	*33,3%*

22.4 - Deferred Tax Assets on Tax Loss Carryforwards

(in million euros)	Dec. 31, 2011	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	June 30, 2012
Deferred tax assets on tax loss carryforwards	101	1	(12)	-	(3)	87
Allowances	(1)	-	-	(1)	-	(2)
Total	**100**	**1**	**(12)**	**(1)**	**(3)**	**85**

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

Note 23 Segment Information

23.1 - Key Balance Sheet Items

For 2012

(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 June 30, 2012
Assets								
Customers loans and receivables	7 306	15 776	1 666			439	(439)	24 748
Securities			561	-	34	1 359	(1 147)	807
Loans and advances to credit institutions			1 721	6	98	20 667	(21 647)	845
Other assets				1 227	78	768	(386)	1 687
Total Assets							**(23 619)**	**28 087**
Liabilities								
Refinancing	6 929	14 961	1 651	-	-	21 312	(22 776)	22 077
Due to customers	211	37	94	-		379	(379)	342
Liabilities related to insurance contracts					33			33
Other liabilities				1 825	93	814	(464)	2 268
Equity (1)				2 104	60	1 203		3 367
Total Liabilities							**(23 619)**	**28 087**

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**

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.*

23.2 - Key Income Statement Items

For 2012

(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 June 30, 2012
Net interest revenue on customer transactions (at amortized cost) (1)	157	651	45	-	(31)		8	(3)	827
Net investment revenue	-	-	-	5		-	22	(14)	13
Net refinancing cost (2) (3)	(94)	(376)	(30)	112	31	1	(38)	17	(377)
Net gains or losses on trading transactions							(2)		(2)
Net gains or losses on available-for-sale financial assets							-		-
Margin on sales of insurance services						29		17	46
Margin on sales of other services						52	-	(17)	35
Net banking revenue	**63**	**275**	**15**	**117**	**-**	**82**	**(10)**	**-**	**542**
Cost of risk	(6)	(71)	(2)						(79)
Net income after cost of risk	**57**	**204**	**13**	**117**	**-**	**82**	**(10)**	**-**	**463**
General operating expenses and equivalent				(183)		(2)	(7)	-	(192)
Operating Income	**57**	**204**	**13**	**(66)**	**-**	**80**	**(17)**	**-**	**271**
o/w Insurance (See Note 14.3.3)						*27*		*17*	*44*

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 June 30, 2011
Net interest revenue on customer transactions (at amortized cost) (1)	142	649	40	(4)	(60)		4	(1)	770
Net investment revenue	-	-	-	5		-	20	(14)	11
Net refinancing cost (2) (3)	(84)	(372)	(26)	101	60	-	(32)	15	(338)
Net gains or losses on trading transactions							-		-
Net gains or losses on available-for-sale financial assets							1		1
Margin on sales of insurance services						22		13	35
Margin on sales of other services						58	-	(13)	45
Net banking revenue	**58**	**277**	**14**	**102**	**-**	**80**	**(7)**	**-**	**524**
Cost of risk	-	(55)	1						(54)
Net income after cost of risk	**58**	**222**	**15**	**102**	**-**	**80**	**(7)**	**-**	**470**
General operating expenses and equivalent				(185)		(2)	(9)	-	(196)
Operating Income	**58**	**222**	**15**	**(83)**	**-**	**78**	**(16)**	**-**	**274**
o/w Insurance (See Note 14.3.3)						*20*		*13*	*33*

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

(1) *Unallocated interest revenue on customer transactions for the part corresponds to the ineffective portion of gains or losses on hedging instruments recognized in the income statement in accordance with IAS 39 for a negative €0.6 million at June 30, 2012 (compared to a positive €1.5 million at June 30, 2011).*

(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 €31 million reclassification at June 30, 2012 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.*

23.3 - Geographical Areas

Key Balance Sheet Items

(in million euros)	Total assets		Customer loans and receivables		Refinancing (1)	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
France	11 029	10 864	9 368	8 868	17 762	17 151
Europe (excluding France)	14 796	14 636	13 518	13 473	2 839	3 121
- *o/w Germany*	*3 448*	*3 532*	*3 152*	*3 225*	*1 100*	*1 336*
- *o/w Spain*	*2 221*	*2 204*	*2 139*	*2 103*	*177*	*177*
- *o/w Italy*	*2 264*	*2 285*	*1 930*	*1 977*	*381*	*401*
- *o/w United Kingdom*	*2 879*	*2 598*	*2 666*	*2 458*	*254*	*210*
Rest of the world	2 262	2 384	1 862	1 973	1 476	1 602
- *o/w Brazil*	*1 534*	*1 749*	*1 230*	*1 430*	*1 105*	*1 298*
Total	28 087	27 884	24 748	24 314	22 077	21 874

(1) *Refinancing includes "Deposits from credit institutions" and "Debt securities" (see Notes 11 and 13). It concerns the group's external refinancing, mainly issued by Banque PSA Finance.*

Key Income Statement Items

(in million euros)	Interest and other revenue on assets at amortized cost			Net banking revenue		
	June 30, 2012	June 30, 2011	Dec. 31, 2011	June 30, 2012	June 30, 2011	Dec. 31, 2011
France	257	259	521	193	196	375
Europe (excluding France)	416	417	835	280	270	538
- *o/w Germany*	*108*	*116*	*229*	*71*	*75*	*144*
- *o/w Spain*	*62*	*63*	*127*	*35*	*32*	*68*
- *o/w Italy*	*51*	*50*	*99*	*24*	*23*	*47*
- *o/w United Kingdom*	*84*	*79*	*155*	*48*	*46*	*84*
Rest of the world	147	126	263	69	58	119
- *o/w Brazil*	*96*	*96*	*195*	*42*	*79*	*79*
Total	820	802	1 619	542	524	1 032

(in million euros)	Cost of risk			Operating income		
	June 30, 2012	June 30, 2011	Dec. 31, 2011	June 30, 2012	June 30, 2011	Dec. 31, 2011
France	(23)	(22)	(35)	98	100	195
Europe (excluding France)	(43)	(26)	(63)	137	142	275
- *o/w Germany*	*(5)*	*(6)*	*(10)*	*46*	*48*	*96*
- *o/w Spain*	*(14)*	*(4)*	*(16)*	*5*	*12*	*20*
- *o/w Italy*	*(10)*	*(4)*	*(8)*	*1*	*4*	*11*
- *o/w United Kingdom*	*(4)*	*(2)*	*(5)*	*28*	*28*	*48*
Rest of the world	(13)	(6)	(17)	36	32	62
- *o/w Brazil*	*(9)*	*(4)*	*(13)*	*21*	*21*	*40*
Total	(79)	(54)	(115)	271	274	532

Note 24 Subsequent Events

Auto-ABS 2006-1 fund wound up

On July 25, 2012, Crédipar repurchased the loans sold in 2006 to the Auto-ABS 2006-1 fund, and the fund was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance.

New Auto-ABS 2012-1 fund

On July 24, 2012, Crédipar sold €1,080 million worth of future Finance lease revenues to the Auto-ABS 2012-1 fund. The fund issued €723.6 million worth of AAA rated A bonds and €356.4 million worth of B bonds. All the B bonds were purchased by Banque PSA Finance. Crédipar's retained interest amounts to €300.

2.7. Statutory auditors' review report on the first half-yearly financial information

➔ Six months ended June 30, 2012

To the Shareholders

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

• the review of the accompanying condensed half-yearly consolidated financial statements of Banque PSA Finance, for the period from January 1 to June 30, 2012, and

• the verification of the information contained in the interim management report.

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

I - Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to note 16 of the condensed half-yearly consolidated financial statements which describes the group' liquidity position and measures taken by the group to secure its refinancing.

II - Specific verification

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

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

Courbevoie and Paris-La Défense, July 24, 2012

The statutory auditors
French original signed by:

ERNST & YOUNG Audit	Mazars
Luc Valverde	Anne Veaute

Statement by the Person Responsible for the 2012 Half-Year Report

Having taken all reasonable care to ensure that such is the case, I hereby declare that the information contained in this Half-Year 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 for the past six-month period 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 during the first six months of the financial year, together with a description of the main risks and uncertainties for the remaining six months of the year.

I have obtained the Review Report from the Statutory Auditors affirming that they have read the whole of the Half-Year Report and examined the information about the financial position and the historical accounts contained therein.

Person Responsible for the 2012 Half-Year Report

Philippe Alexandre

Chief Executive Officer of Banque PSA Finance S.A.

Person Responsible for the Financial Information

Carole Dupont-Pietri

Head of Financial Communication

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