BANQUE PSA FINANCE

2012 ANNUAL REPORT

BOARD OF DIRECTORS

Frédéric Saint-Geours
Chairman

Philippe Alexandre
Director

Philippe Varin
Director

Michel Philippin
Director

François Pierson
Director

PEUGEOT S.A.
Director
Permanent Representative:
Pierre Todorov

AUTOMOBILES PEUGEOT
Director
Permanent Representative:
Maxime Picat

EXECUTIVE COMMITTEE

Philippe Alexandre
Chief Executive Officer

Alain Martinez
Executive Managing Officer

Bernard Darrieutort
Executive Managing Officer
(Based in Shanghai)

STATUTORY AUDITORS

Ernst & Young audit
Mazars

SUBSTITUTE AUDITORS

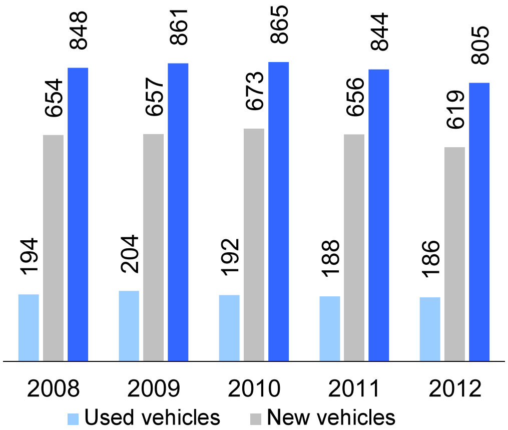
PICARLE
Guillaume Potel

As of February 13, 2013

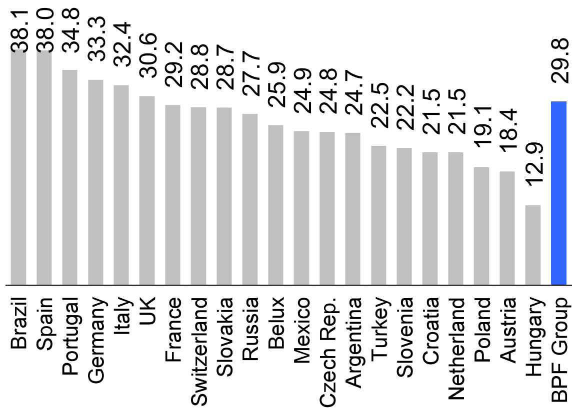
1 MANAGEMENT REPORT

1.1 Key figures

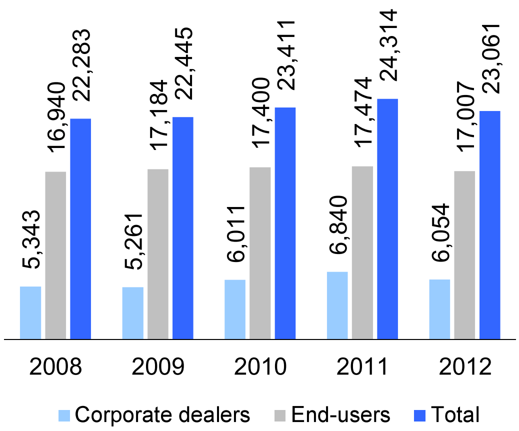
NUMBER VEHICLES FINANCED, END-USER LOANS
(in thousand vehicles)



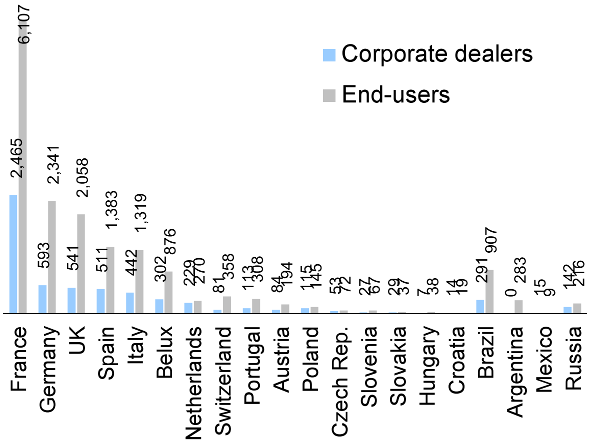
PENETRATION RATE BY COUNTRY AT DEC. 31, 2012
(as a % of PSA Peugeot Citroën new vehicles financed / new vehicles registered)



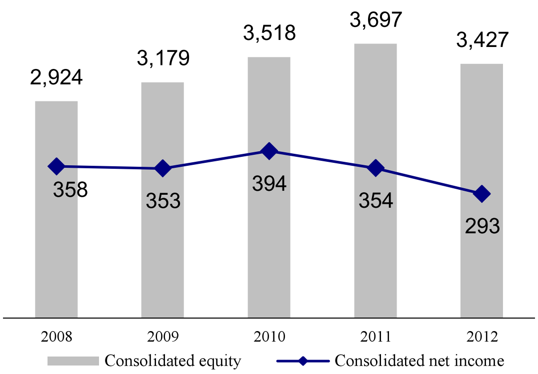
END-USER AND CORPORATE DEALER LOANS AT DECEMBER 31, 2012 (in million euros)



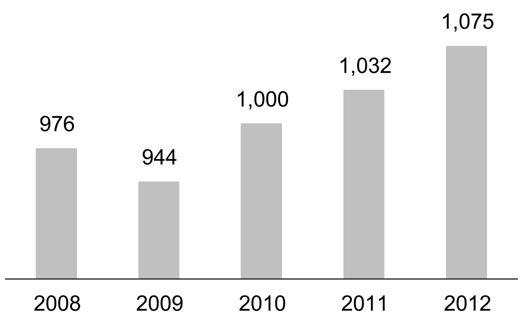
OUTSTANDING BY COUNTRY AT DECEMBER 31, 2012 (in million euros)



EQUITY AND NET INCOME AT DECEMBER 31, 2012 (in million euros)



NET BANKING REVENUE
(in million euros)



1.2 Letter from the Chief Executive Officer

At a time when European automobile markets shrank significantly (-8.6% in Europe 30), the PSA Peugeot Citroën Group resisted the trend by obtaining a 12.7% market share in spite of an unfavorable country mix. Worldwide, PSA Peugeot Citroën sold 2,965,000 new vehicles and CKD units.

Banque PSA Finance provided financing for 29.8% of the new cars sold by Peugeot and Citroën dealers in its markets, versus 27.8% in 2011. This was its highest penetration rate since it was licensed to operate as a bank in July 1995. In total, the bank financed the purchase of more than 619,000 new vehicles.

It was also a record year for Banque PSA Finance's service and insurance contract business, whose penetration rate rose to 165%.

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

Even so, Banque PSA Finance maintained a particularly selective approach to the most risky clients and strengthened its systems for recovery.

The default rates recognized in the Retail portfolio have now returned to the levels prevailing before the financial crisis of 2008-2009.

In these circumstances, to account for the marked economic deterioration of certain markets, the statistical model for provisioning the Retail portfolio was reviewed, which led to an exceptional provision of €136 million.

The renewal of banking lines, associated with the securitization operations and the proposed State guaranteed bond issues, will give visibility and strength to the refinancing of Banque PSA Finance both in its amount and in its duration, with a liquidity of €8,122 million at the end of 2012.

As a major focus of its strategy for growth, the expression of a more global size, the international development of Banque PSA Finance accelerated in 2012, with a 20% increase in the volume of financing of new vehicles in Russia and 36% in China; moreover, in November 2012 in Turkey, Banque PSA Finance acquired the company FTF – Finans Tüketici Finansmani A.Ş. – that became PSA Finansman, whose activities should start in the spring 2013.

Finally, Banque PSA Finance continued to consolidate its internal control procedures by strengthening its dedicated resources.

Thus, in the unprecedented economic crisis, with renewed operating efficiency, professionalism and the commitment from all involved, Banque PSA Finance continued to develop its net banking revenue in 2012 to reach €1,075 million.

Banque PSA Finance confirmed the solidity of its business model sustained by the progressive but determined deployment of the PSA Excellence System; demonstrated in particular by a Common Equity Tier One capital ratio of 12.92% at June 30, 2012.

A committed and confident player, as always, Banque PSA Finance will be even more agile and responsive, and capitalize on its many strengths to improve its performance on all levels in 2013.

Philippe ALEXANDRE

1.3 Operations and results

1.3.1 Summary Financial Information

The following historical consolidated financial overview is based on the consolidated financial statements of Banque PSA Finance (hereafter referred to as BPF) included in this annual report and prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Our consolidated financial statements were audited by our independent auditors Ernst & Young and Mazars for 2011 and 2012.

NEW FINANCING

	2012	2011	% change
End-users loans			
Number of vehicles financed	805,143	843,811	- 4.6
Amount of financing *(in million euros, excluding interests)*	8,461	8,790	- 3.7
Corporate dealers loans			
Number of vehicles financed	1,770,922	2,089,923	- 15.3
Amount of vehicles financing *(in million euros)*	32,734	38,234	- 14.4
Amount of spare parts financing and other *(in million euros)*	4,614	4,809	- 4.1

BALANCE SHEET
(in million euros)

Assets	Dec. 31, 2012	Dec. 31, 2011	% change
Cash, central banks, post office banks	18	23	- 21.7
Financial assets at fair value through profit or loss	1,407	1,204	+ 16.9
Hedging instruments	327	389	- 15.9
Available-for-sale financial assets	12	2	+ 500.0
Loans and advances to credit institutions	1,221	859	+ 42.1
Customer loans and receivables	23,061	24,314	- 5.2
Deferred tax assets	140	149	- 6.0
Other assets	1,000	944	+ 5.9
Total assets	**27,186**	**27,884**	**- 2.5**

Equity and liabilities	Dec. 31, 2012	Dec. 31, 2011	% change
Financial liabilities at fair value through profit or loss	2	5	- 60.0
Hedging instruments	114	181	- 37.0
Deposits from credit institutions	8,105	4,985	+ 62.6
Due to customers	367	342	+ 7.3
Debt securities	13,326	16,889	- 21.1
Deferred tax liabilities	392	441	- 11.1
Other liabilities	1,453	1,344	+ 8.1
Equity	3,427	3,697	- 7.3
Total equity and liabilities	**27,186**	**27,884**	**- 2.5**

Net Income

(in million euros)	2012	2011	% change
Net banking revenue	1,075	1,032	+ 4.2
General operating expenses and equivalent[1]	-394	-385	+ 2.3
Cost of risk	-290	-115	+ 152.2
Operating income	**391**	**532**	**- 26.5**
Non operating income	6	2	+ 200.0
Income taxes	-104	-180	- 42.2
Net income for the year	**293**	**354**	**- 17.2**

1 including amortization and depreciation expenses for tangible and intangible assets, and profits and losses on fixed assets

Outstanding Loans

By portfolio

(In million euros)	Dec. 31, 2012	Dec. 31, 2011	% change
Corporate dealers	6,054	6,840	- 11.5
End-users	17,007	17,474	- 2.7
of which Retail	15,416	15,984	- 3.6
of which Corporate and equivalent	1,591	1,490	+ 6.8
Total Customer Loans and Receivables	**23,061**	**24,314**	**- 5.2**

By region

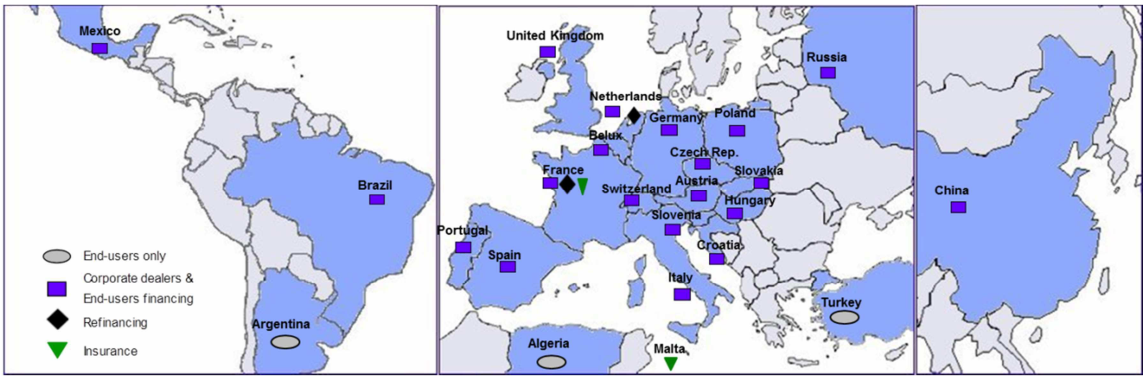
in million euros	Dec. 31, 2012	Dec. 31, 2011	% change
France	8,572	8,868	- 3.3
Western Europe (excluding France)	12,003	12,832	- 6.5
Central and Eastern Europe	623	641	- 2.8
Latin America	1,505	1,705	- 11.7
Rest of the World	358	268	+ 33.6
Total	**23,061**	**24,314**	**- 5.2**

Net banking revenue by portfolio

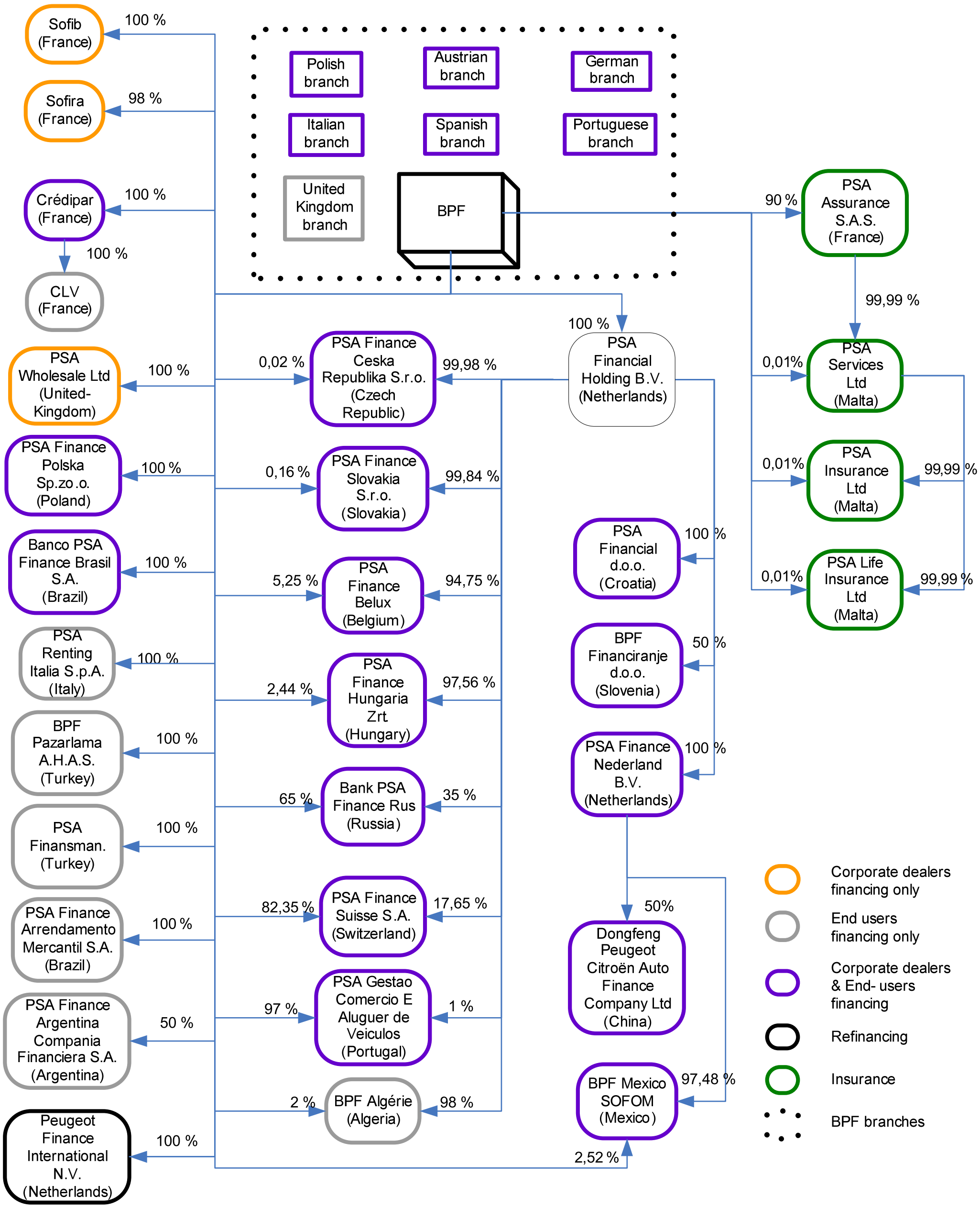
(in million euros)	2012	2011	% change
End-users	607	575	+ 5.6
of which Retail	575	551	+ 4.4
of which Corporate and equivalent	32	24	+ 33.3
Corporate dealers	121	117	+ 3.4
Insurances and Services (including net refinancing costs)	163	161	+ 1.2
Unallocated and other[1]	184	179	+ 2.8
Total	**1,075**	**1,032**	**+ 4.2**

1 Primarily refinancing costs adjusted to reflect the allocation of interest expenses to customer segments based on our average refinancing rates, and on the assumption that loans are 100% debt-financed.

1.3.2 Organizational structure



The following organization chart only shows BPF entities with significant operations.



1.3.3 Banque PSA Finance Branch and Subsidiary Operations

1.3.3.1 Introduction

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

We moreover provide financing for inventory (new and used vehicles) and spare parts, as well as other financing such as working capital to dealers of both carmakers, and offer a complete range of financial and other services to individuals and businesses.

Our offerings to individuals and businesses typically combine insurance and services to financing through packaged products.

In 2012, we provided €8,461 million of new financing for 805,143 vehicles financed to individuals, small- and medium-sized businesses and corporate and equivalent clients (including leases). As of December 31, 2012, we had €23,061 million of outstanding customer loans and receivables, including €17,007 million end-user loans and leases, and €6,054 million of financing loans for Peugeot and Citroën corporate dealers. Net banking revenue in 2012 was €1,075 million, operating income was €391 million and net income was €293 million of which €281 million attributable to the parent.

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

A. History and Organization

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

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

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

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

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

We are currently active in 23 countries, and accounted for 89% of vehicle volume sales by the PSA Peugeot Citroën group in 2012 (including China). Our principal markets are in Western Europe (notably France, the United Kingdom, Spain, Germany and Italy) and Brazil. We have also been growing strongly in Latin America, Central and Eastern Europe and China since 2006 and in Russia since the second quarter of 2010.

As of December 31, 2012, BPF's French subsidiary, accounted for 37.2% of the group's total customer loans, 54.8% of customer loans in Europe excluding France (of which 52% in Western Europe and 2.8% in Central and Eastern Europe) and 8.1% in the rest of the world. Our sweeping geographical presence gives us a solid base of operations and facilitates our ability to quickly respond and adapt to movements in emerging markets.

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

B. Business model and Strategy

BPF's sound business model, based on its close partnership with the group's two carmakers and their respective dealership networks, strong management team and robust strategy have enabled us to respond effectively to the 2008 financial crisis and its aftermath, and to maintain good performance in a difficult economic environment.

Our global presence has allowed us to finance 89% of vehicle sales by the PSA Peugeot Citroën group in 2012 (including China).

Our key strengths and expertise include the following:

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

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

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

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

- ***Steady and continuous geographical expansion.*** BPF has historically facilitated the international growth of the PSA Peugeot Citroën group, thus creating a natural platform for geographical expansion. Over the years, we have grown alongside the two carmakers and their commercial networks, first throughout Western Europe, and more recently in the most dynamic emerging markets. Our emerging-markets growth strategy is also pragmatic: in Turkey in 2012, we took full ownership of PSA Finansman AŞ, a credit institution authorized to lend to individuals, allowing us to grow organically and facilitate the sale of Peugeot and Citroën vehicles in this key market. This entity should become fully operational in the spring 2013.

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

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

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

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

1.3.3.2 Our Products and Services

Our financing products, insurance and services include the following:

- ***End-user Financing (74% of outstanding customer loans and receivables as of December 31, 2012)***. We offer individuals, small businesses and corporate and equivalent customers a range of financing solutions to purchase new and used vehicles, as well as various leasing solutions with or without purchase options.

- ***Corporate dealer Financing (26% of outstanding customer loans and receivables as of December 31, 2012)***. We provide Peugeot and Citroën dealers with financing for inventories of new and used vehicles and spare parts, as well as other needs such as working capital.

- ***Insurance and services***. We provide end-user customers with a wide range of insurance products and services, such as whole-life insurance, unemployment insurance, disability insurance, vehicle protection finance and automobile insurance, and vehicle-related services such as guarantee extensions, maintenance contracts or service provisions.

The table below shows the number and value of new financing contracts in 2012 compared to 2011, as well as the total amount of outstanding loans sorted by customer segments into end-user loans and corporate dealer loans.

FINANCING BY PORTFOLIO

	2012	2011	% change
End-users loans			
Number of vehicles financed	805,143	843,811	- 4.6
Amount of financing *(in million euros, excluding interests)*	8,461	8,790	- 3.7
Corporate dealers loans			
Number of vehicles financed	1,770,922	2,089,923	- 15.3
Amount of vehicles financing *(in million euros)*	32,734	38,234	- 14.4
Amount of spare parts financing and other *(in million euros)*	4,614	4,809	- 4.1

Outstanding loans by portfolio	Dec. 31, 2012	Dec. 31, 2011	% change
End-users	17,007	17,474	- 2.7
Corporate dealers	6,054	6,840	- 11.5
Total loans	**23,061**	**24,314**	**- 5.2**

A. Loan Portfolios

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

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

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

B. End-user Financing

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

Our end-user customers consist primarily of individuals, small businesses and corporate and equivalent customers. As of December 31, 2012, the latter accounted for 9% of outstanding customer loans and receivables, while individual customers and small business accounted for 91% of outstanding loans. The average duration of new end-user financing contracts was 41 months in 2012.

Most of our financing is for new vehicles. We also provide financing for the purchase of used vehicles, primarily vehicles recovered by Peugeot and Citroën dealers at the end of a lease duration, or trade-in vehicles purchased by dealers, which may include third-party brands. In some cases, we offer financing to corporate clients wishing to refinance their entire fleet with used vehicles. In 2012, we provided end-user financing for 805,143 vehicles.

We financed 559,820 installment loan contracts and 245,323 leasing contracts for a combined value of €8,461 million of new financing in 2012. Shifts in demand between leases or installment loans depend primarily on prevailing interest rates and changes in global demand. As of December 31, 2012, 57.5% of outstanding end-user loans and receivables consisted of installment loans (€9,777 million) against 41.1% for leasing contracts (€6,983 million), with the balance consisting of other types of financing contracts (1.4%, or €247 million).

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

Our operations partly depend on promotional rates subsidized by Peugeot and Citroën aimed at increasing vehicle sales. We generally apply our regular pricing and credit scoring measures to these loans, although we sometimes offer promotional rates during our own marketing campaigns.

Geographical coverage

We provide financing to end-user customers in 23 countries (including China) which account for 89% of Peugeot and Citroën vehicle sales in 2012. Our principal markets are France and other Western European countries (notably the United Kingdom, Spain, Germany and Italy) and Brazil. The table below breaks down our outstanding end-user loans by country as of December 31, 2012 (excluding the €375 million of outstanding end-user loans in China at the end of December 2012). Our outstanding loans provided in Turkey are booked by our partners and therefore do not appear below. The same applies to our operations in Algeria and our partnership in Mexico.

OUTSTANDING END-USER LOANS BY REGION

End-users	December 31, 2012	
	in million euros	*as a % of total*
France	6,107	35.9%
Western Europe (excluding France)	9,107	53.5%
Central and Eastern Europe	378	2.2%
Latin America	1,199	7.1%
Rest of the World	216	1.3%
Total	**17,007**	**100.0%**

Marketing and Penetration rates

BPF has a close and special relationship with the Peugeot and Citroën commercial and dealer networks, financing nearly 30% of all PSA Peugeot Citroën new vehicle sales in 2012 on the eligible perimeter.

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

Our information management systems are integrated with those of the dealer networks, allowing them to rapidly offer clients comprehensive quotes with financing options and ancillary services. Qualified customers can obtain a decision in principle on the credit applications, immediately through the system, while they are at the dealer's premises. In France, we typically process approximately 90% of credit applications for individuals, and two thirds for businesses, in less than four hours. The integrated information management system is also a key factor in driving down costs.

We have developed online credit simulation and product marketing tools to complement Peugeot and Citroën's websites in France, Germany, Italy, the United Kingdom, Spain, Portugal, Belgium, Switzerland, Poland, the Czech Republic and Argentina. We have also introduced personalized customer profiles and customer relationship management tools in our principal markets.

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

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

The table below shows our penetration rates in the countries where we operate for 2011 and 2012:

BANQUE PSA FINANCE PENETRATION RATE BY COUNTRY

	PSA Peugeot Citroën registrations		New vehicles financed[1]		Banque PSA Finance penetration rate	
Countries	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
France	**700,889**	**840,784**	**204,472**	**224,785**	**29.2**	**26.7**
Germany	153,934	172,589	51,202	62,194	33.3	36.0
Portugal	17,939	32,374	6,248	10,643	34.8	32.9
Spain	133,203	158,048	50,624	47,048	38.0	29.8
Switzerland	27,971	32,200	8,052	9,185	28.8	28.5
United Kingdom	213,158	200,462	65,233	57,226	30.6	28.5
Italy	155,486	185,424	50,356	52,921	32.4	28.5
Belux	99,015	118,055	25,631	32,586	25.9	27.6
Austria	28,847	33,240	5,309	6,533	18.4	19.7
Netherlands	74,804	82,911	16,112	15,752	21.5	19.0
Western Europe (excluding France)	**904,357**	**1,015,303**	**278,767**	**294,088**	**30.8**	**29.0**
Slovenia	9,472	10,681	2,105	2,731	22.2	25.6
Slovakia	7,863	8,682	2,259	2,115	28.7	24.4
Czech Republic	14,579	15,692	3,621	3,817	24.8	24.3
Croatia	6,141	7,025	1,320	1,695	21.5	24.1
Poland	30,942	33,517	5,912	7,963	19.1	23.8
Hungary	4,625	4,916	598	727	12.9	14.8
Central and Eastern Europe	**73,622**	**80,513**	**15,815**	**19,048**	**21.5**	**23.7**
Brazil	147,389	175,855	56,223	59,251	38.1	33.7
Argentina	111,675	106,937	27,555	25,211	24.7	23.6
Mexico	5,206	5,796	1,298	1,302	24.9	22.5
Latin America	**264,270**	**288,588**	**85,076**	**85,764**	**32.2**	**29.7**
Russia	77,279	71,944	21,428	17,920	27.7	24.9
Turkey	60,135	65,354	13,559	13,999	22.5	21.4
Rest of the World	**137,414**	**137,298**	**34,987**	**31,919**	**25.5**	**23.2**
Total	**2,080,552**	**2,362,486**	**619,117**	**655,604**	**29.8**	**27.8**

1 Passenger cars and light commercial vehicles

Our end-user penetration rate in China grew steadily in 2012 (9% vs. 7.6% in 2011), albeit comparatively lower than our other markets. This lower rate is linked to the fact that Installment loans are a new practice on China's market.

End-user Installment Loans for New and Used Vehicles

End-user installment loans generally take the form of fixed monthly payments covering accrued interest and the amortization of principal, although we occasionally offer financing options with balloon payments at the end of the loan. In France, for example, loans with linear or other regular principal amortization schedules typically represent approximately 90% of outstanding loans at any given time. In the case of "balloon loans", the customer can usually sell the vehicle back to the dealer at the end of the loan duration for an amount equal to the last balloon payment, which is offset against the purchase of a new vehicle (in which case we receive the payment from the dealer unless we finance the new vehicle as well), or keep the vehicle and either pay or refinance the balloon amount. The customer may trade in the vehicle provided it hasn't exceeded a certain mileage and is in good condition at the end of the loan duration.

We limit financing to a specified percentage of the sales price of a vehicle. Borrowers make an average down payment of at least 30%, although our policy varies from country to country. We do not in any case finance amounts that are greater than 100% of the vehicle sales price (including options and accessories). Many customers (especially individuals) choose to make larger down payments, or, on account of their credit score, are obliged to do so. We also typically require that a customer's total debt exposure (monthly vehicle loan repayments plus other commitments, such as home mortgage loans) does not exceed a certain percentage of household revenue.

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

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

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

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

Lease Financing

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

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

Underwriting, Payments and Collection

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

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

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

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

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

C. Corporate Dealers Financing

We provide financing for vehicles and spare parts for the Peugeot and Citroën dealer networks. Other products are also offered such as working capital financing, financing of the construction or renovation of dealer premises and ordinary accounts in debit.

We may also grant lines to dealers to finance their buy-back obligations with respect to leased vehicles or balloon loans. We finance the full purchase price of vehicles purchased by dealers, but limit the aggregate amount of financing per dealer. We regularly review the dealers' solvency and set credit limits accordingly.

In 2012, we provided financing to dealers for 1,770,922 vehicles via our corporate dealer financing program, a noticeable decrease (-15.3%) compared to 2011. We naturally finance more dealer-purchased vehicles than end-user-purchased vehicles, as corporate dealer loans are shorter-term and because we may not finance some end-user purchases of dealer-purchased vehicles. In 2012, the amount of new vehicle loans extended to Peugeot and Citroën dealers decreased by 13.2%, in line with the lower number of vehicles financed.

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

The table below shows the number of vehicles financed for Peugeot and Citroën dealers in 2011 and 2012, and breaks down our outstanding corporate dealer loan portfolio (excluding China).

New Corporate dealer Financing

(in million euros)	2012	2011	% change
Number of vehicles	**1,770,922**	**2,089,923**	**- 15.3**
Amount (in million euros)	**37,348**	**43,043**	**- 13.2**
of which vehicles	32,734	38,234	- 14.4
of which spare parts and other	4,614	4,809	- 4.1

Outstanding Corporate dealer loans

(in million euros)	Dec. 31, 2012	Dec. 31, 2011	% change
Vehicles	4,302	4,840	- 11.1
Spare parts and other	1,752	2,000	- 12.4
Total	**6,054**	**6,840**	**- 11.5**

Geographical coverage

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

The following table breaks down our outstanding corporate dealer loans by country as of December 31, 2012 (excluding the €264 million of outstanding corporate-dealer loans in China at the end of December 2012). We do not provide corporate dealer financing in Algeria, Argentina and Turkey.

OUTSTANDING CORPORATE DEALER LOANS BY REGION

Corporate dealers	December 31, 2012	
	in million euros	*as a % of total*
France	2,465	40.7%
Western Europe (excluding France)	2,896	47.8%
Central and Eastern Europe	245	4.0%
Latin America	306	5.1%
Rest of the World	142	2.3%
Total	**6,054**	**100.0%**

Corporate dealer Financing Business

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

We take most of the time a security interest or other right in the vehicle and spare parts that are financed. We may either sell the vehicle to the dealer with a title retention clause in case of non-payment. We may also require other collateral from the dealer, including a mortgage on the dealer's ownership or leasehold interest in the dealership, or other guarantees on the dealer's business or trading assets.

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

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

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

D. Insurance and Services

Over the years, we have expanded our product offerings to offer insurance services in conjunction with insurance partners (for e.g. loan-repayment insurance, additional insurance and car insurance) and vehicle-related services in conjunction with the Peugeot and Citroën carmakers (e.g. extended warranties and maintenance contracts). Our strong growth in this area led us to create PSA Insurance in 2009, as we consolidated our resources to more effectively manage and grow this key business sector. PSA Insurance is largely made up of two insurance companies, and designs a range of insurance products and services which it distributes through our subsidiaries and branch network. Insurance products are either developed in conjunction with key insurance partners, or by PSA Insurance Ltd. and PSA Life Insurance Ltd. which can operate across Europe thanks to the "Freedom to provide services" principle established by the European Union. PSA Insurance is active in the group's principal markets: Europe, Latin America, Russia and China.

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

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

Since 2005, we have implemented an ambitious program to grow our car insurance business by either including car insurance in our financing products or offering it at the sale of the vehicle. Our car insurance package is available in all our markets, and grew strongly in 2012 (included in 11.7% of vehicles sold, up 1.3 points from 2011). We moreover received the AutoHaus magazine award in Germany for the second consecutive year in recognition of the quality of our car insurance products and service excellence.

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

The table below breaks down the number of service and insurance contracts per sector for 2011 and 2012.

NEW SERVICES CONTRACTS
(In number of contracts)

	2012	2011	% change
Financial services	595,630	623,012	- 4.4
Car insurance	243,112	245,235	- 0.9
Vehicle-related services	508,375	515,188	- 1.3
Total	**1,347,117**	**1,383,435**	**- 2.6**

Despite difficult market conditions, the number of new services contracts fell slightly in 2012. We nonetheless managed to sell an average of 1.65 service and/or insurance contracts per financed client, up 3.4 penetration points from 2011. We have made concerted efforts to expand our services and insurance business in recent years, progressing from an average of 1.10 service and/or insurance contracts per financing to the present figure of 1.65.

1.3.3.3 Partnerships and Ventures

We have a number of partnerships, joint ventures and similar agreements, which we enter into in line with our international expansion. These partnerships allow us to avoid the heavy start-up costs associated with establishing back-office processing structures, and to benefit from the shared experience of local well-established financial institutions as they facilitate our entry into new markets. These partnerships sometimes develop into long-term relationships, allowing us to focus on our commercial operations.

Our main partnerships or joint-ventures are in Brazil, Argentina and China. We also operate through partnerships in other countries when appropriate.

In Brazil, we operate through our two wholly-owned subsidiaries: Banco PSA Finance Brasil S.A. and PSA Finance Arrendamento Mercantil S.A. (which together form "BPF Brazil"). BPF Brazil handles corporate dealer financing for the Peugeot and Citroën dealer networks in Brazil, as well as end-user marketing. BPF Brazil is contractually tied to Banco Santander Brasil, and pays Banco Santander Brasil a management fee for the provision of back-office services. Santander also refinances the majority of our outstanding loans in Brazil.

In Argentina, we provide end-user financing via PSA Finance Argentina Compania Financiera, a joint-venture company owned 50% by us and 50% by a BBVA subsidiary over which we have management control, and which is therefore fully consolidated in our financial statements. Both partners finance an equal share of the loans written by the joint-venture.

In China, we have owned a 50% stake in a Chinese "Auto Finance Company" since December 2012, namely, Dongfeng Peugeot Citroën Auto Finance Company Ltd., of which the remaining shares are held by Dongfeng Peugeot Citroën Automobiles (25%), itself a joint industrial and commercial venture between Dongfeng Motor Group Co. Ltd, a leading Chinese carmaker with sales of 3,078 million vehicles in 2012, and members of the PSA Peugeot Citroën group, and by the Dongfeng Motor Group Co. Ltd (25%). We consolidate the results of our Chinese joint venture by the equity method, as we have joint management control with our partners.

In Russia, we operate through our wholly-owned subsidiary, Bank PSA Finance Rus, which offers end-user, dealer and corporate and equivalent financing and leasing solutions. Bank PSA Finance Rus works with a subsidiary of the Société Générale group in a similar arrangement to our agreement with Banco Santander Brasil, for back-office services in the end-user segment.

1.3.3.4 Competition

Our status as Peugeot and Citroën's captive finance company gives us unparalleled access to their dealer networks, with all the advantages accruing from that position. We are consequently able to meet the financing needs of customers at the points of sale, in line with the two carmakers' business models. Our "One Stop Shopping" approach, developed in close collaboration with Peugeot and Citroën, gives us a leading edge over our competitors by offering customized point of sale packages combining financing, insurance and services to end-user customers for their convenience.

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

1.3.3.5 Employee relations

As of December 31, 2012, the number of employees of BPF subsidiaries and branches on a full time equivalent basis was 2,385 (representing 2,608 individuals), excluding China. Employee surveys point to high levels of cohesion and satisfaction regarding group policy, working conditions, health and safety. We manage disputes, terminations of employment, vacations and benefits in accordance with various collective bargaining agreements, individual agreements and common law contracts.

1.3.3.6 Properties

We do not own any real property. Our headquarters are leased by the PSA Peugeot Citroën group, which also leases the premises of our subsidiaries and branches in France and abroad, with or without purchase options.

1.3.3.7 Legal proceedings

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

We factor the impact and consequences of our legal costs into our provisions policy, and continuously adjust our terms of service to avoid any negative effects on our financial position.

1.4 Analysis of Operational Results

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

The 2008 financial crisis deeply disrupted the global financial markets and the worldwide automotive market. Its aftermath continues to affect the labor market, interest rates and other factors that have a direct bearing on our business.

1.4.1 Peugeot and Citroën Vehicle Sales

In 2012, PSA Peugeot Citroën sold 2,820,000 vehicles worldwide (-8.8%) and 2,965,000 new vehicles and CKD units (-16.5%, considering the suspension of CKD sales in Iran). Vehicles sales outside of Europe grew strongly from 33% in 2011 to 38% in 2012.

The worldwide automotive market experienced contrasting trends in 2012. European vehicle sales continued to fall (-8.6% in the Europe 30 countries), while the Russian market grew by 10.1%, the Chinese market by 7.2% and the Latin American market by 5.6%.

The Group’s contracted sales reflect the crisis affecting the European automotive market. Southern European markets, where the group has a strong presence, were especially hard hit (France: -13,3%, Spain: -14,9%, Italy: -20.9%). The Group currently holds a 12.7% market share in the Europe 30 countries, compared to 13% in 2011.

The Group’s decision to suspend sales of CKD units to Iran (457,900 units sold in 2011) since February, following the reinforcement of international sanctions which made difficult to finance Iran-bound sales, impacted its total sales in 2012.

The Group’s global strategy has paid off: vehicle sales outside of Europe grew sharply from 24% in 2009 to 33% in 2011 and 38% in 2012. The Group confirmed its target of achieving 50% of its sales outside of Europe by 2015.

The year was also shaped by the successful launch of the Peugeot 208, with 221,000 units sold. The introduction of 3-cylinder petrol engine versions in the summer added to the sales dynamic. In Europe, the Peugeot 208 has been the top-selling diesel in its segment since June. This performance helped make Peugeot the leading European brand in the segment in the second half of the year. In December, the Peugeot 208 was the best-selling car in France, all categories combined.

Similarly, the Group’s upmarket strategy is on track. The percentage of sales generated by premium vehicles has doubled over the past three years to 18% of the Group total. This reflects, in part, the first full year of sales of the Group’s world premiere diesel hybrids. With 22,000 units delivered in 2012, PSA Peugeot Citroën ranks second in hybrid vehicle sales in Europe, where one Peugeot 508 out of five, one Peugeot 3008 out of six and one Citroën DS5 out of four feature diesel hybrid technology.

PSA Peugeot Citroën retained its leading position as the lowest CO2 emitter in Europe, averaging 122.9 g/km across its range.

The European automotive market fell by 8.6% in 2012, with trends varying across regions. Southern European countries, which represented 57% of the Group’s European sales in 2012, were particularly hard hit by the economic crisis. The automotive market fell by 13.3% in France, 14.9% in Spain, 20.9% in Italy and 40% in Portugal, in all of which the Group has a strong presence. This extremely unfavorable market mix explains to a large extent the Group’s reduced market share, which stood at 12.7%, against 13.3% in 2011.

Despite these difficult market conditions, the Group managed to increase its market share in Italy (+0.6% to 10.2%). Peugeot and Citroën also took advantage of the healthy British market (+3.8%), increasing their market share by 0.2 point to 9.3% thanks to the success of the DS Citroën range and the Peugeot 208. In Spain, PSA Peugeot Citroën reached a market share of 17.1%, which makes Peugeot and Citroën the second and third best-selling brands in the market.

In France, where sales of passenger cars and light commercial vehicles contracted by 13.3% in relation to 2011, Peugeot was the most resilient French brand, with 369,000 vehicles sold and 16.2% of the market.

The Group confirmed its position as the leading European manufacturer of light commercial vehicles with a market share of 20.8%.

In a Chinese automobile market up 7.2% in 2012, Group sales rose 9.2% to 442,000 units, lifting market share to 3.5%. Sales of Peugeot brand vehicles jumped 24% to 216,000 units.

These figures confirm the success of the Group’s strategy in China. The introduction of the Peugeot 3008 and Citroën C4 L in early 2013, followed by the Citroën C-Elysée and Peugeot 301, will continue to drive sales growth at Dongfeng Peugeot Citroën Automobile (DPCA) during the year, as will the development of the dealer networks.

The Group's second joint venture in China, Changan PSA Automobile (CAPSA) launched the Citroën DS line in 2012 as a premium brand and is building a dedicated dealership network. CAPSA's product strategy, which combines imported vehicles and local production, will enter a new phase in the second half of 2013 when production begins on the Citroën DS5 at the Shenzhen plant.

Lifted by an improved economic climate in Brazil, the Latin American car market expanded by 5.6% in 2012. Group registrations declined by 8.3% to 277,000 units, for a market share of 4.8%.

The situation in Latin America was mixed in 2012. In Brazil, the sales tax on imported vehicles primarily helped the B popular segment, in which the Group has no presence. PSA Peugeot Citroën sales in Brazil were also negatively impacted by work to increase production capacity at the Porto Real plant, which has now been completed. In Argentina, on the other hand, registrations rose by 4.4%, giving the Group a 13.8% share of the market. For the second year in a row, the Palomar plant was the country's leading automobile production site, turning out 129,500 vehicles in one year.

Sales in Latin America will be bolstered by new and forthcoming product launches in 2013, notably of the Citroën C3 and Peugeot 208.

The Russian automobile market continued to grow in 2012, by 10.1%. In this environment, Group sales rose by 7.4% to 77,300 units, for a market share of 2.6%. This performance reflects the 2012 launches of the Peugeot 408, 508 and 4008 and of the Citroën C4 Aircross, DS4 and DS5. Sales trends were particularly vibrant in the light commercial vehicle segment, where Group registrations increased by 18% in a market up 3.9%.

Peugeot and Citroën continued to extend their dealer networks, which now cover more than 90% of the country, including Russia's 25 largest cities. In addition, the Kaluga plant became fully operational in July.

The Group also enhanced its presence in Ukraine, with market share widening to 3.4% from 2.9% in 2011.

Total sales in the CIS (including Russia) reached 88,000 units over the full year, an increase of 110% since 2009.

In the rest of the world, Group sales rose by 16.5%, with an exceptional performance in Algeria and other North African countries. In an Algerian market up 45%, Group sales more than doubled to 81,000 units from 39,800 in 2011.

In an increasingly "bipolar" European market experiencing a sustained decline, the strategy to move the Peugeot and Citroën brands upmarket has proven more relevant than ever.

Premium vehicles now account for 20% of Peugeot new vehicle orders, and Citroën has sold close to 300,000 vehicles from the DS line (DS3, DS4 and DS5) since it was launched in March 2010. The DS line accounted for 18% of Citroën's new vehicle orders in Europe in 2012.

In Germany, the Citroën DS3 was voted "Best Import" by the readers of Auto Zeitung magazine.

The launch of the Citroën DS3 Cabrio in the beginning of 2013 will further enrich the DS range.

In 2012, PSA Peugeot Citroën maintained its position as the European leader in carbon reduction, with corporate average emissions of 122.9 g/km* of CO2 versus 127.5 g/km in 2011.

This performance exceeds the 130 g/km target set by Brussels for 2015. Of the vehicles sold by the Group in Europe, 38.1% emitted less than 111 g/km, against 30.3% in 2011.

The Group is pursuing four synergistic avenues to continue reducing carbon emissions:

- Optimised internal combustion engines, with the family of 3-cylinder petrol engines.
- Micro-hybrid technologies, with the extension of the second-generation e-HDi Stop & Start on all Peugeot and Citroën diesel ranges.
- Electric vehicles.
- Hybrid technologies, with the market introduction of the Peugeot 3008, 508 and 508 RXH and the Citroën DS5.

1.4.2 BPF Commercial Activity

BPF's activities have weathered the crisis in the European market through an increase in the new vehicle penetration rate, which reached an all-time high of nearly 30% for all the markets in which BPF operates. This performance is mainly the result of joint efforts with the brands of the PSA Peugeot Citroën group.

We launched our end-user financing activity in Russia in the second quarter of 2010, after initially developing a financing offer for corporate dealer inventories. The end-user financing business performed very well, with a 27.7% penetration rate in 2012 (increasing from the 24.9% penetration rate in 2011).

In November 2012, BPF acquired in Turkey FTF (Finans Tüketici Finansmani AŞ), now known as PSA FINANSMAN AŞ; this transaction gives BPF the resources to accelerate the local expansion of its activities, first in Retail and then in Wholesale, and to do so autonomously while keeping costs under control.

1.4.2.1 End-user Financing

In this mixed economic context, we sustained a strong overall level of end-user activity, with an increase in the new vehicle financing rate of +2 points, i.e., 29.8% in 2012, compared with 27.8% in 2011. This limited the decline in the number of new vehicle contracts of 5.6% in its eligible market (sales of new Peugeot and Citroën vehicles), which was itself down 11.9%.

Activity levels in Europe 30 depended largely on the impact of the crisis (European market -8.6%), while trends in emerging countries were positive: Brazil at +6%, Russia +10.1% and China +7.2% (where our subsidiary is accounted for by the equity method).

Due to wide variances from one country to another depending on the continued effects of the financial crisis on the car market, BPF recorded a decrease in overall volumes of end-user financing for new and used vehicles in 2012, with 805,143 contracts compared to 843,811 in 2011. The following table provides information relating to BPF's end-user financing activity in 2011 and 2012 (excluding China).

END-USER FINANCING OF NEW AND USED VEHICLES

in number of contracts	**2012**	**2011**	**% change**
Installment sales	559,820	585,735	- 4.4
Leasing activity and other financing	245,323	258,076	- 4.9
TOTAL	**805,143**	**843,811**	**- 4.6**
of which outside Western Europe	151,024	150,535	+ 0.3

in million euros (excluding accrued interests)			
Installment sales	4,935	5,161	- 4.4
Leasing activity and other financing	3,526	3,629	- 2.8
TOTAL	**8,461**	**8,790**	**- 3.7**
of which outside Western Europe	1,192	1,255	- 5.0

The decline in new financings, including both installment sales and leasing activity, was 4.6%. Average amounts financed remained stable between 2012 and 2011.

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

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

in million euros	2012	2011	% change
Retail financing	7,441	7,804	- 4.7
of which new vehicles	6,081	6,429	- 5.4
of which used vehicles and other	1,360	1,375	- 1.1
Corporate and equivalent financing	1,020	986	+ 3.4
End-user financing	**8,461**	**8,790**	**- 3.7**

New financing for individuals and small and medium businesses declined by 4.7% in 2012 compared to 2011. Financing of new vehicles for this customer segment also decreased by 5.4% in 2012, while the decline in used vehicle financing was limited to 1.1%. New financing for corporate and equivalent customers increased by 3.4% in 2012, confirming this commercial activity's strong performance.

The following table breaks down the end-user loans made in 2011 and 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	2012	2011	% change
France	280,980	300,359	- 6.5
Western Europe (excluding France)	373,139	392,917	- 5.0
Central and Eastern Europe	18,308	22,122	- 17.2
Latin America	97,394	96,177	+ 1.3
Rest of the World	35,322	32,236	+ 9.6
Total	**805,143**	**843,811**	**- 4.6**

A. New Vehicle Financing

BPF financed 619,117 new PSA vehicles through installment sales financing or leases in 2012, representing a decrease of 5.6% compared to 2011. But, compared to the decrease in registrations for the Group (-11.9% in the perimeter covered by BPF), this evolution emphasizes the synergies established with the marketing organizations of the Peugeot and Citroën brands.

Our overall penetration rate was 29.8% in 2012 (an all-time high), compared to 27.8% in 2011, reflecting a strong sales performance and an acceleration in the development of joint operations between both brands of the PSA Peugeot Citroën group and the bank.

Markets outside Europe showed the most dynamic growth, accounting for close to 19.4% of new vehicle financing in 2012 compared to 18% in 2011. The most significant growth markets were Brazil, Argentina and Russia. Business in China (where our subsidiary is accounted for by the equity method) also grew strongly, as outstanding loans rose by 50% (see “1.4.2.4 Financing in China”).

Western Europe

The number of new vehicles we financed in Western Europe (including France) decreased by 6.9% in 2012 to 483,239 financing contracts, while the penetration rate increased by 1.8 points. Given the highly uncertain economic environment, the penetration rate performance varied by country, with decreases in Germany (-2.7 points), Belgium (-1.7 points) and Austria (-1.3 points), and strong improvements in all other countries: France (+2.5 points), United Kingdom (+2.1 points), Spain (+8.2 points), Italy (+3.9 points), Portugal (+1.9 points), Netherlands (+2.5 points), and Switzerland (+0.3 point).

- France. New vehicle financing declined by 9% (in a market down more than 13%) with 204,472 financing contracts in 2012 compared to 224,785 in 2011. Crédipar's share of new Peugeot and Citroën financing rose by 2.5 points in 2012 to a penetration rate of 29.2%. Penetration in the BtoB activities rose by 1.8 points; volumes were down 5% while the market dropped nearly 10%.

- Germany. Our penetration rate decreased by 2.7 points to 33.3%. This level is the result of a difficult first semester partially compensated by an excellent second semester.

- Spain. This country had an excellent 2012, with a penetration rate of 38% (second-best performance in the BPF perimeter), and 50,624 new vehicle financing contracts compared with 47,048 in 2011, i.e., a 7.6% increase. Strong common actions were launched with the brands in order to sell financing, insurance, and service contracts. Those actions have contributed to slowing down the decrease of our car registrations and significantly improving customer satisfaction and loyalty.

- United Kingdom. The U.K. market continued to be one of our most highly competitive markets in 2012. The penetration rose by 2.1 points to reach a historical record. In the United Kingdom, our branch worked closely with the Peugeot and Citroën brands, including on the *Just Add Fuel* package offering for Peugeot, and on the actions for the DS line, which led to very strong performances.

- Italy. In a difficult automobile market, down 20.9%, the penetration rate increased by 3.9 points to 32.4% (fifth-best performance in the BPF perimeter). This was mainly due to joint operations with the Peugeot and Citroën brands. Financing volumes decreased by 4.8% in 2012.

- Belgium and Luxembourg. Sales volumes and penetration decreased in Belgium (-1.7 points) to 25.9%. The automobile market was very competitive, with special promotions launched during the Brussels Auto Show in 2012.

Central and Eastern Europe

The Central and Eastern European market remained very difficult in 2012. Poland posted a 10% decline in its domestic market, the performance in the Czech Republic stabilized and, in other markets, performances varied by country.

- Poland. In a difficult market environment with brand sales down 7.7%, the financing penetration rate declined by 4.7 points in 2012.

- Czech Republic. The penetration rate rose by a modest 0.5 point to 24.8%. Commercial actions with the brands enabled us to limit, in the face of stronger competition from other banks, the decline in new vehicle financing to 5.1%.

Latin America

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

- Brazil. The local BPF subsidiary recorded a 5.1% decline in financing volumes (16.2% decrease in new vehicle sales). Meanwhile, despite the competition from banks (which are allowed to locate their sales personnel at dealerships to solicit customers directly), our subsidiary's market share still increased by 4.4 points. We financed 56,223 new vehicles in 2012. Our penetration rate was a relatively high 38.1% in 2012 (the best rate for our Bank). The launch of new models, such as the Citroën C3 and Peugeot 208, should lead to even higher growth on this market in 2013.

- Argentina. New vehicle registrations for the Group rose by 4.4% in 2012. Our Argentinian subsidiary financed 27,555 vehicles, an increase of 9.3% compared with 2011. The penetration rate rose as well, to 24.7% (+1.1 point), thanks to the close and effective collaboration with the group's brands.

- Mexico. Volumes stabilized in 2012, and the new vehicle financing penetration rate rose by 2.4 points to 24.9%.

Rest of World

In Russia, the penetration rate was 27.7% in 2012 compared with 24.9% in 2011. New vehicle financing volumes increased by nearly 20%, with 21,428 new vehicle contracts compared with 17,920 in 2011.

Elsewhere, in Turkey, the subsidiary's penetration rate increased by 1.1 point. As a result of our partnership arrangement in Turkey, we do not keep outstanding loan amounts on our books and only record a commission received from our partner. We stopped financing vehicles in Algeria in 2010 due to new government measures. Our former activity in that country had begun in 2009 and was relatively small.

In China, where we have had operations since 2006, our subsidiary provided end-user financing for 39,009 new vehicles in 2012 which represents a strong increase of 35.8% (which is not recorded in the figures above, as the subsidiary is accounted for by the equity method). See “1.4.2.4 Financing in China.”

B. Used Vehicle Financing

In 2012, used vehicle financing was virtually stable compared to 2011. Used car financing volumes rose internationally, but volumes decreased significantly in Europe. The worldwide number of used vehicles financed was 185,720 compared to 187,574 in 2011. This slight decrease was due to the decline in financing volumes in the United Kingdom and Germany and to growth in France, Spain, Italy, Belgium, Argentina and Brazil. BPF's used vehicle financing business remains concentrated in three countries. It was affected by the impact of new vehicle purchases driven by low-emission incentives, and stricter application of acceptance criteria.

1.4.2.2 Corporate Dealer Financing

Our corporate dealer financing business fell off sharply in 2012. The decrease was particularly significant in the second half of the year, with the decline in the European markets and the end of certain financings.

We provided corporate dealer financing for a total of 1,770,992 vehicles in 2012, a significant decrease compared with 2011 in volume. Vehicle financing amounts followed the same trend, with a 14.4% drop; the decline was, however, less pronounced for spare parts, at -4.1%.

The following table sets forth our new corporate dealer financing activity for the years ended December 31, 2011 and 2012.

New Corporate Dealer Financing

(in million euros)	2012	2011	% change
Number of vehicles	**1,770,922**	**2,089,923**	**- 15.3**
Amount (in million euros)	**37,348**	**43,043**	**- 13.2**
of which vehicles	32,734	38,234	- 14.4
of which spare parts and other	4,614	4,809	- 4.1

Outstanding Corporate Dealer Loans

(in million euros)	Dec. 31, 2012	Dec. 31, 2011	% change
Vehicles	4,302	4,840	- 11.1
Spare parts and other	1,752	2,000	- 12.4
Total	**6,054**	**6,840**	**- 11.5**

The decline in outstanding loans at the end of the year reflects both the decrease in inventories and the end of the financing of certain importers of Peugeot and Citroën vehicles.

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

1.4.2.3 Insurance and Services

In 2012, we sold an average of 1.65 service contracts to each end-user customer financing a car, an increase compared to 1.61 contracts in 2011.

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

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

Because we started providing insurance directly in 2009, there has been a shift in service revenues between margin on sales of other services and margin on sales of insurance services. The following table shows our net banking revenue from services, broken down between these two categories, in 2011 and 2012.

NET BANKING REVENUE ON SERVICES

(In million euros)	2012	2011	% change
Margin on sales of insurance services	96	77	+ 24.7
Margin on sales of other services[1]	66	83	- 20.5
Total[2]	**162**	**160**	**+ 1.3**

1 After elimination of intra-segment transactions, which are primarily commissions paid by PSA Insurance to other Group entities.
2 Excluding refinancing cost (see Note 36.2 in the consolidated financial statements)

1.4.2.4 Financing in China

China represents a dynamic growth market, both for the PSA Peugeot Citroën group's vehicle sales activities, and for our financing activities. Through our DPCAFC joint venture, we have experienced strong growth in the financing business in recent years, with outstanding loans rising by 26% from the end of 2011 to the end of 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 2011 and 2012.

FINANCING IN CHINA

	2012	2011	% change
End-user loans *(including leases)*			
Number of vehicles *(new and used)* financed	39,325	28,780	+ 36.6
Amount of financing *(in million euros, excluding interests)*	340	215	+ 58.1
Corporate dealer loans			
Number of vehicles financed	204,005	210,831	- 3.2
Amount of financing *(in million euros, including spare parts)*	2,586	2,408	+ 7.4

Outstanding loans *(in million euros)*	**Dec. 31, 2012**	**Dec. 31, 2011**	**% change**
End-user loans *(including leases)*	375	250	+ 50.0
Corporate dealers loans	264	256	+ 3.1
Total loans	**639**	**506**	**+ 26.3**

In the context of PSA's and BPF's expansion in China, BPF and the Chang'An Group's finance company (CSGF: China South Group Finance) continue to work toward reaching a cooperation agreement with CAPSA (joint venture between Chang'An and PSA).

The purpose of this agreement will be to finance the CAPSA dealer network, as well as the dealers' end-users, as soon as local production of the DS is launched; this is expected in the second half of 2013. The agreement does not affect the parties' intention to subsequently create an Auto Finance Company (AFC).

1.4.3 Results of operations

NET INCOME

(in million euros)	**2012**	**2011**	**% change**
Net banking revenue	1,075	1,032	+ 4.2
General operating expenses and equivalent[1]	-394	-385	+ 2.3
Cost of risk	-290	-115	+ 152.2
Operating income	**391**	**532**	**- 26.5**
Non operating income	6	2	+ 200.0
Income taxes	-104	-180	- 42.2
Net income for the year	**293**	**354**	**- 17.2**

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

1.4.3.1 Net Banking Revenue

Net banking revenue increased by 4.2% to €1,075 million in 2012 vs. €1,032 million in 2011. This performance is a new record for BPF despite the slowing down of automotive activity. This increase is mainly due to the growth of the end-user financing margin, which reflects the quality of production in previous years, as well as in the current year, the sustained volumes of average net receivables and the financing margins in the corporate dealers segment.

Net interest margin rose from €692 million in 2011 to €730 million in 2012, a 5.5% increase. These figures represent the interest revenues earned on customer transactions, less refinancing costs. The following table breaks down our net banking revenue by customer segment for the years ended December 31, 2012 and 2011.

Net Banking Revenue by Customer Segment

(in million euros)	2012	2011	% change
End-users	607	575	+ 5.6
of which Retail	575	551	+ 4.4
of which Corporate and equivalent	32	24	+ 33.3
Corporate dealers	121	117	+ 3.4
Insurances and Services (including net refinancing costs)	163	161	+ 1.2
Unallocated and other[1]	184	179	+ 2.8
Total	**1,075**	**1,032**	**+ 4.2**

1 Primarily refinancing costs adjusted to reflect the allocation of interest expenses to customer segments based on our average refinancing rates, and on the assumption that loans are 100% debt-financed.

The increase in net banking revenue from end-user customers was attributable to strong growth in end-user net interest margin, which increased from €575 million in 2011 to €607 million in 2012, representing growth of 5.6%.

Corporate dealer net banking revenue increased slightly in 2012, rising from €117 million to €123 million.

Net banking revenue from insurance services and services increased slightly to €163 million in 2012, compared to €161 million in the previous year. The increase in insurance is compensated by the decrease of other services, reflecting the following:

- The margin on sales of PSA Insurance services contributed €96 million in 2012 compared to €77 million in 2011. The increase reflects the ramp-up of our insurance subsidiary, which began activities in 2009 and was in full operation for the full year 2012. Earned premiums were €128 million compared to €98 million in 2011, while paid claims and changes in liabilities related to insurance activities represented a negative €32 million in 2012 compared to a negative €21 million in 2011.
- The margin on sales of other insurance services and services declined by €17 million to €66 million in 2012 compared to €83 million in 2011, due to the ongoing insourcing of some of the insurance activities to the PSA Insurance subsidiary since 2009.

1.4.3.2 General Operating Expenses

General operating expenses and equivalent were €394 million in 2012 compared to €385 million in 2011. The increase was mainly attributable to costs incurred for new development projects, and to the impact of the legal review of the systemic tax applicable to BPF consolidated equity generating a supplementary cost of €4 million.

1.4.3.3 Cost of Risk

Our cost of risk in 2012 was €290 million, representing 1.23% of our average net amounts outstanding, compared to €115 million in 2011, representing 0.49% of our average net amounts outstanding.

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

Our cost of risk for retail exposure (individuals and small businesses) was €260 million in 2012. It includes an additional impairment of €136 million recorded in the last quarter of 2012 related to the revision to the statistical provisioning model used for retail loans. In 2012, the cost of risk also included a €25 million impact from the increase in impairment rates, before change of method, related to the shift in the reference period for the loss rates used to calculate the expected losses estimator, and having a particularly strong impact on the Southern European countries.

As a reminder, the cost of risk in the retail activity was €107 million in 2011.

The risk selection measures taken in certain European countries in 2008 and 2009 were maintained in 2012 and expanded to Brazil. These measures consisted mainly of limiting the riskier customer segments by eliminating or significantly restricting the risk niches that are clearly identified when performing regular analyses of new loans. As a result of this more selective customer approach, the default rates observed for the loan book of the subsidiaries affected by these measures have now returned to the levels achieved before the 2008-2009 financial crisis. The same applies to losses expected on contracts entered into since 2009, which show an improving trend.

In 2012, the Bank continued to strengthen its collection activities, and the effort to modernize the IT tools used by the teams is ongoing at the first level of past-due installment processing by our collection platforms, but also for the litigation management tools in key European countries so that we are able to maximize our recovery potential. Specific actions have been taken in certain countries, mainly France and Spain, to increase recoveries on loans that progressed to the litigation stage at the beginning of the crisis.

Our cost of risk for corporate and equivalent increased to a net €5.9 million in 2012 compared to €0.3 million in 2011, mainly due to the deterioration in the economic situation in Southern Europe and the absence of depreciation reversals in Spain in 2012, unlike 2011.

Our cost of risk for corporate dealer financing increased sharply to €24 million in 2012 compared to €8 million in 2011, mainly due to significant impairments in Southern Europe countries, the worsening of the crisis in Hungary and the absence of provision reversals in 2012, unlike 2011. Excluding Southern Europe and Hungary, cost of risk remained in line with its relatively low historical trend, reflecting the strong resilience of the Peugeot and Citroën dealer networks, helped by increased supervision and strict monitoring of corporate dealer financing commitments.

1.4.3.4 Operating Income

Operating income declined by 26.5%, falling from €532 million in 2011 to €391 million in 2012. This decrease reflects mainly the additional impairment of €136 million related to the revision to the statistical provisioning model used for retail loans (see 1.4.3.3 Cost of Risk), as well as the €25 million impact due to the increase in impairment rates, before change of method, related to the shift in the reference period for the loss rates used to calculate the expected losses estimator.

1.4.3.5 Consolidated Net Income

Consolidated net income amounted to €293 million in 2012 versus €354 million in 2011, a decrease of €61 million.

Share in net income of associates and joint ventures accounted for by the equity method increased significantly in 2012, rising from €3 million to €7 million. This reflected the continued economic and sales performances of our Chinese activities.

The corporate income tax burden declined sharply in 2012 to 26% of pre-tax income, as 2011 was marked by a significant write-down of tax credits.

1.5 Financial Condition

1.5.1 Assets

1.5.1.1 General

General total assets amounted to €27,186 million as of December 31, 2012, a 2.5% decrease compared to €27,884 million as of December 31, 2011. The large majority of our assets consist of outstanding customer loans.

1.5.1.2 Outstanding Loans

Total outstanding loans (including installment sales financing and lease contracts) decreased by 5.2% from €24,314 million as of December 31, 2011 to €23,061 million as of December 31, 2012. Loans to end-user customers decreased very slightly, while financing for corporate dealers declined by a greater amount. The following table presents outstanding loans by customer segment as of the end of 2011 and 2012.

BY TYPE OF LOAN
(In million euros)

	Dec. 31, 2012	Dec. 31, 2011	% change
Corporate dealers	6,054	6,840	- 11.5
End-users	17,007	17,474	- 2.7
of which Retail	15,416	15,984	- 3.6
of which Corporate and equivalent	1,591	1,490	+ 6.8
Total Customer Loans and Receivables	**23,061**	**24,314**	**- 5.2**

The proportion of installment sales in the total Retail portfolio remained stable at 63%. Installment sales therefore represented €9,660 million and lease contracts €5,500 million at December 31, 2012.

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 €1,483 million as of December 31, 2012.

Geographically, the breakdown of our loan portfolio reflects the commercial activity described above: a significant increase in outstanding end-user loans in growth markets such as Russia and Argentina, as well as in the United Kingdom, and a more marked decline in Germany, France and Spain. The following table presents a geographical breakdown of our outstanding customer loans as of December 31, 2011 and 2012 (excluding China).

BY REGION

	December 31, 2012			December 31, 2011		
in million euros	Corporate dealers	End-users	Total	Corporate dealers	End-users	Total
France	2,465	6,107	8,572	2,645	6,223	8,868
Western Europe (excluding France)	2,896	9,107	12,003	3,362	9,470	12,832
Central and Eastern Europe	245	378	623	222	419	641
Latin America	306	1,199	1,505	505	1,200	1,705
Rest of the World	142	216	358	106	162	268
Total	**6,054**	**17,007**	**23,061**	**6,840**	**17,474**	**24,314**

1.5.2 Delinquent and Non-performing Loans

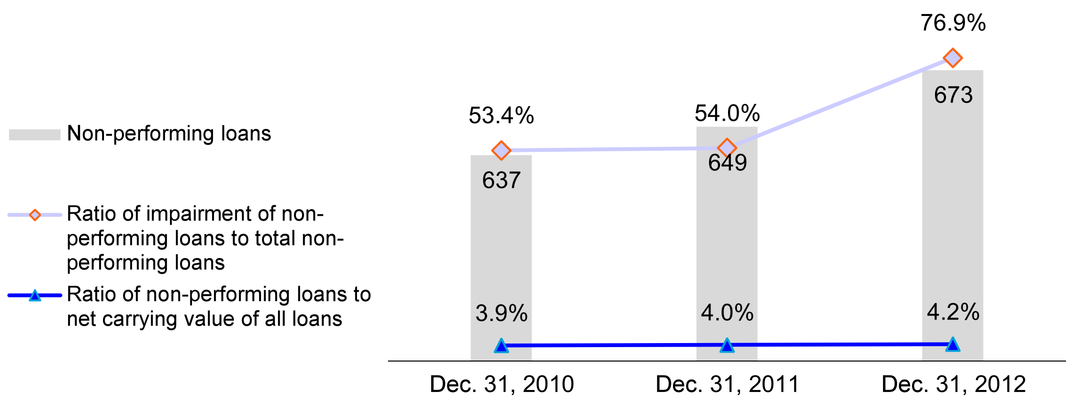
We deduct impairment losses from the carrying value of our loans and receivables as they are recorded. Our policies for recognizing impairment losses are described in Note 2.C.6.4 to our consolidated financial statements. When we determine that a loan or receivable is unrecoverable, it is written off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

The table present in Note 33 of our consolidated financial statements sets forth our sound loans with past-due installments (delinquent loans), non-performing loans and related impairment amounts, in each case as of December 31, 2011 and 2012.

For retail financing to individuals and small businesses, we record statistical impairment charges in respect of delinquent loans, as well as for non-performing loans. For corporate dealer and corporate and equivalent financing, we analyze each delinquent loan to determine if it presents an aggravated risk. If so, the loan is classified as non-performing. Accordingly, we only record impairment charges in respect of non-performing loans. Therefore, the charges for the corporate portfolio are only recorded for non-performing loans.

RETAIL NON-PERFORMING LOANS

(in million euros, except percentages)



The level of our non-performing loans increased slightly at December 31, 2012, rising to 4.2% of outstanding loans versus 4% at the end of 2011. This can be explained by the stronger inflows of non-performing loans in a number of European and South American countries in 2012 and by the increased difficulty in recovering, for prior default years, the non-performing loans resulting from the financial crisis.

1.5.3 Refinancing

Our strong capital base, coupled with a quality asset portfolio, provide us with a strong foundation for obtaining financing. We have diversified our sources of funding in 2012, including commercial paper (particularly in the first half of the year), debt securities, securitizations and syndicated and bilateral credit lines. As a regulated credit institution, we also have access to sources of liquidity such as the European Central Bank (ECB).

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

Accordingly, our financing strategy is to diversify liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging exposure to currency and interest rate risk. We also seek to maintain a liquidity cushion in the form of undrawn confirmed syndicated lines of credit and cash (see Note 26 of the consolidated financial statements).

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

At December 31, 2012, 23% of financing was provided by bank facilities, 42% by the capital markets, 20% by loan securitizations and 15% from public sources such as the ECB or 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 and charts break down our financing by source of financing as of December 31, 2010, December 31, 2011 and December 31, 2012.

SOURCES AND TYPES OF FINANCING

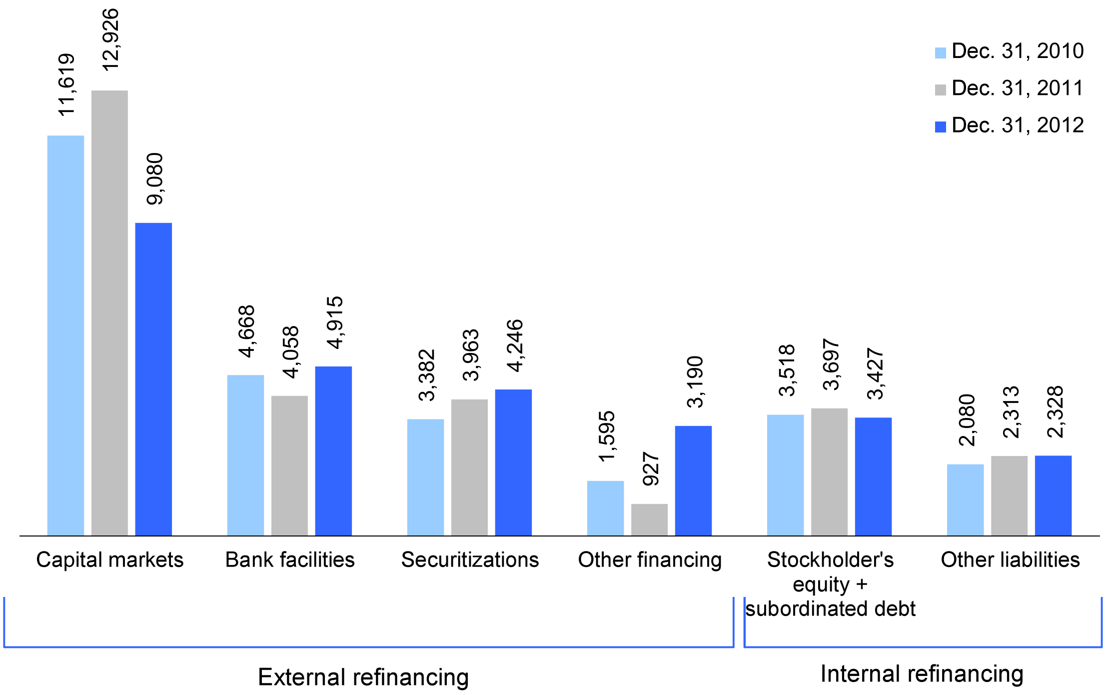
(in million euros)	**Dec. 31, 2012**	**Dec. 31, 2011**	**Dec. 31, 2010**
Bank facilities	**4,915**	**4,058**	**4,668**
Bonds + BMTN	716	701	618
EMTN	8,010	8,375	6,800
Other	120	96	113
Long-Term	*8,846*	*9,172*	*7,531*
CD	130	2,869	2,762
CP	17	885	1,324
Other	87	0	1
Short-Term	*234*	*3,754*	*4,088*
Capital markets	**9,080**	**12,926**	**11,619**
Securitizations[1]	**4,246**	**3,963**	**3,382**
Other financing[2]	**3,190**	**927**	**1,595**
Total external refinancing	**21,431**	**21,874**	**21,264**
Stockholder's equity + subordinated debt	3,427	3,697	3,518
Other liabilities	2,328	2,313	2,080
Total assets	**27,186**	**27,884**	**26,862**

1 Securitizations include all loan securitizations and the Brazilian FIDC.

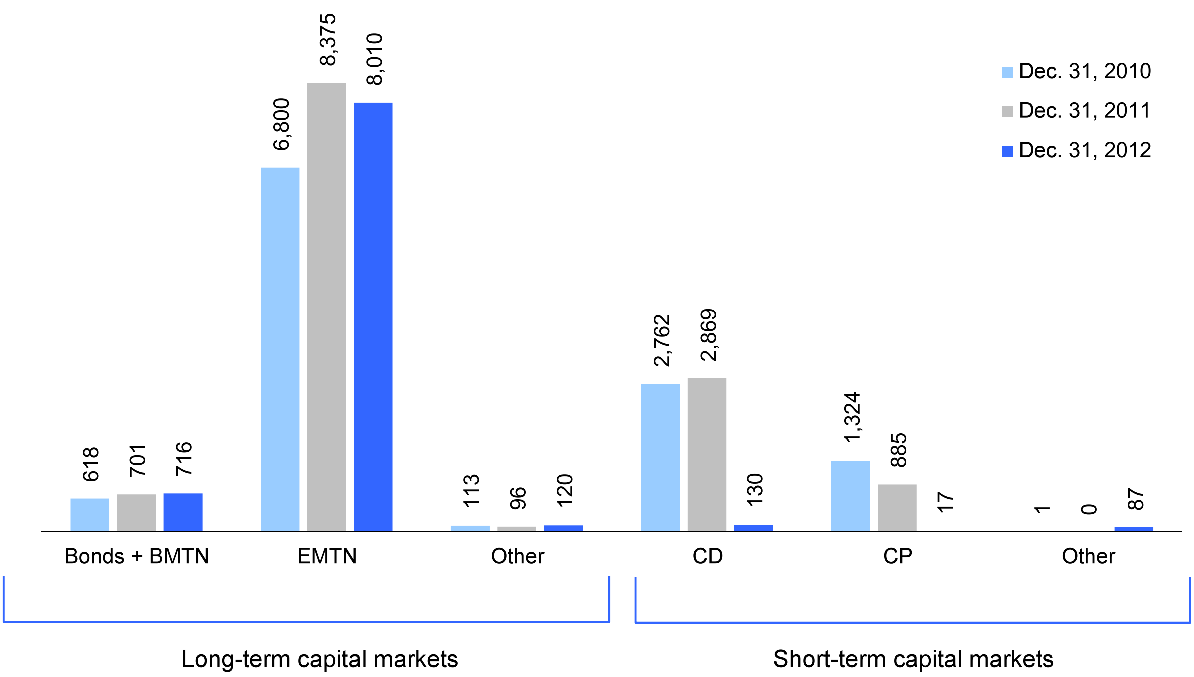
2 Represents the ECB repo (€2,900 million), SFEF (the French government sponsored liquidity provider) (€105 million), BUBA (€15 million) and VIVE PLAN in Spain (€170 million).

SOURCES OF REFINANCING *(in million euros)*

(EXCLUDING NON-DRAWN CONFIRMED BANK CREDIT LINES)



CAPITAL MARKETS *(in million euros)*



As part of the financing strategy implemented in 2012, BPF decided to increase the use of securitization and of the ECB repo, to at least offset at end-2012 the unavailability of short-term financing on the capital markets after losing its A2/P2 rating at the end of July 2012.

At the same time, discussions were held with the French government to explore other financing options: a government guarantee on future bond issues by Banque PSA Finance under its EMTN program, which is the only solution that would provide access to the financial markets without experiencing BPF's rating.

Under Article 85 of the Amending Finance Act of December 29, 2012, the Minister for the Economy is authorized to provide a State guarantee for a fee for securities issued between 1 January 2013 and 31 December 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee. The French State notified the European Commission of this guarantee on January 7, 2013. The Act provides for an agreement to be signed by the French State, Peugeot SA and Banque PSA Finance, which will notably describe the commitments made by the Group to the French State in return for this guarantee (see Note 1 of the consolidated financial statements).

On February 11, 2013 the European Commission temporarily authorized the guarantee described in Note 1 for an initial amount of €1,200 million. A guarantee agreement shall be signed between the French State, Peugeot S.A. and Banque PSA Finance. This will set out the commitments made by the PSA Peugeot Citroën Group to the French State. Under this same agreement, Banque PSA Finances will undertake to pay the French State a commission on a monthly basis, equal to 260 base points calculated annually on the principal outstanding and interest incurred by the debt benefitting from the guarantee. The matter has been referred to the European Commission for definitive authorization under State restructuring aid rules.

A second guarantee agreement corresponding this time to the residual amount of €5,800 million will be signed once definitive authorization has been received from the European Commission under State restructuring aid rules.

In parallel, BPF renegotiated with its banking syndicate to obtain commitment and financing terms similar to those expected for the government guarantee on new bond issues. Throughout 2012, Banque PSA Finance broadly renewed these maturing drawn or revolving bilateral bank credit lines. Those renewals allowed us to maintain our bank facilities. We had €4,915 million in outstanding bank loans at December 31, 2012 versus €4,058 million at December 31, 2011.

At the end of 2012, Banque PSA Finance also began to restructure its syndicated lines to extend the maturity of its revolving secured lines, for an amount of €3 billion maturing in three years, and to arrange a term loan with a maximum maturity of five years. The first extension was finalized at the end of December 2012, and the second, using a Forward Start Facility, was signed on January 11, 2013. The term loan, for €4,099 million, was signed on the same date, with a large, international banking syndicate.

Our outstanding short- and medium-term capital markets financings declined from €12,926 million at December 31, 2011 to €9,080 million at December 31, 2012.

After the rating agencies lowered BPF's short-term ratings to A3/P3, outstanding short-term debt, commercial paper issued by Sofira and deposit bonds issued by Banque PSA Finance dried up, falling from €3,754 million at December 31, 2011 to €147 million at December 31, 2012.

In 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 francs, enhancing its financing diversification. Banque PSA Finance raised CHF225 million (€188 million at the date of issue). The operations amounted to €1,528 million with a three-year average maturity.

With these operations, outstanding EMTN, BMTN and equivalents financing stood at €8,846 million at December 31, 2012 (versus €9,172 million at December 31, 2011).

Banque PSA Finance also accelerated its securitization program in 2012 with five successful securitization transactions carried out in four countries (France, the United Kingdom, Spain and Italy) for a total of €3,101 million of senior securities at issue date (see Note 18.4 of the consolidated financial statements).

The first Auto ABS 2012-1 fund securitization transaction was undertaken in July 2012 and concerned loans from Crédipar for leases with purchase options. It was carried out via the 'Auto ABS FCT' fund. A second Auto ABS 2012-2 S.r.l transaction concerning Italian installment sales, carried out via an Italian vehicle, was undertaken in October 2012.

An Auto ABS 2012-3 securitization transaction was undertaken in November concerning Spanish installment sale loans and was carried out via a Spanish special purpose vehicle (FTA).

In December, an Auto ABS French Loans Master securitization transaction was undertaken concerning Crédipar installment sale loans, carried out via the new Master Securitization Fund. An Auto ABS UK Loans PLC securitization transaction concerning British installment sale loans was carried out via a British securitization vehicle.

The outstanding amount of loan securitizations (including the Brazilian FIDC) increased from €3,963 million at December 31, 2011 to €4,246 million at December 31, 2012. All of our securitization transactions are fully consolidated and carried on balance sheet. Total receivables sold to securitization vehicles were €6,742 million as of December 31, 2012 and €4,026 million as of December 31, 2011 (see Note 8.5 of the consolidated financial statements). In addition to the securitizations, structured financing with the ECB represented €2,900 million at December 31, 2012 (see Note 16 of the consolidated financial statements).

BPF had not used this source of financing at December 31, 2011. The total amount of customers receivables deposited as collateral with the ECB stood at €3,704 million at December 31, 2012 (see Note 26 of the consolidated financial statements).

The renewal of bank lines, combined with the securitization operations undertaken in the second half of 2012 and the plan to issue bonds with a government guarantee, will secure Banque PSA Finance's financing for at least the next 12 months.

1.5.4 Security of liquidity

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

At December 31, 2012, financing with an original maturity of twelve months or more represented 85% of the total (versus 80% at December 31, 2011), providing continued solid coverage of potential liquidity risk. A detailed analysis of our assets and liabilities by remaining maturity is set forth in Note 24 to our consolidated financial statements.

The maturities of refinancing comfortably exceed the maturities of the retail financing loan book. The average maturity of medium- and long-term financing set up in 2012 is 2.4 years.

Banque PSA Finance seeks to permanently maintain cash on the balance sheet, and back-up facilities to cover at least 6 months of refinancing needs. The 6-month objective corresponds to the results of a stress test whose scenario is continuity in financing new amounts based on the forecast activity in spite of the closing of financial markets. At December 31, 2012, liquidity cushion represented €1,066 million (see Notes 4 and 7 of the consolidated financial statements).

Banque PSA Finance holds undrawn committed credit facilities of €6,726 million including €5,755 million in syndicated credit (see Note 26 of the consolidated financial statements).

At December 31, 2012, these lines of syndicated security break down into four maturities, June 2013, June 2014, December 2014 and December 2015, respectively, for €1,755, €2,000, €277 and €1,723 million. They were concluded with groups of banks, comprised of leading banking institutions. These syndicated credit lines had not been drawn upon at December 31, 2012.

These credit facilities, active as of December 31, 2012, do not obligate BPF to adhere to financial ratios or restrictive financial clauses beyond obligations to establish sureties, those governing default and similar clauses. They imply, for Banque PSA Finance, the cancellation of these credit facilities, if Peugeot S.A. does not directly or indirectly hold a majority of the bank's outstanding shares.

The newly negotiated credit facilities signed on January 11, 2013, focused on the reduced amount of €3,000 million (that breaks down into €1,800 million maturing in December 2015 and €1,200 million maturing in January 2016), taking into consideration the need to securitize the declining short term lines amounts (decrease of CD, T-bills levels). On these facilities, BPF must respect additional covenants to dispose of a possibility to use a government guarantee on the bond issues in euros and to respect a Common Equity Tier One ratio at a minimum of 11%.

At December 31, 2012, BPF holds on its customers commitments in amounts totaling €1,426 million, down compared to €1,465 million at December 31, 2011. In addition, the amount of guarantee commitments is €81 million versus €110 million at December 31, 2011 (see Note 26 of the consolidated financial statements).

1.5.5 Credit Ratings

The bank's capacity to raise funds in acceptable and adequate volume conditions depends on its capacity to maintain investment grade credit ratings. The table below shows the main ratings of different types of issues of the Group's subsidiaries concerned.

After the February 15, 2012 publication of the 2011 annual results, Standard & Poor’s lowered the outlook of the Banque PSA Finance rating to negative (versus stable) on February 17, 2012, but confirmed the long-term rating at BBB and the short-term rating at A-2.

Placed on watch starting February 16, 2012, Moody’s lowered the long-term rating of Banque PSA Finance to Baa2 with negative outlook on May 25, 2012.

Following publication of the Group's 2012 first half year earnings, S&P lowered the long-term rating of Banque PSA Finance to BBB- with negative outlook and the short-term rating to A-3. On July 27, 2012, Moody’s lowered the long-term rating of Banque PSA Finance to Baa3 while keeping it on watch, and the short-term rating was lowered to P-3.

Following the government's announcement in October 2012 of its intention to provide a €7 billion refinancing guarantee to Banque PSA Finance for new bond issues with drawings in the 2013-2016 period, S&P considered in a memo dated October 26, 2012 that it would therefore allow the bank to retain access to market financing, and Moody's indicated on November 14, 2012 that it would keep watching the bank in the expectation of the finalization of the government's plan to support the latter and of the assessment of the impact of any condition or restriction that the European Commission could impose. On January 18, 2013, as part of the sectorial review of the financial captives of the automobile manufacturers, Moody's confirmed the long-term rating of Banque PSA Finance at Baa3, with a negative outlook.

Consequently, the long-term and short-term ratings of Banque PSA Finance were established by Moody's Investors Service and Standard & Poor's, at Baa3/P-3 (negative outlook) and BBB- (negative outlook)/A-3, respectively.

The two current ratings maintain the bank's investment grade rating, two and three notches above the ratings of Peugeot SA, depending on the rating agency.

The rating agencies consider that four factors could lead to downgrading of the long-term rating of Banque PSA Finance: a deterioration of the cost of risk, a deterioration of the rating of its shareholder the PSA Peugeot Citroën Group, a negative outcome of the European Commission's examination of the French government's guarantee to Banque PSA Finance, and/or anything else that could lead to an unfavorable review of the assessment of the systematic support that Banque PSA Finance receives.

CREDIT RATING

Credit rating		Issuer (active programs)	Type	Program size at Dec. 31, 2012	Utilized at Dec. 31, 2012
S&P	Moody's	Short-term		*(in million euros)*	
A3	P3	Banque PSA Finance	CD	4,000	130
A3	P3	Sofira	BT	1,800	17
		Long-term			
BBB-	Baa3	Banque PSA Finance	Bonds	1,000	40
BBB-	Baa3	Banque PSA Finance (and PFI NV)	EMTN	14,000	8,010

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1.5.6 Capital Management

At December 31, 2012, the Group's share of the consolidated capital totaled €3,389 million, down by €278 million compared to €3,667 million at December 31, 2011. The change is essentially justified by the appropriation of the income of the previous financial period (see Note 2.4 to the consolidated financial statements).

1.5.6.1 Equity Capital

So that Banque PSA Finance can maintain its Common Equity Tier One at a high level, it will be proposed to the shareholders at the annual Shareholders' meeting to approve a resolution for the distribution of €281 million in dividends.

On this basis, the reserve capital of Banque PSA Finance would reach €2,806 million at the end of 2012, compared to €3,217 million at the end of 2011.

At June 30, 2012, after distribution of €532 million of dividends for the 2011 financial period, the capital ratio reached 12.92%, versus 14.75% at the end of 2011.

1.5.7 Capital Requirements

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

The approvals granted by the ACP cover the main activities and markets on which BPF operates, and the internal methods used should be progressively deployed in the other subsidiaries. The bank is today engaged in the process of validating its internal calculation methods in Brazil, for which it made a filing to the ACP.

Our consolidated regulatory capital is calculated in accordance with French bank standard CRBF 90-02. The requirements for capital and the capital adequacy ratio are determined in compliance with the Decree of February 20, 2007 and French bank standard CRBF 90-02. In application of this standard, the negative difference between the recognized impairment and expected impairment losses (calculated using statistical methods) is deducted from the Common Equity Tier One. When this difference is positive, it is added to the supplementary capital within the limit of 0.6% of the weighted risks obtained using the internal rating-based approach.

CRBF 90-02 provides that loans to related parties must be deducted from regulatory capital unless the borrower has a rating greater than 4 from the Banque de France or an investment grade rating from a recognized rating agency. To date, the PSA Peugeot Citroën Group meets these criteria, on the basis of its ratings from the Banque de France. However, its ratings from Standard & Poor's, Moody's and Fitch are currently below investment grade. Our total risk-weighted exposure to the PSA Peugeot Citroën Group was €269.3 million as at December 31, 2012.

BPF maintains a solid financial structure. As of June 30, 2012 our consolidated Basel II Common Equity Tier One ratio (the most recent official ratio) was 12.92%. Because all of our Tier One capital is in the form of common equity, our capital ratios should not be affected significantly by changes in the definition of Common Equity Tier One that are expected to be implemented in 2013 pursuant to the Basel III standards.

The total consolidated equity of Banque PSA Finance qualifies as Common Equity Tier One capital. Before adjustment for the difference between recognized impairment and expected actual losses, regulatory capital (in the amount of €2,932 million) exceeded required capital by €1,250 million as of June 30, 2012. After deductions from regulatory capital, Common Equity Tier One Basel II capital stood at €2,715 million and the minimum capital requirement at €1,681 million. The consolidated capital adequacy ratio was therefore 12.92%.

Operational risk is measured using the standard approach, and the minimum capital requirement is calculated by applying a 12% ratio to the retail net banking revenue and 15% ratio to the non-retail net banking revenue. Currency risk reflects the capital allocated to subsidiaries and branches which do not benefit from ACP exemption and the minimum capital requirement is calculated by applying an 8% ratio to the regular currency risk.

Moreover, in addition to the instructions of the ACP, as the Basel II capital requirements for BPF are greater than the 80% floor of Basel I, there are no additional capital requirements for the two floors.

CAPITAL ADEQUACY RATIO

(in million euros)	8 countries IRB June 30, 2012	8 countries IRB December 31, 2011
Credit risk		
Standard approach	569	546
Foundation internal ratings-based approach (IRBF)	440	420
Advanced internal ratings-based approach (IRBA)	509	505
Subtotal	**1,518**	**1,471**
Operational risk (standard approach)	138	138
Currency risk (structural currency position)	25	24
Total risk-weighted assets (A)	**1,681**	**1,633**
Equivalent risk base (A)/0,08=(B)	21,013	20,413
Regulatory capital	2,931	3,217
Deductions from regulatory capital	-216	-206
Basel II Tier One capital (C)	**2,715**	**3,011**
Capital adequacy ratio (Basel II) : (C)/(B)	**12,92%**	**14,75%**

All the data used to model and calculate credit risk is extracted from our management accounting systems. The latter, over the eight markets covered by the internal rating-based approach in place at the end of 2012, feed into the common risk databases:

- the central risk database (BRC) for retail;
- the corporate database (BUIC);

that are used to homogeneously track all the risk parameters applicable to Banque PSA Finance.

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

1.5.8 Outlook

From the beginning of the crisis, Banque PSA Finance was able to mobilize its teams and thereby generate historically high sales levels. The bank moreover continued to strengthen all of its procedures for the prevention of risks, leading it in accordance with its prudential management policy to review its provision levels while maintaining a high level of profitability in a context of deteriorating markets on which the PSA Peugeot Citroën is involved, in particular in Southern Europe.

Banque PSA Finance will continue to capitalize on its business model while strengthening its base partnership with the two brands, accelerating the development of innovative products and services, and pursuing the deployment of its activities internationally. As such, the diversification of sources of bank refinancing will be an indispensable driver of growth. In addition, the bank will continue to improve its operating efficiency while it strengthens its internal control procedures.

1.6 Risk Factors and Risk Management

Dedicated departments are responsible for the identification, measurement, control and monitoring of the risks associated with Banque PSA Finance's businesses and are an integral part of the bank's Filière Risques, whose manager reports directly to the Chief Executive Officer. The Filière Risques manager also reports to the bank's Audit Committee and, as needed, to the Executive Committee.

The bank's governance comprises risk management, validation of risk measurement methods or models, determining acceptable risk levels, as well as inventorying all risks to which the bank is exposed and evaluating potential risk criticality in light of our management policies and the general economic environment. These factors are presented, analyzed and decided on in three committees: the Risk Committee, Refinancing Committee and Audit Committee. Executive management and the members of the Board either sit on these committees or are informed of their work.

1.6.1 Business Risk

Risk Factors

Six main risk factors impact on the business activities of Banque PSA Finance:

- external factors that influence vehicle purchases;
- government policies to incentivize new vehicle purchases;
- the sales volumes achieved by Peugeot and Citroën, as well as their marketing policies, which may include joint financing programs with BPF;
- PSA Peugeot Citroën's credit rating, which has a direct effect on the rating of Banque PSA Finance. Our cost of finance may rise, at least for funding raised on the financial markets;
- Banque PSA Finance's competitive positioning, in terms of both product range and price;
- country risk, which is managed by focusing on local financing whenever possible.

Risk measurement, control and monitoring

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

1.6.2 Credit Risk

Risk Factors

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

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

Risk measurement, control and monitoring

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

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

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

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

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

The Basel Internal Ratings Based Approach (IRBA) forms the basis for the models used for our retail portfolio for those countries authorized to use this approach by the Banque de France's prudential control authority, the ACP (eight countries at the end of 2012). These models are also developed and back-tested at corporate headquarters. The default and loss rates are calculated on the basis of risk classes, which are themselves modeled. The estimated default and loss given default probabilities used to calculate the capital adequacy requirements are modeled based on default rates and loss rates. For our Corporate and equivalent business, BPF developed and regularly back-tests two counterparty credit rating systems, one for France (Basel II model/IRBF) and another for other markets. Regularly back-tested, these models are benchmarked against external rating systems. Two models have been developed for our Corporate dealer loan portfolio (one for France and one for other markets). They are used for loan acceptance and for the contracts in our portfolio. This model is IRBF-approved in eight of the countries in which Banque PSA Finance operates. All of these models are regularly back-tested.

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

Risk management is based on:

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

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

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

Risk monitoring in the retail segment mainly concerns:

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

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

Monitoring of risk for our Corporate portfolio primarily consists of:

- monitoring drawdowns of credit lines;
- monitoring the counterparty's financial position;
- tracking payment incidents and past-dues;

- monitoring potentially serious incidents, such as winding up a business, restructuring or court-ordered liquidation;
- daily tracking of credit line drawdowns (locally and at headquarters), payment incidents and reports from stock audits;
- very close monitoring of dealers included in the watch table, or of those with delinquent or conditionally delinquent accounts;
- a monthly local Credit Committee meeting attended by non-voting representatives of Peugeot and Citroën;
- meetings between headquarters, subsidiary and branch teams, held at least monthly.

The Banque PSA Finance Risk and Audit Committees are the principle bodies responsible for monitoring the bank's credit risk. The Risk Committee also approves our risk measurement models. In some cases, these approvals may be granted in the Basel II Committee, with the participation of the Risk Committee members.

1.6.3 Financial Risks and Market Risk

1.6.3.1 Liquidity Risk

Risk Factors

The liquidity risk to which Banque PSA Finance is exposed depends on:

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

The potential exists for these risks to rise, since the refinancing of Banque PSA Finance does not have the advantage of a customer deposits activity.

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

Since liquidity risk is the main financial risk to which Banque PSA Finance is exposed, the bank is particularly vigilant and attentive to managing this risk.

Risk measurement, control and monitoring

Measurement of liquidity risk entails:

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

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

There are two aspects to control of liquidity risk: A general policy founded on an appropriate equity structure, diversification of external financing sources and lenders, a liquidity facility, full matching (balancing of assets and liabilities over time), bilateral and syndicated back-up lines, receivables securitization programs, and receivables eligible for ECB refinancing.

- The main risk limits and indicators are:
  - a minimum liquidity ratio in excess of the regulatory requirement;
  - the ability to ensure the continuation of the Retail business, without limitation, over a six-month period, drawing solely on the bank's own financial security, based on a scenario where access to capital markets is blocked and where the bank does not have the ability to draw on new bank credit lines;
  - the definition of liquidity risk indicators and related limits enabling characterization of Banque PSA Finance's exposure to liquidity risk currently and in the near future;
  - simulation of stress scenarios and preparation of a contingency plan.

Risk monitoring is founded on calculating risk indicators case by case, daily or monthly, and a monthly held refinancing committee meeting which tracks implementation of the bank's general policy, the current and anticipated risk level, compliance with limits and measures that may be required to enhance measurement, control or monitoring of liquidity risk.

1.6.3.2 Interest Rate Risk

Risk Factors

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

For the assets, the hedging of the outstanding fixed rate loans is provided as soon as they are consented by:

- Interest rate swaps purchased on the financial market or in countries with no liquid market for rate instruments;
- Credit resources at fix rates.

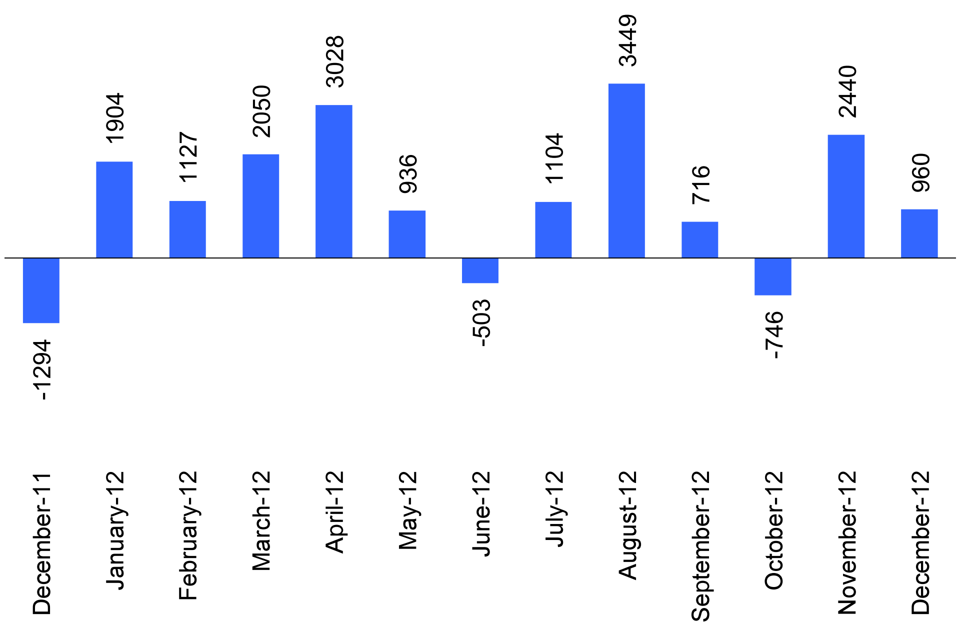
In practice, the swaps are purchased at the end of each decadal period. The loans to corporate car dealers are granted in reference with short term rates. This hedging strategy enables to remunerate the rate-risk-sensitive bank's assets on short term rate basis.

For the liabilities, tailored derivative products are implemented to hedge any new rate-risk-sensitive loan thus converted at a benchmark rate at three months or less.

Risk measurement, control and monitoring

At least once a month, residual rate positions and sensitivity to stress scenarios are calculated. As at December 31, 2012, sensitivity to a 1% increase across the rate curve amounts to a positive result of almost €1 million. During the full year 2012, the result from this simulation fluctuated between -€0.7 million and +€3.4 million.

SENSITIVITY TO A 1-POINT INCREASE IN INTEREST RATE
(in thousand euros)



To ensure optimum refinancing costs for new loans to end-users, Banque PSA Finance may hedge against interest rate rises, according to predicted trends in long-term rates. Hedges comply with IAS39 Cash Flow Hedge accounting rules, designed to detect over-hedging. These transactions never exceed one to two half-year periods of production and are reduced to take account of the potential risk of fewer new loans. As at December 31, 2012, no future new credits were hedged in advance against interest rate risk.

There are several aspects to rate risk control:

- our general rate risk policy;
- a limit to incorporate the required "granularity" of swaps entered into;

- rate risk indicators and related limits to characterize the level of risk;
- simulation of stress scenarios and the definition of acceptable financial impact thresholds;
- the use of derivatives covered by ISDA/FBF conventions and with margin calls (CSA).

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

1.6.3.3 Counterparty Risk

Risk Factors

Banque PSA Finance is exposed to counterparty risk on three fronts:

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

Risk measurement, control and monitoring

Investments are made in money market securities issued by leading banks, or in mutual funds with capital guarantees and yield guarantees issued and managed by these same leading banks, or in monetary notes. An internal rating system is assigned to each counterparty, based on long-term financial strength and capital adequacy analyses.

Derivatives are governed by ISDA or national agreements and contracts with the most frequently used counterparties provide for regular margin calls (98.2% of outstanding amounts as at December 31, 2012). Bank counterparties for derivatives contracts are all rated “Investment Grade”.

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

1.6.3.4 Currency Risk

Risk Factors

Banque PSA Finance is exposed to two types of currency risk:

- structural currency risk (the bank's structural currency position amounted to €527 million as at December 31, 2012);
- operational currency risk (the bank's operational currency position amounted to €0.8 million as at December 31, 2012).

Risk measurement, control and monitoring

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

Banque PSA Finance's policy is to minimize operational currency positions to protect the Bank's profit/loss against fluctuations in currency rates. In practice, only limited residual positions, duly restricted, may not be hedged.

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

1.6.3.5 Market risks

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

1.6.4 Risks related to Securitization Operations

Risk Factors

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

Besides holding units in securitization vehicles, the risks to which Banque PSA Finance is exposed are:

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

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

Risk measurement, control and monitoring

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

1.6.5 Concentration Risk

Risk Factors

Banque PSA Finance is exposed to two types of concentration risk:

- concentration risk related to the granting of credit to individuals (Corporate dealer lending business);
- concentration risk related to the granting of credit to specific sectors (Retail and Corporate and equivalent activities);
- concentration risk related to bank refinancing.

Risk measurement, control and monitoring

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

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

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

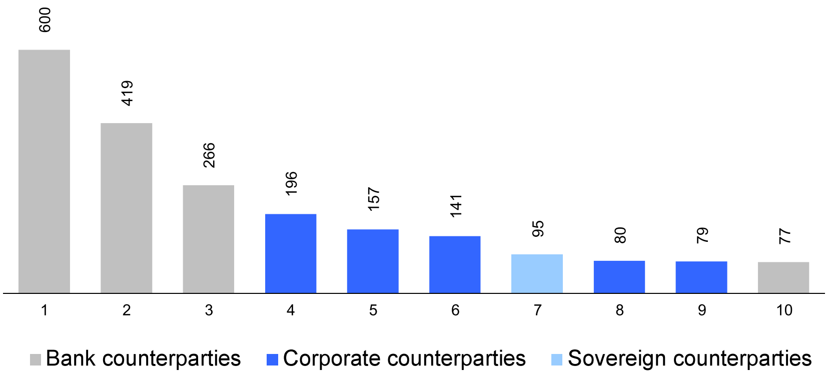
As at December 31, 2012, Banque PSA Finance's commitments to the PSA Peugeot Citroën Group stood at €269 million, or 9.6% of regulatory capital.

On the same date, the bank’s top ten commitments, including those to the PSA Peugeot Citroën Group, amounted to 82% of regulatory capital at a total of €2,303 million. By counterparty category, the top ten commitments break down as follows:

- Banks: €1,285 million / 45.9% of regulatory capital;
- Corporate dealers (excl. PSA): €759 million / 12.7% of regulatory capital;
- Corporate and equivalent (excl. PSA): €299 million / 10.7% of regulatory capital;
- PSA Peugeot Citroën Group: €269 million / 9.6% of regulatory capital;
- Sovereigns: €95 million / 3.4% of regulatory capital.

TOP TEN RISK-WEIGHTED EXPOSURES TO CREDIT RISK

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



1.6.6 Operational Risk

Definition of risk and risk factors

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

Risk identification, assessment, control and monitoring

Banque PSA Finance is exposed to all Basel event type categories of operational risk:

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

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

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

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

1.6.7 Non-Compliance Risk

Definition of risk and risk factors

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

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

Risk measurement, control and monitoring

The risk is assessed through regulatory intelligence. The bank's regulatory intelligence system inventories regulatory changes and reasons for sanctions imposed by supervisory authorities. It analyzes the data gathered to assess the impacts on customer relations, processes and organization, information systems, the scope of activity, and in general, on our economic model.

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

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

1.6.8 Reputational Risk

Definition of reputational risk and risk factors

The reputational risk to which Banque PSA Finance is exposed can be broken down into:

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

Reputational risk measurement, control and monitoring

To a large extent, the bank's image and reputational risk is related to the risks identified above, which are managed by the internal control systems in place. This is the case particularly for internal and external fraud and non-compliance risks.

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

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

To optimize oversight of reputational risk, Banque PSA Finance is currently testing a system to monitor discussions and messages on forums, blogs, etc.

1.6.9 Insurance Business Risk

Banque PSA Finance operates an insurance business through two insurance companies, one offering life insurance, which market insurance contracts in conjunction with the finance contracts sold by the bank.

Risk Factors

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

- subscription and under-provisioning risk;
- market financial risks related to investments;
- counterparty risk.

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

Risk limits apply to subscription and claims management policies. Limits are monitored using the reports presented monthly to the Technical Committee. Stress testing is conducted and a range of statistical control methods are applied. The provisioning methods adopted are those recommended by the insurance regulations. An external actuary reviews these methods and the work carried out by the internal actuary and issues a report certifying the technical provisions. Finally, the total loss experience is presented and analyzed during each meeting of the Board of Directors.

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

- rules for the allocation of assets held (asset types, geographical areas, sectors of activity, maximum weighting relative to total financial assets held) and for the management of currency risk;

- short- and medium-term investments in the form of UCITS governed by French law;
- average investment term not exceeding 12 months;
- limitation of counterparties to a selection of 'investment grade' counterparties;
- stress scenarios.

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

1.6.10 Correlation between Banque PSA Finance and its Shareholder

Definition of correlation risk and risk factors

Because Banque PSA Finance belongs to a group and because of its captive activities, its business and profitability may be partially influenced by a number of factors originating with the PSA Group:

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

Measurement, control and monitoring of the correlation between Banque PSA Finance and its shareholder

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

1.7 Internal Control

In line with standard regulation CRBF 97-02 dealing with 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. The bank's internal control charter sets the organization, resources, scope, missions and processes of the bank's control system.

1.7.1 Recurring Controls

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

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

1.7.1.2 Second-tier Controls

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

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

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

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

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

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

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

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

1.7.2 Periodic Controls

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

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

1.7.2.1 Oversight by Executive Management and the Board

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

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

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

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

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

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

1.7.2.2 Organization of Internal Control

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

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

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

1.8 Share Ownership

1.8.1 Capital

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

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

The totality of the capital of BPF is held by the majority shareholder Peugeot S.A. (8,307,994 shares representing 74.93% of the capital) and by two wholly-owned subsidiaries of PSA, the company Automobiles Peugeot SA (that holds 1,780,002 shares for 16.05% of the capital of BPF) and by the company Automobiles Citroën SA (that holds 1,000,001 shares or 9.02% of the capital of BPF). Three shares are also individually held by three members of the Board of Directors.

1.8.2 Intra-group Agreements

The bank is committed to the PSA Peugeot Citroën Group for the performance of support services to BPF and its subsidiaries and branches abroad by virtue of a services contract for refinancing and cash management according to which Peugeot S.A. ("PSA"), acting through its financing and treasury department, acts on our behalf with respect to legal and tax matters, cash management, capital markets and bank refinancing and securitizations. PSA also manages our counterparty risk, interest rate and exchange rate risks, liquidity risks; PSA also provides to BPF adequate staff for its headquarters units.

Banque PSA Finance is committed with PSA Peugeot Citroën Group (“PSA”).

PSA is paid a service fee for these services, in addition to fees for specific transactions or operations. The total amounts paid by the BPF Group to the PSA Peugeot Citroën Group in 2012 were €89 million.

1.8.3 Proposals for Resolutions for the Ordinary Shareholders' Meeting of April 17, 2013

First Resolution: Approval of the consolidated financial statements

The Shareholders, after reviewing the consolidated financial statements of the Banque PSA Finance Group, the comments of the Board of Directors and the Auditors' report on the consolidated financial statements, approve the consolidated financial statements for the period ended December 31, 2012 as presented, as well as the transactions represented or summarized in this report.

Second Resolution: Approval of the management report and statutory accounts

The Shareholders, having considered the statutory accounts, the management report of the Board of Directors for the financial period ended December 31, 2012, and the general report of the Auditors, approve the Board of Director's Management report in its entirety.

The Shareholders approve the financial statements for December 31, 2012, showing a net income of €283,404,947.83.

Third Resolution: Appropriation of income for Banque PSA Finance company

The Shareholders note that the income available for distribution for the year is €1,020,764,345.21, consisting of a net income for the year of €283,404,947.83 and retained earnings of €737,359,397.38 brought forward from the previous year.

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

- to the payment of a dividend €280,526,400.00
- to the undistributable reserves -€64,501,505.24
- to the retained earnings €804,739,450.45

The dividend of €25.30 per share shall be paid after the Shareholder's meeting of April 17, 2013.

The Shareholders note that under the former financial years 2009, 2010 and 2011 the dividends paid were respectively €12.60, €14.00 and €48.00.

Fourth Resolution: Ratification of an appointment

The Shareholders ratify the appointment François Pierson as Director as decided by the Board of Directors of the Company on July 9, 2012, for the remainder of the term of AUTOMOBILES CITROËN, that resigns, that is until the Shareholders' Meeting called in 2013 to deliberate on the financial statements for the year 2012.

Fifth Resolution Reappointment of one director

The Shareholders, upon proposal of the Board of Directors, decide to renew the Director term of François Pierson for a six year term expiring at the end of the Shareholders' meeting to be called in order to approve in 2019 the financial statements for the year 2018.

Sixth Resolution: Director's Fees

The Shareholders decide to allocate, for the attendance fees for the year 2013, an annual total amount of €40,000 that the Board will freely distribute among the Directors.

Seventh Resolution: Special report on the regulated agreements

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

Eighth resolution: Formalities

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

1.8.4 Information about the Administrative and Management Bodies

1.8.4.1 Board of Directors

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

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

Name and position within BPF	Other positions held
Frédéric SAINT-GEOURS	**Other positions held during the year 2012**
Chairman and Director	**Chairman and Director**
First appointed to the Board on July 3, 2009	• Automobiles Citroën
Current term expires in 2014	• Automobiles Peugeot
Born on April 20, 1950	
	Member of the Managing Board
	• Peugeot S.A.
	Vice-Chairman
	• Dongfeng Peugeot Citroën Automobiles Company Ltd (China)
	Member of the Supervisory Board
	• Peugeot Deutschland GmbH (Germany)
	Chairman
	• Union des Industries et des Métiers de la Métallurgie
	Director
	• Peugeot Espana S.A. (Spain)
	• Casino-Guichard-Perrachon
	Permanent Representative of Peugeot S.A.
	• On the Board of Gefco
	Positions terminated during the year 2012
	Chief Executive Officer
	• Banque PSA Finance
	Chairman of the Supervisory Board
	• Peugeot Finance International N.V. (Netherlands)
	Vice-Chairman and Director
	• PSA International S.A. (Switzerland)
	Director
	• Faurecia
	• Gefco
	• Peugeot Citroën Automobiles SA
	• Changan PSA Automobiles Company (China)
	• PCMA Holding B.V. (Netherlands)
	Permanent Representative of Peugeot SA
	• On the Board of Automobiles Peugeot

Philippe ALEXANDRE **Chief Executive Officer** First appointed to the Board on March 25, 2009 Current term expires in 2015 Born on August 10, 1956	**Other positions held during the year 2012** ***Director*** • Compagnie Générale de Crédit aux Particuliers - Crédipar ***Chairman of the Board of Directors*** • PSA Wholesale Limited (United Kingdom) ***Permanent Representative of Banque PSA Finance*** • On the board of Sofib ***Representative of the Associate Manager, Banque PSA Finance*** • Sofira ***Director*** • PSA Finansman AS (Turkey) **Positions terminated during the year 2012** ***Managing Director*** • Banque PSA Finance ***Chairman of the Board of Directors*** • Dongfeng Peugeot Citroën Auto Finance Company Ltd (China)
Philippe VARIN **Director** First appointed to the Board on July 20, 2009 Current term expires in 2015 Born on August 8, 1952	**Other positions held during the year 2012** ***Chairman of the Managing Board*** • Peugeot S.A. ***Chairman of the Board*** • Peugeot Citroën Automobiles ***Director*** • Faurecia • PCMA Holding B.V. (Netherlands) ***Non-Executive Director*** • BG Group PLC (United Kingdom) **Positions terminated during the year 2012** ***Chairman of the Board*** • Gefco
Michel PHILIPPIN ***Director*** First appointed to the Board on April 20, 2012 Current term expires in 2018 Born on June 26, 1948	**No other position held during the year 2012** **No position terminated during the year 2012**

François PIERSON	**Other positions held during the year 2012**
Director	***Chairman of the Board***
First appointed to the Board on July 9, 2012	• AXA Corporate Solutions Assurances (SA)
Current term expires in 2013	• Interner Partner Assistance SA (Belgium)
Born on May 29, 1947	
	Chairman
	• Association Prévention Routière
	• Euromed Ecole de Management
	• Ecole de la 2ème chance des Hauts-de-Seine
	Vice Chairman
	• Chambre de commerce de Marseille
	Director
	• AXA vie SA
	• AXA Assurance IARD Mutuelle (SAM)
	• AXA Assurance Vie Mutuelle (SAM)
	• AXA Assistances SA
	• AGIPI (Association)
	• UCAR (C.S.A)
	• AXA Assurance Maroc SA (Morocco)
	• AXA Cameroun SA (Cameroon)
	• AXA Côte d'Ivoire SA (Côte d'Ivoire)
	• AXA Gabon SA (Gabon)
	• AXA Senegal SA (Senegal)
	• AXA General Insurance CO, LTD (South Korea)
	• AXA Algérie IARD (Algeria)
	No position terminated during the year 2012

Peugeot S.A	**Other positions held during the year 2012**
Director	***Director***
First appointed to the Board on December 15, 1982	• Automobiles Citroën
Current term expires in 2013	• Automobiles Peugeot
	Member
	• GIE PSA Trésorerie
	• GIE PSA Peugeot Citroën
	• Institut pour la Ville en Mouvement
	• ANSA
	Positions terminated during the year 2012
	Director
	• Gefco
	• Peugeot Motocycles

Pierre TODOROV

Permanent Representative of Peugeot S.A.

Since July 28, 2011

Born on May 15, 1958

Other positions held during the year 2012

Chairman

• DJ6

Supervisory Board Member

• Gefco

Director

• Automobiles Peugeot

• Compagnie Générale de Crédit aux Particuliers - Crédipar

• Peugeot Citroën Automoviles Espana S.A. (Spain)

• PCMA Holding B.V. (Netherlands)

Permanent Representative of Peugeot S.A.

• On the board of Automobiles Citroën

• On the board of Gefco

Permanent Representative of Automobiles Peugeot

• On the board of Football Club-Sochaux Montbéliard

Managing Director

• DJ56

• DJ57

• DJ58

No position terminated in the year 2012

Automobiles Peugeot

Director

First appointed to the Board on Dec. 15, 1982

Current term expires in 2014

Other positions held during the year 2012

Director

• Football Club Sochaux-Montbéliard S.A.

• GLM1

• Institut pour la Ville en Mouvement

• Société Financière de Banque - Sofib

• Peugeot Algérie (Algeria)

• Peugeot Espana S.A. (Spain)

• SOPRIAM (Morocco)

• SOMACA (Morocco)

• Société Tunisienne Automobile Financière Immobilière et Maritime (Tunisia)

Associate Manager

• Peugeot Média Production SNC

No position terminated during the year 2012

Maxime PICAT **Permanent Representative of Automobiles Peugeot** Since October 1, 2012 Born on March 26, 1974	**Other positions held during the year 2012** ***Chief Executive Offcier and director*** • Automobiles Peugeot ***Chairman*** • Peugeot Motocycles **No position terminated during the year 2012**
Automobiles Citroën **Director** First appointed to the Board on December 15, 1982 Current term expires in 2013	**Other positions held during the year 2012** ***Chairman*** • Automoveis Citroën S.A. (Portugal) ***Director*** • Société Financière de Banque - Sofib • Automoviles Citroën Espana (Spain) • Société Tunisienne des Automobiles Citroën (Tunisia) • Membre de l'Institut pour la Ville en Mouvement **Positions terminated during the year 2012** ***Director*** • Banque PSA Finance
Frédéric BANZET **Permanent Representative of Automobiles Citroën** End of function : July 9, 2012 Born on September 16, 1958	**Other positions held during the year 2012** ***Chief Executive Offcier and director*** • Automobiles Citroën ***Supervisory Board Member*** • Citroën Deutschland GmbH (Germany) • Peugeot Citroën Ukraine (Ukraine) ***Director*** • Société Foncière, Financière de Participations-FFP • Citroën Belux (Belgium) • Citroën UK Limited (United Kingdom) • Etablissements Peugeot Frères • Automoviles Citroën Espana S.A. (Spain) • Changan PSA Automobiles Company (China) **Positions terminated during the year 2012** ***Director*** • Automoveis Citroën S.A. (Portugal) • Citroën Sverige AB (Sweden) ***Supervisory Board Member*** • Citroën Polska (Poland) ***Permanent Representative of Automobiles Citroën*** • Board of Directors of Banque PSA Finance

Jean-Marc GALES	**Other positions held and terminated during the year 2012**
Permanent Representative of Automobiles Peugeot	***Chairman of the board of Directors and director***
End of function : January 4, 2012	• Automobiles Citroën
Born on August 16, 1962	• Automobiles Peugeot
	• Peugeot Motocycles
	• Citer
	Member of the Managing Board
	• Peugeot S.A.
	Administrateur
	• Peugeot Algérie (Algeria)
	• Citroën UK Limited (United Kingdom)
	• Peugeot Espana S.A. (Spain)
	• Citroën Belux (Belgium)
	• Automoviles Citroën Espana S.A. (Spain)

Jacques Vincent RAMBAUD	**Other positions held and terminated during the year 2012**
Permanent Representative of Automobiles Peugeot	***Managing Director***
End of function : October 1st, 2012	• Automobiles Peugeot
Born on May 6, 1959	***Chairman of the Board***
	• Peugeot Motocycles
	Supervisory Board Member
	• Peugeot Polska (Poland)
	Director
	• Peugeot Otomotiv Pazarlama A.S. (Turkey)
	• Peugeot Espana S.A. (Spain)
	• Peugeot Nederland NV (Netherlands)
	• Coriolis Composites
	• SFPR

Functions held by the Executive Managing Officers non Directors of Banque PSA Finance as of December 31, 2012

Name and position within BPF	Other positions held
Bernard DARRIEUTORT **Executive Managing Officer** *("Directeur Général Délégué")* Since November 19, 2007 Current term expires in 2015 (Function matching the term of the function of current Chief Executive Officer) Born on January 5, 1949	**Other positions held during the year 2012** ***Vice Chairman*** • Dongfeng Peugeot Citroën Auto Finance Company (China) ***Director*** • Banco PSA Finance Brasil S.A. (Brazil) • PSA Finance Arrendamento Mercantil S.A. (Brazil) ***Chairman*** • PSA Finance Argentina Compania Financiera S.A. (Argentina) **Positions terminated during the year 2012** ***Chairman*** • Banco PSA Finance Brasil S.A. (Brazil) • PSA Finance Arrendamento Mercantil S.A. (Brazil)
Alain MARTINEZ **Executive Managing Officer** *("Directeur Général Délégué")* Since July 25, 2011 Current term expires in 2015 (Function matching the term of the function of current Chief Executive Officer) Born on September 20, 1958	**Other positions held during the year 2012** ***Chairman and Board Member*** • PSA Finance Suisse (Switzerland) • PSA Renting ITALIA SPA (Italy) • PSA Factor ITALIA SPA (Italy) • PSA GESTAO- Comérico e Aluguer de Veiculos, SA (Portugal) ***Supervisory Board Member*** • PSA Financial Holding B.V. (Netherlands) • Peugeot Finance International N.V. (Netherlands) • BPF Financiranje d.o.o. (Slovenia) ***Chairman*** • Bank PSA Finance Rus (Russian Federation) ***Director*** • PSA Wholesale Limited (United Kingdom) • PSA Financial d.o.o. (Croatia) **Positions terminated during the year 2012** ***Chairman and Director*** • PSA Finance Belux (Belgium) ***Chairman and Supervisory Director*** • PSA Finance Nederland B.V. (Netherlands) ***Permanent Representative of Banque PSA Finance*** • Board of PSA Finance Belux (Belgium)

1.8.4.2 Compensations

A. Banque PSA Finance Managing Board members

The compensation policy of BPF executive officers has been defined by PSA Peugeot Citroën as Banque PSA Finance is fully owned by PSA Peugeot Citroën.

The compensation policy considers:

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

The compensation structure is as follow:

- A base salary;
- An incentive bonus equivalent to 4% of the base salary.

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

Frédéric SAINT-GEOURS	
Chairman and Chief Executive Officer	period from January 1, 2011 to December 31, 2011
of Banque PSA Finance	period from January 1, 2012 to February 13, 2012
Philippe ALEXANDRE	
Deputy Chief Executive Officer	period from January 1, 2011 to December 31, 2011
	period from January 1, 2012 to February 13, 2012
Chief Executive Officer	period from February 13, 2012 to December 31, 2012
Bernard DARRIEUTORT	
Deputy Chief Executive Officer	period from January 1, 2011 to December 31, 2011
	period from January 1, 2012 to December 31, 2012
Alain MARTINEZ	
Deputy Chief Executive Officer	period from July 25, 2011 to December 31, 2011
	period from January 1, 2012 to December 31, 2012

	Amounts during the 2012 financial year		Amounts during the 2011 financial year	
	Earned	Paid	Earned	Paid
Salary	655,571	655,571	1,097,000	1,097,000
Bonus	25,300	120,611	120,611	670,290
Exceptional bonus		-		120,000
Exceptional salary	24,124	24,124	6,101	6,101
Director's Fees				
Company Car	4,830	4,830	7,681	7,681
TOTAL	**709,825**	**805,136**	**1,231,393**	**1,901,072**

B. Banque PSA Finance directors

As required by article L.225-102-1 of the French Commercial Code, compensations paid to corporate officers that also have a mandate at PSA Peugeot Citroën level are disclosed inside PSA Peugeot Citroën annual report.

Two directors, Mr Michel PHILIPPIN and Mr François PIERSON are not employees of PSA Peugeot Citroën. They were granted attendance fees of €10,000 each for the year 2012, as their mandate started at half year.

None of the other directors have received remuneration or any kind of benefits from Banque PSA Finance during the year 2012.

1.8.4.3 Committees

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

A. Audit Committee

As of February 11, 2013, our Audit Committee currently consists of the following members:

Name	Position within the PSA Peugeot Citroën group
Michel PHILIPPIN, Chairman	Board Member of Banque PSA Finance
Gilles COMES	Management Control Officer
Laurent FABRE	Group Internal Audit and Risk management Officer

B. Executive Committee

As of February 11, 2013, our Executive Committee currently consists of the following members:

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

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

2.1 Consolidated Balance Sheet

(in million euros)	**Dec. 31, 2012**	**Dec. 31, 2011**
Assets		
Cash, central banks, post office banks (Note 3)	18	23
Financial assets at fair value through profit or loss (Note 4)	1,407	1,204
Hedging instruments (Note 5)	327	389
Available-for-sale financial assets (Note 6)	12	2
Loans and advances to credit institutions (Note 7)	1,221	859
Customer loans and receivables (Notes 8, 33 and 36)	23,061	24,314
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Notes 9 and 23.5)	85	73
Held-to-maturity investments	-	-
Current tax assets (Note 35.1)	62	8
Deferred tax assets (Note 35.1)	140	149
Accruals and other assets (Note 10)	624	612
Investments in associates and joint ventures accounted for using the equity method (Note 11)	46	62
Property and equipment (Note 12)	14	15
Intangible assets (Note 12)	86	91
Goodwill (Note 13)	83	83
Total assets (Note 36)	**27,186**	**27,884**

(in million euros)	**Dec. 31, 2012**	**Dec. 31, 2011**
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 14)	2	5
Hedging instruments (Note 15)	114	181
Deposits from credit institutions (Notes 16 and 36)	8,105	4,985
Due to customers (Note 17)	367	342
Debt securities (Notes 18 and 36)	13,326	16,889
Fair value adjustments to debt portfolios hedged against interest rate risks (Notes 19 and 23.5)	226	185
Current tax liabilities (Note 35.1)	54	34
Deferred tax liabilities (Note 35.1)	392	441
Accruals and other liabilities (Note 20)	1,082	1,052
Liabilities related to insurance contracts (Note 21.1)	41	27
Provisions (Note 22)	50	46
Subordinated debt	-	-
Equity	3,427	3,697
- Equity attributable to equity holders of the parent	3,389	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	(111)	(84)
- Net income - equity holders of the parent	281	345
- Minority interests	38	30
Total equity and liabilities (Note 36)	**27,186**	**27,884**

2.2 Consolidated Statement of Income

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Net interest revenue on customer transactions (Note 36.2)	**1,590**	**1,584**
- Interest and other revenue on assets at amortized cost (Notes 27 and 36.3)	1,608	1,619
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 23.5)	12	(7)
- Net interest revenue from hedging instruments (Note 28)	(70)	(76)
- Fair value adjustments to hedging instruments (Note 23.5)	(12)	12
- Interest expense on customer transactions	(3)	(4)
- Other revenue and expense (Note 29)	55	40
Net investment revenue (Note 36.2)	**21**	**28**
- Interest and dividends on marketable securities	20	25
- Fair value adjustments to assets valued using the fair value option (Note 23.6)	-	-
- Gains and losses on sales of marketable securities	1	3
- Investment acquisition costs	-	-
Net refinancing cost (Note 36.2)	**(696)**	**(738)**
- Interest and other revenue from loans and advances to credit institutions	13	17
- Interest on deposits from credit institutions (Note 30)	(192)	(180)
- Interest on debt securities (Note 31)	(523)	(559)
- Expenses related to financing commitments received	(58)	(44)
- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 23.5)	(42)	(139)
- Interest on hedging instruments	81	52
- Fair value adjustments to hedging instruments (Note 23.5)	49	139
- Fair value adjustments to financing liabilities valued using the fair value option (Note 23.6)	-	-
- Debt issuing costs	(24)	(24)
Net gains and losses on trading transactions	**(2)**	**(3)**
- Interest rate instruments (Note 23.6)	(4)	(5)
- Currency instruments	2	2
Net gains and losses on available-for-sale financial assets (Note 6)	**-**	**1**
Margin on sales of Insurance services (Note 21.3)	**96**	**77**
- Earned premiums	128	98
- Paid claims and change in liabilities related to insurance contracts	(32)	(21)
Margin on sales of services	**66**	**83**
- Revenues	97	117
- Expenses	(31)	(34)
Net banking revenue (Notes 36.2 and 36.3)	**1,075**	**1,032**
General operating expenses (Note 32)	**(375)**	**(367)**
- Personnel costs	(148)	(146)
- Other general operating expenses	(227)	(221)
Depreciation and amortization of intangible and tangible assets	(18)	(17)
Gains and losses on disposals of fixed assets	(1)	(1)
Gross operating income	**681**	**647**
Cost of risk (Notes 33, 36.2 and 36.3)	**(290)**	**(115)**
Operating income (Notes 36.2 and 36.3)	**391**	**532**
Share in net income of associates and joint ventures accounted for using the equity method	7	3
Impairment on goodwill	-	-
Pension obligation - expense (Note 22.1.E)	(3)	(3)
Pension obligation - income (Note 22.1.E)	3	2
Other non-operating items (Note 34)	(1)	-
Pre-tax income	**397**	**534**
Income taxes (Notes 35.2 and 35.3)	(104)	(180)
Net income for the year	**293**	**354**
- of which minority interests	12	9
- of which attributable to equity holders of the parent	281	345
Earnings per share (in €)	*25.3*	*31.2*

2.3 Net Income and Gains and Losses Recognized Directly in Equity

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Net income	**293**	**354**
Exchange difference	(18)	(17)
- of which minority interest	*(3)*	*(1)*
Fair value adjustments to hedging instruments (1)(2)	(19)	2
- of which minority interest	*(1)*	*-*
Deferred taxes (1)	6	(1)
Total gains and losses recognized directly in Equity after tax	**(31)**	**(16)**
Total net income and gains and losses recognized directly in Equity after tax	**262**	**338**
- of which minority interest	*8*	*8*
- of which attributable to equity holders of the parent	*254*	*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) *Including a €10.8 million loss due to hedging cross currency swaps' basis spread.*

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

	Share capital and other reserves (1)								
(in million euros)	Share capital	Issue, share and merger premiums	Legal reserve and other reserves	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				-		345	345	9	354
Exchange difference					(16)		(16)	(1)	(17)
Fair value adjustments to hedging instruments (2)					2		2	-	2
Deferred taxes on fair value adjustments to hedging instruments					(1)		(1)	-	(1)
Others				(2)	2		-	(1)	(1)
Equity at December 31, 2011	**177**	**340**	**318**	**2,571**	**(84)**	**345**	**3,667**	**30**	**3,697**
Appropriation of prior-year income				(187)		(345)	(532)	-	(532)
Income for the period						281	281	12	293
Exchange difference					(15)		(15)	(3)	(18)
Fair value adjustments to hedging instruments (2)(3)					(18)		(18)	(1)	(19)
Deferred taxes on fair value adjustments to hedging instruments					6		6	-	6
Equity at December 31, 2012	**177**	**340**	**318**	**2,384**	**(111)**	**281**	**3,389**	**38**	**3,427**

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 Decembre 31, 2012 amounted to €7.4 million (see Note 23.2).*

(3) *Including a €10.8 million loss due to hedging cross currency swaps' basis spread.*

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

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

(in million euros)	**Dec. 31, 2012**	**June 30, 2012**	**Dec. 31, 2011**
Tier 1 capital			
Published consolidated equity	3,427	3,367	3,697
Insurance companies accounted for using the equity method: minority interests	(15)	(12)	(9)
Regulatory consolidated equity (1)	3,412	3,355	3,688
Unrealized capital gains on cash flow hedges	4	(6)	(8)
Proposed dividend, PSA Peugeot Citroën Group	(281)	(97)	(172)
Proposed dividend, minority interests	-	-	-
Intangible assets	(55)	(58)	(59)
Goodwill	(83)	(83)	(83)
Total Tier 1 capital	**2,997**	**3,111**	**3,366**
Deductions from Tier 1 capital			
Equity interests in credit institutions	(12)	(3)	(2)
Equity interests in insurance companies	-	-	-
Investments in associates and joint ventures accounted for using the equity method	(179)	(176)	(147)
- of which insurance companies	*(133)*	*(109)*	*(85)*
Total deductions	**(191)**	**(179)**	**(149)**
Regulatory capital	**2,806**	**2,932**	**3,217**
Deductions from regulatory capital: Expected loss vs. Depreciation	Unavailable	(216)	(206)
Basel II Tier 1 capital (See the "Capital Requirements" Section of the Management Report)	Unavailable	**2,716**	**3,011**
Capital adequacy ratio (Basel II)	Unavailable	**12.92%**	**14.75%**

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

2.5 Consolidated Statement of Cash Flows

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Income attributable to equity holders of Banque PSA Finance	**281**	**345**
Adjustments for:		
- Minority interests in income of subsidiaries (Statement 2.2)	12	9
- Net income of associates accounted for using the equity method, net of dividends received (Statement 2.2)	(7)	(3)
- Change in depreciation, amortization and other provisions	38	28
- Change in deferred taxes	(35)	(39)
- (Profit)/loss on disposals of assets (Statement 2.2)	1	-
Funds from operations	**290**	**340**
Increase/decrease in:		
- loans and advances to credit institutions	(193)	67
- deposits from credit institutions	3,097	(1,282)
Change in customer loans and receivables	1,152	(977)
Increase/decrease in:		
- amounts due to customers	25	3
- financial assets at fair value through profit or loss	124	(126)
- financial liabilities at fair value through profit or loss	(2)	(16)
- hedging instruments	(18)	(239)
- debt securities	(3,407)	2,102
Change in working capital: assets	(101)	(92)
Change in working capital: liabilities	84	237
Net cash provided by operating activities	**1,051**	**17**
Acquisitions of shares in subsidiaries (Note 6)	(10)	-
Proceeds from disposals of shares in subsidiaries	21	-
Investments in fixed assets	(19)	(27)
Proceeds from disposals of fixed assets	6	8
Effect of changes in scope of consolidation	-	-
Net cash used by investing activities	**(2)**	**(19)**
Dividends paid to PSA Peugeot Citroën Group (Statement 2.4)	(532)	(155)
Dividends paid to minority interests (Statement 2.4)	-	(3)
Capital increase (Statement 2.4)	-	-
Net cash used by financing activities	**(532)**	**(158)**
Effect of changes in exchange rates	(2)	(2)
Net change in cash and cash equivalents	**515**	**(162)**
Cash and cash equivalents at the beginning of the period	**1,154**	**1,316**
Cash, central banks, post office banks	23	20
Current account advances and loans and advances at overnight rates	831	1,296
Mutual funds, qualified as cash equivalents	300	-
Cash and cash equivalents at the end of the period	**1,669**	**1,154**
Cash, central banks, post office banks (Note 3)	18	23
Current account advances and loans and advances at overnight rates (Note 7)	1,002	831
Mutual funds, qualified as cash equivalents (Note 4)	649	300

2.6 Notes to the Consolidated Financial Statements

Notes

Note 1 2012 Main Events and Group Structure

A. 2012 Main Events

Revision of the Statistical Impairment Model for Retail Loans
The statistical impairment model used by Banque PSA Finance for Retail loans was revised, notably to take into account the worsening conditions in the PSA Peugeot Citroën Group's markets, particularly in Southern Europe.
Application of the new estimates to Retail loans led to an €136 million increase in Retail credit impairment, reflecting the Bank's conservative management approach. The additional impairment was reported in the Banque PSA Finance's 2012 operating income, in cost of risk, under change in accounting estimates according to IFRS standards. This impairment mainly concerns loans dating back prior to 2009.

€7 billion guarantee from the French State
Under Article 85 of the Amending Finance Act of December 29, 2012, the Minister for the Economy is authorised to provide a State guarantee for a fee for securities issued between January 1, 2013 and December 31, 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee.
An initial guarantee agreement for an amount of €1,200 million will be signed once temporary authorization is received from the European Commission under state rescue aid rules. The French State notified the European Commission of this guarantee on January 7, 2013. The Act provides for an agreement to be signed by the French State, Peugeot SA and Banque PSA Finance, which will notably describe the commitments made by the Group to the French State in return for this guarantee.
A second guarantee agreement corresponding this time to the residual amount of €5,800 million will be signed once definitive authorization has been received from the European Commission under state restructuring aid rules.

Roll-over of bank facilities
On January 11, 2013, Banque PSA Finance signed a new €4.1 billion 5-year syndicated loan agreement with 18 banks from 8 different countries taking part.
On the same day, as part of the plan to streamline and extend its back-up facilities, the Bank negotiated an extension of a €1.2 billion revolving line of credit to January 2016. In addition, Banque PSA Finance exercised its option to extend the syndicated credit facility of €2 billion signed in December 2011 and maturing in December 2014, to bring maturity to December 2015 at €1.8 billion, with the remainder retaining its maturity date of December 2014.
These signed contracts are subject to additional acceleration (see the Covenants paragraph of Note 24) or depreciation clauses should the State guarantee not be approved by European Union authorities prior to August 31, 2013.
Lastly, Banque PSA Finance also obtained the commitment to roll over the majority of its bilateral bank facilities.
Thanks to the roll-over of these bank facilities, along with the securitization programs of the 2012 second semester and the planned issues of State-guaranteed bonds, Banque PSA Finance is in a position to cover its refinancing needs for the next twelve months at least.

B. Changes in Group Structure

On June 24, 2011, Banque PSA Finance's Spanish branch repurchased the loans sold in 2009 to the Auto ABS 2009-1 fund, and the fund was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

On July 7, 2011, Crédipar sold €1,050 millions worth of automobile loans to the Auto ABS 2011-1 fund. The fund issued €956 million worth of AAA/Aaa rated A bonds and €94 million worth of B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since July 2011.

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

On November 15, 2011, Banque PSA Finance's German branch sold €800 million worth of automobile loans to the Auto ABS German Loans 2011-2 fund. The fund issued €720 million worth of AAA/Aaa rated A bonds and €80 million worth of B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since November 2011.

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.

On July 12, 2012, Crédipar sold €1,080 million worth of future finance lease revenues to the Auto ABS 2012-1 fund. The fund issued €724 million worth of AAA/AAA rated A bonds and €356 million worth of B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since July 2012.

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 Group.

On October 17, 2012, Banque PSA Finance's Italian branch sold €621 million worth of automobile loans to the Auto ABS S.r.l. 2012-2 fund, an Italian Special Purpose Vehicle (SPV). This SPV issued €537 million worth of AA/AA rated A bonds and €94 million B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since October 2012.

On November 15, 2012, the entity Financière Greffulhe S.A.S., 100%-owned by Banque PSA Finance, was liquidated, without any impact on the consolidated financial statements of Banque PSA Finance Group.

On November 16, 2012, Banque PSA Finance bought 100% of Finansketici Finansmani A.S. in Turkey. Named PSA Finansman A.S., this new subsidiary is responsible for developing in Turkey the end user financing in a first step, and the corporate dealers financing in a second step. As its business will be launched during the first semester of 2013, it was not consolidated at December 31, 2012.

On November 23, 2012, Banque PSA Finance's Spanish branch sold €800 million worth of automobile loans to the Auto ABS 2012-3 fund. The fund issued €668 million worth of AA-/AA(low) rated A bonds and €132 million B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since November 2012.

On November 29, 2012, Crédipar sold €296 million worth of automobile loans to the Auto ABS French Loans Master fund. The fund issued €267 million worth of AAA/Aaa rated A bonds and €29 million B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since November 2012.

On December 6, 2012, Banque PSA Finance's UK branch sold €1,331 million worth of automobile loans to the Auto ABS UK Loans PLC fund. The fund issued €905 million worth of AAA rated A bonds and €426 million B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since December 2012.

On December 27, 2012, in order to reinforce our partnership in China, Banque PSA Finance (BPF, through PSA Finance Nederland PFN, its Dutch subsidiary) sold 25% of its participation in DongFeng Peugeot Citroën Auto Finance Co.(DPCAFC) to DongFeng Motor Group (DFG). DFG became a new shareholder of DPCAFC, whose shareholder structure is as following: 50% BPF (through PFN), 25% DFG, 25% DPCA (DPCA: DongFeng Peugeot Citroën Automobile, joint venture: 50% PSA Peugeot Citroën / 50% DFG).
The participation of DFG to the capital of DPCAFC will further accentuate the strengthened co-operation between DPCA and DPCAFC, thus aiming to contribute significantly to an increase of market share of the Peugeot and Citroën brands and of BPF in China.

C. List of Consolidated Companies

Companies	Country	% Direct (Banque PSA Finance interest)	Indirect %	Indirect Held by	% interest at December 31 2012	% interest at December 31 2011
Branches						
German branch	Germany	-	-		-	-
Austrian branch	Austria	-	-		-	-
Spanish branch	Spain	-	-		-	-
Italian branch	Italy	-	-		-	-
Polish branch	Poland	-	-		-	-
Portuguese branch	Portugal	-	-		-	-
United Kingdom branch	United Kingdom	-	-		-	-
Fully Consolidated Companies						
Sales financing in France						
Crédipar	France	100	-		100	100
CLV	France	-	100	Crédipar	100	100
Sofib	France	100	-		100	100
Sofira	France	98	-		98	98
Sales financing outside France						
BPF Algérie	Algeria	2	98	PSA Financial Holding B.V.	100	100
PSA Finance Argentina Compania Financiera S.A.	Argentina	50	-		50	50
PSA Finance Belux	Belgium	5.25	94.75	PSA Financial Holding B.V.	100	100
Banco PSA Finance Brasil S.A.	Brazil	100	-		100	100
PSA Finance Arrendamento Mercantil S.A.	Brazil	100	-		100	100
PSA Financial d.o.o.	Croatia	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Hungaria Zrt.	Hungary	2.44	97.56	PSA Financial Holding B.V.	100	100
PSA Renting Italia S.p.A.	Italy	100	-		100	100
Banque PSA Finance Mexico SA de CV SOFOM	Mexico	2.52	97.48	PSA Finance Nederland B.V.	100	100
PSA Finance Nederland B.V.	Netherlands	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Polska Sp.zo.o.	Poland	100	-		100	100
PSA Gestao Comercio E Aluguer de Veiculos	Portugal	97	1	PSA Financial Holding B.V.	98	98
PSA Finance Ceska Republika S.r.o.	Czech Republic	0.02	99.98	PSA Financial Holding B.V.	100	100
PSA Wholesale Ltd	United Kingdom	100	-		100	100
Bank PSA Finance Rus	Russia	65	35	PSA Financial Holding B.V.	100	100
PSA Finance Slovakia S.r.o.	Slovakia	0.16	99.84	PSA Financial Holding B.V.	100	100
BPF Financiranje d.o.o.	Slovenia	-	50	PSA Financial Holding B.V.	50	50
PSA Finance Suisse S.A.	Switzerland	82.35	17.65	PSA Financial Holding B.V.	100	100
BPF Pazarlama A.H.A.S.	Turkey	100	-		100	100
Insurance						
PSA Assurance S.A.S.	France	90	-		90	90
PSA Services Ltd	Malta	0.01	99.99	PSA Assurance S.A.S.	90	90
PSA Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	90	90
PSA Life Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	90	90
Other companies						
Financière Greffulhe S.A.S.	France	-	-	Crédipar	-	100
SNDA	France	100	-		100	100
PSA Factor Italia S.p.A.	Italy	-	94.54	Italian branch	94.54	94.54
PSA Finance S.C.S.	Luxembourg	100	-		100	100
PSA Financial Holding B.V.	Netherlands	100	-		100	100
Peugeot Finance International N.V.	Netherlands	100	-		100	100
Vernon Wholesale Investments Company Ltd	United Kingdom	-	100	PSA Wholesale Ltd	100	100
Special purpose entities						
Auto ABS 2006-1	France	-	-		-	100
Auto ABS 2007-1	France	-	-		100	100
Auto ABS S.r.l. 2007-2	Italy	-	-		100	100
Auto ABS 2008-1	France	-	-		-	100
FIDC	Brazil	-	-		100	100
Auto ABS 2010-1	France	-	-		100	100
Auto ABS 2011-1	France	-	-		100	100
German Loans Auto ABS 2011-2	France	-	-		100	100
Auto ABS 2012-1	France	-	-		100	-
Auto ABS S.r.l. 2012-2	Italy	-	-		100	-
Auto ABS 2012-3	Spain	-	-		100	-
Auto ABS French Loans Master	France	-	-		100	-
Auto ABS UK Loans PLC	United Kingdom	-	-		100	-
Investments in Associates						
Dongfeng Peugeot Citroën Auto Finance Company Ltd	China	-	50	PSA Finance Nederland B.V.	50	75

Note 2 Accounting Policies

In accordance with European Council Regulation 1606/2002/EC dated July 19, 2002 on the application of international accounting standards from January 1, 2005, Banque PSA Finance's consolidated financial statements for the year ended December 31, 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date.

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

The standards and interpretations applied at December 31, 2012 were unchanged compared with December 31, 2011 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2012.

New IFRSs and IFRIC Interpretations whose Application was Compulsory in the Fiscal Year Commencing January 1, 2012

At December 31, 2012, the new texts mandatory in the European Union are those relating to the **amendment to IFRS 7 -** Financial Instruments: Disclosures - Transfers of Financials Assets. This amendment completes the required information relating to transfers of financial assets, such as securitization or sale of receivables. Mandatory in the European Union from January 2012 (Commission Regulation (EU) N° 1205/2011 of 22 November 2011), this amendment has been earlier applied by the Banque PSA Finance from the year 2011 in accordance with the AMF recommendations for the fiscal year ending 2011.

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

New IFRSs and IFRIC Interpretations Applicable after the Fiscal Year Commencing January 1, 2012

Early adopted, complying with the AMF's recommendations for the fiscal year ending December 31, 2012
Disclosures requested under the following amendment were for a large part already made in prior years, and have been completed:

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

Application of the following standards is compulsory from January 1, 2013

No early adoption is forecasted

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

- **Amendment to IAS 19 –** Post-employment Benefits. This amendment removes the possibility, adopted by the Group, to apply the corridor method. This will lead to immediate recognition of all actuarial gains and losses as well as past service costs in the balance sheet. Actuarial variations will systematically be recorded in other income and expense recognized directly in equity and the costs of past service will be fully recorded in income for the period. This amendment also establishes a rate of return on financial assets corresponding to the discount rate used to calculate the net liability.

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

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

Application of the following standards is compulsory from January 1, 2014

No early adoption is forecasted

The potential impact of key texts published by the IASB or IFRIC but not yet adopted by the European Union to date, is being analyzed.

- **IFRS 10** – Consolidated Financial Statements, and **the amendment to IAS 27** – Separate Financial Statements, which will replace the present **IAS 27 standard** – Consolidated and Separate Financial Statements and the interpretation and **SIC 12** - Consolidation - Special Purpose Entities**.** These texts introduce a new definition of control, based on power, exposure (or rights) to variable returns, and the ability to use this power to affect the amount of the return.

- **IFRS 11** – Joint Arrangements, and **amendment to IAS 28** – Investments in Associates and Joint Ventures, which will replace **IAS 31** - Interests in Joint Ventures and **IAS 28** - Investments in associates and SIC 13 - Jointly Controlled Entities - Non-monetary contribution by venturers.
These texts mainly prescribe two different accounting methods:
Joint arrangements classified as « joint operations » will be accounted for based on the percentage of assets, liabilities, revenues and expenses controlled by the Group. A joint operation may be realized through a simple contract or through a separate jointly-controlled vehicle.
Joint arrangements classified as « joint ventures », will be consolidated using the equity method, because they only allow rights to the net assets of the arrangement.

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

- **Amendement IAS 32** - *Compensation of assets and liabilities.* This text clarifies the rules for compensating the existing IAS 32.

In addition, IFRS 9, which should replace IAS 39 from January 1, 2015, will have a potential impact on Banque PSA Finance's consolidated financial statements.

Format of the Financial Statements:

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

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

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

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

The annual consolidated financial statements and notes for Banque PSA Finance Group were approved by the Board of Directors on February 11, 2013.

A. Basis of Consolidation

Consolidation Methods

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

All material intragroup transactions and balances are eliminated in consolidation.

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

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

Translation of Financial Statements of Foreign Subsidiaries

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

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

Foreign Currency Transactions

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

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

Use of Estimates

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

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

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

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

Main Consolidation Adjustments

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

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

The underlying principles are described in note C "Financial assets and liabilities", below.

Deferred Taxes

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

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

B. Fixed Assets

B.1. Property and Equipment

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

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

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

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

B.2. Intangible Assets

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

B.3. Goodwill

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

Effective from January 1, 2004, in accordance with IFRS 3 – Business Combinations, goodwill is no longer amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see note 13).

B.4. Impairment of Long-lived Assets

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

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

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

C. Financial Assets and Liabilities

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

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

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

C.1 Derivatives – Application of Hedge Accounting

C.1.1 Recognition and Measurement

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

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

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

Derivatives qualify for hedge accounting when:

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

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

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

C.1.2 Derivatives – Financial Statement Presentation

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

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

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

Banque PSA Finance liquidity reserves are invested partly in fixed income securities indexed to Eonia. They are generally financed by debt indexed to Eonia. If not, they are swapped for the 3-month Euribor by means of economic hedges. In the interests of simplicity, these fixed income securities are accounted for using the fair value option, whereby changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change in fair value of the economic hedges. Liquidity reserves are also partly invested in mutual funds, whose units are not consolidated because they do not meet the criteria regarding control or rights in the majority of the benefits and corresponding risks (see IAS 27 – Consolidated financial statements and accounting for investments in subsidiaries and SIC 12 – Consolidation: Special Purpose Entities).

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

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

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in Banque PSA Finance’s issuer spread. At December 31, 2012, no liabilities were measured using the fair value option.

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

C.4 Available-for-sale Assets

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

C.5 Held-to-maturity Investments

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

C.6 Loans and Receivables

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

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

  These types of financing are mainly intended for the following customer segments:

Retail (individuals, small to medium sized companies and larger companies not meeting the criteria for classification as Corporates, Sovereigns, Banks or Local Administrations),
Corporate and equivalent (including Corporates other than dealers, Sovereigns, Banks and Local Administrations),
and, in rare cases, for **Corporate dealers**.

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

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

C.6.1 Loans and Receivables Measured at Amortized Cost

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

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

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

C.6.2 Lease Financing

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

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

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

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

C.6.4 Impairment Losses

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

Impairment losses are identified separately under specific line items.

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

Retail financing impairment losses

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

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

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

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

Impairment losses on "Corporate dealers" and "Corporate and equivalent" financing

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

- When the first default occurs or at the latest when the above periods have been exceeded, a 'Flash Report' is issued containing a detailed risk analysis and stipulating the amount of any necessary provision. Loans for which a

'Flash Report' has been issued are flagged in the system as giving rise to an aggravated risk**.**

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

C.7 Financing Liabilities

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

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

C.7.1 Hedges of Interest Rate Risks on Financing Liabilities

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

C.7.2 Debt Securities

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

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

D. Liabilities Related to Insurance Contracts

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

E. Provisions

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

Provisions are discounted only when the impact is material.

F. Segment Information

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

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

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

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

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

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

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

G. Pension Obligations

In addition to standard pensions payable under local legislation, Group employees receive supplementary pension benefits and retirement bonuses (see note 22.1). These benefits are paid under defined contribution and defined benefit plans.

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

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

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

Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These gains and losses are recognized in the income statement by the corridor method, which consists of recognizing a specified portion of the net cumulative actuarial gains and losses that exceeds the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) and 10% of the fair value of any plan assets at the balance sheet date.

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

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

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

H. Signature Commitments

Irrevocable commitments given or received by Group companies (irrevocable customer financing commitments, corresponding to the period between the loan offer and the date when the funds are released, guarantees; other commitments received or given…) are recognized in the balance sheet at fair value in accordance with IAS 39. As these commitments are made on market terms, they have a zero fair value.
Provisions are taken for impairment of financing or guarantee commitments in accordance with IAS 37. These signature commitments are reported at their nominal amount in Note 26 – Other commitments.
Derivative financial instrument commitments (rate or currency instruments) are described in note C.1 above and are reported at their nominal amount in Note 23 – Derivatives.

Note 3 Cash, Central Banks, Post Office Banks

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Cash	3	1
Central banks and post office banks (deposits)	15	22
- of which compulsory reserves deposited with the Banque de France	*1*	*8*
Total	**18**	**23**

Note 4 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Marketable securities	1,405	1,199
- Mutual funds	688	329
- Mutual funds, qualified as cash equivalents (1)	649	300
- Units held by insurance companies	39	29
- Certificates of deposit	671	824
- of which held by securitization funds	*571*	*679*
- Other	46	46
Fair value adjustments	-	-
Marketable securities booked at fair value through profit or loss	**1,405**	**1,199**
- of which accrued interest	*1*	*8*
Accrued interest on trading derivatives (2)	**1**	**1**
Fair value of trading derivatives (2)	**1**	**4**
Total (3)	**1,407**	**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 €1,066 million at december 31, 2012, consists of mutual funds qualified as cash equivalents (€649 million) classified as "Financial assets at fair value through profit or loss", interbank loans (€402 million) classified as "Loans and advances to credit institutions" (see Note 7) and reserves deposited with the central banks (€15 million) classified as "Cash, central banks, post office banks" (see Note 3).*

(2) *Only a restricted number of swaps are classified as held for trading and have a limited impact on the income statement (see Note 23.6). See the detail of these swaps in Note 23.1, footnote (1).*

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

Note 5 Hedging Instruments - Assets

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Fair Value Hedges	**327**	**389**
Adjustment accounts - commitments in foreign currencies (1)	83	99
- of which related companies	*13*	*-*
Accrued income on swaps designated as hedges	1	49
- of which related companies	*1*	*1*
Positive fair value of instruments designated as hedges of:		
- Borrowings	8	15
- EMTNs/BMTNs	214	174
- of which due to hedging cross currency swaps' basis spread	*(11)*	*-*
- Bonds	18	44
- Certificates of deposit	-	-
- Other debts securities	1	1
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	2	7
Total	**327**	**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 23.5.

(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 8.3, 15, 18.3 and 23.4.A).*

Note 6 Available-for-sale Financial Assets

Available-for-sale financial assets consist mainly of investments in companies that are not consolidated, because the size of their business at the period-end is not material. Marketable securities are included in "Financial assets at fair value through profit or loss" (see Note 4).

No provision has been booked for start-up losses of companies that are not yet consolidated, because none of them are expected to remain in a loss-making position over the long-term. There were no start up losses at December 31, 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 €12 million at December 31, 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.,
- the Turkish subsidiary purchased in november 2012, PSA Finansman A.S. (€10 million), whose business will be launched during the first semester of 2013.

Note 7 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Demand accounts (non-group institutions)	**1,002**	**831**
- Ordinary accounts in debit (1)	600	427
- of which held by securitization funds	*229*	*131*
- Cash receivables for securities to be delivered (2)	-	-
- Loans and advances at overnight rates (3)	402	404
Time accounts (non-group institutions)(4)	**218**	**26**
- of which held by securitization funds	*187*	-
Accrued interest	**1**	**2**
Total	**1,221**	**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 18.

(3) The liquidity reserve, which amounted to €1,066 million at December 31, 2012, consists of mutual funds qualified as cash equivalents (€649 million) classified as "Financial assets at fair value through profit or loss" (see Note 4), interbank loans (€402 million) classified as "Loans and advances to credit institutions" and reserves deposited with the central banks (€15 million) classified as "Cash, central banks, post office banks" (see Note 3).

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

Note 8 Customer Loans and Receivables

8.1 Analysis by Type of Financing

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Installment contracts	**9,821**	**10,230**
- of which securitized (1)	*5,357*	*3,176*
Buyback contracts (2)	**2,327**	**2,345**
Principal and interest	2,669	2,690
- of which securitized (1)	*1,230*	*233*
Unaccrued interest on buyback contracts	(342)	(345)
- of which securitized (1)	*(175)*	*(18)*
Long-term leases (2)	**4,782**	**4,818**
Principal and interest	5,327	5,296
- Related companies	1	1
- Non-group companies	5,326	5,295
- of which securitized (1)	*353*	*684*
Unaccrued interest on long-term leases	(410)	(416)
- of which securitized (1)	*(23)*	*(49)*
Leasing deposits	(135)	(62)
Wholesale financing	**5,007**	**5,879**
Principal and interest	5,081	5,949
- Related companies	107	130
- Non-group companies	4,974	5,819
Wholesale financing deposits	(74)	(70)
- Related companies	(60)	(56)
- Non-group companies	(14)	(14)
Other finance receivables (including equipment loans, revolving credit)	**885**	**810**
Ordinary accounts in debit	**157**	**156**
- Related companies	4	5
- Non-group companies	153	151
Deferred items included in amortized cost - Customers loans and receivables	**82**	**76**
- Deferred acquisition costs	445	443
- Deferred loan set-up costs	(107)	(113)
- Deferred manufacturer and dealer contributions	(263)	(268)
- Deferred discounting adjustments to subsidized loans (3)	7	14
Total Loans and Receivables at Amortized Cost	**23,061**	**24,314**
- of which securitized (1)	*6,742*	*4,026*
- of which loans and receivables given as collateral (4)	*4,057*	*1,233*

(1) The Banque PSA Finance Group has set up several securitization programs (see Note 8.5).

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

(3) This concerns interest-free customer loans granted under the VIVE plan in Spain (see Note 16).

(4) Corresponding to receivables given as collateral at December 31, 2012 (see Note 26) :

- *€3,704 million to the ECB,*
- *€180 million to the SFEF,*
- *€41 million to the Budensbank by the German branch,*
- *and €132 million to Mediobanca by the Italian branch.*

8.2 Customer Loans and Receivables by Segment

IFRS 8 Segment / Type of financing	Corporate Dealers (A - see B Note 33.1)		End user: Retail (B - see A Note 33.1)		End user: Corporate and equivalent (C - see C Note 33.1)		Total	
(in million euros)	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Installment contracts	44	59	9,660	10,067	117	104	9,821	10,230
Buyback contracts	47	44	2,185	2,233	95	68	2,327	2,345
Long-term leases	79	91	3,315	3,410	1,388	1,317	4,782	4,818
Wholesale financing	5,007	5,879	-	-	-	-	5,007	5,879
Other finance receivables	733	627	150	175	2	8	885	810
Ordinary accounts in debit	154	150	-	-	3	6	157	156
Deferred items included in amortized cost	(10)	(10)	106	99	(14)	(13)	82	76
Total customer loans by segment (based on IFRS 8)	**6,054**	**6,840**	**15,416**	**15,984**	**1,591**	**1,490**	**23,061**	**24,314**

8.3 Analysis by Currency

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Net loans and receivables		
ARS	283	237
AUD	7	31
BRL	1,198	1,430
CHF	468	503
CZK	125	137
DKK	23	49
EUR	17,666	18,801
GBP	2,599	2,458
HRK	33	31
HUF	12	10
MXN	25	38
NOK	-	9
PLN	259	260
RUB	357	268
SEK	-	33
USD	6	19
Total	**23,061**	**24,314**

The adjustments arising from the remeasurement of foreign currency customer loans refinanced in euros at period-end exchange rates are offset by the fair value adjustments to currency swaps hedging these loans (see Notes 5 and 15).

8.4 Analysis by Maturity

(except ordinary accounts in debit and deferred items included in amortized cost)

Analysis by Maturity at December 31, 2012

(in million euros)	Installment contracts	Buyback contracts	Long-term leases	Wholesale financing	Other finance receivables	Total at Dec. 31, 2012
Not broken down	478	151	177	200	115	1,121
0 to 3 months	1,048	204	604	3,969	148	5,973
3 to 6 months	918	185	507	575	80	2,265
6 months to 1 year	1,902	361	900	347	131	3,641
1 to 5 years	5,558	1,507	2,821	14	383	10,283
Over 5 years	292	5	1	-	77	375
Total, gross	**10,196**	**2,413**	**5,010**	**5,105**	**934**	**23,658**
Guaranties deposits	-	-	(135)	(74)	-	(209)
Impairment	(375)	(86)	(93)	(24)	(49)	(627)
Total net loans and receivables	**9,821**	**2,327**	**4,782**	**5,007**	**885**	**22,822**

Analysis by Maturity at December 31, 2011

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

8.5 Securitization programs

(in million euros)						Sold receivables		
Country of Seller	Seller	Fund	Country of Fund	Date of Sale	Type of Financing	at Dec. 31, 2012	at Dec. 31, 2011	at the origin
France	Crédipar	Auto ABS 2006-1	France	July 11, 2006	Buyback contracts (1)	-	177	1,250
		Auto ABS 2007-1	France	Jan. 26, 2007	Installment contracts	114	311	1,250
		Auto ABS 2011-1	France	July 07, 2011	Installment contracts	965	1,014	1,050
		Auto ABS 2012-1	France	July 12, 2012	Buyback contracts (5)	1,055	-	1,080
		Auto ABS French Loans Master	France	First sale on Nov. 29, 2012 (2)	Installment contracts	288	-	296
Germany	Banque PSA Finance's branch	Auto ABS 2008-1	France	July 16, 2008	Installment contracts	-	68	1,000
		Auto ABS 2010-1	France	Nov. 18, 2010	Long-term leases (3)	330	635	680
		German Loans Auto ABS 2011-2	France	Nov. 15, 2011	Installment contracts	774	777	800
Spain	Banque PSA Finance's branch	Auto ABS 2012-3	Spain	Nov. 23, 2012	Installment contracts	777	-	800
Italy	Banque PSA Finance's branch	Auto ABS S.r.l. 2007-2	Italy	July 5, 2007	Installment contracts	146	349	850
		Auto ABS S.r.l. 2012-2	Italy	Oct. 17, 2012	Installment contracts	574	-	621
United Kingdom	Banque PSA Finance's branch	Auto ABS UK Loans PLC	United Kingdom	Dec. 6, 2012	Installment contracts	1,290	-	1,331
Brazil	Banco PSA Finance Brasil S.A.	FIDC	Brazil	Start of sales on April 13, 2010 (4)	Installment contracts	429	657	N/A
	PSA Finance Arrendamento Mercantil S.A.				Buyback contracts (5)	-	38	N/A
Assigned loans, total						**6,742**	**4,026**	

The French, Spanish, Italian and British funds 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.

(1) *Sold receivables correspond to future finance buyback contracts revenues and related VAT.*

(2) *The Auto ABS French Loans Master has the possibility to purchase in a continuous way the new production of installment contracts.*

(3) *Sold receivables correspond to future long-term lease revenues and residual value.*

(4) *The FIDC is an open-end fund that can purchase successive packages of loans, in line with the agreement entered into with Banco Santander.*

(5) *Sold receivables correspond to future finance buyback contracts revenues.*

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

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Fair value adjustments to		
Installment contracts	68	61
Buyback contracts	13	11
Long-term leases	4	1
Total	**85**	**73**

Hedging effectiveness is analyzed in Note 23.5.

Note 10 Accruals and Other Assets

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Other receivables	**304**	**323**
- Related companies	101	94
- Non-group companies	203	229
Prepaid and recoverable taxes	**66**	**66**
Accrued income	**25**	**23**
- Related companies	-	1
- Non-group companies	25	22
- of which insurance activities	*16*	*12*
Prepaid expenses	**84**	**79**
Other	**145**	**121**
- Related companies	3	1
- Non-group companies	142	120
Total	**624**	**612**

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

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
At the beginning of the period	**62**	**54**
Share in net income	7	3
Change in Group structure (1)	(20)	-
Goodwill (1)	(2)	-
Exchange difference	(1)	5
At the end of the period	**46**	**62**
- of which goodwill (2)	*5*	*7*

(1) *On December 27, 2012, proceeds from disposal of 25% shares in the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd by PSA Finance Nederland B.V. (see Notes 1.B and 34).*

(2) *Goodwill on the May 25, 2010 acquisition of a further 50% of the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd by PSA Finance Nederland B.V. amounted to CNY56.7 million (€7 million at December 31, 2011).*

On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY37.8 million (€5 million at December 31, 2012).

As Banque PSA Finance does not have full control of the subsidiary, it was accounted for using the equity method. Consequently, the goodwill has been added to the carrying amount of the investment presented in "Investments in Associates and Joint Ventures Accounted for using the Equity Method", in accordance with IAS 28-Investments in Associates.

An impairment test carried out on October 31, 2012 revealed no impairment in the carring amount of goodwill.

Note 12 Property and Equipment and Intangible Assets

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

(in million euros)	Dec. 31, 2012 Cost	Dec. 31, 2012 Depreciation/ amortization	Dec. 31, 2012 Net	Dec. 31, 2011 Cost	Dec. 31, 2011 Depreciation/ amortization	Dec. 31, 2011 Net
Property and equipment	**39**	**(25)**	**14**	**40**	**(25)**	**15**
- Land and buildings	1	-	1	1	-	1
- Vehicles	13	(4)	9	13	(3)	10
- Other	25	(21)	4	26	(22)	4
Intangible assets	**189**	**(103)**	**86**	**181**	**(90)**	**91**
- Softwares	184	(98)	86	176	(85)	91
- Other	5	(5)	-	5	(5)	-
Total	**228**	**(128)**	**100**	**221**	**(115)**	**106**

Movements at Cost

(in million euros)	Dec. 31, 2011	Additions	Disposals	Other movements	Dec. 31, 2012
Property and equipment	**40**	**11**	**(12)**	**-**	**39**
- Land and buildings	1	-	-	-	1
- Vehicles	13	10	(10)	-	13
- Other	26	1	(2)	-	25
Intangible assets	**181**	**8**	**-**	**-**	**189**
- Softwares	176	8	-	-	184
- Other	5	-	-	-	5
Total	**221**	**19**	**(12)**	**-**	**228**

Changes in Depreciation and Amortization

(in million euros)	Dec. 31, 2011	Charges	Reversals	Other movements	Dec. 31, 2012
Property and equipment	**(25)**	**(5)**	**5**	**-**	**(25)**
- Land and buildings	-	-	-	-	-
- Vehicles	(3)	(4)	3	-	(4)
- Other	(22)	(1)	2	-	(21)
Intangible assets	**(90)**	**(13)**	**-**	**-**	**(103)**
- Softwares	(85)	(13)	-	-	(98)
- Other	(5)	-	-	-	(5)
Total	**(115)**	**(18)**	**5**	**-**	**(128)**

Note 13 Goodwill

An impairment test carried out on December 31, 2012 revealed no impairment in the carrying amount of goodwill.

Goodwill at the end of period

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Net value		
Crédipar	75	75
Sofib	6	6
Bank PSA Finance Rus	2	2
Total	**83**	**83**

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

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

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

Note 14 Financial Liabilities at Fair Value Through Profit or Loss

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

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

(1) *Only a restricted number of swaps are classified as held for trading and have a limited impact on the income statement (see Note 23.6). See the detail of these swaps in Note 23.1, footnote (1).*

Note 15 Hedging Instruments - Liabilities

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Fair Value Hedges	**114**	**181**
Adjustment accounts - commitments in foreign currencies (1)	-	36
- of which related companies	*-*	*36*
Unrealised losses on unclosed hedges	-	-
Accrued expenses on swaps designated as hedges	15	22
- of which related companies	*6*	*6*
Negative fair value of instruments designated as hedges of:		
- Borrowings	-	-
- EMTNs/BMTNs	2	7
- Bonds	18	44
- Certificates of deposit	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	79	72
Total	**114**	**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 23.5.

(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 (cf. Notes 5, 8.3, 18.3 et 23.4.A).*

Note 16 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Demand deposits (non-group institutions)	**106**	**104**
- Ordinary accounts in credit	79	85
- Accounts and deposits at overnight rates	26	18
- Other	1	1
Accrued interest	**1**	**1**
Time deposits (non-group institutions) (1)	**7,955**	**4,796**
- conventional bank deposits	*2,967*	*3,200*
- drawdowns on back up lines (see Note 26)(2)	*1,325*	*469*
- of which deposits from Mediobanca by the Italian Branch (see Note 26)	*100*	*-*
- drawdown on credit facility (see Note 26)	*473*	*200*
- deposits from the ECB (see Note 26)	*2,900*	*-*
- deposits from the SFEF (see Note 26)	*105*	*689*
- deposits from Instituto de Credito Oficial (ICO)(3)	*170*	*173*
- deposits from the Bundesbank by the German Branch (see Note 26)	*15*	*65*
Deferred items included in amortized cost of deposits from credit institutions	**(14)**	**(14)**
- Debt issuing costs (deferred charges)	(21)	(28)
- Deferred discounting adjustments to subsidized loans (4)	7	14
Accrued interest	**57**	**98**
Total deposits from credit institutions at amortized cost	**8,105**	**4,985**

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

(2) *Mainly corresponding to long-term financing commitments (see Note 26).*

(3) *Under the "VIVE" (Vehiculo Innovador Vehiculo Ecologico) ecological vehicle development plan in Spain.*

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

Analysis by Currency

	Dec. 31, 2012		Dec. 31, 2011	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
ARS	-	162	-	165
BRL	-	320	18	363
CHF	2	-	6	11
CZK	4	54	1	77
EUR	28	6,995	45	3,359
GBP	45	257	18	694
HRK	2	7	1	7
HUF	2	-	1	4
MXN	-	16	-	10
PLN	23	20	14	18
RUB	-	124	-	88
Total	**106**	**7,955**	**104**	**4,796**

Note 17 Due to Customers

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Demand accounts	**356**	**340**
- Dealers' ordinary accounts in credit		
- Related companies (2)	159	76
- Non-group companies	139	190
- Other amounts due to Customers		
- Related companies	-	8
- Non-group companies	58	66
Time deposits (non-group institutions) (1)	**11**	**2**
Total	**367**	**342**

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

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

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

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
EUR	5	-
Other	6	2
Total	**11**	**2**

Note 18 Debt Securities

18.1 Analysis by Nature

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Interbank instruments and money-market securities (non-group institutions) (1)	**8,246**	**12,179**
- EMTNs and BMTNs	8,099	8,425
- Certificates of deposit and "billets de trésorerie"	147	3,754
- of which paper in the process of being delivered	-	-
Accrued interest	**195**	**211**
Deferred items included in amortized cost of debt securities	**(14)**	**(15)**
- Debt issuing costs and premiums (deferred charges)	(14)	(15)
Bonds	**4,127**	**3,575**
- issued by the subsidiary PSA Finance S.C.S.	413	413
- issued by securitization funds (2)		
- Related companies	-	25
- Non-group companies	3,714	3,137
Accrued interest	**1**	**4**
- of which securitization	*1*	*3*
Other debt securities	**564**	**810**
- of which securitization: senior bonds (2)	*334*	*681*
Accrued interest	**207**	**125**
- of which securitization	*197*	*117*
Total debt securities at amortized cost	**13,326**	**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) The Banque PSA Finance Group has set up several securitization programs (see Note 18.4).

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

	Dec. 31, 2012			Dec. 31, 2011		
(in million euros)	Bonds	Money-market securities	Other	Bonds	Money-market securities	Other
0 to 3 months	357	906	-	290	3,824	52
3 to 6 months	252	64	26	220	966	48
6 months to 1 year	626	1,299	61	541	835	91
1 to 5 years	2,892	5,787	477	2,490	6,361	619
Over 5 years	-	190	-	34	193	-
Total	**4,127**	**8,246**	**564**	**3,575**	**12,179**	**810**

18.3 Analysis by Repayment Currency (1)

	Dec. 31, 2012			Dec. 31, 2011		
(in million euros)	Bonds	Money-market securities	Other	Bonds	Money-market securities	Other
ARS	-	49	-	-	20	-
BRL	-	-	540	-	-	777
EUR	3,228	7,020	24	3,575	11,093	33
GBP	899	-	-	-	-	-
CHF	-	186	-	-	100	-
JPY	-	44	-	-	100	-
USD (1)	-	947	-	-	966	-
Total	**4,127**	**8,246**	**564**	**3,575**	**12,279**	**810**

(1) Adjustments arising from the remeasurement of hedged foreign currency financing liabilities (including €70 million due to USD issued debt) at period-end exchange rates are offset by fair value adjustments to the corresponding currency swaps (see Notes 5 and 15).

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

18.4 Securitization programs

Bonds (Except Accrued interest)

(in million euros)

Country of Seller	Fund	Country of Fund	Bonds	Rating	Subscriber	Issued Bonds at Dec. 31, 2012	Issued Bonds at Dec. 31, 2011	Issued Bonds at the origin
France	Auto ABS 2006-1	France		*Fitch/Moody's/S&P*				
			Class A	AAA/Aaa/AAA	Non-group companies	-	65	1,118
			Class B	A/A2/A	Non-group companies	-	132	132
	Auto ABS 2007-1	France		*Moody's/S&P*				
			Class A	Aaa/AAA	Non-group companies	63	274	1,181
			Class B	Aa3/A	Non-group companies	69	69	69
	Auto ABS 2011-1	France		*Fitch/Moody's*				
			Class A	AAA/Aaa	Non-group companies	910	956	956
			Class B	-	Banque PSA Finance	94	94	94
	Auto ABS 2012-1	France		*Fitch/S&P*				
			Class A	AAA/AAA	Non-group companies	724	-	-
			Class A	AAA/AAA	Banque PSA Finance	-	-	724
			Class B	-	Banque PSA Finance	356	-	356
	Auto ABS French Loans Master	France		*Fitch/Moody's*				
			Class A	AAA/Aaa	Banque PSA Finance	267	-	267
			Class B	-	Banque PSA Finance	29	-	29
Germany	Auto ABS 2008-1	France		*Moody's/S&P*				
			Class A	Aaa/AAA	Non-group companies	-	52	970
			Class B	Aa3/A	Non-group companies	-	5	5
			Class B	Aa3/A	Related companies	-	25	25
	Auto ABS 2010-1	France		*Fitch/S&P*				
			Class A	AAA/AAA	Non-group companies	155	469	500
			Class B	-	Banque PSA Finance	80	80	80
			Class C	-	Banque PSA Finance	100	100	100
	German Loans Auto ABS 2011-2	France		*Fitch/Moody's*				
			Class A	AAA/Aaa	Non-group companies	720	720	720
			Class B	-	Banque PSA Finance	80	80	80
Espagne	Auto ABS 2012-3	Espagne		*Fitch/DBRS*				
			Class A	AA-/AA(low)	Banque PSA Finance	668	-	668
			Class B	-/CCC	Banque PSA Finance	132	-	132
Italie	Auto ABS S.r.l. 2007-2	Italie		*Moody's/S&P*				
			Class A	A2/AA+	Non-group companies	140	361	816
			Class B	A3/A	Non-group companies	34	34	34
			Classe C	-	Branch	10	19	19
	Auto ABS S.r.l. 2012-2	Italie		*Fitch/S&P*				
			Class A	AA/AA	Banque PSA Finance	507	-	537
			Class B	-	Branch	94	-	94
United Kingdom	Auto ABS UK Loans PLC	United Kingdom		*Fitch*				
			Class A	AAA	Non-group companies	899	-	905
			Class B	-	Branch	424	-	426
Elimination of intercompany transactions						(2,841)	(373)	
Total						**3,714**	**3,162**	

Other debt securities (Except Accrued interest)

(in million euros)

Country of Seller	Fund	Country of Fund	Securities	Subscriber	Issued Securities at Dec. 31, 2012	Issued Securities at Dec. 31, 2011	Issued Securities at the origin
Brazil	FIDC	Brazil	Senior	Banco Santander (90%)	334	681	N/A
			Subordinated	Banco PSA Finance Brasil S.A. and PSA Finance Arrendamento Mercantil S.A. (10%)	62	60	N/A
Elimination of intercompany transactions					(62)	(60)	
Total					**334**	**681**	

The French, Spanish, Italian and British funds 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.

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

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Fair value adjustments to borrowings	8	15
Fair value adjustments to EMTNs/BMTNs	218	169
Fair value adjustment to certificates of deposit	-	-
Fair value adjustments to bonds	-	1
Total	**226**	**185**

Hedging effectiveness is analyzed in Note 23.5.

Note 20 Accruals and Other Liabilities

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Trade payables	**315**	**351**
- Related companies (1)	273	289
- Non-group companies	42	62
Accrued payroll and other taxes	**113**	**95**
Accrued charges	**181**	**161**
- Related companies	15	8
- Non-group companies	166	153
Other payables	**81**	**57**
- Related companies	37	31
- Non-group companies	44	26
Deferred income	**273**	**280**
- Related companies	5	9
- Non-group companies	268	271
Other	**119**	**108**
- Non-group companies	119	108
Total	**1,082**	**1,052**

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

Note 21 Insurance Activities

21.1 Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Life insurance liabilities	**19.3**	**13.7**
Unearned premium reserve (UPR)	5.9	4.3
Claims reserve		
- Claims reserve - reported claims	7.5	5.5
- Claims reserve - claims incurred but not reported (IBNR)	5.9	3.9
Other	-	-
Non-life insurance liabilities	**21.2**	**12.9**
Unearned premium reserve (UPR)	4.5	3.5
Claims reserve		
- Claims reserve - reported claims	7.2	4.5
- Claims reserve - claims incurred but not reported (IBNR)	9.5	4.9
Other	-	-
Total liabilities related to insurance contracts	**40.5**	**26.6**

21.2 Change in Liabilities Related to Insurance Contracts

21.2.1 Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-Life	Total
Opening reserve at January 1, 2012	**4.3**	**3.5**	**7.8**
+ Written premiums	53.4	77.5	130.9
- Earned premiums	(51.8)	(76.5)	(128.3)
+ Other movements	-	-	-
Closing reserve at December 31, 2012	**5.9**	**4.5**	**10.4**

21.2.2 Claims Reserve

(in million euros)	Life	Non-Life	Total
Opening reserve at January 1, 2012	**9.3**	**9.4**	**18.7**
of which reported claims	*5.4*	*4.5*	*9.9*
of which claims incurred but not reported (IBNR)	*3.9*	*4.9*	*8.8*
- Claims paid in current year	(7.6)	(11.3)	(18.9)
+ Claims incurred in current year	10.6	16.1	26.7
+ Claims incurred in prior years	2.7	3.1	5.8
+ Other movements	(1.6)	(0.6)	(2.2)
Closing reserve at December 31, 2012	**13.4**	**16.7**	**30.1**
of which notified claims	*7.5*	*7.2*	*14.7*
of which claims incurred but not reported (IBNR)	*5.9*	*9.5*	*15.4*

21.3 Income from Activities

21.3.1 Technical Income from Insurance Activities

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
+ Earned premiums, net of reinsurance ceded premiums	128.3	98.1
Gross amount	*128.3*	*98.1*
Reinsurance ceded premiums	-	-
- Cost, net of reinsurance	(32.2)	(21.2)
Claims expenses (gross)	*(20.8)*	*(13.3)*
Reinsurance ceded claims expenses	-	-
Change in insurance liabilities (except for UPR)	*(11.4)*	*(7.9)*
Margin on sales of Insurance activities (1)	**96.1**	**76.9**
+/- Other technical income (expense)	(37.7)	(29.2)
Brokerage fees	*(36.8)*	*(28.1)*
Personnel costs	*(0.2)*	*(0.1)*
Reinsurance commissions	-	-
Other technical income (expense)	*(0.7)*	*(1.0)*
+ Investment income, net	0.9	0.8
Contribution to operating income before elimination of intercompany transactions	**59.3**	**48.5**
+/- Elimination of intercompany transactions	36.2	27.9
Contribution to operating income after elimination of intercompany transactions	**95.5**	**76.4**

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

21.3.2 Non-technical Income from Insurance Activities

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
+/- Other non-technical income (expense)	(2.1)	(2.4)
Personnel costs	*(0.7)*	*(0.6)*
Other non-technical income (expense)	*(1.4)*	*(1.8)*
Contribution to operating income before elimination of intercompany transactions	**(2.1)**	**(2.4)**
+/- Elimination of intercompany transactions	*(0.2)*	*(0.2)*
Contribution to operating income after elimination of intercompany transactions	**(2.3)**	**(2.6)**

21.3.3 Operating Income from Insurance Activities

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Technical income	95.5	76.4
Non-technical income	(2.3)	(2.6)
Contribution to operating income after elimination of intercompany transactions (1)	**93.2**	**73.8**

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

Note 22 Provisions

(in million euros)	Dec. 31, 2011	Charges	Reversals Utilized	Reversals Unutilized	Reclassifi-cations, currency effect	Dec. 31, 2012
Provisions for pensions and other post-retirement benefits	14	4	(3)	-	(2)	13
Provisions for doubtful commitments:						
- Corporate dealers	3	1	-	-	-	4
- Corporate and equivalent	-	-	-	-	-	-
Provisions for losses on sales of used cars (1)	14	6	(6)	-	-	14
Provisions for sub-contracted long term leases	-	-	-	-	-	-
Other	15	6	(1)	(1)	-	19
Total	**46**	**17**	**(10)**	**(1)**	**(2)**	**50**

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

22.1 Pension Obligations

A. Plan Description

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

In France, defined benefit obligations concern:
- statutory length-of-service awards payable to employees when they retire;
- supplementary pension benefits payable to executives. The obligation corresponds to the portion not transferred to an external fund in 2002 and guarantees an aggregate replacement rate from all plans of up 60% of the employee's final salary.

In the United Kingdom, defined benefit plans have been closed to new participants since May 2002. The plan guarantee a replacement rate of up to 66% of the employee's final salary.

B. Assumptions

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

	Euro zone	Jnited Kingdon
Discount rate		
2012	**3.00%**	**4.25%**
2011	4.50%	4.90%
Inflation rate		
2012	**1.80%**	**2.70%**
2011	1.80%	2.90%

At each period-end, the discount rate is determined based on the most representative returns on prime corporate bonds with a life that approximates the duration of the benefit obligation.
Prime corporate bonds are defined as corporate bonds awarded one of the two highest ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

Assumptions concerning future salary levels reflect, for each country, projected inflation rates and assumptions related to individual pay increases. The calculations are based on inflation plus 1% in 2012 and inflation plus 0.5% in subsequent years for France, and inflation plus 1% for the United Kingdom.
Mortality and staff turnover assumptions are based on the specific conditions of each Group company or the country in which they operate.

Sensitivity of assumptions

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

	Discount rate +0,25%	Inflation rate +0,25%
France	-2,42%	+2,99%
United Kingdom	-3,74%	+3,25%

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2012 of €0,05 million for French plans and €0,35 million for UK plans.

C. Movement for the Year

Excluding minimum funding requirement (IFRIC14)

	Dec. 31, 2012				Dec. 31, 2011			
(in million euros)	France	United Kingdom	Other countries	Total	France	United Kingdom	Other countries	Total
Projected benefit obligation								
At beginning of the year	**(9)**	**(31)**	**(35)**	**(75)**	**(9)**	**(26)**	**(28)**	**(63)**
Service cost	(1)	(1)	(1)	(3)	-	(1)	(1)	(2)
Interest cost	-	(2)	(1)	(3)	-	(2)	(2)	(4)
Benefits paid	1	2	-	3	-	1	-	1
Actuarial gains and losses								
- Amount	(2)	(7)	(4)	(13)	-	(2)	2	-
- As a % of the projected benefit obligation	*16.4%*	*21.9%*	*12.5%*	*16.9%*	*2.9%*	*8.5%*	*5.6%*	*0.6%*
Exchange difference	-	(1)	-	(1)	-	(1)	-	(1)
Effect of changes in scope of consolidation	-	4	-	4	-	-	(6)	(6)
Curtailments and settlements	-	-	-	-	-	-	-	-
At year-end	**(11)**	**(36)**	**(41)**	**(88)**	**(9)**	**(31)**	**(35)**	**(75)**
Funded status								
At beginning of the year	**5**	**35**	**26**	**66**	**5**	**28**	**9**	**42**
Expected return on external funds	-	2	1	3	-	2	-	2
Actuarial gains and losses								
- Amount	-	7	1	8	-	2	(2)	-
- As a % of the projected benefit obligation	*7.8%*	*21.6%*	*3.2%*	*13.2%*	*0.7%*	*6.9%*	*16.6%*	*1.1%*
Exchange difference	-	1	-	1	-	1	-	1
Benefits paid	-	(2)	-	(2)	-	(1)	-	(1)
Effect of changes in scope of consolidation	-	(5)	1	(4)	-	-	18	18
Curtailments and settlements	-	-	-	-	-	-	-	-
At year-end	**5**	**40**	**30**	**75**	**5**	**35**	**26**	**66**
Deferred items								
At beginning of the year	**1**	**1**	**(1)**	**1**	**1**	**1**	**(1)**	**1**
Items deferred during the year	1	(1)	4	4	-	-	-	-
Amortization of deferred items	-	-	-	-	-	-	-	-
Exchange difference and other	-	1	-	1	-	-	-	-
Curtailments and settlements	-	-	-	-	-	-	-	-
At year-end	**2**	**1**	**3**	**6**	**1**	**1**	**(1)**	**1**

D. Reconciliation of Balance Sheet Items

	Dec. 31, 2012				Dec. 31, 2011			
(in million euros)	France	United Kingdom	Other countries	Total	France	United Kingdom	Other countries	Total
Projected benefit obligation	**(11)**	**(36)**	**(41)**	**(88)**	**(9)**	**(31)**	**(35)**	**(75)**
Fair value of external funds	5	40	30	75	5	35	26	66
Surplus or (deficit)	**(6)**	**4**	**(11)**	**(13)**	**(4)**	**4**	**(9)**	**(9)**
Actuarial gains and losses	2	1	3	6	-	1	-	1
(Provision) net asset before minimum funding requirement	**(4)**	**5**	**(8)**	**(7)**	**(4)**	**5**	**(9)**	**(8)**
Minimum funding requirement provision	-	-	-	-	-	-	-	-
(Provision) net asset recognized in the balance sheet	**(4)**	**5**	**(8)**	**(7)**	**(4)**	**5**	**(9)**	**(8)**
of which: provisions	*(5)*	*-*	*(8)*	*(13)*	*(5)*	*-*	*(9)*	*(14)*
of which: net assets	*1*	*5*	*-*	*6*	*1*	*5*	*-*	*6*
Of which, unfunded funds	0.0%	0.0%	4.6%	2.2%	0.0%	0.0%	5.2%	2.4%

In Germany, a Contractual Trust Agreement (CTA) was set up at the end of 2011. This type of contract allows assets to be transferred to a trustee-administered external fund and to qualify as "plan assets" in IAS 19. The CTA assets amounted to €15 million at December 31, 2011 and were previously recorded for the most part in "other assets".

E. Expense for the Year

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

Pension costs break down as follows:

(in million euros)	Dec. 31, 2012				Dec. 31, 2011			
	France	United Kingdom	Other countries	Total	France	United Kingdom	Other countries	Total
Service cost	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(3)
Amortization of deferred items	-	-	-	-	-	-	-	-
Interest cost	-	(2)	(1)	(3)	-	(2)	(1)	(3)
Expected return on external funds	-	2	1	3	-	2	-	2
Other				-	-	-	-	-
Total (before minimum funding requirement provision)	**(1)**	**(1)**	**(1)**	**(3)**	**(1)**	**(1)**	**(2)**	**(4)**
Change in minimum funding requirement liability (IFRIC 14) (1)	-	-	-	-	-	-	-	-
Total	**(1)**	**(1)**	**(1)**	**(3)**	**(1)**	**(1)**	**(2)**	**(4)**

(1) *The minimum funding requirement liability recognised in accordance with IFRIC 14 was released to the income statement in 2010.*

F. Projected benefit payments in 2013

Pension benefits payable in 2013 are estimated at €1.9 million.

22.2 Long-service awards

The Group estimates its liability for long-service awards payable to employees who fulfil certain seniority criteria, notably in France. The calculations are performed using the same method and assumptions as for supplementary pension benefits and retirement bonuses (see note 22.1.B above). The estimated liability is provided for in full in the consolidated financial statements and breaks down as follows:

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
France	1	1
Other countries	-	-
Total	**1**	**1**

Note 23 Derivatives

Group Interest Rate Management Policy

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

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

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

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

Counterparty risk:
Banque PSA Finance's exposure to counterparty risk is limited to its use of derivatives governed by standard FBF or ISDA agreements and very short term cash investments with leading counterparties. Almost all the swaps (more than 95%) are swaps with margin call. Customer credit risk is discussed in Note 33.

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.

23.1 Banque PSA Finance Interest Rate Position

(in million euros)	0 to 1 year	1 to 5 years	+5 years	Total at Dec. 31, 2012
Financial assets				
Wholesale financing	5,007	-	-	5,007
Fixed rate customer financing	7,074	10,395	-	17,469
Other adjustable rate loans and receivables	585	-	-	585
Fixed rate financial assets	-	-	-	-
Other financial assets	2,644	-	-	2,644
Total financial assets (a)	**15,310**	**10,395**	**-**	**25,705**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**414**	**-**	**-**	**414**
Non financial assets				
Fixed assets and goodwill	-	183	-	183
Other non financial assets	884	-	-	884
Total non financial assets	**884**	**183**	**-**	**1,067**
Total assets				*27,186*
Financial liabilities				
Hedged fixed rate debt	(2,181)	(5,561)	(178)	(7,920)
Hedged adjustable rate debt	(12,922)	(23)	-	(12,945)
Other borrowings and deposits	(473)	-	-	(473)
Total financial liabilities (b)	**(15,576)**	**(5,584)**	**(178)**	**(21,338)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(342)**	**-**	**-**	**(342)**
Non financial liabilities				
Other non financial liabilities	(2,079)	-	-	(2,079)
Total non financial liabilities	**(2,079)**	**-**	**-**	**(2,079)**
Equity (3)	**-**	**(3,427)**	**-**	**(3,427)**
Total equity and liabilities				*(27,186)*
Net position before hedging = (a) + (b)	**(266)**	**4,811**	**(178)**	**4,367**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(5,871)	(6,023)	-	(11,894)
- lending leg	11,894	-	-	11,894
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**6,023**	**(6,023)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- lending leg	2,181	5,561	178	7,920
- borrowing leg	(7,920)	-	-	(7,920)
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- borrowing leg	19	23	-	42
- lending leg	(42)	-	-	(42)
Total derivatives hedging financial liabilities (d)	**(5,762)**	**5,584**	**178**	**-**
Trading transactions (e) (1)	**382**	**-**	**-**	**382**
Derivatives net position = (c) + (d) + (e)	**643**	**(439)**	**178**	**382**
Net position after hedging (3)	**377**	**4,372**	**-**	**4,749**
Note: Net position after hedging in December 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 €23,952 million total swaps nominal at December 31, 2012, a restricted number of swaps (€382 million) are classified as held for trading. The impact of these swaps on the income statement is not material (see Notes 4, 14 and 23.6). Note that none of the swaps from 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 €3,714 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 €4,372 million and is mainly hedged by equity.*

23.2 Hedges of Interest Rate Risks on Future Lending Transactions

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

The change in value of this type of swaps was recognized directly in equity under "Gains and losses recognized directly in equity" until their maturity in 2011 (see "Consolidated statement of changes in equity attributable to equity holders of the parent and minority interests").

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 €7.4 million. Deferred gains and losses amounted to €4.9 million (€3.2 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	Dec. 31, 2012
Intrinsic value of open swaptions	-	-	-	-	-	-
Hedging gains or losses	12.3	-	-	(7.4)	-	4.9
Gains recognized directly in equity (gross)	**12.3**	**-**	**-**	**(7.4)**	**-**	**4.9**
Deferred tax	(4.2)	-	-	-	2.5	(1.7)
Gains recognized directly in equity (net)	**8.1**	**-**	**-**	**(7.4)**	**2.5**	**3.2**

Timing of Impacts on Income

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
0 to 3 months	1.5	2.3
3 to 6 months	1.0	1.9
6 months to 1 year	1.6	3.2
1 to 5 years	0.8	4.9
+ 5 years	-	-
Total	**4.9**	**12.3**

23.3 Hedges of Interest Rate Risks on Adjustable Rate Debt

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

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

Cash Flow Hedges

(in million euros)	Dec 31, 2011	Fair value adjustments	Dec. 31, 2012
Remeasurement of derivatives designated as hedges	0.5	(0.7)	(0.2)
Deferred tax	(0.2)	0.2	-
Gains (losses) recognized directly in equity, net	**0.3**	**(0.5)**	**(0.2)**

23.4 Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

Parent's External Positions

(in million euros)	HUF	CHF	CZK	GBP	JPY	MXN	PLN	RUB	USD
Assets	4	363	70	2,341	-	2	146	153	-
Liabilities	-	(188)	(54)	(1,087)	(44)	-	-	-	(947)
Net position before hedging	**4**	**175**	**16**	**1,254**	**(44)**	**2**	**146**	**153**	**(947)**
Hedging assets	(4)	(175)	(16)	(1,254)	-	(2)	(146)	(153)	-
Hedging liabilities	-	-	-	-	44	-	-	-	947
Hedging position	**(4)**	**(175)**	**(16)**	**(1,254)**	**44**	**(2)**	**(146)**	**(153)**	**947**
Net position after hedging at Dec. 31, 2012	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2011	-	-	-	*2*	-	-	-	-	-

Subsidiaries' External Positions

(in million euros)	EUR /PLN	CHF /HUF	EUR /AUD	EUR /BRL	EUR /DKK	EUR /GBP	EUR /HRK	EUR /HUF	EUR /NOK	EUR /SEK	EUR /TRY	EUR /USD
Assets	2	30	7	-	23	3	20	6	-	-	-	6
Liabilities	(1)	(30)	-	-	-	(3)	(20)	(6)	-	-	-	-
Net position before hedging	**1**	**-**	**7**	**-**	**23**	**-**	**-**	**-**	**-**	**-**	**-**	**6**
Hedging assets	-	-	(7)	-	(23)	-	-	-	-	-	-	(6)
Hedging liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Hedging position	**-**	**-**	**(7)**	**-**	**(23)**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**
Net position after hedging at Dec. 31, 2012	**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.

(in million euros)	CHF	CNY	CZK	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
Position at December 31, 2012	14	31	33	161	3	21	8	43	67	10	136	**527**
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.*

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

(in million euros)	Dec. 31, 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) (Note 9)					
- Installment contracts	68	61			
- Buyback contracts	13	11			
- Long-term leases	4	1			
Total valuation, net	**85**	**73**	**-**	**12**	
Derivatives designated as hedges of customer loans					
- Assets (Note 5)	2	7			
- Liabilities (Note 15)	(79)	(72)			
Total valuation, net	**(77)**	**(65)**	**-**	**(12)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**8**	**8**			**0**
Fair value adjustments to hedged debt (Note 19)					
- Valuation, net	(8)	(15)			
Total valuation, net	**(8)**	**(15)**	**-**	**7**	
Derivatives designated as hedges of debt					
- Assets (Note 5)	8	15			
- Liabilities (Note 15)	-	-			
Total valuation, net	**8**	**15**	**-**	**(7)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to hedged EMTNs/BMTNs (Note 19)					
- Valuation, net	(218)	(169)			
Total valuation, net	**(218)**	**(169)**	**-**	**(49)**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 5)	225	174			
- Liabilities (Note 15)	(2)	(7)			
Total valuation, net	**223**	**167**	**-**	**56**	**7**
Ineffective portion of gain and losses on outstanding hedging transactions	**5**	**(2)**			**7**
Fair value adjustments to hedged bonds (Note 19)					
- Valuation, net	-	-			
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of bonds (2)					
- Assets (Note 5)	18	44			
- Liabilities (Note 15)	(18)	(44)			
Total valuation, net	**-**	**-**	**-**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
19)					
- Valuation, net	(1)	(1)			
Total valuation, net	**(1)**	**(1)**	**-**	**-**	
Derivatives designated as hedges of other debt securities					
- Assets (Note 5)	1	1			
- Liabilities (Note 15)	-	-			
Total valuation, net	**1**	**1**	**-**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**

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

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

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

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

(in million euros)	Dec. 31, 2012	Dec. 31, 2011	Fair value adjustments
Financial assets at fair value			
- Fair value adjustments to marketable securities	-	-	**-**
- Fair value of trading derivatives (Note 4)	1	4	**(3)**
Total valuation, net	**1**	**4**	**(3)**
Financial liabilities at fair value			
- Fair value of trading derivatives (Note 14)	-	(2)	**2**
Total valuation, net	**-**	**(2)**	**2**
Impact in profit or loss			**(1)**

Note 24 Analysis by Maturity and Liquidity Risks

The Liquidity Risk Management is described in the "Security of Liquidity" section of the Management Report.

The following liquidity risk presentation is based on a detailed breakdown of assets and liabilities analysed by maturity, according to contractual maturities. As a consequence, future interest cash flows are not included in installments.

Derivative instruments designated as hedges of future contractual interest payments are not analysed by maturity.

The analysis by maturity is based on the following principles:

- Non-performing loans and accrued interest are reported in the "not broken down" column;
- Overnight loans and borrowings are reported in the "0 to 3 months" column.

Equity, which has no fixed maturity, is considered repayable beyond five years, except for dividends which are paid in the second quarter of the following annual closing (€281 million in year 2012 vs €172 million forecasted at end of 2011).

For 2012

(in million euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Dec. 31, 2012
Assets							
Cash, central banks, post office banks	-	18	-	-	-	-	**18**
Financial assets at fair value through profit or loss	110	1,297	-	-	-	-	**1,407**
Hedging instruments	327						**327**
Available-for-sale financial assets	12						**12**
Loans and advances to credit institutions	1	1,198	7	15	-	-	**1,221**
Customer loans and receivables	523	5,973	2,265	3,641	10,284	375	**23,061**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	85						**85**
Other assets	1,055						**1,055**
Total assets	**2,113**	**8,486**	**2,272**	**3,656**	**10,284**	**375**	**27,186**
Equity and liabilities							
Central banks, post office banks	-						**-**
Financial liabilities at fair value through profit or loss	2						**2**
Hedging instruments	114						**114**
Deposits from credit institutions	45	4,399	277	797	2,587	-	**8,105**
Due to customers	-	365	1	-	-	1	**367**
Debt securities	388	1,262	342	1,987	9,157	190	**13,326**
Fair value adjustments to debt portfolios hedged against interest rate risks	226						**226**
Other liabilities	1,619						**1,619**
Equity	-	-	281	-	-	3,146	**3,427**
Total equity and liabilities	**2,394**	**6,026**	**901**	**2,784**	**11,744**	**3,337**	**27,186**

For 2011

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

Financing commitments given to customers amounted to €1,426 million at December 31, 2012 compared to €1,465 million at December 31, 2011 (see Note 26). They have a 0 to 3 months maturity.

Detail of security lines is given in Note 26, footnote (1).

Covenants

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

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. In the case of Banque PSA Finance, these clauses nevertheless comprise exceptions allowing the Group to carry out securitization programs or to give assets as collateral;
- material adverse change clauses;
- pari passu clauses which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- cross default clauses whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- compliance with the solvency ratio: Common Equity Tier One at 11% minimum;
- continued possibility for guarantee by the French State for bond issues until 2015;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- change of control clauses.

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

The Group complied with all its covenants in 2012.

Note 25 Fair Value of Financial Assets and Liabilities

	Fair value		Book value		Deferred gain or loss	
(in million euros)	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Assets						
Cash, central banks, post office banks	18	23	18	23	-	-
Financial assets at fair value through profit or loss (1)	1,407	1,204	1,407	1,204	-	-
Hedging instruments (1)	327	389	327	389	-	-
Available-for-sale financial assets (2)	12	2	12	2	-	-
Loans and advances to credit institutions (3)	1,221	859	1,221	859	-	-
Customer loans and receivables (4)	22,947	24,212	23,146	24,387	(199)	(175)
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	2	5	2	5	-	-
Hedging instruments (1)	114	181	114	181	-	-
Deposits from credit institutions (5)	8,183	5,043	8,113	5,000	70	43
Due to customers (5)	367	342	367	342	-	-
Debt securities (5)	14,023	17,584	13,544	17,059	479	525

Fair value is determined by applying valuation techniques based for the most part on observable market data (level 2), except for mutual fund units classified in "Financial Assets at Fair Value Through Profit or Loss" which are valued at the latest published net asset value (level 1), and for "Debt Securities" which are valued at the published quotation value (level 1).

(1) *The fair values of financial assets at fair value through profit or loss and hedging instruments are measured based on Euribor or other interbank market rates and on the daily exchange rates set by the European Central Bank.*

(2) *The fair value of investments in companies that are not yet consolidated, which are included in "Available-for-sale financial assets", is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares.*

(3) *The fair value of very short-term loans and advances to banks is close to their amortized cost.*

(4) *Customer loans and receivables are stated at amortized cost. They are generally hedged against interest rate risks (fair value hedge) and are therefore remeasured at the hedging rate (swap rate), in accordance with hedge accounting principles. Cumulative gains and losses arising from remeasurement are added to or deducted from their amortized cost. The fair value presented above has been estimated by discounting future cash flows at the rate at which similar loans were granted at the year-end.*

(5) *Financing liabilities are stated at amortized cost. Hedge accounting is applied to liabilities hedged by interest rate swaps (fair value hedge), leading to their remeasurement at the discounted financing cost. Cumulative gains and losses arising from remeasurement are added to or deducted from their amortized cost. The fair value presented above therefore corresponds mainly to the change in the spread (premium over the risk-free rate) paid by Banque PSA Finance on its financial market borrowings.*

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

Note 26 Other Commitments

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Financing commitments		
Commitments received from credit institutions (1)	6,726	7,955
Commitments given to credit institutions	-	-
Commitments given to customers (2)	1,426	1,465
- of which Crédipar Group	*969*	*951*
Guarantee commitments		
Commitments received from credit institutions	1,504	1,284
- guarantees received in respect of customer loans	755	884
- guarantees received in respect of securities held	649	300
- other guarantees received from credit institutions	100	100
Guarantees given to credit institutions	1	1
Commitments given to customers	81	110
- Spanish branch	-	1
- Sofib	76	102
- Sofira	4	4
- Italian branch	1	3
Other commitments received		
Securities received as collateral	15	13
Investment put options (3)	-	55
Other	-	-
Other commitments given		
Investment deliverable under forward sales contracts (3)	-	310
Investment call options (3)	-	55
Other (4)	5,500	1,233

(1) *Including at December 31, 2012, by drawdown priority (see Note 16):*
- *€417 million not yet drawn from €1,742 million bilateral back-up lines corresponding to mainly long-term financing commitments,*
- *€450 million not yet drawn from €923 million 2-year credit facility signed on January 28, 2011 with a pool of nine international banks,*
- *€104 million not yet drawn from other bank credit facilities,*
- *€1,755 million 3.5-year syndicated credit facility signed on December 15, 2009 with a pool of twenty-one international banks,*
- *€2,000 million syndicated credit facility expiring in June 2014, €277 million syndicated credit facility expiring in December 2014 and €1,723 million syndicated credit facility expiring in December 2015.*

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 31 December 2012, the liquidity reserve amounted to €1,066 million.

Banque PSA Finance has €6,525 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 accordance with actions described in Note 1.A - 2012 Main Events, the roll-over of the bank facilities, along with the securitization programs of the 2012 second semester and the planned issues of State-guaranteed bonds, Banque PSA Finance is in a position to cover its refinancing needs for the next twelve months at least.

(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., liquidated in november 2012.*

(4) *Mainly including the amount of assets given as collateral for proprietary transactions (see Notes 8.1 and 16):*
- *to the European Central Bank (€5,146 million collateral of which €3,704 million customer loans for medium term €700 million and for short term €2,200 million financing granted at December 31, 2012; it remains a potential short term financing for an amount of €441 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 (€180 million collateral for €105 million financing granted at Decmber 31, 2012);*
- *to the Budensbank by the German branch (€41 million collateral for €15 million financing granted at December 31, 2012);*
- *to Mediobanca by the Italian branch (€132 million collateral for €100 million financing granted at December 31, 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 27 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Installment contracts	**1,026**	**1,019**
- of which related companies	*70*	*71*
- of which securitized	*271*	*261*
Buyback contracts	**222**	**230**
- of which related companies	*12*	*11*
- of which securitized	*67*	*46*
Long-term leases	**370**	**375**
- of which related companies	*98*	*102*
- of which securitized	*24*	*29*
Wholesale financing	**265**	**268**
- of which related companies	*180*	*184*
Other finance receivables (including equipment loans, revolving credit)	**38**	**39**
- of which related companies	-	-
Commissions paid to referral agents	**(284)**	**(279)**
- Installment contracts	(192)	(187)
- Buyback contracts	(33)	(35)
- Long-term leases	(59)	(57)
- of which related companies	*(36)*	*(38)*
Other business acquisition costs	**(33)**	**(37)**
Interest on ordinary accounts	**4**	**4**
Interest on guarantee commitments	**-**	**-**
Total	**1,608**	**1,619**

Note 28 Interest Expense on Hedging Instruments

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Swaps hedging retail financing (Fair Value Hedge)	(77)	(76)
Amortization of premiums on open swaptions (Time Decay)	-	(11)
Deferred intrinsic value of terminated swaptions released to the income statement (1)	7	11
Total	**(70)**	**(76)**

(1) *See Note 23.2.*

Note 29 Other Revenue and Expense

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
- Fees and commissions on retail customer transactions (1)	85	80
- Fees and commissions on other customer transactions	3	3
- Share of joint venture operations	5	1
- Other	5	5
Other revenue	**98**	**89**
- Bank charges	(8)	(8)
- Provisions and gains and losses on sales of used vehicles, net (1)	(1)	(3)
- Share of joint venture operations	(8)	(7)
- Other (2)	(26)	(31)
Other expense	**(43)**	**(49)**
Other revenue and expense	**55**	**40**

(1) *In the published financial statements at December 31, 2011, gains on sales of used vehicles (€10 million) were included in "Fees and commissions on retail customer transactions". They are now included in "Provisions and gains and losses on sales of used vehicles, net".*

(2) *Including in 2012 a €7 million expense corresponding to the deferred portion of discounting adjustments to subsidized loans (VIVE plan) released to the income statement during the period. This expense is offset by income in the same amount corresponding to the deferred portion of discounting adjustments to subsidized debt recorded under "Interest and other revenue from loans and advances to credit institutions".*

Note 30 Interest on Deposits from Credit Institutions

This item represents the interest costs, on the one hand on deposit accounts, on the other hand on loans, from the credit institutions.

Note 31 Interest on Debt Securities

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Interest expense on debt securities	(482)	(504)
Interest expense on bonds and other fixed income securities	(41)	(55)
- of which securitization: preferred bonds	*(37)*	*(49)*
Total	**(523)**	**(559)**

Note 32 General Operating Expenses

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Personnel costs	**(148)**	**(146)**
- Wages and salaries	(110)	(106)
- Payroll taxes	(35)	(35)
- Employee profit sharing and profit-related bonuses	(3)	(5)
Other general operating expenses	**(227)**	**(221)**
- of which related companies	*(89)*	*(95)*
Total	**(375)**	**(367)**

Information concerning the compensations of the main executive officers is given in the "Compensations" section of the Management Report.

General Operating Expenses by Geographical Area

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
France	**(144)**	**(137)**
Europe excl. France	**(191)**	**(190)**
- o/w Germany	(36)	(35)
- o/w Spain	(29)	(29)
- o/w Italy	(27)	(28)
- o/w United Kingdom	(33)	(30)
Rest of world	**(40)**	**(40)**
- o/w Brazil	(23)	(26)
Total	**(375)**	**(367)**

Number of Employees by Geographical Area

	Dec. 31, 2012	Dec. 31, 2011
France	**763**	**761**
Europe excl. France	**1,448**	**1,436**
- o/w Germany	226	235
- o/w Spain	261	266
- o/w Italy	166	160
- o/w United Kingdom	263	273
Rest of world	**174**	**141**
- o/w Brazil	75	60
Total	**2,385**	**2,338**

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

Note 33 Cost of Risk

The tables below present the cost of risk by customer category, as no significant loss has been incurred on other financial assets.

33.1 Changes in Loans

(in million euros)	Balance at Dec 31, 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 Dec. 31, 2012	Balance at Dec. 31, 2012
Retail								
Sound loans with no past-due installments	15,264	(364)	-	-	-	-	-	14,900
Sound loans with past-due installments	429	(14)	-	-	-	-	-	415
Guarantee deposits (lease financing)	(59)	(55)	-	-	-	-	-	(114)
Non-performing loans	649	128	-	-	(104)	-	(104)	673
Total	**16,283**	**(305)**	**-**	**-**	**(104)**	**-**	**(104)**	**15,874**
Impairment of sound loans with past-due installments	(48)	1	(10)	10	-	-	-	(47)
Impairment of non-performing loans	(350)	-	(255)	88	-	-	(167)	(517)
Total impairment	**(398)**	**1**	**(265)**	**98**	**-**	**-**	**(167)**	**(564)**
Deferred items included in amortized cost	**99**	**7**	**-**	**-**	**-**	**-**	**-**	**106**
Net book value (A - see B Note 8.2)	**15,984**	**(297)**	**(265)**	**98**	**(104)**	**-**	**(271)**	**15,416**
Recoveries on loans written off in prior periods						11	11	
Impairment of doubtful commitments			-	-	-	-	-	
Retail cost of risk			**(265)**	**98**	**(104)**	**11**	**(260)**	
Corporate dealers								
Sound loans with no past-due installments	6,772	(860)	-	-	-	-	-	5,912
Sound loans with past-due installments	21	19	-	-	-	-	-	40
Total	(72)	(22)	-	-	-	-	-	(94)
Non-performing loans	166	103	-	-	(5)	-	(5)	264
Total	**6,887**	**(760)**	**-**	**-**	**(5)**	**-**	**(5)**	**6,122**
Impairment of non-performing loans	(37)	(1)	(35)	15	-	-	(20)	(58)
Total impairment	**(37)**	**(1)**	**(35)**	**15**	**-**	**-**	**(20)**	**(58)**
Deferred items included in amortized cost	**(10)**		**-**	**-**	**-**	**-**	**-**	**(10)**
Net book value (B - see A Note 8.2)	**6,840**	**(761)**	**(35)**	**15**	**(5)**	**-**	**(25)**	**6,054**
Recoveries on loans written off in prior periods						1	1	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate dealers cost of risk			**(35)**	**15**	**(5)**	**1**	**(24)**	
Corporate and equivalent								
Sound loans with no past-due installments	1,133	174	-	-	-	-	-	1,307
Sound loans with past-due installments	346	(63)	-	-	-	-	-	283
Total	(1)	-	-	-	-	-	-	(1)
Non-performing loans	40	(2)	-	-	(5)	-	(5)	33
Total	**1,518**	**109**	**-**	**-**	**(5)**	**-**	**(5)**	**1,622**
Impairment of non-performing loans	(15)	(1)	(11)	10	-	-	(1)	(17)
Total impairment	**(15)**	**(1)**	**(11)**	**10**	**-**	**-**	**(1)**	**(17)**
Deferred items included in amortized cost	**(13)**	**(1)**	**-**	**-**	**-**	**-**	**-**	**(14)**
Net book value (C - see C Note 8.2)	**1,490**	**107**	**(11)**	**10**	**(5)**	**-**	**(6)**	**1,591**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate and equivalent cost of risk			**(11)**	**10**	**(5)**	**-**	**(6)**	
Total loans								
Sound loans with no past-due installments	23,169	(1,050)	-	-	-	-	-	22,119
Sound loans with past-due installments	796	(58)	-	-	-	-	-	738
Total	(132)	(77)	-	-	-	-	-	(209)
Non-performing loans	855	229	-	-	(114)	-	(114)	970
Total	**24,688**	**(956)**	**-**	**-**	**(114)**	**-**	**(114)**	**23,618**
Impairment of sound loans with past-due installments	(48)	1	(10)	10	-	-	-	(47)
Impairment of non-performing loans	(402)	(2)	(301)	113	-	-	(188)	(592)
Total impairment	**(450)**	**(1)**	**(311)**	**123**	**-**	**-**	**(188)**	**(639)**
Deferred items included in amortized cost	**76**	**6**	**-**	**-**	**-**	**-**	**-**	**82**
Net book value	**24,314**	**(951)**	**(311)**	**123**	**(114)**	**-**	**(302)**	**23,061**
Recoveries on loans written off in prior periods						12	12	
Impairment of doubtful commitments			-	-	-	-	-	
Total cost of risk			**(311)**	**123**	**(114)**	**12**	**(290)**	
- of which impact of change in estimate (Note 1.A)			*(136)*	-	-	-	*(136)*	

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 at a month-by-month basis at the average monthly rate.*

33.2 Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	Dec. 31, 2012	Dec. 31, 2011
Sound loans with past-due installments					
Charges	(10)	-	-	(10)	(11)
Reversals	10	-	-	10	7
Non-performing loans					
Charges	(255)	(35)	(11)	(301)	(172)
Reversals	88	15	10	113	160
Doubtful commitments					
Charges	-	-	-	-	-
Reversals	-	-	-	-	5
Credit losses	(104)	(5)	(5)	(114)	(117)
Recoveries on loans written off in prior periods	11	1	-	12	13
Cost of risk	**(260)**	**(24)**	**(6)**	**(290)**	**(115)**
- of which impact of change in estimate (Note 1.A)	*(136)*	-	-	*(136)*	-

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

33.3 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 December 31,
Sound loans with past-due installments with no impairment	319	2	1	1	**323**

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 34 Other Non-operating Items

On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd, accounted for using the equity method, gave a €0.6 million loss on disposal.

Note 35 Income Taxes

35.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2011	Income	Equity	Payment	Exchange difference and other (1)	Dec. 31, 2012
Current tax						
Assets	8					62
Liabilities	(34)					(54)
Total	**(26)**	**(138)**	**-**	**171**	**1**	**8**
Deferred tax						
Assets	149					140
Liabilities	(441)					(392)
Total	**(292)**	**34**	**6**	**-**	**-**	**(252)**

(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.

35.2 Income taxes of fully-consolidated companies

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

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

Deferred taxes are determined as described in the published accounts at December 31, 2012, Note 2.A, last paragraph dedicated to deferred taxes.

The French statutory income tax rate is 33.33%.

The Social Security Financing Act (no. 99-1140) dated December 29, 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

France's 4th amended Finance Act dated December 21, 2011 introduced an exceptional 5% surtax for 2011 and 2012, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 60% of taxable profit of the year.

France's Finance Act 2013 (published in Official Gazette December 30, 2012) introduced an exceptional 5% surtax for 2013 and 2014, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 50% of taxable profit of the year.

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, totally reversed on 2012.

At December 31, 2012 deferred tax liabilities falling due in 2013 and 2014 and deferred tax assets for tax loss carryforwards, corresponding to the tax loss carryforwards to be used in 2013 and 2014, were remeasured at the new rate. The net effect was an expense of €7.5 million in 2012.

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Current tax		
Income taxes	(138)	(219)
Deferred tax		
Deferred taxes arising in the year	36	40
Unrecognized deferred tax assets and impairment losses	(2)	(1)
Total	**(104)**	**(180)**

35.3 Banque PSA Finance tax proof

(in million euros)	Dec. 31, 2012	Dec. 31, 2011
Pre-tax income	397	534
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(7)	(3)
Permanent differences	3	9
Taxable Income	**393**	**540**
Theoretical tax	(142)	(195)
Theoretical rate	*36.1%*	*36.1%*
Impact of differences in foreign tax rates	39	38
Impact of changes in foreign tax rates	1	2
Impact of changes in France tax rates	(3)	(3)
Allowances on deferred tax assets:		
- Charges	(2)	(1)
- Reversals	-	-
Allocated tax saving transferred back to PSA Peugeot Citroën	(4)	(3)
Impairment loss on tax credit to be received from Italian tax department	-	(15)
Adjustment related to the previous year	5	-
Other	2	(3)
Income taxes	**(104)**	**(180)**
Group effective tax rate	*26.6%*	*33.3%*

35.4 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)	Dec. 31, 2012
Deferred tax assets on tax loss carryforwards	101	2	(12)	-	(5)	86
Allowances	(1)		-	(2)	-	(3)
Total	**100**	**2**	**(12)**	**(2)**	**(5)**	**83**

(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 36 Segment Information

36.1 Key Balance Sheet Items

For 2012

	Financing activities							
		End user						
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2012
Assets								
Customers loans and receivables	6,054	15,416	1,591			1,401	(1,401)	23,061
Securities			196	-	39	1,971	(799)	1,407
Loans and advances to credit institutions			1,261	11	80	19,457	(19,588)	1,221
Other assets				1,084	87	589	(263)	1,497
Total Assets							**(22,051)**	**27,186**
Liabilities								
Refinancing	5,540	14,106	1,719	-	-	21,387	(21,321)	21,431
Due to customers	152	32	223	-		364	(404)	367
Liabilities related to insurance contracts					41			41
Other liabilities				1,507	65	674	(326)	1,920
Equity (1)				2,156	69	1,202		3,427
Total Liabilities							**(22,051)**	**27,186**

For 2011

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

36.2 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 December 31, 2012
Net interest revenue on customer transactions (at amortized cost) (1)	290	1,288	91	(8)	(80)		19	(10)	1,590
Net investment revenue	-	-	-	8		-	37	(24)	21
Net refinancing cost (2) (3)	(169)	(713)	(59)	219	80	1	(89)	34	(696)
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						59		37	96
Margin on sales of other services						103		(37)	66
Net banking revenue	**121**	**575**	**32**	**219**	**-**	**163**	**(35)**	**-**	**1,075**
Cost of risk	(24)	(260)	(6)						(290)
- of which impact of change in estimate (Note 1.A)	*-*	*(136)*	*-*						*(136)*
Net income after cost of risk	**97**	**315**	**26**	**219**	**-**	**163**	**(35)**	**-**	**785**
General operating expenses and equivalent				(367)		(3)	(24)	-	(394)
Operating Income	**97**	**315**	**26**	**(148)**	**-**	**160**	**(59)**	**-**	**391**
of which Insurance (see 21.3.3)						*57*		*36*	*93*

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 December 31, 2011
Net interest revenue on customer transactions (at amortized cost) (1)	298	1,293	82	(15)	(79)		11	(6)	1,584
Net investment revenue	-	-	-	12		-	45	(29)	28
Net refinancing cost (2) (3)	(181)	(742)	(58)	217	79	1	(89)	35	(738)
Net gains or losses on trading transactions							(3)		(3)
Net gains or losses on available-for-sale financial assets							1		1
Margin on sales of insurance services						49		28	77
Margin on sales of other services						111		(28)	83
Net banking revenue	**117**	**551**	**24**	**214**	**-**	**161**	**(35)**	**-**	**1,032**
Cost of risk	(8)	(107)	-						(115)
Net income after cost of risk	**109**	**444**	**24**	**214**	**-**	**161**	**(35)**	**-**	**917**
General operating expenses and equivalent				(364)		(4)	(17)	-	(385)
Operating Income	**109**	**444**	**24**	**(150)**	**-**	**157**	**(52)**	**-**	**532**
of which Insurance (see 21.3.3)						*46*		*28*	*74*

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

(1) *Unallocated interest revenue on customer transactions for the part corresponds to the ineffective portion of gains or losses on hedging instruments recognized in the income statement in accordance with IAS 39 for a positive €0.4 million at December 31, 2012 (compared to a positive €1.1 million at December 31, 2011). The other part corresponds to other revenue and expense on customer transactions.*

(2) *Unallocated net refinancing costs correspond to the difference between a) the "Net refinancing cost" recorded in the accounts, and b) the theorical refinancing cost used by the management controllers, corresponding to the cost of refinancing the total loans and receivables, without taking into account possible liabilities (Equity and other net liabilities) in order to show, for each segment, a comparative analysis of margins between the different companies of the perimeter.*

(3) *In line with the Bank's policy of hedging interest rate risks on fixed rate customer loans, the interest differential on the swaps used to hedge these loans is reported in the income statement under "Net interest revenue from hedging instruments" in "Net interest revenue on customer transactions" and is not analysed by segment. The management reporting system, on the other hand, is used internally to manage the subsidiaries and branches whose performance is assessed based on the the original fixed rate of interest granted to customers and the resulting interest margin, determined by reference to the net post-swap, fixed rate refinancing cost communicated by management. Interest differentials on these swaps are therefore included by the management controllers in the net refinancing cost analysed by segment. This explains the €80 million reclassification at December 31, 2012 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.*

36.3 Geographical Areas

Key Balance Sheet Items

(in million euros)	Total assets		Customer loans and receivables		Refinancing (1)	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
France	**10,834**	**10,864**	**8,572**	**8,868**	**16,507**	**17,151**
Europe (excluding France)	**14,101**	**14,636**	**12,626**	**13,473**	**3,464**	**3,121**
- *o/w Germany*	*3,168*	*3,532*	*2,934*	*3,225*	*891*	*1,336*
- *o/w Spain*	*2,069*	*2,204*	*1,894*	*2,103*	*176*	*177*
- *o/w Italy*	*2,112*	*2,285*	*1,761*	*1,977*	*280*	*401*
- *o/w United Kingdom*	*2,976*	*2,598*	*2,599*	*2,458*	*1,203*	*210*
Rest of the world	**2,251**	**2,384**	**1,863**	**1,973**	**1,460**	**1,602**
- *o/w Brazil*	*1,505*	*1,749*	*1,198*	*1,430*	*1,077*	*1,298*
Total	**27,186**	**27,884**	**23,061**	**24,314**	**21,431**	**21,874**

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

Key Income Statement Items

(in million euros)	Interest and other revenue on assets at amortized cost		Net banking revenue	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
France	**504**	**521**	**371**	**375**
Europe (excluding France)	**811**	**835**	**563**	**538**
- *o/w Germany*	*208*	*229*	*139*	*144*
- *o/w Spain*	*119*	*127*	*70*	*68*
- *o/w Italy*	*99*	*99*	*49*	*47*
- *o/w United Kingdom*	*170*	*155*	*96*	*84*
Rest of the world	**293**	**263**	**141**	**119**
- *o/w Brazil*	*183*	*195*	*84*	*79*
Total	**1,608**	**1,619**	**1,075**	**1,032**

(in million euros)	Cost of risk		Operating income	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
France	**(93)**	**(35)**	**125**	**195**
Europe (excluding France)	**(168)**	**(63)**	**193**	**275**
- *o/w Germany*	*(12)*	*(10)*	*88*	*96*
- *o/w Spain*	*(51)*	*(16)*	*(12)*	*20*
- *o/w Italy*	*(42)*	*(8)*	*(21)*	*11*
- *o/w United Kingdom*	*(10)*	*(5)*	*52*	*48*
Rest of the world	**(29)**	**(17)**	**73**	**62**
- *o/w Brazil*	*(20)*	*(13)*	*41*	*40*
Total	**(290)**	**(115)**	**391**	**532**
- of which impact of change in estimate (Note 1.A)	*(136)*	-	*(136)*	-

Note 37 Auditors fees

(in million euros)	Ernst & Young Dec. 31, 2012	Ernst & Young Dec. 31, 2011	Mazars Dec. 31, 2012	Mazars Dec. 31, 2011
Audit				
- Statutory and contractual audit services				
- Banque PSA Finance	0.1	0.1	0.1	0.1
- Fully-consolidated companies	0.9	0.8	0.4	0.3
- *of which France*	*0.1*	*0.1*	*0.1*	*0.1*
- Audit-related services				
- Banque PSA Finance	-	-		-
- Fully-consolidated companies	-	-		-
- *of which France*	-	-		-
Other services provided to fully-consolidated subsidiaries				
- Legal and tax services	-	-		-
- Other	-	-		-
Total	**1.0**	**0.9**	**0.5**	**0.4**

Note 38 Subsequent Events

Notification of the European Commission's approval on the French State's guarantee received for the refinancing of Banque PSA Finance

On February 11, 2013 the European Commission temporarily authorised the guarantee described in Note 1.A for an initial amount of €1,200 million. A guarantee agreement shall be signed between the French State, Peugeot S.A. and Banque PSA Finance. This will set out the commitments made by the PSA Peugeot Citroën Group to the French State.

Under this same agreement, Banque PSA Finance will undertake to pay the French State a commission on a monthly basis, equal to 260 base points calculated annually on the principal outstanding and interest incurred by the debt benefitting from the guarantee.

The matter has been referred to the European Commission for definitive authorisation under state restructuring aid rules.

Roll-over of bank facilities

On January 11, 2013, Banque PSA Finance signed a new €4.1 billion 5-year syndicated loan agreement with 18 banks from 8 different countries taking part.

On the same day, as part of the plan to streamline and extend its back-up facilities, the Bank negotiated an extension of a €1.2 billion revolving line of credit to January 2016. In addition, Banque PSA Finance exercised its option to extend the syndicated credit facility of €2 billion signed in December 2011 and maturing in December 2014, to bring maturity to December 2015 at €1.8 billion, with the remainder retaining its maturity date of December 2014.

These agreements contain acceleration clauses on top of the pre-existing covenants: a prohibition on providing PSA with more than €500 million in financing, a Common Equity Tier One ratio of at least 11% and the need to retain the French State guarantee for bond issues during the next three years. Were the French State guarantee not to be approved by the European Union competition authorities by 31 August 2013, the bank facilities would have to be renegotiated and in the event of a failure to reach a new deal, the facilities would be cancelled and any draw-downs repaid by early 2016.

Lastly, Banque PSA Finance also obtained the commitment to roll over the majority of its bilateral bank facilities.

Thanks to the roll-over of these bank facilities, along with the securitization programs of the 2012 second semester and the planned issues of State-guaranteed bonds, Banque PSA Finance is in a position to cover its refinancing needs for the next twelve months at least.

No other event occurred between December 31, 2012 and the Board of Directors' meeting to review the financial statement on February 11, 2013 that could have a material impact on economic decisions made on the basis of these interim financial statements.

2.7 Statutory auditors' report on the consolidated financial statements

➔ For the year ended December 31, 2012

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2012, on:

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

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

I - Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in paragraph "1.A 2012 Main Events" of the notes to the consolidated financial statements concerning the change in accounting estimate realised by the Group regarding its statistical impairment model for Retail loans and the measures taken in order to secure its refinancing.

II - Justification of our assessments

The accounting estimates used to prepare the consolidated financial statements for the year ended December 31, 2012 have been prepared taking into account a difficulty for assessing the economic outlook related to an economic and financial crisis heavily affecting the automotive sector. In that context and in accordance with the requirements of article L. 823-9 of the French Commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For all companies with banking operations and specifically in the current economic crisis context, significant estimates have to be used for the impairment of credit risks. Banque PSA Finance sets aside impairments to cover credit risks that are inherent to its business, as disclosed in paragraphs 1.A, 2 § C.6.4, 8 and 33 of the notes to the consolidated financial statements. In order to better take into account the worsening conditions in the PSA Peugeot Citroën Group's markets, Banque PSA Finance revised its statistical impairment model for Retail loans. This has entailed a change in accounting estimate, as described in paragraphs 1.A and 33 of the notes to the consolidated financial statements.

- As part of our assessment of these estimates, we have examined the processes implemented by the management and, in view of the economic crisis, the adjustments thus made in order to identify and assess these risks and to determine the extent to which impairments are recognized. In that context, we have examined the evolutions in the statistical impairment model for Retail loans which implies a change in accounting estimate mentioned hereinabove.

- As part of our assessment of the liquidity risk, we have performed an in-depth review of the Group situation as described in paragraphs 24 and 26 of the notes to the consolidated financial statements. We have reviewed the financial assets and liabilities schedules, the covenants attached and the measures taken by the Group in order to secure its refinancing as described in paragraphs 1.A and 38 of the notes to the consolidated financial statements. These paragraphs include in particular the roll-over of bank facilities and the French State guarantee on the future issued debt securities.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Paris-La Défense and Courbevoie, February 12, 2013

The statutory auditors

French original signed by

ERNST & YOUNG Audit	Mazars
Luc Valverde	Anne Veaute

3

SOCIAL AND ENVIRONNEMENTAL REPORT

3.1 The Group's procedures to address environmental issues in the design phase of products and services

Within BPF, two separate central teams are dedicated to product design: a financing products marketing team and an insurance marketing team.

The respective offerings are designed working closely with the marketing teams of the two brands and are consolidated in a single BPF product plan that integrates the expectations of the Brands aiming to support the sales of low-emissions vehicles via an adapted and innovative product offering for financing and services.

Operational marketing teams located in the different subsidiaries of BPF are in charge of customizing the offerings depending on specific local laws, practices and languages.

3.2 The technological innovations in products for the prevention of environmental risks

In 2012, BPF developed a financing operation for Citroën C0 that allows customers to have a 100% electric vehicle in exchange for a payment of a promotional lease amount. This operation was carried out as part of the development of car sharing and carpooling developed in partnership with Multicity. To support this operation, a monthly comprehensive risk insurance product was also launched.

Crédipar, the subsidiary of BPF in France, designed and marketed an offering for specific mobility covering the Peugeot Brand electric scooter.

More broadly, BPF proposes a specific insurance policy covering electric vehicles sold by the PSA Group.

BPF has set up promotional financing offers in several countries to support sales of the PSA Group's hybrid vehicles.

In Slovenia, the local BPF subsidiary has set up a partnership operation with the "Slovenia Forests" association that specifies the repayment by BPF of an interest in the association. All of the in-dealership publicity necessary for this operation was carried out on recycled paper.

More generally, BPF is developing personal customer spaces on the websites of the two brands giving customers direct on-line access and thereby reducing the consumption of paper documents.

3.3 The development of embedded mobility and intelligence systems

BPF offers its individual and business customers in most of its establishments packaged offerings - designed in close connection with the marketing teams of the Peugeot and Citroën brands - combining vehicle financing, services linked to maintenance and care, insurance on property or persons; these offerings give access to permanent use of a vehicle in exchange for a monthly fixed "subscription" regardless of what happens during the contract period: vehicle immobilization - breakdown, accident, unemployment, inability to work.

BPF also offers solutions to extend manufacturer guarantees, to extend the vehicle maintenance in good condition beyond the Brand's guarantee period and thereby facilitate the mobility of its customers.

For companies, financing offerings for fleets of vehicles allow, according to the customer's profile, either a variable budget depending on changes in the use of its vehicles, or a constant budget for stable uses. Moreover, an extranet site is proposed in some countries that allows the company's fleet manager to manage user movements in real time, to optimize the movements and make the best cost decisions (consumption, etc.).

3.4 The dialog with the Group's stakeholders

STAKEHOLDER	INFORMATION – COMMUNICATION	DIALOG – CONSULTATION	AGREEMENTS – PARTNERSHIPS
Supervisory Authorities **ACP – Prudential Control Authority for France**	Annual Internal Audit Report Internal Control Charter	• Inspections performed on behalf of the ACP • Half-year presentation of results • Regular communication of accounting and financial management reports • Inspections performed on behalf of local authorities	
Professional associations	ASF – French Association of Financial Companies FBF: French Banking Federation Equivalent in the country of establishment	• Work groups • Exchanges arranged as needed.	
Distribution partners • **Banking** • **Insurance**	HSBC, SG	• Operational cooperation	Different kinds of operating partnerships in certain countries: Joint ventures, etc.
Employees	Same as Group	• Consultation, Regulatory notices	
Certification agency	Bureau Véritas	• Annual ISO 9001 (2008 version) certification audit	
Suppliers	Same as Group	• Requests for proposals	
Consumer association	Through the ASF	• Participation in work linked to consumer loans	
Shareholders	PSA Group 100%	• Board of Directors	
Investors	Banks, institutional investors	• Through the Group's Financial Department	
Other Banks and Insurance Companies	RCI, AXA, etc.	• Benchmarks, discussions on good practices	
Distribution networks	Dealers, subsidiaries and branches	• Brands, customers	
Entities of the PSA Group	Brands Support activities Information Technology Refinancing	• Sales policy • Deployment of HR policy	
Rating agencies	Moody's, Standard & Poor's	• Road shows, • Presentations of results	
Media	Press releases Website	• Dedicated media relations teams	

3.5 Consumer safety and protection

The distribution of consumer loans, representing approximately 70% of all loans distributed by BPF and its subsidiaries, is specifically regulated to protect the rights of consumers. These regulations were strengthened in the European Union with the adoption of Directive 2008/48/EC on consumer credit agreements, a directive that the different countries of the European Union had to transpose in their national laws before May 12, 2010.

BPF and/or its subsidiaries have participated in working groups and think tanks set up by the professional associations in the different countries concerned at the time of the transposition of the European Directive.

This directive created new obligations affecting advertising, pre-contractual information, borrower's solvency review, and contractual information that were implemented by BPF and its concerned subsidiaries.

In France, the transposition of the Directive was implemented by the adoption of the Law of July 1, 2010 on consumer credit, the so-called Lagarde law, that took full effect on May 1, 2011.

More broadly, out of concern for quality and to improve its customer procedures, BPF set up a system for collecting customer claims aiming to ensure the quality of their processing (commitment on response times, the requirement for a written response). This system is built on framework instructions that require all local BPF entities (subsidiaries and branches) to designate a received claims manager to process claims received in compliance with its provisions, to track the claims (in volume and by type), to analyze them and, when the analysis reveals dysfunctions, to implement appropriate corrective measures.

In addition, Crédipar, the BPF subsidiary in France, adheres to the mediation system set up by the French Association of Financial Companies – ASF - and provides, in its loan agreements, the contract information of the Independent Mediator as well as that of its Consumer Department in charge of processing the claims.

Crédipar also adheres to the Agreement on Amicable Recovery of Consumer Credit signed by the ASF and different consumer associations, the aim of which is to guarantee consumers the implementation of a certain number of rules of good conduct (progressiveness in the collection method, respect for confidentiality and privacy, transparency of customer relations) and that thus promotes amicable redesign of unpaid loans in cases of unpaid and overdue loans.

Crédipar participates in ASF working groups on consumer protection and the fight against over-indebtedness, in a constant concern to address the protection of said consumers.

Finally, BPF measures the quality and the performance of its services using customer satisfaction surveys that allow permanent improvement of Customer Relations.

3.6 Loyalty of practices and fight against corruption

Due to its status as banking institution, Banque PSA Finance is subject to banking regulations governing the resources and actions of the Internal Control function.

BPF has implemented, pursuant to the CRBF Regulation 97-02 of February 21, 1997, procedures and systems for preventing the risks to which any financial establishment is exposed and in particular, as part of its policy for control and ethics, the following procedures:

- An Internal Control Charter that defines the fundamental principles of organization and functioning of its internal control system: the Charter is distributed as broadly as possible. It may be consulted on the Bank's Intranet. The Charter develops and explains the principles of the separation of tasks and the prevention of conflicts of interest.

  For example, among others, the procedure for allocation and monitoring of computing rights granted to Staff or to service providers integrates a system for verification of the absence of any "conflict" between various rights allocated. In addition, each entity of the BPF Group must ensure, when its instructions, procedures and powers are drafted and revised and when it conducts a review of its organization, adherence to the principles of separation of tasks as well as the prevention of conflicts of interest. In addition, the mission of the operational risk control entities is to prevent and provide for early processing of risks by identifying, assessing, tracking and monitoring them.

- A system to assist in the fight against money laundering and the funding of terrorism (ML-FT) is in place. It is based on a BPF framework procedure, implemented by local procedures, for controls on risks identified for each operating process, reporting tools enabling Central Compliance to manage application of the Group's policy in the matter and tracking, if necessary, of the action plans undertaken. Within this system, it is possible to focus on the tools used to detect "Politically Exposed Person" status, in the applicable regulatory conditions and to improve, if necessary the components of customer relations, in particular with respect to the identification and origin of funds. At the same time, Banque PSA Finance also has an automated tool for the detection of persons with frozen assets in order to prevent business relations with that person if applicable. Another panel, Internal Training in the Fight Against Money Laundering and the Financing of Terrorism (ML-FT), is dedicated to targeted and operational staff training, depending on their exposure to the risk.

- Finally, in addition to the various procedures described above, BPF has implemented a professional alert system that enables any employee to report to the Central Compliance Manager any situation of non-compliance linked to the activities of the establishments. This tool, in a context of strict adherence to the rules set by an internal ad hoc procedure and confidentiality imperatives, is part of the system to fight against internal fraud and conflicts of interest.

3.7 The Group's purchasing strategy

Concerning non-serial purchases (excluding parts for the automotive industry), those of BPF represent €14 million for total purchases, all BPF combined, of a little more than €20 million. These purchases, mainly for advising and computing, do not represent a specific commitment in terms of risks in general and of corporate social responsibility in particular. They are treated like the rest of purchases of the same type within the PSA Group.

3.8 Human Resources

In Human resources, Banque PSA Finance, a wholly-owned subsidiary of the PSA Group, applies the whole Human Resources policy of the Group (Health/Safety and well-being at work, social dialog, diversity, job management and skills development, etc.) and is integrated in the Group's social reporting.

Moreover, Banque PSA Finance has carried out between the end of 2010 and the end of 2011 for its whole consolidation (24 subsidiaries and headquarters) a satisfaction survey including approximately sixty questions in four themes: Policy and strategy, Management of processes and operating results, Management, and Perception of the work environment. This method is used to measure the perception of workers with respect to these themes, put in place practical improvement actions and track the results.

Banque PSA Finance social indicators in 2012

Total 2012 Workforce by region (permanent and fix-term contracts)

France	Europe excluding France	Rest of the World	Total
829	1,658	121	2,608

Total 2012 Workforce (permanent and fix-term contracts) by social and occupational category

Executives	Non-executives	Total
778	1,830	2,608

Breakdown of the Workforce by Gender in 2012 (permanent and fix-term contracts)

Women	1,401	54%
Men	1,207	46%
Total	2,608	100%

Female workforce (permanent and fix-term contracts) by age and social and occupational category 2012

Age	Non-executives	Executives	Total
-20	19	0	19
20-29	282	17	299
30-39	397	78	475
40-49	237	108	345
50 and over	200	63	263
	1,135	266	1,401

Breakdown of the number of training hours by region 2012

France	Europe excluding France	Rest of the World	Total
15,205	29,814	4,173	49,192

Training expenses 2012 in €

Total	2,659,355

Statement from the person responsible for the 2012 annual report

Person responsible for the annual report

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

Certification of the person responsible for the annual report

I hereby certify, after having taken all reasonable steps to this effect, that the information contained in this document is, to my knowledge, consistent with the truth and do not include any omission that could lead to a false interpretation.

I hereby certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true image of the company's assets, financial situation and earnings and of all of the companies included in the consolidation, and that the management report in this document presents a true picture of the business, the earnings and of the financial situation of the company and of all of the companies included in the consolidation as well as a description of the main risks and uncertainties that they face.

I have obtained an end of mission report from the statutory auditors in which they indicate that they have verified the information on the financial situation and the financial statements provided in this document and in an overall reading of this document.

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

Person responsible for the financial information

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Designed & published by Labrador +33 (0)1 53 06 30 80

Cover: Peugeot 208 GTi concept, Citroën DS5, head-up display. Photos credits: J.B. Lemal, Nico, P. Thirion, L. Villaron. Creation and cover: sequoia

This document was printed in France by an Imprim' Vert certified printer on recyclable, chlorine-free and PEFC certified paper produced from sustainably managed forests.

BANQUE PSA FINANCE

BANQUE PSA FINANCE
Société anonyme. Share capital : € 177,408,000
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 identifier code: 6419Z –
Interbank code: 13168N
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