At February 9, 2009
Wholly-owned by Peugeot S.A., Banque PSA Finance provides financing for sales of Peugeot and Citroën cars and light commercial vehicles in 24 countries. It supports the brands’ growth by offering retail and fleet customers a diversified range of financing solutions and related services, and by providing Peugeot and Citroën dealers with financing for new and used vehicles and replacement parts inventories.
1.1 Key figures

- Number of vehicles financed, retail loans
  (in thousand vehicles)

- Penetration rate by country at Dec. 31, 2008 (as a %)
  (new vehicles financed / PSA Peugeot Citroën
  new vehicle registrations)

- Outstanding retail and wholesale loans at Dec. 31
  (in million euros)

- Outstanding retail and wholesale loans by country
  at Dec 31, 2008 (in million euros)

- Equity and net income at Dec. 31
  (in million euros)

- Net banking revenue (in million euros)
1.2 Chairman’s Message

2008 was shaped by a global economic and financial crisis whose impact on the automobile industry steadily worsened as the months went by. In this challenging environment, Banque PSA Finance delivered a satisfactory marketing performance after several years of strong growth and successfully limited the margin impact of higher refinancing costs and escalating credit risks.

The PSA Peugeot Citroën Group sold 3,260,400 new vehicles and CKD units during the year, a decline of 4.9% in a market down 5.4%. The total included 2,390,200 new vehicles sold in the geographic markets served by Banque PSA Finance. Banque PSA Finance provided financing for 27.3% of the vehicles sold by Automobiles Peugeot and Automobiles Citroën, versus 26.1% in 2007. This was its highest penetration rate since it was licensed to operate as a bank in July 1995. In all, it extended retail financing for 848,077 new and used vehicles, a decline of just 0.3% over the previous year. The contribution of new markets in Central and Eastern Europe and Latin America continued to grow, representing 12.6% of total new loans and 14.5% of new vehicle financing alone.

In line with its strategy, the Bank continued to expand internationally, building a presence in all of the PSA Peugeot Citroën Group’s host countries. In particular, the year saw the start-up of operations in Algeria, Croatia, Slovenia and Russia.

In order to offer customers an increasingly comprehensive service offering tailored to their needs, in 2008 the Bank set up a life insurance company and a property and casualty insurance company that will gradually roll out their solutions to every European country. They have already begun operations in France and Germany.

The Bank successfully raised appropriate financing for its business and protected its liquidity position, by increasing long-term financing to 75% of the total. At the year-end, it also had €6,000 million in undrawn syndicated lines of credit and more than €1 billion worth of immediately realizable assets.

Despite last year’s higher interest rates, the Bank’s net banking revenue was on a par with that for 2007, while operating income held up reasonably well at €557 million, reflecting tight control over general operating expenses and increased margins on sales of services. The bulk of the decline in operating income was due to provision expense (reported in the income statement under “cost of risk”), which at 0.42% nevertheless stayed below 0.50% of average net outstanding loans for the eleventh year running.

The serious turmoil afflicting economies around the globe is expected to continue weighing heavily on carmaker sales volumes. However, PSA Peugeot Citroën has considerable strengths that will help it to withstand this unfavourable environment, including a broad international presence and a diversified, contemporary vehicle line-up that will be enhanced with further new models in 2009. As it continues to give the Group the support it expects, Banque PSA Finance can deploy a comprehensive range of financing products and services that have demonstrated their close alignment with the needs of every customer category. It has also developed strong synergies with the brands and their dealer networks, which it is constantly broadening and deepening. Last but not least, it has highly effective risk management tools, as evidenced by its low credit loss ratio. All of these factors should enable Banque PSA Finance to withstand the effects of the current crisis.

Isabel Marey-Semper
1.3 Group Overview

New financing

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail loans</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of vehicles financed</td>
<td>848,077</td>
<td>850,982</td>
<td>-0.3</td>
</tr>
<tr>
<td>Amount of financing (excluding interest)</td>
<td>9,135</td>
<td>9,253</td>
<td>-1.3</td>
</tr>
<tr>
<td><strong>Wholesale loans</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of vehicles financed</td>
<td>2,055,900</td>
<td>2,214,214</td>
<td>-7.1</td>
</tr>
<tr>
<td>Amount of vehicles financing</td>
<td>35,177</td>
<td>37,784</td>
<td>-6.9</td>
</tr>
<tr>
<td>Amount of replacement parts financing</td>
<td>4,582</td>
<td>4,565</td>
<td>+0.4</td>
</tr>
</tbody>
</table>

Outstanding loans at December 31

By type of customers

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail loans</td>
<td>17,913</td>
<td>17,850</td>
<td>+0.3</td>
</tr>
<tr>
<td>Wholesale loans</td>
<td>4,370</td>
<td>5,606</td>
<td>-22.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>22,283</td>
<td>23,456</td>
<td>-5.0</td>
</tr>
</tbody>
</table>

Consolidated financial data

At December 31 (in million euros)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated stockholders’ equity before income appropriation</td>
<td>2,924</td>
<td>2,900</td>
<td>+0.8</td>
</tr>
<tr>
<td>Total assets</td>
<td>26,371</td>
<td>28,739</td>
<td>-8.2</td>
</tr>
<tr>
<td>European capital adequacy ratio</td>
<td>11.23%</td>
<td>10.36%</td>
<td></td>
</tr>
<tr>
<td>Financial results</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net banking revenue</td>
<td>976</td>
<td>981</td>
<td>-0.5</td>
</tr>
<tr>
<td>Income before tax</td>
<td>555</td>
<td>607</td>
<td>-8.5</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE YEAR</strong></td>
<td>358</td>
<td>421</td>
<td>-14.9</td>
</tr>
<tr>
<td>- of which minority interests</td>
<td>2</td>
<td>3</td>
<td>-39.1</td>
</tr>
<tr>
<td>- of which attributable to equity holders of the parent</td>
<td>356</td>
<td>418</td>
<td>-14.7</td>
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</table>
1.4 Businesses of the main Banque PSA Finance companies and its branches

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
<th>Company</th>
<th>Automotive Financing</th>
<th>Refinancing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>100%</td>
<td>BPF Algeria</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td>Banque PSA Finance SA Niederlassung Deutschland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td></td>
<td>Banque PSA Finance SA Niederlassung Österreich</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>100%</td>
<td>PSA Finance Belux</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>100%</td>
<td>PSA Financial d.o.o.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td>Banque PSA Finance – Sucursal en España</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td></td>
<td>Groupe Crédipar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>98%</td>
<td>Sofira</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>Sofib</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>99%</td>
<td>PSA Assurances S.A.S.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>100%</td>
<td>PSA Finance Hungaria R.T.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td>Banque PSA Finance – Succursale in Italia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>PSA Renting Italia S.p.A.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malta</td>
<td>99.9%</td>
<td>PSA Services Ltd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>99.9%</td>
<td>PSA Insurance Ltd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>99.9%</td>
<td>PSA Life Insurance Ltd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>100%</td>
<td>PSA Finance Nederland B.V.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>Peugeot Finance International N.V.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td></td>
<td>Banque PSA Finance SA Oddzial w Polsce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>PSA Finance Polska Sp.zo.o</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td>Banque PSA Finance – Succursal em Portugal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>98%</td>
<td>PSA Gestão Comercio E Aluguer de Veículos</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td>Banque PSA Finance – Branch in UK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>100%</td>
<td>PSA Finance Slovakia S.r.o.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>50%</td>
<td>BPF Financiranje d.o.o.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>100%</td>
<td>PSA Finance Suisse S.A.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>100%</td>
<td>PSA Finance Ceska Republika S.r.o.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>100%</td>
<td>BPF Pazarlama A.H.A.S.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>50%</td>
<td>PSA Finance Argentina Compania Financiera S.A.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>100%</td>
<td>Banco PSA Finance Brazil S.A.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>PSA Finance Arrendamento Mercantil S.A.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>100%</td>
<td>Banque PSA Finance Mexico, S.A. de C.V. SOFOL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>25%</td>
<td>Dongfeng Peugeot Citroën Auto Finance Co Ltd</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Retail financing: installment loans.
- Retail financing: lease financing.
- Wholesale financing.
- Refinancing of Banque PSA Finance units.
- Retail financing broker.
- Insurance activity.
- * Responsible for managing the loan book at December 2001 on a run-off basis.
1.5 Business Review

1.5.1 Peugeot and Citroën Sales

**PSA Peugeot Citroën’s worldwide sales declined in 2008, but the Group maintained market share in a time of global economic crisis.**

In a deeply troubled global economic environment that severely tested every automobile market around the world, PSA Peugeot Citroën’s 2008 unit sales attested to the Group’s strong resilience.

In a global market down 5.4%, the Group successfully limited the decline in sales of new vehicles and CKD units to 4.9%, at 3,260,400 units for the year.

This enabled the Group to hold on to its market share both worldwide (with 5%) and in Western Europe (with 13.8%), where it remains the region’s second largest carmaker.

In Western Europe, the 8.6% decline in PSA Peugeot Citroën’s car and light commercial vehicle registrations was in line with the 8.8% contraction in the market. In all, Group registrations stood at 2,130,900 units, including 1,125,700 Peugeots and 1,005,200 Citroëns. Market share improved in France (by 0.8 points to 31.6%) and Germany (by 0.2 points to 5.7%), remained stable in Spain and Italy, and fell in the United Kingdom where the Group took appropriate measures to limit the effect of the unfavourable exchange rate.

Outside Western Europe, 1,181,300 vehicles and CKD units were sold, representing 36.2% of total unit sales versus 32.2% in 2007. The Group achieved its best performance in Russia, where registrations rose 67% in a market up 13.6%. It also performed well in Latin America, where Peugeot and Citroën registrations advanced 5.4% in a market up 2.0%. And although it underperformed the market in China, registrations nevertheless reached 178,100 units for the year.

Among the significant growth drivers in 2008 were the Peugeot 308 and the Citroën C5:

- after successfully ramping up in the first half, sales of the Peugeot 308 continued to climb in the second half, led by the launch of the 308 SW which sold 290,100 units during the year;
- a new version of the Citroën C5 sedan was launched in April, followed by the Tourer version in June. With unit sales of 87,900, the model exceeded its targets in a contracting market segment;
- in the light commercial vehicle market, the launch of the Citroën Nemo and Peugeot Bipper, along with new versions of the Citroën Berlingo and Peugeot Partner, enabled the Group to extend its market leadership in Western Europe, lifting its share by 1.3 points to 19.9%. In all, 456,510 light commercial vehicles were sold during the year.

Lastly, the PSA Peugeot Citroën Group maintained its global environmental leadership, delivering 921,000 vehicles emitting less than 140g CO₂/km, up 7.4% from 2007.

1.5.2 Banque PSA Finance – Business Scope

Banque PSA Finance’s growth strategy consists of extending coverage all of the high potential markets where PSA Peugeot Citroën is present. In 2008, operations were set up in four new markets – Russia, Algeria, Slovenia and Croatia – completing the preparatory work initiated in 2007. With these business launches, the Bank’s operations now span four continents and 24 countries.

The Bank also expanded its presence in the service business, with the creation in Malta of two insurance subsidiaries, PSA Insurance Ltd. and PSA Life Insurance Ltd. The two companies were licensed by the Maltese authorities at the end of the first half of 2008.

With these two new subsidiaries, the Bank is now capable of serving all the needs of its international customer base.
1.5.3 Retail Financing

**Satisfactory performance in a crisis environment**

Banque PSA Finance successfully contained the effects of the global crisis, which affected every automobile market more or less simultaneously, by significantly improving its penetration rate among buyers of new Peugeots and Citroëns. This performance, combined with an increase in the number of used vehicles financed, helped to ensure that the overall number of new contracts declined only slightly from 2007.

At 27.3% versus 26.1% in 2007, the Bank’s penetration rate among buyers of new Peugeots and Citroëns was the highest ever.

In all, 653,545 new vehicles were financed, compared with 660,398 in 2007, representing a decline of just 1% in a year when the two brands’ unit sales in the markets served by the Bank were down 5.5%.

The relative contribution from new markets in Central and Eastern Europe and Latin America continued to grow, rising to 14.5% of new vehicle sales from 11.7% in 2007. This represented a total of 94,643 new vehicles financed during the year, up 22.4% over the previous year.

**Western Europe**

A total of 558,902 new vehicles were financed in 2008, lifting the Bank’s penetration rate by one point to 27.7%.

Significant gains were achieved in Spain (with the penetration rate rising to 26.2% from 21% in 2007), the United Kingdom (28.9% versus 26.5%), Germany (43.5% versus 41.7%), Austria (21.1% versus 19.6%) and Switzerland (29.3% versus 28%). However, the penetration rate eroded slightly in France, to a still satisfactory 28.5%, as well as in Belgium and Portugal.

The German branch reported a strong 6.5% rise in the number of new vehicles financed during the year. It led a large number of joint initiatives with the Peugeot and Citroën brands to offer customers very attractive financing terms, which in particular drove a sharp rise in long-term leasing volumes. Financing volumes also increased in Austria, the Netherlands and Switzerland.

In France, the less favourable performance was concentrated essentially in the first half of the year. The situation improved significantly in the second half, following measures to strengthen local relations with the dealer networks.

In Spain, the effects of the collapse in automobile demand on the Bank’s local branch were considerably attenuated by a series of measures focused on offering integrated financing and service packages. This type of solution responds closely to the needs not only of individual car buyers but also of corporate customers which accounted for a growing share of the branch’s retail financing volume in 2008. In all, the penetration rate for services grew to 126.3% from 117.2% in 2007. The Spanish branch also worked to consolidate existing dealer relationships and to enhance relations with dealers for which the branch’s penetration rate was low.

In Italy, the local branch limited the impact of fast falling demand and aggressive competition by stepping up its marketing drive targeting selected dealers.

**Central and Eastern Europe**

The Bank significantly improved its performance in most of its host markets in Central and Eastern Europe, in terms of both penetration rates and volume. In Poland, the penetration rate rose to 30.4% from 26.4% in 2007, with financing volume up 17.5% to 12,840 contracts. In Hungary, the penetration rate was 21.6% versus 17%, reflecting 17.6% growth in financing volume, while in Slovakia, the number of new contracts surged by 30.7%.

In the Czech Republic, the Bank’s penetration rate among Peugeot and Citroën customers eased back slightly to what remains a very healthy 34.2%.

**Latin America**

Markets continued to expand throughout most of 2008 in Brazil and Argentina, where the Bank enjoyed strong growth, with penetration rates increasing by 5.5 points to 29.1% and 3.6 points to 14.8% respectively. In Mexico, however, the penetration rate was down compared with 2007.

In Brazil, the number of new vehicles financed during the year was up 45.8%, with fourth quarter volumes boosted by marketing initiatives conducted jointly with the brands.

In Argentina, ongoing action to strengthen the sales organisation, targeted marketing initiatives conducted jointly with the brands and increased integration of services in the financing offer helped to drive up the local subsidiary’s penetration rate over the year. The rate stood at 35.8% for financing contracts and 199.7% for services, corresponding to the sale of just under two service contracts for every financing contract.

In Mexico, the sharp drop in the automobile market led to a significant decline in the Bank’s financing volumes, but its penetration rate nevertheless remained high at 45.3%.
**Used vehicle financing**

In 2008, the number of used vehicles financed by the Bank rose by 2.1% to 194,532 units, helped by the gradual integration of its service solutions into the financing offer.

Marketing performance varied, however, from one country to another. In Western Europe, used vehicle financing volume rose 1.4% to 181,667 units, lifted by a 41.3% gain in the United Kingdom. In the new markets in Central and Eastern Europe and Latin America, financing volumes grew 13.6%, with increases of 79.2% in Argentina and 67.4% in the Czech Republic.

**In all, total new and used vehicle financing contracts** dipped just 0.3% to 848,077 units, Outside Western Europe, financing volumes rose 21.4%, led mainly by Brazil and Argentina.

### New retail financing

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of contracts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installment sales</td>
<td>529,584</td>
<td>574,580</td>
<td>-7.8</td>
</tr>
<tr>
<td>Leasing activity and other financing</td>
<td>318,493</td>
<td>276,402</td>
<td>+15.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>848,077</td>
<td>850,982</td>
<td>-0.3</td>
</tr>
<tr>
<td>of which outside Western Europe</td>
<td>107,481</td>
<td>88,368</td>
<td>+21.6</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>In million euros (excluding interest)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installment sales</td>
<td>4,884</td>
<td>5,458</td>
<td>-10.5</td>
</tr>
<tr>
<td>Leasing activity and other financing</td>
<td>4,251</td>
<td>3,795</td>
<td>+12.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>9,135</td>
<td>9,253</td>
<td>-1.3</td>
</tr>
<tr>
<td>of which outside Western Europe</td>
<td>849</td>
<td>668</td>
<td>+27.1</td>
</tr>
</tbody>
</table>

Average outstanding retail end of period

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
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<tr>
<td></td>
<td>17,288</td>
<td>16,946</td>
<td>+2.0</td>
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</table>

### Number of new and used vehicles financed by Banque PSA Finance

<table>
<thead>
<tr>
<th>Retail financing by country</th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>106,286</td>
<td>100,545</td>
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</tr>
<tr>
<td>Austria</td>
<td>9,595</td>
<td>8,784</td>
<td>+9.2</td>
</tr>
<tr>
<td>Belgium-Luxemburg</td>
<td>31,654</td>
<td>32,008</td>
<td>-1.1</td>
</tr>
<tr>
<td>Spain</td>
<td>75,545</td>
<td>86,692</td>
<td>-12.9</td>
</tr>
<tr>
<td>France</td>
<td>315,925</td>
<td>328,302</td>
<td>-3.8</td>
</tr>
<tr>
<td>Hungary</td>
<td>3,684</td>
<td>3,038</td>
<td>+21.3</td>
</tr>
<tr>
<td>Italy</td>
<td>56,548</td>
<td>63,038</td>
<td>-10.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>11,946</td>
<td>11,474</td>
<td>+4.1</td>
</tr>
<tr>
<td>Poland</td>
<td>13,874</td>
<td>11,939</td>
<td>+16.2</td>
</tr>
<tr>
<td>Portugal</td>
<td>17,432</td>
<td>19,639</td>
<td>-11.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>105,627</td>
<td>102,089</td>
<td>+3.5</td>
</tr>
<tr>
<td>Slovakia</td>
<td>3,121</td>
<td>2,408</td>
<td>+29.6</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1,038</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>10,215</td>
<td>10,043</td>
<td>+1.7</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>7,125</td>
<td>7,396</td>
<td>-3.7</td>
</tr>
<tr>
<td>Turkey</td>
<td>8,024</td>
<td>9,392</td>
<td>-14.6</td>
</tr>
<tr>
<td>Argentina</td>
<td>13,906</td>
<td>9,979</td>
<td>+39.4</td>
</tr>
<tr>
<td>Brazil</td>
<td>52,007</td>
<td>37,596</td>
<td>+38.3</td>
</tr>
<tr>
<td>Mexico</td>
<td>4,525</td>
<td>6,620</td>
<td>-31.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>848,077</td>
<td>850,982</td>
<td>-0.3</td>
</tr>
</tbody>
</table>
### Marketing strategy

In 2008, the Bank continued to focus on supporting the marketing strategies of the Peugeot and Citroën brands, in line with its corporate mission, by further enhancing and extending its product line-up.

#### A sustained drive to develop new products and services

In all, 28 new retail financing and service products were launched during the year.

Pursuing the international roll-out of long-term leasing solutions, the Bank supported the Polish subsidiary’s corporate fleet business by adding these solutions to the subsidiary’s line-up and backing them with vehicle maintenance services.

Financing for vehicle repairs is now being offered in Belgium and Portugal, while the line-up in the new markets has been further extended with, for example, the introduction of balloon loans in Slovakia.

In the area of brand-delivered services, warranty extensions were introduced for new vehicles in Slovakia and used Citroën vehicles in Spain where this service was already available for Peugeots.

Among the services offered to private car owners, assistance insurance is now offered in Poland, loan protection insurance has been added to the line-up in Hungary and supplementary insurance solutions have extended the range of services offered by the Austrian branch.

As part of the commitment to steadily enhancing the service line-up, the Bank continued to develop its motor insurance capabilities during the year, launching offers in Hungary and for long-term leasing customers in Poland.

Additional leverage was created through the formation of captive life insurance and property & casualty insurance companies.

#### Stronger ties with the brands and their dealer networks

With its products and services playing a critical role in the car-buying decision, Banque PSA Finance enjoys a preferred relationship

---

### Banque PSA Finance market share by country

<table>
<thead>
<tr>
<th>Countries</th>
<th>PSA Peugeot Citroën registration *</th>
<th>New vehicles financed *</th>
<th>Banque PSA Finance penetration rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>189,500</td>
<td>185,600</td>
<td>82,380</td>
</tr>
<tr>
<td>Austria</td>
<td>29,500</td>
<td>28,600</td>
<td>6,234</td>
</tr>
<tr>
<td>Belux</td>
<td>129,600</td>
<td>127,300</td>
<td>27,961</td>
</tr>
<tr>
<td>Spain</td>
<td>254,300</td>
<td>363,200</td>
<td>66,658</td>
</tr>
<tr>
<td>France</td>
<td>794,100</td>
<td>779,700</td>
<td>226,407</td>
</tr>
<tr>
<td>Hungary</td>
<td>14,200</td>
<td>16,200</td>
<td>3,057</td>
</tr>
<tr>
<td>Italy</td>
<td>235,700</td>
<td>268,900</td>
<td>51,569</td>
</tr>
<tr>
<td>Netherlands</td>
<td>74,600</td>
<td>71,200</td>
<td>8,343</td>
</tr>
<tr>
<td>Poland</td>
<td>42,200</td>
<td>41,500</td>
<td>12,840</td>
</tr>
<tr>
<td>Portugal</td>
<td>43,700</td>
<td>46,500</td>
<td>12,639</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>237,200</td>
<td>286,000</td>
<td>68,581</td>
</tr>
<tr>
<td>Slovakia</td>
<td>12,900</td>
<td>11,900</td>
<td>3,072</td>
</tr>
<tr>
<td>Slovenia</td>
<td>7,300</td>
<td></td>
<td>889</td>
</tr>
<tr>
<td>Switzerland</td>
<td>27,800</td>
<td>28,800</td>
<td>8,130</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>20,000</td>
<td>19,600</td>
<td>6,840</td>
</tr>
<tr>
<td>Turkey</td>
<td>35,400</td>
<td>34,600</td>
<td>7,698</td>
</tr>
<tr>
<td>Argentina</td>
<td>81,700</td>
<td>79,700</td>
<td>12,086</td>
</tr>
<tr>
<td>Brazil</td>
<td>151,000</td>
<td>128,200</td>
<td>43,864</td>
</tr>
<tr>
<td>Mexico</td>
<td>9,500</td>
<td>13,600</td>
<td>4,307</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,390,200</strong></td>
<td><strong>2,531,100</strong></td>
<td><strong>653,545</strong></td>
</tr>
</tbody>
</table>

* Cars and light commercial vehicles.
with the two brands and their dealers. This relationship fosters the development of synergies for the deployment of products tailored to the needs of different customer categories and countries. In turn, this translates into joint operations with the brands and their dealers to offer customers very attractive financing terms.

As part of this process, the Bank’s operating subsidiaries and branches are committed to strengthening their presence in dealerships, using state-of-the-art communication tools to offer training and information.

One example is the OPV point-of-sale information system, which is being steadily integrated into the brand information systems. It enables dealers to adapt their financing and service packages to each customer’s specific needs.

Outstanding retail loans remained high

Outstanding retail loans grew 0.4% to €17,913 million at December 31, 2008, reflecting the Bank’s sustained marketing performance.

<table>
<thead>
<tr>
<th>(in million euros)</th>
<th>31/12/2008</th>
<th>31/12/2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net of deferred income and allowances for credit losses</td>
<td>17,913</td>
<td>17,850</td>
<td>+0.4</td>
</tr>
<tr>
<td>Of which outside Western Europe</td>
<td>1,101</td>
<td>892</td>
<td>+23.4</td>
</tr>
</tbody>
</table>

Outstanding loans by country

<table>
<thead>
<tr>
<th>(in million euros)</th>
<th>Wholesale loans</th>
<th>Retail loans</th>
<th>TOTAL</th>
<th>Wholesale loans</th>
<th>Retail loans</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>566</td>
<td>2,775</td>
<td>3,341</td>
<td>639</td>
<td>2,636</td>
<td>3,275</td>
</tr>
<tr>
<td>Austria</td>
<td>83</td>
<td>205</td>
<td>288</td>
<td>91</td>
<td>194</td>
<td>285</td>
</tr>
<tr>
<td>Belux</td>
<td>271</td>
<td>753</td>
<td>1,024</td>
<td>301</td>
<td>721</td>
<td>1,022</td>
</tr>
<tr>
<td>Spain</td>
<td>371</td>
<td>2,220</td>
<td>2,591</td>
<td>592</td>
<td>2,283</td>
<td>2,875</td>
</tr>
<tr>
<td>France</td>
<td>1,347</td>
<td>7,080</td>
<td>8,427</td>
<td>1,621</td>
<td>6,973</td>
<td>8,594</td>
</tr>
<tr>
<td>Hungary</td>
<td>34</td>
<td>100</td>
<td>134</td>
<td>38</td>
<td>64</td>
<td>102</td>
</tr>
<tr>
<td>Italy</td>
<td>561</td>
<td>1,311</td>
<td>1,873</td>
<td>774</td>
<td>1,347</td>
<td>2,121</td>
</tr>
<tr>
<td>Netherlands</td>
<td>218</td>
<td>298</td>
<td>516</td>
<td>260</td>
<td>292</td>
<td>552</td>
</tr>
<tr>
<td>Poland</td>
<td>76</td>
<td>173</td>
<td>249</td>
<td>98</td>
<td>146</td>
<td>244</td>
</tr>
<tr>
<td>Portugal</td>
<td>134</td>
<td>450</td>
<td>584</td>
<td>137</td>
<td>443</td>
<td>580</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>330</td>
<td>1,459</td>
<td>1,789</td>
<td>700</td>
<td>1,839</td>
<td>2,539</td>
</tr>
<tr>
<td>Slovakia</td>
<td>18</td>
<td>37</td>
<td>56</td>
<td>17</td>
<td>24</td>
<td>41</td>
</tr>
<tr>
<td>Slovenia</td>
<td>18</td>
<td>11</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>67</td>
<td>260</td>
<td>327</td>
<td>77</td>
<td>230</td>
<td>307</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>40</td>
<td>114</td>
<td>154</td>
<td>44</td>
<td>95</td>
<td>139</td>
</tr>
<tr>
<td>Argentina</td>
<td>91</td>
<td>91</td>
<td>182</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>215</td>
<td>526</td>
<td>742</td>
<td>191</td>
<td>460</td>
<td>651</td>
</tr>
<tr>
<td>Mexico</td>
<td>20</td>
<td>49</td>
<td>69</td>
<td>26</td>
<td>48</td>
<td>74</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,370</td>
<td>17,913</td>
<td>22,283</td>
<td>5,606</td>
<td>17,850</td>
<td>23,456</td>
</tr>
</tbody>
</table>
Services

Sales of services declined 1.3% overall to 1,196,672 contracts, primarily due to lower sales of financial and automobile services. Sales of motor insurance policies surged by 14.3%; however, led by the offer’s rollout in a growing number of markets, particularly in Central and Eastern Europe and Latin America. This strong performance also reflected the programs implemented in most of the country organisations to integrate motor insurance into their service offer, with gains of 47.6% in Spain, 24% in Belgium, 18.6% in the Netherlands and 18.8% in the new markets.

In 2008, an average of 1.413 service contracts were sold for every new or used vehicle financed, rising to close to or more than 2 contracts per vehicle financed in Latin America.

<table>
<thead>
<tr>
<th>Services</th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>578,316</td>
<td>598,343</td>
<td>-3.3</td>
</tr>
<tr>
<td>Car insurance</td>
<td>197,973</td>
<td>173,133</td>
<td>+14.3</td>
</tr>
<tr>
<td>Vehicle related-services</td>
<td>420,383</td>
<td>440,627</td>
<td>-4.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,196,672</td>
<td>1,212,103</td>
<td>-1.3</td>
</tr>
</tbody>
</table>

New wholesale financing

In addition, Sofib extended financing to several importers, mainly in Northern Europe. The company’s loan book stood at €187 million at December 31, 2008, representing a sharp drop compared to the year-earlier figure of approximately €272 million.

Average net outstanding wholesale loans, comprising financing extended to dealers and to importers, were down 3% over the year.

At the end of the year, outstanding wholesale loans for new vehicles came to €3,903 million versus €5,105 million at end-2007, representing a drop of 23.5%.

<table>
<thead>
<tr>
<th>New wholesale financing</th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of vehicles</td>
<td>2,055,900</td>
<td>2,214,214</td>
<td>-7.1</td>
</tr>
<tr>
<td>Amount (in million euros)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>35,177</td>
<td>37,784</td>
<td>-6.9</td>
</tr>
<tr>
<td>Replacement parts</td>
<td>4,582</td>
<td>4,565</td>
<td>+0.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>39,759</td>
<td>42,349</td>
<td>-6.1</td>
</tr>
</tbody>
</table>
### Wholesale outstanding loans

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outstanding loans at December 31</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>3,903</td>
<td>5,105</td>
<td>-23.5</td>
</tr>
<tr>
<td>Replacement parts</td>
<td>467</td>
<td>501</td>
<td>-6.8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,370</td>
<td>5,606</td>
<td>-22.0</td>
</tr>
<tr>
<td>Average outstanding</td>
<td>6,260</td>
<td>6,131</td>
<td>+2.1</td>
</tr>
</tbody>
</table>

### Wholesale financing by country

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>213,923</td>
<td>219,941</td>
<td>-2.7</td>
</tr>
<tr>
<td>Austria</td>
<td>28,174</td>
<td>28,290</td>
<td>-0.4</td>
</tr>
<tr>
<td>Belgium-Luxemburg</td>
<td>111,322</td>
<td>110,365</td>
<td>+0.9</td>
</tr>
<tr>
<td>Spain</td>
<td>186,515</td>
<td>276,503</td>
<td>-32.5</td>
</tr>
<tr>
<td>France</td>
<td>687,446</td>
<td>668,210</td>
<td>+2.9</td>
</tr>
<tr>
<td>Hungary</td>
<td>15,330</td>
<td>15,335</td>
<td>-0.0</td>
</tr>
<tr>
<td>Italy</td>
<td>203,653</td>
<td>258,148</td>
<td>-21.1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>77,765</td>
<td>78,868</td>
<td>-1.4</td>
</tr>
<tr>
<td>Poland</td>
<td>37,754</td>
<td>38,289</td>
<td>-1.3</td>
</tr>
<tr>
<td>Portugal</td>
<td>42,903</td>
<td>44,062</td>
<td>-2.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>229,327</td>
<td>280,226</td>
<td>-18.2</td>
</tr>
<tr>
<td>Slovakia</td>
<td>13,025</td>
<td>11,876</td>
<td>+9.7</td>
</tr>
<tr>
<td>Slovenia</td>
<td>6,680</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>25,226</td>
<td>26,053</td>
<td>-3.2</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>19,493</td>
<td>19,841</td>
<td>-1.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>148,644</td>
<td>125,286</td>
<td>+18.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>8,720</td>
<td>12,941</td>
<td>-32.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,055,900</td>
<td>2,214,214</td>
<td>-7.1</td>
</tr>
</tbody>
</table>
1.6 Results and Outlook

1.6.1 Results for the year

The economic and financial crisis severely restricted the availability of refinancing and pushed up the related cost, while also affecting the ability of individual and fleet customers to repay their loans. In this challenging environment, Banque PSA Finance ended the year with pre-tax income of €555 million, versus €607 million in 2007, and net income of €358 million.

The Bank succeeded in maintaining business volumes on a par with 2007 levels and in controlling both its refinancing costs and general operating expenses. And while the crisis clearly had an effect on customers’ ability to repay their loans, the Bank’s provision expense remained fairly low, with the credit loss ratio coming in at less than 0.50%.

Average net interest-bearing retail and wholesale loans grew by 2% over the year to €23,549 million, helping net banking revenue to withstand the effects of the higher refinancing costs observed for new lending over the last eighteen months. The contribution of finance companies outside Western Europe rose 22.1% to €1,090 million in 2008 from €893 million the previous year.

Reported net banking revenue dipped by 0.5% to €976 million in 2008, due to the €11 million net unfavourable effect of fair value adjustments. Excluding this effect, net banking revenue rose 0.6% to €987 million.

The margin on sales of services once again represented a key earnings driver, contributing €157 million to income in 2008 – an increase of 5.4% year-on-year and 26% over the past three years.

General operating expenses declined by 0.7% to €304 million, providing further evidence of the Bank’s excellent cost discipline.

Provision expense (reported in the income statement under “Cost of risk”) amounted to €98.5 million in 2008, representing 0.42% of average net outstanding loans versus 0.22% in 2007. The increase in the credit loss ratio mainly concerned the retail financing business, particularly in Spain where the worsening economic situation very quickly dampened customers’ ability to repay their loans. Non-recurring provision reversals reduced provision expense by €16 million in 2008 (see Note 32.2 to the consolidated financial statements) compared with a €27 million reduction in 2007. Excluding these items, provision expense came to €114 million in 2008 and €78 million in 2007, representing respectively 0.48% and 0.34% of average net outstanding loans. Collection resources have been increased to ensure that the growing volume of defaults experienced in a crisis environment is processed efficiently.

1.6.2 Capital management

As a wholly-owned subsidiary of PSA Peugeot Citroën, Banque PSA Finance’s capital management strategies are closely linked to those of the Group.

The Bank’s capital adequacy ratio and other capital ratios comply with the applicable banking regulations.

1.6.3 Tier One capital

In line with the Bank’s policy of regularly increasing its Tier One capital to support business growth, at the Annual Meeting, Shareholders will be asked to approve a recommendation to reinvest 60% of net income for the year, leading to a €213 million increase in equity, and to pay out €143 million in dividends.

After taking into account the recommended appropriation of income, regulatory capital will amount to €2,593.6 million, up 2.0% on December 31, 2007. This will put the Bank’s European capital adequacy ratio at 11.23% versus 10.36% at December 31, 2008.
1.7 Refinancing policy

Banque PSA Finance has a capital base in line with regulatory requirements. Each year, a significant proportion of the year’s net income is transferred to reserves, leading to robust regulatory ratios that reflect the quality of the asset base.

Its refinancing strategy consists of diversifying liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging all of its exposure to currency and interest rate risks. The Bank also endeavours to maintain a liquidity cushion in the form of permanent liquidity reserves and undrawn confirmed syndicated lines of credit.

This strategy enabled the Bank to finance its operations during last year’s turmoil in the financial markets without significantly weakening its liquidity position. This was particularly the case from September onwards when the banking and financial crisis deepened.

1.7.1 Diversifying sources of financing

The Bank’s refinancing strategy focuses on consistently maintaining a good balance among the various sources of financing. At December 31, 2008, for example, 40% of financing was provided by bank facilities, 39% by the capital markets and 21% by loan securitisations.

During the year, bank borrowings were increased to compensate for the lack of opportunities in the bond market. The Bank’s leading banks actively supported both the rollover of its confirmed medium-term lines of credit and the continued regular drawdowns on its short-term bank lines. These facilities’ maturities and spreads were adjusted on rollover to reflect the banks’ cost of liquidity and certain unconfirmed lines were converted into confirmed lines. At December 31, 2008, bank borrowings totalled €8,541 million versus €7,479 million one year earlier, including drawdowns of €6,426 million on confirmed lines of credit versus €4,420 million.

Issuance under the Banque PSA Finance and PFI NV EMTN programs was low in 2008, due to the complete absence of investor interest over several months, particularly for bank paper,
and the flight to quality triggered by the steady stream of bad news from the financial crisis. Just €1,034 million worth of EMTNs were issued, while bond issues by Banque PSA Finance were scaled back to €5,064 million from €7,711 million in 2007.

The decline in capital markets issuance was partly offset by a new €1,000 million securitisation of German automobile loans that was placed in the market during July. The securitisation programs were not affected by the credit crisis; there was no decline in the credit quality of the underlying loans and no evidence of any weaknesses in the way the programs are structured.

In the fourth quarter, the Bank obtained €446 million in financing from Société de Financement de l’Économie Française, the institution set up by the French government to inject cash into the economy. The financing has a two-year maturity for the most part and is secured by French retail and wholesale loan portfolios.

• Sources of refinancing (in million euros) (except non-drawn confirmed bank credit)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 06</th>
<th>Dec. 07</th>
<th>Dec. 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>27,187</td>
<td>28,739</td>
<td>26,370</td>
</tr>
<tr>
<td>Other</td>
<td>2,900</td>
<td>1,800</td>
<td>6,747</td>
</tr>
<tr>
<td>Capital</td>
<td>1,905</td>
<td>1,795</td>
<td>8,526</td>
</tr>
<tr>
<td>Securitizations</td>
<td>6,141</td>
<td>4,351</td>
<td>12,377</td>
</tr>
<tr>
<td>Stockholder’s equity + subordinated debt liabilities</td>
<td>2,657</td>
<td>2,900</td>
<td>2,993</td>
</tr>
<tr>
<td>Bank facilities</td>
<td>1,800</td>
<td>1,905</td>
<td>1,948</td>
</tr>
<tr>
<td>Internal Refinancing</td>
<td>2,900</td>
<td>1,800</td>
<td>1,905</td>
</tr>
<tr>
<td>External Refinancing</td>
<td>1,905</td>
<td>1,948</td>
<td>1,905</td>
</tr>
</tbody>
</table>

• Capital Markets (in million euros)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 06</th>
<th>Dec. 07</th>
<th>Dec. 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term capital markets</td>
<td>10,365</td>
<td>7,780</td>
<td>5,118</td>
</tr>
<tr>
<td>Short-term capital markets</td>
<td>2,866</td>
<td>4,791</td>
<td>3,296</td>
</tr>
<tr>
<td>Total</td>
<td>13,231</td>
<td>12,571</td>
<td>8,414</td>
</tr>
<tr>
<td>CD</td>
<td>2,893</td>
<td>1,948</td>
<td>1,905</td>
</tr>
<tr>
<td>BT</td>
<td>1,048</td>
<td>1,798</td>
<td>1,348</td>
</tr>
<tr>
<td>Bonds + BMTN</td>
<td>572</td>
<td>891</td>
<td>354</td>
</tr>
<tr>
<td>EMTN</td>
<td>7,718</td>
<td>4,564</td>
<td>9,093</td>
</tr>
</tbody>
</table>

1.7.2 Liquidity reserves

In 2008, the second year of the financial crisis, Banque PSA Finance sought to strike an appropriate balance between paying the higher financing costs generated by widening credit spreads and safeguarding its liquidity position.

The liquidity reserves helped the Bank to withstand the effects of the credit crunch without overly eroding its liquidity position and without incurring the significant additional costs generated by the considerable increase in lender’s credit margins.

At December 31, 2008, 75% of refinancing had an initial maturity of twelve months or more (versus 68% at end-2007), representing continued solid coverage of potential liquidity risk.

The maturities of refinancing comfortably exceed the maturities of the retail financing loan book.

In addition to these borrowings, the Bank has €6,000 million worth of undrawn syndicated lines of credit that were refinanced in 2007 and now consist of three €2,000 million backup facilities obtained from two syndicates of leading banks, maturing in July 2010, June 2012 and June 2014.

In all, the Bank has access to sufficient financing to cover over six months’ worth of wholesale and retail loan originations based on a constant loan book.

The Bank has various solutions whose implementation is not expected to be affected by the current financial environment. These solutions include:

- Rolling over existing bank lines of credit on expiry,
- Launching new automobile line securitization programs in certain countries, particularly in connection with central bank cash injections
- Long-term capital markets issues, if necessary.
Liquidity reserves in the form of immediately realizable assets were kept at more than €1 billion throughout the year, although they declined to €1,176 million at December 31, 2008 due to the increased difficulty of rolling over short-term facilities.

1.8 Capital Markets Program Ratings and Issuer Financial Strength Ratings

On October 30, 2008, Moody’s Investor Services placed Banque PSA Finance’s A3 long-term ratings on review and affirmed the P-2 short-term rating. The announcement follows the agency’s decision on October 27, 2008, to downgrade Peugeot S.A.’s long-term rating from Baa1 to Baa2 and to change the outlook from negative to stable.

On February 3rd, 2009, Standard & Poor’s placed the Bank’s A-long-term rating and A-2 short-term rating on review. The decision followed the announcement on the same day that the agency placed Peugeot S.A.’s BBB+ long-term rating and A-2 short-term rating, on review.

1.8.1 Capital markets programs

Visit www.banquepsafinance.com to find out more about Banque PSA Finance’s debt issuance programs, program documentation, credit rating and outstandings. Information is updated monthly.

<table>
<thead>
<tr>
<th>Credit Rating</th>
<th>Issuer (active programs)</th>
<th>Type</th>
<th>Limit at December 31, 2008 (in millions)</th>
<th>Utilised at December 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P A2</td>
<td>Moody’s P2 Banque PSA Finance</td>
<td>Short-term CD</td>
<td>EUR4,000 (in millions)</td>
<td>EUR1,948</td>
</tr>
<tr>
<td>A2</td>
<td>Moody’s P2 Sofira</td>
<td>Short-term BT</td>
<td>EUR1,800</td>
<td>EUR1,348</td>
</tr>
<tr>
<td>A-</td>
<td>Moody’s A3 Banque PSA Finance</td>
<td>Long-term BMTN</td>
<td>EUR1,000</td>
<td>EUR10</td>
</tr>
<tr>
<td>A-</td>
<td>Moody’s A3 Banque PSA Finance (and PFI NV)</td>
<td>Long-term EMTN</td>
<td>EUR14,000</td>
<td>EUR5,656 (1)</td>
</tr>
</tbody>
</table>

(1) Excluding accrued interest and debt issuance costs; including €985 million in intragroup financing eliminated in consolidation.
1.9 Financial Risk Management

1.9.1 Currency risk

Banque PSA Finance does not take operational currency positions. The assets and liabilities of each entity are matched through the use – where necessary – of appropriate financial instruments. Structural currency positions (investments in subsidiaries and branches’ dotation capital) and future profits and losses are not hedged using derivative financial instruments. As the businesses of subsidiaries and branches will, by definition, continue for an indefinite period, any such hedges would represent long-term open positions. At December 31, 2008, the structural currency position amounted to €375 million.

1.9.2 Interest rate risk

General policy: The Bank’s policy consists of neutralizing the effect of changes in interest rates on each entity’s recurring operating income by using appropriate financial instruments to match interest rate structures of assets and liabilities.

Interest rate risk management: Implementation of this policy is supervised by the Refinancing Committee. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives. The Bank’s average annual sensitivity to a 1-point increase in interest rates remained below €4 million throughout the year.

- Sensitivity to a 1-point increase in interest rate
  (in million euros)

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan 08</th>
<th>Feb 08</th>
<th>Mar 08</th>
<th>Apr 08</th>
<th>May 08</th>
<th>Jun 08</th>
<th>Jul 08</th>
<th>Aug 08</th>
<th>Sep 08</th>
<th>Oct 08</th>
<th>Nov 08</th>
<th>Dec 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3,912</td>
<td>4,685</td>
<td>2,165</td>
<td>1,680</td>
<td>725</td>
<td>-703</td>
<td>-711</td>
<td>-401</td>
<td>-430</td>
<td>-1,372</td>
<td>-3,482</td>
<td>294</td>
</tr>
</tbody>
</table>

Fair value hedges: Concerning assets, fixed rate instalment loans are either hedged by interest rate swaps that are purchased on the market as soon as the financing is granted or – in countries where there is no liquid market for interest rate instruments – financed by fixed rate debt. In practice, the swaps are purchased at ten-day intervals. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates. This fair value hedging strategy means that all of the Bank’s interest-bearing assets are at short-term rates.

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

These management techniques serve to neutralize interest rate risks on the Bank’s balance sheet.

Cash flow hedges: In order to cap the refinancing cost of new retail financing, the Bank purchased swaptions (options on interest rate swaps) on several occasions starting from September 2004. The swaptions hedged part of the Bank’s new lending for 2008 and generated a gain for the year of €24.4 million. In light of the decline in interest rates since last summer, this hedging strategy has been discontinued and no swaptions were outstanding at December 31, 2008.
1.7 - Refinancing policy

1.9.3 Counterparty risk

Banque PSA Finance is consistently in a net borrower position. As a result, its exposure to counterparty risk is limited to the investment of the liquidity reserve and other cash balances, and to the use of derivatives (swaps and swaptions) to hedge interest rate and currency risks.

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

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

1.9.4 Concentration Of Credit Risks

The Bank pays close attention to maintaining concentrations of credit risk within limits considered internally as being acceptable, which are below the regulatory limits.

At December 31, 2008, risk-weighted assets corresponding to loans to PSA Peugeot Citroën Group entities totalled €324 million or 1.45% of customer loans and 12.5% of regulatory capital.

Risk-weighted assets corresponding to the ten largest external exposures amounted to €766 million (financial counterparties: €337 million and dealer networks: €429 million), representing 3.3% of total risk-weighted assets.

- **Top ten risk-weighted exposures to credit risk**
  (in million euros)
  (excluding financing extended to PSA Peugeot Citroën Group entities)
1.10 Credit Risk Management

Provision expense for 2008 – reported in the income statement under “Cost of risk” – stood at €98.5 million or 0.42% of average net outstanding loans, versus €51.3 million and 0.22% the previous year. In the rapidly worsening economic environment in a majority of countries, the credit loss ratio – although significantly higher – remained satisfactory at below 0.50% for the eleventh year running.

Provision expense for 2008 is stated net of non-recurring items for a net amount of €16 million. In the United Kingdom, recoveries on bad debts of €6.4 million were recorded, corresponding to VAT refunded on loans written off in prior periods for their amount including tax. An amount of €8 million was reversed from provisions for loan losses due to the overstatement of these provisions caused by discounting adjustments to loss given default (LGD). Lastly, recoveries on bad debts of €3.6 million were recorded, corresponding to sales of loans that had been written down in full. These gains were partly offset by adjustments to probabilities of default and loss rates which led to a €1.9 million increase in provisions. In 2007, non-recurring items comprised provision reversals and recoveries on loans written off in prior periods for a total of €27 million. Excluding these items, the credit loss ratio was 0.48% in 2008 versus 0.34% in 2007, with provision expense amounting to €114 million in 2008 compared with €78 million the previous year, an increase of some €36 million.

Retail financing provision expense, excluding non-recurring items, was €22 million higher, of which €16 million concerned Spain. Wholesale financing provision expense was up by €9 million.

The Bank has tightened up its loan acceptance criteria and bolstered its collections resources in response to the worsening economic situation.

Its tried and tested, structured organisation is supported by powerful management systems deployed at all units in Western Europe. In Central Europe and Latin America, the Bank has outsourced credit risk management to its strategic partners, while participating in overseeing the processes through its own local units.

1.10.1 Retail credit risk management

Retail loan acceptance processes are based on a credit scoring system that is managed and overseen by a dedicated expert unit at the Bank’s headquarters. To enhance its effectiveness, the scoring system is adapted according to the specific characteristics of each local market. The headquarters-based credit risk control unit regularly assesses the credit scoring system’s effectiveness, working closely with the operating units in France and abroad.

The collection system uses shared applications deployed in the main European countries to automatically resubmit the first rejected payments and manage dunning calls. The payment resubmission applications are maintained by the Bank’s headquarters teams, while dunning call management applications are run by national or regional platforms. For example, the Eastern platform set up in 2008 covers France, Germany, the United Kingdom, Austria and Poland, and the Southern platform covers Spain, Portugal and Italy. These platforms receive real-time assistance and support from the headquarters team tasked with overseeing all collection operations.

1.10.2 Wholesale and Fleet credit risk management

Reporting to the Risk Management Department, the “Wholesale and Fleet” unit is responsible for controlling wholesale and fleet credit risks. It uses for this purpose the wholesale and fleet customer credit rating systems, which determine discretionary lending limits and define clear risk management and control rules.

The systems’ effectiveness is underpinned by high quality credit analyses performed by local units and headquarters teams, as well as by warning systems designed to ensure that incurred risks are identified and dealt with on a timely basis.
### Cost of risks average outstandings

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th></th>
<th>International</th>
<th></th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Rate (in %)</td>
<td>Amount</td>
<td>Rate (in %)</td>
<td>Amount</td>
<td>Rate (in %)</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail financing</td>
<td>30.3</td>
<td>0.47</td>
<td>51.2</td>
<td>0.47</td>
<td>81.5</td>
<td>0.47</td>
</tr>
<tr>
<td>New vehicles</td>
<td>22.6</td>
<td>0.46</td>
<td>42.3</td>
<td>0.48</td>
<td>64.9</td>
<td>0.47</td>
</tr>
<tr>
<td>Used vehicles</td>
<td>4.8</td>
<td>0.39</td>
<td>8.9</td>
<td>0.44</td>
<td>13.7</td>
<td>0.42</td>
</tr>
<tr>
<td>Direct customers</td>
<td>2.9</td>
<td>1.53</td>
<td>0.0</td>
<td>0.00</td>
<td>2.9</td>
<td>1.53</td>
</tr>
<tr>
<td>Wholesale financing</td>
<td>3.6</td>
<td>0.16</td>
<td>13.4</td>
<td>0.34</td>
<td>17.0</td>
<td>0.27</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>33.9</strong></td>
<td><strong>0.39</strong></td>
<td><strong>64.6</strong></td>
<td><strong>0.43</strong></td>
<td><strong>98.5</strong></td>
<td><strong>0.42</strong></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail financing</td>
<td>18.6</td>
<td>0.30</td>
<td>24.6</td>
<td>0.23</td>
<td>43.2</td>
<td>0.26</td>
</tr>
<tr>
<td>New vehicles</td>
<td>9.5</td>
<td>0.20</td>
<td>17.5</td>
<td>0.20</td>
<td>27.0</td>
<td>0.20</td>
</tr>
<tr>
<td>Used vehicles</td>
<td>6.4</td>
<td>0.52</td>
<td>7.1</td>
<td>0.39</td>
<td>13.5</td>
<td>0.45</td>
</tr>
<tr>
<td>Direct customers</td>
<td>2.7</td>
<td>1.38</td>
<td>0.0</td>
<td>0.00</td>
<td>2.7</td>
<td>1.38</td>
</tr>
<tr>
<td>Wholesale financing</td>
<td>1.0</td>
<td>0.04</td>
<td>7.1</td>
<td>0.18</td>
<td>8.1</td>
<td>0.13</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19.6</strong></td>
<td><strong>0.23</strong></td>
<td><strong>31.7</strong></td>
<td><strong>0.22</strong></td>
<td><strong>51.3</strong></td>
<td><strong>0.22</strong></td>
</tr>
</tbody>
</table>

#### 1.10.3 Basel II

In 2008, the Bank continued to work extensively to improve the reliability of its Basel II risk databases and the performance of its risk indicator calculation models, for both corporate and retail exposures. It also fine-tuned its prudence margins and conducted model back-testing exercises. The Basel II project was audited during 2008 by the Banque de France, which conducted additional audit procedures in January 2009 that have now been completed. These audits were part of the process for supervisory approval of the Bank’s use of the IRBA and IRB approaches.

#### 1.11 Internal Control

In line with CRBF regulation 97-02, dealing with internal control systems of credit institutions, the Bank’s internal control system is organised 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 organisation and implementation of internal control are set out in an internal control charter that describes the system’s organisation, resources, scope, missions and processes.
1.11 - Internal Control

1.11.1 Recurring controls

First-tier controls, the lynchpin of the internal control system

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

Second-tier controls

Second-tier controls include compliance controls and controls over operational risks within the finance companies and corporate units, including those arising from services performed by the PSA Peugeot Citroën Group on the Bank’s behalf.

The Compliance unit is responsible for preventing, controlling and overseeing compliance risks.

In 2008, the Compliance unit focused on:

- continuing to train staff in compliance risks, particularly the prevention of money laundering and the financing of terrorism, and the protection of personal data;
- deploying controls to help prevent money-laundering and the financing of terrorism and improving the related systems and processes;
- monitoring regulatory changes more closely across the entire business.

Controls over operational risks include:

- recurring assessments of the effectiveness of controls over operational risks within the Bank, including for outsourced services;
- specific second-tier controls, performed across the entire organisation.

In 2008, the focus was on assessing recurring controls over the subsidiaries’ and branches’ operational risks, as identified during the Banque PSA Finance risk mapping process.

The department set up in the fourth quarter of 2007 to control operational risks associated with accounting, IT, refinancing and treasury processes gradually extended its activities during 2008. A significant proportion of the department’s time was devoted to supporting the upgrading of internal control processes within the PSA Peugeot Citroën Group’s Financing and Treasury Department, which is responsible for the Bank’s refinancing.

Alongside the risk mapping approach, a system to monitor first-tier recurring controls was implemented from the second half of 2008. It consists of a quarterly reporting system designed to inform the Bank’s executive management of the extent to which operational risks are controlled within the various units.

Risk Management function

The Risk Management unit of the Management Control Department is responsible for measuring and overseeing the Bank’s financial risks on a consolidated basis and participating in their overall management.

The second and third pillars of Basel II are currently being incorporated into the Bank’s risk management system.

1.11.2 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 the Bank’s units and processes (including those that are outsourced) to be audited at least once every three years.
1.11 - Internal Control

1.11.3 Oversight by executive management and the Board

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

The Board of Directors ensures that the Bank’s 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 learnt from risk monitoring activities and from recurring and periodic controls. It met four times in 2008.

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

1.11.4 Organisation of internal control

The internal control system is built around regular first-tier controls backed by an organisation structure in which each individual’s authority and responsibilities are clearly defined, primarily through delegations of authority applicable to all operating units and corporate departments. These delegations of authority determine the levels at which decisions must be made in the areas of banking and financial transactions, loan approvals, lending terms, new products and services and expenditure commitments.

At the beginning of 2008, the system of dual signatures for banking and financial transactions was stepped up and extended to executive directors.

At Group level, committees have been set up to determine and implement Bank 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;
- the Lending Margins Committee;
- the Products and Processes Committee;
- the Group Credit Committee, which reviews wholesale and fleet financing applications;
- the Refinancing Committee, which reviews the results of the Bank’s refinancing and interest rate risk management policies;
- the IT Security Committee;
- the Compliance Committee.
1.12 Banque PSA Finance in 2008

In 2008, Banque PSA Finance – the Group’s parent company – reported net income of €359,614,132.37. Its income statement is presented and discussed in the appendix to this report.

→ 1.12.1 Proposed Resolutions

At the Annual Meeting, shareholders will be asked to approve the financial statements of the Bank and the Group, as presented, and to set the 2008 dividend at €12.90 per share. If approved, the dividend will be paid as from 21 April 2009.

Shareholders will also be asked to approve the Auditors’ special report on related party agreements.

→ 1.12.2 Ordinary resolutions

First Resolution

Approval of the Management Report and the financial statements of the Bank

The Annual Meeting, having considered the financial statements of the Bank, the Board of Directors’ Management Report for 2008 and the Auditors’ report, approves the Board of Directors’ Management Report in its entirety.

The Annual Meeting approves the financial statements of the Bank for 2008, which show net income of €359,614,132.37.

Second resolution

Approval of the consolidated financial statements

The Annual Meeting, having considered the consolidated financial statements of the Banque PSA Finance Group, as well as the Board of Directors’ comments and the Auditors’ report on the consolidated financial statements, approves the consolidated financial statements for 2008 as presented.

Third resolution

Appropriation of income

The Annual Meeting notes that income available for distribution, consisting of net income for the year of €359,614,132.37 and retained earnings of €629,592,943.96 brought forward from the previous year, amounts to €989,207,076.33.

The Annual Meeting resolves to appropriate income available for distribution as follows:

- To the payment of a dividend €143,035,200.00
- Of which dividends paid out of reserves €6,770,768.98
- To retained earnings €852,942,645.31

The dividend of €12.90 per share will be paid after the Annual Meeting on 21 April 2009.


Fourth resolution

Approval of the Auditors’ special report on related party agreements

The Annual Meeting, having considered the Auditors’ special report on related party agreements, approves said report.
## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Consolidated balance sheet</td>
<td>27</td>
</tr>
<tr>
<td>2.2</td>
<td>Consolidated statement of income</td>
<td>28</td>
</tr>
<tr>
<td>2.3</td>
<td>Consolidated statement of changes in equity attributable to equity holders of the parent and minority interests</td>
<td>29</td>
</tr>
<tr>
<td>2.4</td>
<td>Consolidated statement of cash flows</td>
<td>31</td>
</tr>
</tbody>
</table>

Notes to the consolidated financial statements for the years ended December 31, 2008 and 2007 | 32
Statutory auditors’ report on the consolidated financial statements

For the year ended December 31, 2008

This is a free translation into English of the statutory auditors’ report issued in French and 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 qualified or not. This information is presented below the 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 captions or on information taken outside of the consolidated financial statements.

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

Following our appointment as statutory auditors by your Annual General Shareholders’ Meeting, we present to you our report on:

- the audit of the accompanying consolidated financial statements of Banque PSA Finance for the year ended December 31, 2008;
- the justification of our assessments;
- the specific verification.

The consolidated financial statements have been approved by the Board of Directors. Our responsibility is to express an opinion on these 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 includes examining, on a test basis or on other selection method, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our 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, 2008 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter: for all companies with banking operations and specifically in the current financial crisis context, significant accounting estimates have to be used when provisioning for credit risks. Banque PSA Finance sets aside provisions to cover credit risks that are inherent to its business (Note 2 par C.6.3). As part of our assessment of these estimates, we have examined the control procedures used for monitoring credit risks, for assessing the risk of non-recovery, and for covering these risks by provisions.

These assessments were made in the context 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

In accordance with professional standards applicable in France, we have also verified the information given 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.


The Statutory Auditors

Pricewaterhousecoopers Audit
Patrice Morot

Mazars
Herve Helias
## 2.1 Consolidated balance sheet

### (in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, central banks, post office banks (Note 3)</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss (Note 4)</td>
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<td>3,396</td>
</tr>
<tr>
<td>Hedging instruments (Note 5)</td>
<td>526</td>
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<td>Available-for-sale financial assets (Note 6)</td>
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<tr>
<td>Loans and advances to credit institutions (Note 7)</td>
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<tr>
<td>Customer loans and receivables (Notes 8 and 34)</td>
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<td>Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Note 9)</td>
<td>213</td>
<td>(63)</td>
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<td>Held-to-maturity investments</td>
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<td>Current tax assets</td>
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<td>Deferred tax assets</td>
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<tr>
<td>Accruals and other assets (Note 10)</td>
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<td>Investments in associates and joint ventures</td>
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<td>Property and equipment (Note 11)</td>
<td>41</td>
<td>44</td>
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<tr>
<td>Intangible assets (Note 11)</td>
<td>96</td>
<td>94</td>
</tr>
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<td>Goodwill (Note 12)</td>
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<td>81</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>26,370</strong></td>
<td><strong>28,739</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Central banks, post office banks</td>
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<tr>
<td>Financial liabilities at fair value through profit or loss (Note 13)</td>
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<td>Hedging instruments (Note 14)</td>
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<td>Deposits from credit institutions (Notes 15 and 34)</td>
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<td>Due to customers (Note 16)</td>
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<td>321</td>
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<td>Debt securities (Notes 17 and 34)</td>
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<td>16,688</td>
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<td>Fair value adjustments to debt portfolios hedged against interest rate risks (Note 18)</td>
<td>25</td>
<td>(28)</td>
</tr>
<tr>
<td>Current tax liabilities</td>
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<td>55</td>
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<tr>
<td>Deferred tax liabilities</td>
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<td>356</td>
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<td>Accruals and other liabilities (Note 19)</td>
<td>678</td>
<td>598</td>
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<td>Provisions (Note 20)</td>
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<td>56</td>
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<td>Subordinated debt</td>
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<td>Equity</td>
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<td>- Share capital</td>
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<td></td>
<td>- Capital in excess of par value of stock</td>
<td>332</td>
</tr>
<tr>
<td></td>
<td>- Reserves</td>
<td>2,025</td>
</tr>
<tr>
<td></td>
<td>- Unrealised or deferred gains and losses</td>
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</tr>
<tr>
<td></td>
<td>- Net income for the year</td>
<td>356</td>
</tr>
<tr>
<td></td>
<td>- Minority interests</td>
<td>16</td>
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<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>26,370</strong></td>
<td><strong>28,739</strong></td>
</tr>
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</table>
## 2.2 Consolidated statement of income

### (in million euros)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net interest revenue on customer transactions</td>
<td>1,910</td>
<td>1,763</td>
</tr>
<tr>
<td>- Interest and other revenue on assets at amortised cost (Note 25)</td>
<td>1,736</td>
<td>1,601</td>
</tr>
<tr>
<td>- Fair value adjustments to finance receivables hedged against interest rate risks (Note 21)</td>
<td>276</td>
<td>34</td>
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<tr>
<td>- Net interest revenue from hedging instruments (Note 26)</td>
<td>122</td>
<td>107</td>
</tr>
<tr>
<td>- Fair value adjustments to hedging instruments (Note 21)</td>
<td>(285)</td>
<td>(30)</td>
</tr>
<tr>
<td>- Interest expense on customer transactions (Note 27)</td>
<td>(7)</td>
<td>(5)</td>
</tr>
<tr>
<td>- Other revenue and expense (Note 28)</td>
<td>68</td>
<td>56</td>
</tr>
<tr>
<td><strong>Net investment revenue</strong></td>
<td>99</td>
<td>121</td>
</tr>
<tr>
<td>- Interest and dividends on marketable securities</td>
<td>64</td>
<td>54</td>
</tr>
<tr>
<td>- Fair value adjustments to assets valued using the fair value option (Note 21)</td>
<td>(1)</td>
<td>(5)</td>
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<tr>
<td>- Gains and losses on sales of marketable securities</td>
<td>36</td>
<td>73</td>
</tr>
<tr>
<td>- Business acquisition costs</td>
<td>-</td>
<td>(1)</td>
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<tr>
<td><strong>Net refinancing cost</strong></td>
<td>(1,194)</td>
<td>(1,055)</td>
</tr>
<tr>
<td>- Interest and other revenue from loans and advances to credit institutions</td>
<td>34</td>
<td>23</td>
</tr>
<tr>
<td>- Interest on deposits from credit institutions (Note 29)</td>
<td>(445)</td>
<td>(330)</td>
</tr>
<tr>
<td>- Interest on debt securities (Note 30)</td>
<td>(710)</td>
<td>(671)</td>
</tr>
<tr>
<td>- Expenses related to financing commitments received (Note 24)</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td>- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 21)</td>
<td>(52)</td>
<td>(12)</td>
</tr>
<tr>
<td>- Interest on hedging instruments</td>
<td>(58)</td>
<td>(60)</td>
</tr>
<tr>
<td>- Fair value adjustments to hedging instruments (Note 21)</td>
<td>52</td>
<td>10</td>
</tr>
<tr>
<td>- Fair value adjustments to financing liabilities valued using the fair value option (Note 21)</td>
<td>(1)</td>
<td>2</td>
</tr>
<tr>
<td>- Debt issuing costs</td>
<td>(8)</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>Net gains and losses on trading transactions</strong></td>
<td>4</td>
<td>3</td>
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<tr>
<td>- Interest rate instruments</td>
<td>-</td>
<td>-</td>
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<tr>
<td>- Currency instruments</td>
<td>4</td>
<td>3</td>
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<tr>
<td><strong>Margin on sales of services</strong></td>
<td>157</td>
<td>149</td>
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<tr>
<td>- Revenues</td>
<td>184</td>
<td>175</td>
</tr>
<tr>
<td>- Expenses</td>
<td>(27)</td>
<td>(28)</td>
</tr>
<tr>
<td><strong>Net banking revenue (Note 34)</strong></td>
<td>976</td>
<td>981</td>
</tr>
<tr>
<td><strong>General operating expenses (Notes 31 and 34)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Personnel costs</td>
<td>(305)</td>
<td>(307)</td>
</tr>
<tr>
<td>- Other general operating expenses</td>
<td>(130)</td>
<td>(132)</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>(175)</td>
<td>(175)</td>
</tr>
<tr>
<td><strong>Gains and losses on disposals of fixed assets</strong></td>
<td>(15)</td>
<td>(15)</td>
</tr>
<tr>
<td><strong>Gross operating income</strong></td>
<td>655</td>
<td>659</td>
</tr>
<tr>
<td><strong>Cost of risk (Notes 32 and 34)</strong></td>
<td>(98)</td>
<td>(51)</td>
</tr>
<tr>
<td><strong>Operating income (Note 34)</strong></td>
<td>557</td>
<td>608</td>
</tr>
<tr>
<td><strong>Share of net income of companies accounted for by the equity method</strong></td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Impairment on goodwill</strong></td>
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<tr>
<td><strong>Interest cost on pension obligations</strong></td>
<td>(3)</td>
<td>(3)</td>
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<tr>
<td><strong>Expected return on external pension funds</strong></td>
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<td>2</td>
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<tr>
<td><strong>Other non-operating items</strong></td>
<td>(1)</td>
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<tr>
<td><strong>Pre-tax income</strong></td>
<td>555</td>
<td>607</td>
</tr>
<tr>
<td><strong>Income taxes (Note 33)</strong></td>
<td>(197)</td>
<td>(186)</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE YEAR</strong></td>
<td>358</td>
<td>421</td>
</tr>
<tr>
<td>- of which minority interests</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>- of which attributable to equity holders of the parent</td>
<td>356</td>
<td>418</td>
</tr>
<tr>
<td><strong>Earnings per share (in €)</strong></td>
<td>32.1</td>
<td>37.7</td>
</tr>
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</table>
### Consolidated statement of changes in equity attributable to equity holders of the parent and minority interests

#### Equity at December 31, 2006

<table>
<thead>
<tr>
<th>Share capital and other reserves</th>
<th>Reserve</th>
<th>Deferred gains and losses</th>
<th>Profit attributable to equity holders of the parent</th>
<th>Equity attributable to equity holders of the parent</th>
<th>Minority interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share capital</strong></td>
<td>177</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital in excess of par value of stock</strong></td>
<td>332</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Treasury stock</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Reserves</strong></td>
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<td>-</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Revaluation reserve</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred gains and losses</strong></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Deferred gains and losses on financial instruments</strong></td>
<td><strong>30</strong></td>
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<tr>
<td><strong>Profit attributable to equity holders of the parent</strong></td>
<td><strong>390</strong></td>
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<tr>
<td><strong>Equity attributable to equity holders of the parent</strong></td>
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<tr>
<td><strong>Minority interests</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
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<td></td>
<td></td>
<td></td>
<td><strong>2,657</strong></td>
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</tbody>
</table>

#### Appropriation of prior-year income

<table>
<thead>
<tr>
<th>Share capital and other reserves</th>
<th>Reserve</th>
<th>Deferred gains and losses</th>
<th>Profit attributable to equity holders of the parent</th>
<th>Equity attributable to equity holders of the parent</th>
<th>Minority interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appropriation of prior-year income</strong></td>
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<tr>
<td><strong>Income for the year</strong></td>
<td><strong>418</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Unrealised or deferred gains or losses</strong></td>
<td><strong>3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred taxes on unrealised or deferred gains or losses</strong></td>
<td><strong>3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Translation adjustments</strong></td>
<td><strong>(23)</strong></td>
<td></td>
<td></td>
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</tbody>
</table>

#### Comprehensive income for the period*

<table>
<thead>
<tr>
<th>Share capital and other reserves</th>
<th>Reserve</th>
<th>Deferred gains and losses</th>
<th>Profit attributable to equity holders of the parent</th>
<th>Equity attributable to equity holders of the parent</th>
<th>Minority interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comprehensive income for the period</strong></td>
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</table>

#### Equity at December 31, 2007

<table>
<thead>
<tr>
<th>Share capital and other reserves</th>
<th>Reserve</th>
<th>Deferred gains and losses</th>
<th>Profit attributable to equity holders of the parent</th>
<th>Equity attributable to equity holders of the parent</th>
<th>Minority interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity at December 31, 2007</strong></td>
<td><strong>177</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td>332</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital in excess of par value of stock</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Treasury stock</strong></td>
<td>-</td>
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<tr>
<td><strong>Reserves</strong></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Revaluation reserve</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred gains and losses</strong></td>
<td>32</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred gains and losses on financial instruments</strong></td>
<td><strong>32</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit attributable to equity holders of the parent</strong></td>
<td><strong>418</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Equity attributable to equity holders of the parent</strong></td>
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<tr>
<td><strong>Minority interests</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>2,900</strong></td>
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</table>

#### Appropriation of prior-year income

<table>
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<th>Reserve</th>
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<th>Profit attributable to equity holders of the parent</th>
<th>Equity attributable to equity holders of the parent</th>
<th>Minority interests</th>
<th>Total equity</th>
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<tr>
<td><strong>Appropriation of prior-year income</strong></td>
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<tr>
<td><strong>Income for the period</strong></td>
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<tr>
<td><strong>Unrealised or deferred gains or losses</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Deferred taxes on unrealised or deferred gains or losses</strong></td>
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<td></td>
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<td><strong>Translation adjustments</strong></td>
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</table>

#### Comprehensive income for the period*

<table>
<thead>
<tr>
<th>Share capital and other reserves</th>
<th>Reserve</th>
<th>Deferred gains and losses</th>
<th>Profit attributable to equity holders of the parent</th>
<th>Equity attributable to equity holders of the parent</th>
<th>Minority interests</th>
<th>Total equity</th>
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<tr>
<td><strong>Comprehensive income for the period</strong></td>
<td><strong>188</strong></td>
<td></td>
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</table>

#### EQUITY AT DECEMBER 31, 2008

<table>
<thead>
<tr>
<th>Share capital and other reserves</th>
<th>Reserve</th>
<th>Deferred gains and losses</th>
<th>Profit attributable to equity holders of the parent</th>
<th>Equity attributable to equity holders of the parent</th>
<th>Minority interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AT DECEMBER 31, 2008</strong></td>
<td><strong>177</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td>332</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital in excess of par value of stock</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Treasury stock</strong></td>
<td>-</td>
<td></td>
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</tr>
<tr>
<td><strong>Reserves</strong></td>
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<td><strong>Translation reserve</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revaluation reserve</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred gains and losses</strong></td>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred gains and losses on financial instruments</strong></td>
<td><strong>18</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit attributable to equity holders of the parent</strong></td>
<td><strong>356</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Equity attributable to equity holders of the parent</strong></td>
<td><strong>2,908</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Minority interests</strong></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>16</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>2,924</strong></td>
</tr>
</tbody>
</table>

* Comprehensive income for the period comprises all the changes in equity arising from transactions with parties other than stockholders.

1. 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.
2. Including fair value adjustments to cash flow hedges.
3. The intrinsic value of swaptions at maturity is recognised over the life of the corresponding external swap purchased as a hedge of outstanding loans (fair value hedge). The income recognised during the period ended December 31, 2008 amounted to €32.5 million (see table in Note 21.2).
4. The Slovenian subsidiary BPF Financiranje d.o.o., created in January 2008 and 50%-owned by Banque PSA Finance, has joined the list of consolidated companies.
5. $9.6 million (€6.2 million) capital increase by PSA Finance Argentina, 50%-owned by Banque PSA Finance.
In accordance with the Amendment to IAS 1 - Presentation of Financial Statements - Capital Disclosures, the necessary information is given in the paragraph “Capital Management” on page 14 of the management report.

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier 1 capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated equity</td>
<td>2,924</td>
<td>2,900</td>
<td>2,657</td>
</tr>
<tr>
<td>Unrealised capital gains on cash flow hedges</td>
<td>(18)</td>
<td>(32)</td>
<td>(30)</td>
</tr>
<tr>
<td>Proposed dividend, PSA Peugeot Citroën Group</td>
<td>(143)</td>
<td>(167)</td>
<td>(156)</td>
</tr>
<tr>
<td>Proposed dividend, minority interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(63)</td>
<td>(61)</td>
<td>(57)</td>
</tr>
<tr>
<td>Goodwill</td>
<td>(81)</td>
<td>(81)</td>
<td>(81)</td>
</tr>
<tr>
<td>Other equity included in regulatory capital with the approval of the French banking regulator (Commission Bancaire) (1)</td>
<td>-</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Tier 1 capital</strong></td>
<td>2,619</td>
<td>2,558</td>
<td>2,334</td>
</tr>
<tr>
<td><strong>Tier 2 capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity interests in credit institutions</td>
<td>(26)</td>
<td>(15)</td>
<td>(13)</td>
</tr>
<tr>
<td>Guarantees granted to SPVs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Tier 2 capital</strong></td>
<td>(26)</td>
<td>(15)</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>REGULATORY CAPITAL</strong></td>
<td>2,593</td>
<td>2,543</td>
<td>2,321</td>
</tr>
</tbody>
</table>

(1) Under Instruction 2006-01 of January 27, 2006, equity must be adjusted for the «internal credit risk» associated with debt measured using the fair value option. This debt was repaid in November 2008. At December 31, 2007, the cumulative impact of the change in issuer spread on this debt was an unrealised profit of €0.5 million net of tax. This amount was neutralised in equity.
### 2.4 Consolidated statement of cash flows

<table>
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<tr>
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<tbody>
<tr>
<td><strong>INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF BANQUE PSA FINANCE</strong></td>
<td>356</td>
<td>418</td>
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<tr>
<td>Minority interests in income of subsidiaries</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Change in depreciation, amortisation and other provisions</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Change in deferred taxes</td>
<td>63</td>
<td>38</td>
</tr>
<tr>
<td><strong>CASH FLOW</strong></td>
<td>437</td>
<td>470</td>
</tr>
<tr>
<td>Increase/decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- loans and advances to credit institutions</td>
<td>(85)</td>
<td>(3)</td>
</tr>
<tr>
<td>- deposits from credit institutions</td>
<td>1,843</td>
<td>931</td>
</tr>
<tr>
<td>Change in customer loans and receivables</td>
<td>66</td>
<td>(779)</td>
</tr>
<tr>
<td>Increase/decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- amounts due to customers</td>
<td>(57)</td>
<td>23</td>
</tr>
<tr>
<td>- financial assets at fair value through profit or loss</td>
<td>2,223</td>
<td>(499)</td>
</tr>
<tr>
<td>- financial liabilities at fair value through profit or loss</td>
<td>(49)</td>
<td>(7)</td>
</tr>
<tr>
<td>- hedging instruments</td>
<td>(17)</td>
<td>(54)</td>
</tr>
<tr>
<td>- debt securities</td>
<td>(3,817)</td>
<td>701</td>
</tr>
<tr>
<td>Change in other operating assets</td>
<td>(18)</td>
<td>(148)</td>
</tr>
<tr>
<td>Change in other operating liabilities</td>
<td>59</td>
<td>(122)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>585</td>
<td>513</td>
</tr>
<tr>
<td>Acquisitions of subsidiaries</td>
<td>(12)</td>
<td>(3)</td>
</tr>
<tr>
<td>Purchases of fixed assets</td>
<td>(26)</td>
<td>(28)</td>
</tr>
<tr>
<td>Proceeds from disposals of fixed assets</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Effect of changes in scope of consolidation</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td><strong>Net cash used by investing activities</strong></td>
<td>(20)</td>
<td>(20)</td>
</tr>
<tr>
<td>Dividends paid to PSA Peugeot Citroën Group</td>
<td>(167)</td>
<td>(157)</td>
</tr>
<tr>
<td>Dividends paid to minority interests</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td>Capital increase</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used by financing activities</strong></td>
<td>(167)</td>
<td>(157)</td>
</tr>
<tr>
<td>Effect of changes in exchange rates</td>
<td>(64)</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>334</td>
<td>324</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>944</td>
<td>620</td>
</tr>
<tr>
<td>Cash, central banks, post office banks</td>
<td>21</td>
<td>43</td>
</tr>
<tr>
<td>Current account advances and loans and advances at overnight rates</td>
<td>923</td>
<td>577</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>1,278</td>
<td>944</td>
</tr>
<tr>
<td>Cash, central banks, post office banks</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Current account advances and loans and advances at overnight rates</td>
<td>1,269</td>
<td>923</td>
</tr>
</tbody>
</table>
Notes to the consolidated financial statements for the years ended December 31, 2008 and 2007

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A) Changes in Group structure

Since December 2006, the subsidiary in Turkey, named BPF Pazarlama A.H.A.S., has been marketing financing products and related services in partnership with a local bank. It has been fully consolidated since January 2007.

On January 1, 2007, Locadin was merged into its sole shareholder, Crédipar. The merger had no impact on the Banque PSA Finance Group’s consolidated financial statements.

On October 1, 2007, the Austrian subsidiary PSA Finance Austria Bank A.G. was merged into Banque PSA Finance and converted into a branch, with retroactive effect from January 1, 2007. The merger had no impact on the Banque PSA Finance Group’s consolidated financial statements.

On January 29, 2007, the wholly-owned subsidiary Crédipar sold €1,250 million worth of automobile loans to the Auto ABS 2007-1 fund. The Auto ABS 2007-1 fund issued €1,181.25 million worth of rated preferred bonds and €68.75 million worth of rated subordinated bonds. Crédipar holds a retained interest of €10,000, entitling it to the bulk of the operating income generated by the receivables after payment of interest on the preferred and subordinated bonds. As a consequence, the fund has been fully consolidated since January 2007.

On July 25, 2007, Banque PSA Finance’s Italian branch sold €850 million worth of automobile loans to the Auto ABS S.r.l. 2007-2 fund, an Italian Special Purpose Vehicle (SPV). This SPV issued €816 million worth of rated preferred bonds, €34 million worth of rated subordinated bonds and €18.7 million worth of junior bonds subscribed by Banque PSA Finance’s Italian branch. This last issue created a reserve fund for the SPV, while at the same time allowing the branch to retain the bulk of the operating income generated by the receivables after payment of interest on the preferred and subordinated bonds. As a consequence, the fund has been fully consolidated since July 2007.

On July 23, 2007, PSA Renting Italia S.p.A. was set up to develop a rental business in Italy. PSA Renting Italia S.p.A. is wholly-owned by Banque PSA Finance and has been fully consolidated since July 2007.

On December 5, 2007, Crédipar purchased a new company, which was named Financière Grefffuhe S.A.S. on January 28, 2008. The company’s corporate purpose is to participate in raising financing for the Banque PSA Finance Group by buying, selling, borrowing and lending financial instruments. It has been fully consolidated since January 2008.

On January 25, 2008, Crédipar and Banque PSA Finance’s Spanish branch repurchased the loans sold in 2002 to the Auto ABS 2002-1 fund, representing less than €100 million at the repurchase date, and Auto ABS 2002-1 was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance.

On January 23, 2008, BPF Financiranje d.o.o. was set up in Slovenia to develop Banque PSA Finance’s financing business in the local market. The company is a 50/50 joint subsidiary of PSA Financial Holding B.V., the Dutch subsidiary of Banque PSA Finance, and S.G. Consumer Finance S.A., a subsidiary of Société Générale S.A. It has been fully consolidated since May 2008.

On July 30, 2008, Banque PSA Finance’s German branch sold €1,000 million worth of automobile loans to the Auto ABS 2008-1 fund. The Auto ABS 2008-1 fund issued €970 million worth of rated preferred bonds and €30 million worth of rated subordinated bonds. The German branch holds a retained interest of €10,000, entitling it to the bulk of the operating income generated by the receivables after payment of interest on the preferred and subordinated bonds. As a consequence, the fund has been fully consolidated since July 2008.

On June 11, 2008, BPF Algérie was set up to develop Banque PSA Finance’s financing business in Algeria. The company is 98%-owned by PSA Financial Holding B.V. and 2% by Banque PSA Finance. It has been fully consolidated since October 2008.

In order to prepare the legal structures that will house the future insurance business, in June 2008, Banque PSA Finance increased the capital of its subsidiary PSA Assurances S.A.S. This subsidiary acts as the French holding company of an entity in Malta that owns two local insurance companies, one for the life business and the other for the non-life business. As their business will be launched during the first quarter of 2009, these companies have not been consolidated at December 31, 2008.

On July 18, 2008, PSA Financial d.o.o. was set up in Croatia. The company, which is wholly-owned by PSA Financial Holding B.V., was not consolidated at December 31, 2008 because its business volume was not material.

UK-based Arche Investment Limited was removed from the scope of consolidation because Banque PSA Finance has not been a shareholder since November 2008.

German-based Peugeot Commercial Paper Gmbh was also removed from the scope of consolidation at December 31, 2008, because it is in liquidation.

These two events had no impact on the consolidated financial statements of Banque PSA Finance.
## B) List of consolidated companies

<table>
<thead>
<tr>
<th>Companies</th>
<th>Country</th>
<th>% Direct interest</th>
<th>% Indirect interest</th>
<th>Held by</th>
<th>% interest at December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BRANCHES</strong></td>
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<tr>
<td>UK branch</td>
<td>United Kingdom</td>
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<tr>
<td>Spanish branch</td>
<td>Spain</td>
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<tr>
<td>Portuguese branch</td>
<td>Portugal</td>
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</tr>
<tr>
<td>Italian branch</td>
<td>Italy</td>
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<tr>
<td>Polish branch</td>
<td>Poland</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Deutsch branch</td>
<td>Germany</td>
<td></td>
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<tr>
<td>Austrian branch</td>
<td>Austria</td>
<td></td>
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<tr>
<td><strong>FULLY CONSOLIDATED COMPANIES</strong></td>
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</tr>
<tr>
<td>Sales financing in France</td>
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<td></td>
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</tr>
<tr>
<td>Sofira</td>
<td>France</td>
<td>98</td>
<td>-</td>
<td>98</td>
<td>98</td>
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<tr>
<td>Créditpar</td>
<td>France</td>
<td>100</td>
<td>-</td>
<td>100</td>
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<tr>
<td>CLV</td>
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<td>-</td>
<td>100</td>
<td>Créditpar</td>
<td>100</td>
</tr>
<tr>
<td>Dicoma</td>
<td>France</td>
<td>-</td>
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<td>Créditpar</td>
<td>99.98</td>
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<tr>
<td>Sales financing outside France</td>
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</tr>
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<td>PSA Wholesale Ltd</td>
<td>United Kingdom</td>
<td>100</td>
<td>-</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSA Finance Plc</td>
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<td>-</td>
<td>50</td>
<td>PSA Wholesale Ltd</td>
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<td>PSA Finance Nederland B.V.</td>
<td>Netherlands</td>
<td>-</td>
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<td>PSA Financial Holding B.V.</td>
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<td>PSA Finance Belux</td>
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<td>6.51</td>
<td>93.49</td>
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<td>Portugal</td>
<td>97</td>
<td>1</td>
<td>PSA Financial Holding B.V.</td>
<td>98</td>
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<td>17.65</td>
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<td>-</td>
<td>100</td>
<td>100</td>
</tr>
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<td>100</td>
<td>-</td>
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<td>100</td>
</tr>
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<td>PSA Finance Argentina Compania Financiera S.A.</td>
<td>Argentina</td>
<td>50</td>
<td>-</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>PSA Finance Polska Sp.zo.o.</td>
<td>Poland</td>
<td>100</td>
<td>-</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSA Finance Ceska Republika S.r.o.</td>
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<td>99.95</td>
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<td>97.50</td>
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<tr>
<td>PSA Finance Slovakia S.r.o.</td>
<td>Slovakia</td>
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<tr>
<td>Banque PSA Finance Mexico SA de CV SOFOL</td>
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<td>2.52</td>
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<tr>
<td>BPF Pazarlama A.H.A.S.</td>
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<td>100</td>
<td>-</td>
<td>100</td>
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</tr>
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<td>100</td>
</tr>
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<td>BPF Financiranje d.o.o.</td>
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<td>-</td>
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<td><strong>Other companies</strong></td>
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</tr>
<tr>
<td>Sofib</td>
<td>France</td>
<td>100</td>
<td>-</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>SNDA</td>
<td>France</td>
<td>100</td>
<td>-</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>GIE Foncier Créditpar</td>
<td>France</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>Vernon Wholesale Investment Company Ltd</td>
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<td>-</td>
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<td>PSA Wholesale Ltd</td>
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</tr>
<tr>
<td>Peugeot Commercial Paper GmbH</td>
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<td>-</td>
<td>-</td>
<td>PSA Financial Holding B.V.</td>
<td>100</td>
</tr>
<tr>
<td>PSA Financial Holding B.V.</td>
<td>Netherlands</td>
<td>100</td>
<td>-</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Peugeot Finance International N.V.</td>
<td>Netherlands</td>
<td>100</td>
<td>-</td>
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</tr>
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<td>PSA Factor Italia S.p.A.</td>
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<td>94.54</td>
<td>Italian branch</td>
<td>94.54</td>
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<tr>
<td>Arche Investment Limited</td>
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<td>PSA Finance S.C.S.</td>
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</tr>
<tr>
<td>Financière Greffulhe S.A.S.</td>
<td>France</td>
<td>-</td>
<td>100</td>
<td>Créditpar</td>
<td>100</td>
</tr>
<tr>
<td><strong>Special purpose entities</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Auto ABS 2002-1 Fund</td>
<td>France</td>
<td>-</td>
<td>-</td>
<td>PSA Financial Nederland B.V.</td>
<td>25</td>
</tr>
<tr>
<td>Auto ABS 2004-1 Fund</td>
<td>France</td>
<td>-</td>
<td>-</td>
<td>PSA Financial Nederland B.V.</td>
<td>25</td>
</tr>
</tbody>
</table>
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, 2008 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, 2008 were unchanged compared with December 31, 2007 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2008.

New IFRSs and IFRIC interpretations whose application was compulsory or optional in the fiscal year commencing January 1, 2008

- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, whose application is optional. These amendments allow certain financial assets to be reclassified retrospectively from July 1, 2008 in particular circumstances. Banque PSA Finance Group did not use the opportunity offered by these amendments.

- Interpretation IFRIC 11 concerning IFRS 2: Group and Treasury Share Transactions, applicable from the first annual period commencing on or after March 1, 2007. Banque PSA Finance Group is not concerned by this interpretation.

New IFRSs and IFRIC interpretations applicable after the fiscal year commencing January 1, 2008

Banque PSA Finance has not early adopted any standards or interpretations.

- IFRS 8 – Operating Segments, applicable from the first annual period commencing on or after January 1, 2009. Application of IFRS 8 effective from the fiscal year commencing on January 1, 2009 is expected to have an impact on the presentation of the notes to the consolidated financial statements, mainly by adding a new specific note on segment information, as the business will be managed based on new segments corresponding to the portfolios or groups of portfolios defined for Basel II purposes.

- Amendments to IAS 23 – Borrowing Costs, applicable from the first annual period commencing on or after January 1, 2009. This amendment requires directly attributable borrowing costs to be capitalised as part of the cost of the related qualifying asset. This amendment should not have any impact on 2009 income.

- IAS 1 (revised) – Presentation of Financial Statements. Under the revised standard, companies may present components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Group has elected to present a single statement consisting of an income statement in the same format as in prior periods with the other components of comprehensive income shown in a new section at the bottom.

- Amendment to IFRS 2 – Share Based Payment, clarifying the terms “vesting conditions” and “cancellations”. The Group should not be concerned by this amendment.

- Interpretation IFRIC 13 – Customer Loyalty Programmes. The Group should not be concerned by this interpretation.

- Interpretation IFRIC 14 of IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, applicable from January 1, 2009. This interpretation is likely to have no impact on the Group’s consolidated 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 2004-R.03 on the format of the IFRS financial statements of companies governed by the Comité de la Réglementation Bancaire et Financière. Banque PSA Finance 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 F 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 9, 2009.

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, as well as 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 significant 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.

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 recorded under “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. 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 “Translation reserve”.

Foreign currency transactions
Transactions in foreign currencies are measured and recognised 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 closing exchange rate. The corresponding revaluation differences are recognised in the income statement under “Currency instruments”.

Foreign currency transactions are systematically hedged using currency derivatives which are recognised 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 recognised 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 assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the 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 recognised 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 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 recognised 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 recognised for tax loss carryforwards when sufficient taxable profit can reasonably be expected to be generated to permit their utilisation.
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 their 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 recognised as an intangible asset when it is probable that the costs will generate future economic benefits. The capitalised costs are amortised over the estimated useful life of the software, not to exceed 12 years. Other software purchases and development costs are recognised 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 amortised 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 amortised, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see note B.4 below).

Crédipar goodwill

The fair market value of Crédipar 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 amortisation 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 amortisation for the period to December 31, 2003, Sofib goodwill recognised in the opening IFRS balance sheet at January 1, 2004 amounted to €6 million.

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 (CGU), 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 recognised in operating income. The impairment loss is first recorded as an adjustment to the carrying amount of any goodwill allocated to the CGU and the remainder of the loss is allocated to the other assets of the unit.

At Banque PSA Finance, CGUs correspond to operations in each individual country.

C. Financial assets and liabilities

Financial assets and liabilities are recognised 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 recognised in the balance sheet on the transaction date (see end of paragraphs C2 and G7.2 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 Derivative instruments – application of hedge accounting

C.1.1 Recognition and measurement

All derivative instruments are recognised 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 recognised in profit or loss.

Derivative instruments may be designated 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.

Derivative instruments 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 recognised in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognised in profit or loss, and are offset by the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument. Fair value adjustments to hedged financial assets and liabilities are reported under “Cumulative gains and losses on 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 recognised in equity. The cumulative gains and losses recognised 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 recognised in profit or loss.

C.1.2 Derivative financial instruments – financial statement presentation

Balance sheet:

- derivative instruments are stated in the balance sheet at fair value, net of accrued interest;
- fair values of derivative instruments used as hedges are recognised under «Hedging instruments», in assets when the fair value is positive and in liabilities when it is negative;
- derivative instruments 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 recognised 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 derivative financial instruments not designated as hedges are recognised under “Net gains (losses) on trading transactions”, with the exception of:
  - derivative financial instruments used to hedge short-term cash investments: gains or losses are recognised under “Fair value adjustments to assets valued using the fair value option”,
  - derivative financial instruments used to hedge certain liabilities valued using the fair value option: gains and losses are recognised 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 recognised 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 derivative instruments that do not qualify for hedge accounting under IAS 39.

This caption also includes securities receivable, which are recognised 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 derivative financial instruments 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.

This caption also includes the negative fair value of other derivative instruments that do not qualify for hedge accounting under IAS 39, including interest rate derivative instruments 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 yet 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 amortised cost, corresponding to redemption value less amortisation of premiums and discounts. Premiums and discounts are amortised to profit or loss over the holding period.

**C.6 Loans and receivables**

In the Notes to the financial statements, loans and receivables are analysed between:

- retail financing, which includes installment sales, buyback contracts and long-term leases; as explained in note C.6.1 below, buyback contracts and long-term leases are adjusted to present each transaction as a loan;
- wholesale financing, corresponding to floor-plan or spare parts financing for the Peugeot and Citroën captive and independent dealer networks;
- other customer loans and receivables.

Loans and receivables recognised 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:

- contributions received from the marques 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.

The carrying value of finance receivables does not reflect the impact of applying hedge accounting (see note C.6.2 below).

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.6.1 Lease financing**

In accordance with IAS 17 – Leases and IAS 39, vehicles leased to customers are treated as in-substance loans because the risks and rewards of ownership of the vehicle do not lie with Banque PSA Finance. Consequently, rental revenues and depreciation expense on the vehicles are adjusted in order to present each transaction as a loan.

**C.6.2 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 recognised in profit or loss (see note C.1.1 “Derivative instruments – recognition and measurement”).

**C.6.3 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.

**RETAIL FINANCING IMPAIRMENT LOSSES:**

**Impairment losses on sound loans with past-due installments:**

An impairment loss is recognised on sound loans when the borrower defaults on a single installment (loss event). Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss rate.

**Impairment losses on non-performing loans:**

In accordance with French banking regulations, loans for which one or more installments are over 90 days past-due are automatically reclassified as non-performing. This period is increased to 150 days when the Group has no exposure to counterparty risk due to effective risk mitigation. Loans that do not have any installments over 90 days past-due but are flagged by the system as giving rise to an aggravated risk are classified as non-performing immediately.
This definition of non-performing loans is in line with the definition of “default” used for Basel II risk assessment purposes.

Banque PSA Finance has set up a database containing historical collection data for non-performing loans. These data are used to determine the discounted average loss rate, which serves as the basis for calculating impairment losses on non-performing and doubtful loans. The discounted average loss rate is calculated using the effective interest method.

**Restructured performing loans:**

These mainly concern retail customers in France who are in a situation of over-indebtedness and are the subject of plans to discharge their total debt (“Neiertz Act plans”). As soon as the Group is formally notified that loan repayments are being suspended while a debt discharge plan is put in place, the loan is classified as non-performing. Upon the moratorium, if the customer complies with his or her repayment obligations, the loan is reclassified as sound and a provision 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 recognised upon occurrence of the loss event compared to the actual loss that will ultimately be recognised. This increase is linked to the passage of time. If the amount involved is material, this increase in the impairment loss is reversed over the average life of the loans by crediting “Cost of risk”.

**NON-RETAIL FINANCING IMPAIRMENT LOSSES: CORPORATE (WHOLESALE AND NON WHOLESALe), LOCAL ADMINISTRATIONs AND BANKS**

- These loans are classified as non-performing when one or more installments are 90 days past-due, for Corporate loans, and 271 days past-due for loans to Local Administrations. These periods are increased to 452 days and 632 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 271 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-recognised 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 recognised 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 “Derivative instruments – 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 recognised as from the transaction date.

**D. 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 (legal or constructive) 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.

**E. Pension obligations**

In addition to standard pensions payable under local legislation, Group employees receive supplementary pension benefits and retirement bonuses (see Note 20.1). 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 recognised 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 recognised 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 recognised due to the deferral of actuarial gains and losses, is covered by external funds. Because of the deferral of actuarial gains and losses, in some cases the amount of these external funds exceeds the recognised 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 unrecognised 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 2008 indicate that the vested benefit entitlements of employees are covered by the contributions paid to date.

F. 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 – and guarantees) are recognised 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 24 - Other commitments.

Derivative financial instrument commitments are described in note C.1 above.

---

**Note 3 Cash, central banks, post office banks**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Central banks and post office banks (deposits)</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>- of which compulsory reserves deposited with the Banque de France</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9</strong></td>
<td><strong>21</strong></td>
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</table>
## Note 4  Financial assets at fair value through profit or loss

### (in million euros)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Marketable securities (1)</td>
<td>1,113</td>
<td>3,306</td>
</tr>
<tr>
<td>- of which units in Auto ABS securitisation vehicle</td>
<td>532</td>
<td>489</td>
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<tr>
<td>Other</td>
<td>46</td>
<td>46</td>
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<tr>
<td>Fair value adjustments (2)</td>
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<td>-</td>
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<tr>
<td>Marketable securities at fair value</td>
<td>1,159</td>
<td>3,352</td>
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<tr>
<td>- of which accrued interest</td>
<td>2</td>
<td>21</td>
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<tr>
<td>Fair value of derivatives representing economic hedges of marketable securities (2) (4)</td>
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<tr>
<td>Accrued income on derivatives representing economic hedges of liabilities valued using the fair value option</td>
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<td>3</td>
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<tr>
<td>Fair value of derivatives representing economic hedges of liabilities valued using the fair value option (2)</td>
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<td>-</td>
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<tr>
<td>Accrued interest on derivatives held for trading</td>
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</tr>
<tr>
<td>Assets held for trading at fair value (3) (4)</td>
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<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,159</strong></td>
<td><strong>3,396</strong></td>
</tr>
</tbody>
</table>

(1) The liquidity reserve, which amounted to €1,176 million at December 31, 2008, consists of mutual funds (€450 million) classified as «Financial assets at fair value through profit or loss», loans at overnight rates (€718 million) classified as «Loans and advances to credit institutions» (see Note 7) and reserves deposited with the Banque de France (€83 million) classified as «Cash, central banks, post office banks» (see Note 3).

(2) Marketable securities pay interest based on Eonia and are valued using the fair value option. In 2008, they were financed by Eonia-indexed debt. In 2007, the interest rate was swapped for the 3-month Euribor by means of economic hedges classified as «Financial assets at fair value through profit or loss» if their fair value was positive and as «Financial liabilities at fair value through profit or loss» if their fair value was negative. The fair value of the swaps adjusted the fair value of the marketable securities (cf. Note 21.5).

(3) Swaps classified as held for trading, mainly set up during securitisation transactions, represent closed positions that set each other off within homogeneous portfolios. They do not generate any material gains or losses (see Notes 13, 21.1 and 21.5).

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

## Note 5  Hedging instruments (assets)

### (in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow Hedges</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Purchased options (1)</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>- of which intrinsic value of open swaptions</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Fair Value Hedges</td>
<td>526</td>
<td>194</td>
</tr>
<tr>
<td>Adjustment accounts - off-balance sheet transactions in foreign currencies (2)</td>
<td>329</td>
<td>45</td>
</tr>
<tr>
<td>Accrued income on swaps designated as hedges</td>
<td>39</td>
<td>27</td>
</tr>
<tr>
<td>- of which related companies</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Positive fair value of instruments designated as hedges of (3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Borrowings</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>- EMTNs/BMTNs</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>- Bonds</td>
<td>130</td>
<td>42</td>
</tr>
<tr>
<td>- Certificates of deposit</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>- Other debts securities</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>- Retail finance receivables</td>
<td>2</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>526</strong></td>
<td><strong>201</strong></td>
</tr>
</tbody>
</table>

(1) Swaptions purchased as hedges of future loan originations. At December 31, 2008, all of these swaptions had matured.

(2) Adjustment accounts are used to record fair value adjustments to currency swaps designated:
- for the ones, as hedges of foreign currency customer loans refinanced in euros; these fair value adjustments, primarily a €151.8 million adjustment to the fair value of GBP currency swaps at December 31, 2008, are offset by adjustments arising from the remeasurement of the foreign currency customer loans at period-end exchange rates (see Notes 8 and 14);
- for the others, as hedges of foreign currency financing liabilities; these fair value adjustments, primarily a €152.4 million adjustment to the fair value of JPY currency swaps at December 31, 2008, are offset by adjustments arising from the remeasurement of the underlying foreign currency financing liabilities at period-end exchange rates (see Notes 14 and 17).

(3) 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 21.4.
**Note 6 Available-for-sale financial assets**

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

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

Shares in non-consolidated companies amounted to €12 million at December 31, 2008 and mainly concerned the insurance holding subsidiary PSA Assurances S.A.S. (€8.7 million) and the Croatian subsidiary PSA Finance d.o.o. (€3.5 million). At December 31, 2007, they amounted to €3 million and mainly concerned the Slovenian subsidiary BPF Financiranje d.o.o., which has been consolidated since May 31, 2008 (see Note 1, changes in Group structure).

**Note 7 Loans and advances to credit institutions**

**Analysis of demand and time accounts**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand accounts</td>
<td>1,269</td>
<td>923</td>
</tr>
<tr>
<td>Ordinary accounts in debit (1)</td>
<td>522</td>
<td>424</td>
</tr>
<tr>
<td>Securities to be delivered</td>
<td>29</td>
<td>-</td>
</tr>
<tr>
<td>Loans and advances at overnight rates (2/3)</td>
<td>718</td>
<td>499</td>
</tr>
<tr>
<td>Time accounts (4)</td>
<td>70</td>
<td>2</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,340</strong></td>
<td><strong>927</strong></td>
</tr>
</tbody>
</table>

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

(2) Primarily corresponding to Banque PSA Finance interbank loans in the form of repo transactions (€691 million) that are cancellable without notice.

(3) The liquidity reserve, which amounted to €1,176 million at December 31, 2008, consists of mutual funds (€450 million) classified as “Financial assets at fair value through profit or loss” (see Note 4), loans at overnight rates (€718 million) classified as “Loans and advances to credit institutions” and reserves deposited with the Banque de France (€8 million) classified as “Cash, central banks, post office banks” (see Note 3).

(4) Time accounts are analysed by maturity in Note 22.

**Analysis of loans and advances to credit institutions (including accrued interest) between loans to related companies and loans to non-group institutions**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-group institutions</td>
<td>1,340</td>
<td>927</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,340</strong></td>
<td><strong>927</strong></td>
</tr>
</tbody>
</table>

**Analysis of loans and advances to credit institutions (including accrued interest) by geographical area**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>928</td>
<td>648</td>
</tr>
<tr>
<td>European Union (excluding France)</td>
<td>304</td>
<td>266</td>
</tr>
<tr>
<td>Other European countries</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Latin America</td>
<td>107</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,340</strong></td>
<td><strong>927</strong></td>
</tr>
</tbody>
</table>
**Note 8 Customer loans and receivables**

### 8.1 Analysis by business

#### (in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installment contracts</td>
<td>9,646</td>
<td>10,550</td>
</tr>
<tr>
<td>- of which securitised</td>
<td>3,136</td>
<td>2,673</td>
</tr>
<tr>
<td>Buyback contracts</td>
<td>3,315</td>
<td>2,718</td>
</tr>
<tr>
<td>- of which securitised</td>
<td>1,377</td>
<td>1,336</td>
</tr>
<tr>
<td>Unaccrued interest on buyback contracts</td>
<td>(724)</td>
<td>(423)</td>
</tr>
<tr>
<td>- of which securitised</td>
<td>(201)</td>
<td>(186)</td>
</tr>
<tr>
<td>Long-term leases</td>
<td>5,015</td>
<td>4,396</td>
</tr>
<tr>
<td>- Related companies</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>5,014</td>
<td>4,388</td>
</tr>
<tr>
<td>Unaccrued interest on long-term leases</td>
<td>(415)</td>
<td>(365)</td>
</tr>
<tr>
<td>Leasing deposits</td>
<td>(59)</td>
<td>(57)</td>
</tr>
<tr>
<td>Retail finance receivables, net (A - see Note 32.1 A)</td>
<td>16,778</td>
<td>16,819</td>
</tr>
<tr>
<td><strong>Other finance receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment loans</td>
<td>277</td>
<td>248</td>
</tr>
<tr>
<td>Other</td>
<td>565</td>
<td>512</td>
</tr>
<tr>
<td>Other finance receivables, net (B - see Note 32.1 B)</td>
<td>842</td>
<td>760</td>
</tr>
<tr>
<td><strong>Deferred items included in amortised cost - Retail financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred acquisition costs</td>
<td>425</td>
<td>424</td>
</tr>
<tr>
<td>Deferred loan set-up costs</td>
<td>(79)</td>
<td>(83)</td>
</tr>
<tr>
<td>Deferred manufacturer and dealer contributions</td>
<td>(241)</td>
<td>(238)</td>
</tr>
<tr>
<td>Total deferred items included in amortised cost</td>
<td>105</td>
<td>103</td>
</tr>
<tr>
<td><strong>Wholesale financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale finance receivables</td>
<td>4,427</td>
<td>5,689</td>
</tr>
<tr>
<td>- Related companies</td>
<td>140</td>
<td>211</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>4,287</td>
<td>5,478</td>
</tr>
<tr>
<td>Wholesale financing deposits</td>
<td>(57)</td>
<td>(83)</td>
</tr>
<tr>
<td>- Related companies</td>
<td>(49)</td>
<td>(78)</td>
</tr>
<tr>
<td>Wholesale finance receivables, net (C - see Note 32.1 C)</td>
<td>4,370</td>
<td>5,606</td>
</tr>
<tr>
<td><strong>Ordinary accounts in debit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Related companies</td>
<td>44</td>
<td>28</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>144</td>
<td>140</td>
</tr>
<tr>
<td>Ordinary accounts in debit, net</td>
<td>188</td>
<td>168</td>
</tr>
<tr>
<td><strong>TOTAL LOANS AND RECEIVABLES AT AMORTISED COST</strong></td>
<td><strong>22,283</strong></td>
<td><strong>23,456</strong></td>
</tr>
</tbody>
</table>

---

1. The Banque PSA Finance Group has set up several securitisation programs. All of these programs are being implemented through the Auto ABS special purpose vehicle created in June 2001, except in the case of Italy (see last paragraph below).

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.

---

(1) The Banque PSA Finance Group has set up several securitisation programs. All of these programs are being implemented through the Auto ABS special purpose vehicle created in June 2001, except in the case of Italy (see last paragraph below).

1. On February 25, 2004, Banque PSA Finance’s German subsidiary PSA Finance Deutschland GmbH, which was converted into a branch on September 29, 2005, sold €1 billion worth of automobile loans to the Auto ABS 2004-1 fund. The Auto ABS 2004-1 fund issued €970 million worth of AAA/Aaa rated preferred asset-backed securities and €30 million worth of A/A2 rated subordinated asset-backed securities. PSA Finance Deutschland GmbH’s retained interest amounts to €10,000.


4. On July 25, 2007, Banque PSA Finance’s Italian branch sold €850 million worth of automobile loans to the Auto ABS S.r.l. 2007-2 fund, an Italian Special Purpose Vehicle (SPV). This SPV issued €816 million worth of AAA/Aaa/A rated preferred bonds, €34 million worth of A/A1/A rated subordinated bonds and junior bonds subscribed by Banque PSA Finance’s Italian branch (€18.7 million).

5. On July 30, 2008, Banque PSA Finance’s German branch sold €1 billion worth of automobile loans to the Auto ABS 2008-1 fund. The Auto ABS 2008-1 fund issued €970 million worth of AAA/Aaa rated preferred bonds and €30 million worth of A/Aa3/A rated subordinated bonds. The German branch’s retained interest amounts to €10,000.

These funds are special purpose vehicles which are fully consolidated by Banque PSA Finance to the extent that its subsidiaries retain the majority of the risks (principally credit risk) and rewards (net banking income generated by the SPV s) through their retained interest.

(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.
8.2 Analysis by geographical area

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>8,428</td>
<td>8,594</td>
</tr>
<tr>
<td>European Union (excluding France)</td>
<td>12,627</td>
<td>13,774</td>
</tr>
<tr>
<td>Other European countries</td>
<td>327</td>
<td>307</td>
</tr>
<tr>
<td>Latin America</td>
<td>901</td>
<td>781</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22,283</strong></td>
<td><strong>23,456</strong></td>
</tr>
</tbody>
</table>

8.3 Analysis by currency

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Euros</td>
<td>18,605</td>
<td>19,175</td>
</tr>
<tr>
<td>Pounds sterling</td>
<td>1,789</td>
<td>2,539</td>
</tr>
<tr>
<td>Brazilian reals</td>
<td>742</td>
<td>651</td>
</tr>
<tr>
<td>Swiss francs</td>
<td>419</td>
<td>364</td>
</tr>
<tr>
<td>Polish zloty</td>
<td>249</td>
<td>244</td>
</tr>
<tr>
<td>Czech koruny</td>
<td>154</td>
<td>139</td>
</tr>
<tr>
<td>Mexican pesos</td>
<td>69</td>
<td>74</td>
</tr>
<tr>
<td>Danish kroner</td>
<td>41</td>
<td>77</td>
</tr>
<tr>
<td>Hungarian forints</td>
<td>42</td>
<td>45</td>
</tr>
<tr>
<td>Slovak koruny</td>
<td>55</td>
<td>41</td>
</tr>
<tr>
<td>Argentinian pesos</td>
<td>91</td>
<td>55</td>
</tr>
<tr>
<td>Swedish kronor</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Norwegian kroner</td>
<td>8</td>
<td>41</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22,283</strong></td>
<td><strong>23,456</strong></td>
</tr>
</tbody>
</table>

(1) The adjustments arising from the remeasurement of foreign currency customer loans refinanced in euros at period-end exchange rates, primarily a €151.8 million adjustment to the fair value of GBP customer loans at December 31, 2008, are offset by the fair value adjustments to the fair value of currency swaps hedging foreign currency customer loans (see Notes 5 and 14).

8.4 Analysis by maturity

**Maturities of Retail finance receivables**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not broken down</td>
<td>666</td>
<td>481</td>
</tr>
<tr>
<td>0 to 3 months</td>
<td>1,694</td>
<td>1,839</td>
</tr>
<tr>
<td>3 months to 1 year</td>
<td>4,908</td>
<td>4,458</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>9,510</td>
<td>10,179</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>336</td>
<td>155</td>
</tr>
<tr>
<td><strong>TOTAL, GROSS</strong></td>
<td><strong>17,114</strong></td>
<td><strong>17,112</strong></td>
</tr>
<tr>
<td>Guarantee deposits (lease financing)</td>
<td>(59)</td>
<td>(57)</td>
</tr>
<tr>
<td>Impairment</td>
<td>(277)</td>
<td>(236)</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td><strong>16,778</strong></td>
<td><strong>16,819</strong></td>
</tr>
</tbody>
</table>
### Maturities of other finance receivables

*(In million euros)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not broken down</td>
<td>55</td>
<td>46</td>
</tr>
<tr>
<td>0 to 3 months</td>
<td>146</td>
<td>117</td>
</tr>
<tr>
<td>3 months to 1 year</td>
<td>185</td>
<td>162</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>437</td>
<td>408</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>39</td>
<td>44</td>
</tr>
<tr>
<td><strong>TOTAL, GROSS</strong></td>
<td><strong>862</strong></td>
<td><strong>777</strong></td>
</tr>
<tr>
<td>Impairment</td>
<td>(20)</td>
<td>(17)</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td><strong>842</strong></td>
<td><strong>760</strong></td>
</tr>
</tbody>
</table>

### Maturities of Wholesale finance receivables

*(In million euros)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not broken down</td>
<td>104</td>
<td>65</td>
</tr>
<tr>
<td>0 to 3 months</td>
<td>2,384</td>
<td>2,790</td>
</tr>
<tr>
<td>3 months to 1 year</td>
<td>1,531</td>
<td>2,851</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>410</td>
<td>-</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL, GROSS</strong></td>
<td><strong>4,446</strong></td>
<td><strong>5,706</strong></td>
</tr>
<tr>
<td>Wholesale financing deposits</td>
<td>(57)</td>
<td>(83)</td>
</tr>
<tr>
<td>Impairment</td>
<td>(19)</td>
<td>(17)</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td><strong>4,370</strong></td>
<td><strong>5,606</strong></td>
</tr>
</tbody>
</table>

### Note 9

**Fair value adjustments to finance receivables portfolios hedged against interest rate risks**

*(In million euros)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value adjustments to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Installment contracts</td>
<td>142</td>
<td>(43)</td>
</tr>
<tr>
<td>- Buyback contracts</td>
<td>30</td>
<td>(7)</td>
</tr>
<tr>
<td>- Long-term leases</td>
<td>41</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>213</strong></td>
<td><strong>(63)</strong></td>
</tr>
</tbody>
</table>

*1 The sharp drop in market interest rates in 2008 led to significant positive fair value adjustments to fixed rate finance receivables, which were offset by negative fair value adjustments to financial instruments acquired as hedges of retail finance receivables (see Notes 5 and 14).*

Hedging effectiveness is analysed in Note 21.4.
Note 10  Accruals and other assets

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables</td>
<td>302</td>
<td>299</td>
</tr>
<tr>
<td>- Related companies</td>
<td></td>
<td>82</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>220</td>
<td>214</td>
</tr>
<tr>
<td>Prepaid and recoverable taxes</td>
<td>35</td>
<td>26</td>
</tr>
<tr>
<td>Other prepaid expenses</td>
<td>120</td>
<td>66</td>
</tr>
<tr>
<td>Accrued income</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>- Related companies</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>20</td>
<td>92</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>20</td>
<td>92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>495</strong></td>
<td><strong>502</strong></td>
</tr>
</tbody>
</table>

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

Note 11  Property and equipment and intangible assets

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

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Depreciation/amortisation</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>48</td>
<td>(21)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>13</td>
<td>(3)</td>
</tr>
<tr>
<td>Other</td>
<td>36</td>
<td>(32)</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>97</td>
<td>(56)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>156</td>
<td>(60)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>253</strong></td>
<td><strong>(116)</strong></td>
</tr>
</tbody>
</table>

(1) The development cost of software for internal use capitalised under intangible assets at December 31, 2008 amounted to €96 million net.

Movements at cost

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>48</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48</td>
</tr>
<tr>
<td>Vehicles</td>
<td>14</td>
<td>12</td>
<td>(13)</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>Other</td>
<td>41</td>
<td>3</td>
<td>(8)</td>
<td>-</td>
<td>36</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>103</td>
<td>15</td>
<td>(21)</td>
<td>-</td>
<td>97</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>144</td>
<td>23</td>
<td>(11)</td>
<td>-</td>
<td>156</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>247</strong></td>
<td><strong>38</strong></td>
<td><strong>(32)</strong></td>
<td><strong>-</strong></td>
<td><strong>253</strong></td>
</tr>
</tbody>
</table>
Changes in depreciation and amortisation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>(20)</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>(21)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>(3)</td>
<td>(3)</td>
<td>3</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td>Other</td>
<td>(36)</td>
<td>(2)</td>
<td>6</td>
<td>-</td>
<td>(32)</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>(59)</td>
<td>(6)</td>
<td>9</td>
<td>-</td>
<td>(56)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(50)</td>
<td>(9)</td>
<td>-</td>
<td>(1)</td>
<td>(60)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(109)</strong></td>
<td><strong>(15)</strong></td>
<td><strong>9</strong></td>
<td><strong>(1)</strong></td>
<td><strong>(116)</strong></td>
</tr>
</tbody>
</table>

**Note 12** Goodwill

An impairment test carried out on December 31, 2008 revealed no impairment in the carrying amount of goodwill (see the comment on goodwill in Notes 2.B.3 and 2.B.4).

**Note 13** Financial liabilities at fair value through profit or loss

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities valued using the fair value option</td>
<td>-</td>
<td>152</td>
</tr>
<tr>
<td>Fair value adjustments (1)</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td>Total liabilities at fair value through profit or loss</td>
<td>-</td>
<td>149</td>
</tr>
<tr>
<td>Accrued interest expense on derivatives representing economic hedges of marketable securities</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Accrued interest expense on derivatives representing economic hedges of liabilities valued using the fair value option</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Fair value of derivatives representing economic hedges of liabilities valued using the fair value option (2)</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Accrued expense on trading instruments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value of trading instruments (2,3)</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>0</strong></td>
<td><strong>201</strong></td>
</tr>
</tbody>
</table>

(1) The Group elected to value this liability using the fair value option in order to recognize fair value adjustments to the liability symmetrically with fair value adjustments to the related hedging instruments. This debt was repaid in November 2008.

(2) Swaps classified as held for trading, mainly set up during securitisation transactions, represent closed positions that set each other off within homogeneous portfolios. They do not generate any material gains or losses (see Notes 4, 21.1 and 21.5).

(3) Fair value is determined by applying valuation techniques based for the most part on observable market data (level 2).
Note 14  Hedging instruments (liabilities)

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fair Value Hedges</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>419</td>
<td>113</td>
</tr>
<tr>
<td>Adjustment accounts - commitments in foreign currencies (1)</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Unrealised gains on unclosed hedges</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued expenses on swaps designated as hedges</td>
<td>76</td>
<td>35</td>
</tr>
<tr>
<td>- of which related companies</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Negative fair value of instruments designated as hedges of (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Borrowings</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>- EMTNs/BMTNs</td>
<td>3</td>
<td>29</td>
</tr>
<tr>
<td>- Bonds</td>
<td>130</td>
<td>42</td>
</tr>
<tr>
<td>- Certificates of deposit</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>- Retail finance receivables</td>
<td>209</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>419</td>
<td>113</td>
</tr>
</tbody>
</table>

(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 5, 8 and 17).

(2) Fair value is obtained thanks to valuation techniques using available data on markets for the most significant of them (level 2).

Hedging effectiveness is analysed in Note 21.4.

Note 15  Deposits from credit institutions

Analysis of demand and time accounts

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand deposits (non-group institutions)</td>
<td>282</td>
<td>264</td>
</tr>
<tr>
<td>- Ordinary accounts in credit</td>
<td>272</td>
<td>262</td>
</tr>
<tr>
<td>- Accounts and deposits at overnight rates</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>- Other</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Time deposits (non-group institutions) (1) (2)</td>
<td>8,142</td>
<td>7,140</td>
</tr>
<tr>
<td>Debt issuing costs (deferred charges)</td>
<td>(8)</td>
<td>-</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>119</td>
<td>74</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>8,536</td>
<td>7,479</td>
</tr>
</tbody>
</table>

(1) Including €2,430 million at December 2008 in short-term drawdowns on back-up lines corresponding to long-term financing commitments (see Note 24). Time deposits are analysed by maturity in Note 22.

(2) Including €446 million in deposits from Société de Financement de l’Economie Française (SFEF) that were received pursuant to the measures to finance the economy introduced in France’s amended Finance Act no.2008-1061 of October 16, 2008 (see Note 24 and section «Refinancing policy» on page 15 of the management report).
Analysis by repayment currency

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Demand deposits</td>
<td>Time deposits</td>
</tr>
<tr>
<td>Euros</td>
<td>200</td>
<td>6,907</td>
</tr>
<tr>
<td>Pounds sterling</td>
<td>13</td>
<td>363</td>
</tr>
<tr>
<td>Brazilian reals</td>
<td>-</td>
<td>552</td>
</tr>
<tr>
<td>Swiss francs</td>
<td>4</td>
<td>70</td>
</tr>
<tr>
<td>Brazilian reals</td>
<td>-</td>
<td>423</td>
</tr>
<tr>
<td>Czech koruny</td>
<td>3</td>
<td>121</td>
</tr>
<tr>
<td>Hungarian forints</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>42</td>
<td>129</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>282</strong></td>
<td><strong>8,142</strong></td>
</tr>
</tbody>
</table>

Note 16 Due to customers

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Time accounts</td>
<td></td>
</tr>
<tr>
<td>Non-group companies (1)</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>17</strong></td>
<td><strong>11</strong></td>
</tr>
<tr>
<td>Demand accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related companies</td>
<td>59</td>
<td>93</td>
</tr>
<tr>
<td>- of which PSA Peugeot Citroën Group entities’ ordinary accounts in credit (2)</td>
<td>55</td>
<td>93</td>
</tr>
<tr>
<td>Non-group companies (independent dealers’ ordinary accounts in credit)</td>
<td>184</td>
<td>217</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>243</strong></td>
<td><strong>310</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>260</strong></td>
<td><strong>321</strong></td>
</tr>
</tbody>
</table>

(1) Time accounts are analysed by maturity in Note 22.
(2) Primarily comprising subsidiaries’ payment accounts concerning transactions with the PSA Peugeot Citroën Group. In 2007, the higher amount is mainly due to the cash surplus on the GIE PSA Tresorerie current account with SOFIB (€32 million).

Analysis of time accounts (excluding accrued interest) by repayment currency

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Euros</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>17</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>
## Note 17  Debt securities

### Analysis by type of security

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interbank instruments and money-market securities (non-group institutions)</td>
<td>7,840</td>
<td>11,950</td>
</tr>
<tr>
<td>- EMTNs</td>
<td>4,534</td>
<td>7,134</td>
</tr>
<tr>
<td>- BMTNs</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>- Certificates of deposit and “billets de trésorerie”</td>
<td>3,296</td>
<td>4,791</td>
</tr>
<tr>
<td>- of which paper in the process of being delivered</td>
<td>29</td>
<td>-</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>41</td>
<td>65</td>
</tr>
<tr>
<td>Debt issuing costs (deferred charges)</td>
<td>(13)</td>
<td>(13)</td>
</tr>
<tr>
<td>Deferred gains</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Bonds (1)</td>
<td>4,664</td>
<td>3,763</td>
</tr>
<tr>
<td>- of which securitisation: preferred and subordinated bonds (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Related companies</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>4,226</td>
<td>3,350</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>31</td>
<td>25</td>
</tr>
<tr>
<td>- of which securitisation</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Other debt securities</td>
<td>431</td>
<td>878</td>
</tr>
<tr>
<td>- of which securitisation: preferred and subordinated bonds</td>
<td>310</td>
<td>738</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>- of which securitisation</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,005</strong></td>
<td><strong>16,688</strong></td>
</tr>
</tbody>
</table>

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


### Maturity of debt securities (excluding accrued interest)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>Money-market securities</td>
<td>Others</td>
</tr>
<tr>
<td>0 to 3 months</td>
<td>-</td>
<td>3,263</td>
</tr>
<tr>
<td>3 months to 1 year</td>
<td>-</td>
<td>1,916</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>3,722</td>
<td>2,652</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>942</td>
<td>9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,664</strong></td>
<td><strong>7,840</strong></td>
</tr>
</tbody>
</table>

### Analysis of debt securities by repayment currency (3)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>Money-market securities</td>
<td>Others</td>
</tr>
<tr>
<td>Euros</td>
<td>4,664</td>
<td>6,950</td>
</tr>
<tr>
<td>Pounds sterling</td>
<td>-</td>
<td>157</td>
</tr>
<tr>
<td>Brazilian reals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Czech koruny</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Japanese yen</td>
<td>-</td>
<td>733</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,664</strong></td>
<td><strong>7,840</strong></td>
</tr>
</tbody>
</table>

(1) Adjustments arising from the remeasurement of hedged foreign currency financing liabilities at period-end exchange rates (primarily a €152.4 million adjustment to the fair value of JPY debt at December 31, 2008) are offset by fair value adjustments to the corresponding currency swaps (see Notes 5 and 14).

Banque PSA Finance’s residual currency position is presented in Note 21.
Note 18  Fair value adjustments to debt portfolios hedged against interest rate risks

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value adjustments to borrowings</td>
<td>12</td>
<td>(1)</td>
</tr>
<tr>
<td>Fair value adjustments to EMTNs/BMTNs</td>
<td>10</td>
<td>(26)</td>
</tr>
<tr>
<td>Fair value adjustment to certificates of deposit</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Fair value adjustments to bonds</td>
<td>1</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>(28)</strong></td>
</tr>
</tbody>
</table>

(1) The sharp drop in market interest rates in 2008 led to a significant reduction in the value of interest rate risk on these debts, while at the same time driving up the value of the borrowings and EMTN/BMTN hedges (see Notes 5 and 14).

Hedging effectiveness is analysed in Note 21.4.

Note 19  Accruals and other liabilities

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>199</td>
<td>222</td>
</tr>
<tr>
<td>- Related companies</td>
<td>135</td>
<td>167</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>64</td>
<td>55</td>
</tr>
<tr>
<td>Accrued payroll and other taxes</td>
<td>53</td>
<td>45</td>
</tr>
<tr>
<td>Accrued charges</td>
<td>169</td>
<td>187</td>
</tr>
<tr>
<td>- Related companies</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>138</td>
<td>156</td>
</tr>
<tr>
<td>Deferred income</td>
<td>174</td>
<td>58</td>
</tr>
<tr>
<td>- Related companies</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>169</td>
<td>49</td>
</tr>
<tr>
<td>Other payables</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>- Related companies</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Other</td>
<td>65</td>
<td>68</td>
</tr>
<tr>
<td>- Non-group companies</td>
<td>65</td>
<td>68</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>678</strong></td>
<td><strong>598</strong></td>
</tr>
</tbody>
</table>

(1) Representing the price of vehicles payable to the Peugeot and Citroën marques.
Note 20 Provisions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for pensions and other post-retirement benefits</td>
<td>25</td>
<td>3</td>
<td>(3)</td>
<td>-</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Provisions for doubtful wholesale commitments</td>
<td>5</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Provisions for losses on sales of used cars (1)</td>
<td>12</td>
<td>5</td>
<td>(3)</td>
<td>-</td>
<td>(3)</td>
<td>11</td>
</tr>
<tr>
<td>Provision for leasing risk in Portugal</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Provision for self-insurance risk</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Provisions for sub-contracted long term leases</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>1</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>56</strong></td>
<td><strong>9</strong></td>
<td><strong>(7)</strong></td>
<td><strong>(1)</strong></td>
<td><strong>(3)</strong></td>
<td><strong>54</strong></td>
</tr>
</tbody>
</table>

(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.

20.1 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 recognised as an expense in the payment year. The main countries with defined benefit plans are France and the United Kingdom.

In France, defined benefit obligations concern:

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

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

B. Assumptions

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

<table>
<thead>
<tr>
<th></th>
<th>Euro zone</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount rate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>5.50%</td>
<td>6.00%</td>
</tr>
<tr>
<td>2007</td>
<td>5.25%</td>
<td>5.75%</td>
</tr>
<tr>
<td>2006</td>
<td>4.50%</td>
<td>5.10%</td>
</tr>
<tr>
<td><strong>Inflation rate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>2.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2007</td>
<td>2.00%</td>
<td>3.10%</td>
</tr>
<tr>
<td>2006</td>
<td>2.00%</td>
<td>2.80%</td>
</tr>
<tr>
<td><strong>Expected return on external funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>5.25%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2007</td>
<td>6.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2006</td>
<td>6.00%</td>
<td>7.00%</td>
</tr>
</tbody>
</table>

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 2009 and inflation plus 0.5% in subsequent years for France, and inflation plus 1.5% for the United Kingdom.

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

Sensitivity of assumptions: a 0.25-point increase or decrease in the actuarial rate (discount rate – inflation rate) would lead to an increase or decrease in the projected benefit obligation of 2.4% for French plans and 5.4% for UK plans.
C. Reconciliation of balance sheet items to historical data

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>France</td>
<td>Other countries</td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td>(9)</td>
<td>(41)</td>
</tr>
<tr>
<td>Fair value of external funds</td>
<td>6</td>
<td>23</td>
</tr>
<tr>
<td>Surplus or (deficit)</td>
<td>(3)</td>
<td>(18)</td>
</tr>
<tr>
<td>Actuarial gains and losses</td>
<td>1</td>
<td>(1)</td>
</tr>
<tr>
<td>(Provision) net asset recognised in the balance sheet</td>
<td>(2)</td>
<td>(19)</td>
</tr>
<tr>
<td>Of which: provisions</td>
<td>(3)</td>
<td>(20)</td>
</tr>
<tr>
<td>Of which: net assets</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

The French Social Security Financing Act for 2009, which was adopted on 17 December 2008, has pushed back to 70 the age at which companies can oblige their employees to retire. However, in certain specific cases, compulsory retirement is permitted from 65 years of age, provided that the employee concerned agrees. This new legislation did not have a material effect on the measurement of projected benefit obligations at 31 December 2008.

D. Movement for the year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>France</td>
<td>Other countries</td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of the year</td>
<td>(9.0)</td>
<td>(47.3)</td>
</tr>
<tr>
<td>Service cost</td>
<td>(0.4)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(0.5)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>0.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Actuarial gains and losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Amount</td>
<td>0.8</td>
<td>3.0</td>
</tr>
<tr>
<td>- As a % of the projected benefit obligation</td>
<td>8.96%</td>
<td>6.37%</td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>-</td>
<td>6.0</td>
</tr>
<tr>
<td>Effect of changes in scope of consolidation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Curtailments and settlements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At year-end</td>
<td>(8.6)</td>
<td>(41.4)</td>
</tr>
<tr>
<td>Funded status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of the year</td>
<td>5.7</td>
<td>29.3</td>
</tr>
<tr>
<td>Expected return on external funds</td>
<td>0.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Actuarial gains and losses</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>- Amount</td>
<td>0.1</td>
<td>(3.2)</td>
</tr>
<tr>
<td>- As a % of the projected benefit obligation</td>
<td>1.62%</td>
<td>11.04%</td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>-</td>
<td>(5.3)</td>
</tr>
<tr>
<td>Contributions paid</td>
<td>-</td>
<td>2.3</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(0.5)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>At year-end</td>
<td>5.6</td>
<td>23.8</td>
</tr>
<tr>
<td>Deferred items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of the year</td>
<td>2.2</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Items deferred during the year</td>
<td>(0.9)</td>
<td>0.2</td>
</tr>
<tr>
<td>Amortisation of deferred items</td>
<td>(0.1)</td>
<td>0.2</td>
</tr>
<tr>
<td>Translation adjustment and other</td>
<td>-</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Curtailments and settlements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At year-end</td>
<td>1.2</td>
<td>(1.5)</td>
</tr>
</tbody>
</table>

Following adoption of the 2008 Social Security Financing Act, the Group adjusted its assumptions concerning voluntary and compulsory retirements, leading to a €3.3 million increase for Credipar in projected benefit obligations at 31 December 2007. This increase was treated as an actuarial loss.
E. Expense for the year

Pension costs are recognised as follows:

- the service cost and amortisation of deferred items are recognised in General operating expenses (Personnel costs);
- the interest cost, corresponding to the discounting adjustment to benefit obligations, is recognised under “Interest cost on pension obligations”;
- the expected return on external funds is recognised under “Expected return on external pension funds”;
- exceptionally, in “Other non-operating items” for the effects of restructuring plans.

Pension costs break down as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>France</td>
<td>Other</td>
</tr>
<tr>
<td>Service cost</td>
<td>(0.4)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Amortisation of deferred items</td>
<td>(0.1)</td>
<td>0.2</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(0.5)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Expected return on external funds</td>
<td>0.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>(0.7)</td>
<td>(2.6)</td>
</tr>
</tbody>
</table>

Note 21 Derivatives

Group interest rate management policy
(see section “Financial Risk Management” on page 18 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 the period up to the third quarter 2008, in order to cap the refinancing cost of new retail financing granted in euros, Banque PSA Finance purchased swaptions (options on interest rate swaps - see paragraph 21.2 below).

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

Counterparty risk: Banque PSA Finance’s exposure to counterparty risk is limited to its use of derivatives governed by standard FBF or ISDA agreements and very short term cash investments with leading counterparties. Customer credit risk is discussed in Note 32.

The bank does not incur any exposure from the implementation of its investment policy. Available cash is invested solely in very short-term retail certificates of deposits and in mutual funds with a capital guarantee and a guaranteed yield.

Liquidity risk: see Note 22 below.
## 21.1 Banque PSA Finance interest rate position at December 31, 2008

<table>
<thead>
<tr>
<th>(in million euros)</th>
<th>0 to 1 year</th>
<th>1 to 5 years</th>
<th>+5 years</th>
<th>Total on Dec. 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale financing</td>
<td>4,351</td>
<td>-</td>
<td>-</td>
<td>4,351</td>
</tr>
<tr>
<td>Fixed rate Retail financing</td>
<td>6,799</td>
<td>10,329</td>
<td>-</td>
<td>17,128</td>
</tr>
<tr>
<td>Other adjustable rate loans and receivables</td>
<td>804</td>
<td>-</td>
<td>-</td>
<td>804</td>
</tr>
<tr>
<td>Fixed rate financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>2,503</td>
<td>-</td>
<td>-</td>
<td>2,503</td>
</tr>
<tr>
<td>Total financial assets (a)</td>
<td>14,457</td>
<td>10,329</td>
<td>-</td>
<td>24,786</td>
</tr>
<tr>
<td>Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)</td>
<td>740</td>
<td>-</td>
<td>-</td>
<td>740</td>
</tr>
<tr>
<td><strong>Non financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets and goodwill</td>
<td>-</td>
<td>218</td>
<td>-</td>
<td>218</td>
</tr>
<tr>
<td>Other non financial assets</td>
<td>626</td>
<td>-</td>
<td>-</td>
<td>626</td>
</tr>
<tr>
<td>Total non financial assets</td>
<td>626</td>
<td>218</td>
<td>-</td>
<td>844</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>26,370</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedged fixed rate debt</td>
<td>(1,795)</td>
<td>(1,752)</td>
<td>(55)</td>
<td>(3,602)</td>
</tr>
<tr>
<td>Hedged adjustable rate debt</td>
<td>(17,476)</td>
<td>-</td>
<td>-</td>
<td>(17,476)</td>
</tr>
<tr>
<td>Other borrowings and deposits</td>
<td>(543)</td>
<td>-</td>
<td>-</td>
<td>(543)</td>
</tr>
<tr>
<td>Total financial liabilities (b)</td>
<td>(19,814)</td>
<td>(1,752)</td>
<td>(55)</td>
<td>(21,621)</td>
</tr>
<tr>
<td>Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)</td>
<td>(444)</td>
<td>-</td>
<td>-</td>
<td>(444)</td>
</tr>
<tr>
<td><strong>Non financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non financial liabilities</td>
<td>(1,381)</td>
<td>-</td>
<td>-</td>
<td>(1,381)</td>
</tr>
<tr>
<td>Total non financial liabilities</td>
<td>(1,381)</td>
<td>-</td>
<td>-</td>
<td>(1,381)</td>
</tr>
<tr>
<td>Equity (3)</td>
<td>-</td>
<td>(2,924)</td>
<td>-</td>
<td>(2,924)</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET POSITION BEFORE HEDGING</strong> (a) + (b)</td>
<td>(5,357)</td>
<td>8,577</td>
<td>(55)</td>
<td>3,165</td>
</tr>
<tr>
<td><strong>Derivatives - Notional amounts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swaps hedging fixed rate retail financing, borrowing leg (Fair Value Hedge)</td>
<td>(5,883)</td>
<td>(7,003)</td>
<td>-</td>
<td>(12,886)</td>
</tr>
<tr>
<td>Swaps hedging fixed rate retail financing, lending leg (Fair Value Hedge)</td>
<td>12,886</td>
<td>-</td>
<td>-</td>
<td>12,886</td>
</tr>
<tr>
<td>Swaps hedging marketable securities, borrowing leg (economic hedges of marketable securities)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Swaps hedging marketable securities, lending leg (economic hedges of marketable securities)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total derivatives hedging financial assets (c)</td>
<td>7,003</td>
<td>(7,003)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Derivatives hedging financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swaps hedging fixed rate debt, lending leg (Fair Value Hedge) (2)</td>
<td>1,702</td>
<td>1,568</td>
<td>55</td>
<td>3,325</td>
</tr>
<tr>
<td>Swaps hedging fixed rate debt, borrowing leg (Fair Value Hedge) (3)</td>
<td>(3,325)</td>
<td>-</td>
<td>-</td>
<td>(3,325)</td>
</tr>
<tr>
<td>Total derivatives hedging financial liabilities (d)</td>
<td>(1,623)</td>
<td>1,568</td>
<td>55</td>
<td>-</td>
</tr>
<tr>
<td><strong>Trading transactions (e)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DERIVATIVES NET POSITION = (c) + (d) + (e)</strong></td>
<td>5,380</td>
<td>(5,435)</td>
<td>55</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net position after hedging</strong> (3)</td>
<td>23</td>
<td>3,142</td>
<td>-</td>
<td>3,165</td>
</tr>
</tbody>
</table>

(1) There were no isolated open swap positions in the trading portfolio at December 31, 2008. Swaps classified as held for trading, mainly set up during securitisation transactions, represent closed positions that set each other off within homogeneous portfolios for a notional amount of €310 million. They do not generate any material gains or losses (see Notes 4 and 13).
(2) Including €4.251 million of hedging swaps closed at consolidated level.
(3) The net position after hedging, with maturities ranging from 0 to 1 year, is not significant. The net position after hedging, with maturities ranging from 1 to 5 years, amounts to €3.142 million and is hedged by equity.

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.
21.2 Hedges of interest rate risks on future lending transactions

In the period up to the third quarter 2008, in order to cap the refinancing cost of new retail financing granted in euros, Banque PSA Finance purchased swaptions (options on interest rate swaps). The notional amounts of the swaps and their maturities (which range from one to five years) match the forecast amounts and maturities of new retail financing expected to be originated in the same period. At December 31, 2008, the loss resulting from time decay since the beginning of the year was €8 million, including €3.5 million in positive fair value adjustments.

The change in intrinsic value of €11.6 million was recognised directly in equity under “Deferred gains or losses on financial instruments”. The deferred portion of the intrinsic value released to income during the period, to offset changes in the intrinsic value of the underlying, was €32.5 million. Deferred gains or losses amount to €27.6 million (€18.1 million net of deferred tax - see “Consolidated statement of changes in equity”).

### Swaptions designated as cash flow hedges

<table>
<thead>
<tr>
<th>(in million euros)</th>
<th>Dec. 31, 2007</th>
<th>Change in intrinsic value</th>
<th>Gains or losses</th>
<th>Transfer to income</th>
<th>Change in deferred tax</th>
<th>Dec. 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic value of open swaptions</td>
<td>1.0</td>
<td>11.6</td>
<td>(12.6)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hedging gains or losses</td>
<td>47.5</td>
<td>-</td>
<td>12.6</td>
<td>(32.5)</td>
<td>27.6</td>
<td></td>
</tr>
<tr>
<td>Deferred gains or losses recognised in equity (gross)</td>
<td>48.5</td>
<td>11.6</td>
<td>-</td>
<td>(32.5)</td>
<td>-</td>
<td>27.6</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>(16.7)</td>
<td></td>
<td></td>
<td></td>
<td>7.2</td>
<td>(9.5)</td>
</tr>
<tr>
<td>Deferred gains or losses recognised in equity (net)</td>
<td>31.8</td>
<td>11.6</td>
<td>-</td>
<td>(32.5)</td>
<td>7.2</td>
<td>18.1</td>
</tr>
</tbody>
</table>

### Timing of impacts on income

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 3 months</td>
<td>0.5</td>
<td>8.5</td>
</tr>
<tr>
<td>3 months to 1 year</td>
<td>8.2</td>
<td>20.8</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>18.9</td>
<td>19.2</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL DEFERRED GAINS ON SWAPTIONS</td>
<td>-</td>
<td>27.6</td>
</tr>
</tbody>
</table>

### Timing of hedged future retail financing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 3 months</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3 months to 1 year</td>
<td>-</td>
<td>91</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>-</td>
<td>2,431</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL DEFERRED GAINS ON SWAPTIONS (1)</td>
<td>-</td>
<td>2,522</td>
</tr>
</tbody>
</table>

(1) At December 31, 2008, all the swaptions are at maturity.
21.3 Banque PSA Finance residual positions in foreign currencies at December 31, 2008

### A. Operational positions in foreign currencies

#### External parent’s positions

(\textit{in million euros})

<table>
<thead>
<tr>
<th></th>
<th>JPY</th>
<th>USD</th>
<th>CZK</th>
<th>SKK</th>
<th>CHF</th>
<th>HUF</th>
<th>PLN</th>
<th>MXN</th>
<th>GBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>6</td>
<td>270</td>
<td>17</td>
<td>164</td>
<td>44</td>
<td>1,200</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(735)</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(163)</td>
</tr>
<tr>
<td>Net position before hedging</td>
<td>(732)</td>
<td>-</td>
<td>2</td>
<td>6</td>
<td>270</td>
<td>17</td>
<td>164</td>
<td>44</td>
<td>1,037</td>
</tr>
<tr>
<td>Hedging assets</td>
<td>-</td>
<td>-</td>
<td>(2)</td>
<td>(6)</td>
<td>(270)</td>
<td>(17)</td>
<td>(164)</td>
<td>(44)</td>
<td>(1,037)</td>
</tr>
<tr>
<td>Hedging liabilities</td>
<td>732</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hedging position</td>
<td>732</td>
<td>-</td>
<td>(2)</td>
<td>(6)</td>
<td>(270)</td>
<td>(17)</td>
<td>(164)</td>
<td>(44)</td>
<td>(1,037)</td>
</tr>
</tbody>
</table>

#### External subsidiaries’ positions

(\textit{in million euros})

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>41</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(32)</td>
<td>(7)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net position before hedging</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(32)</td>
<td>-</td>
<td>-</td>
<td>41</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Hedging assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(41)</td>
<td>(8)</td>
</tr>
<tr>
<td>Hedging position</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32</td>
<td>-</td>
<td>-</td>
<td>(41)</td>
<td>(8)</td>
<td>(19)</td>
</tr>
</tbody>
</table>

#### Net position after hedging 2008

- - - - - - - - -

Note: net position after hedging 2007 - - - - - - - - -

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

### B. Structural positions in foreign currencies

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

<table>
<thead>
<tr>
<th>Position at Dec. 31, 2008</th>
<th>CZK</th>
<th>HUF</th>
<th>MXN</th>
<th>SKK</th>
<th>CHF</th>
<th>GBP</th>
<th>USD (1)</th>
<th>PLN</th>
<th>HRK</th>
<th>CNY</th>
<th>TRY</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>(\textit{in million euros})</td>
<td>15</td>
<td>10</td>
<td>7</td>
<td>4</td>
<td>11</td>
<td>143</td>
<td>120</td>
<td>48</td>
<td>3</td>
<td>13</td>
<td>1</td>
<td>375</td>
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</table>

\(1\) The structural position in US dollars arises from the financing in dollars of the bank’s net investment in its Brazilian and Argentine subsidiaries.
21.4 Analysis of hedging effectiveness

(\textit{In million euros})

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31, 2008</th>
<th>Dec. 31, 2007</th>
<th>Fair value adjustments</th>
<th>Ineffective portion recognised in profit or loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value adjustments to retail loans (see Note 9)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>- Installment contracts</td>
<td>142</td>
<td>(43)</td>
<td></td>
<td></td>
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<tr>
<td>- Buyback contracts</td>
<td>30</td>
<td>(7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Long-term leases</td>
<td>41</td>
<td>(13)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
<td>213</td>
<td>(63)</td>
<td><strong>276</strong></td>
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<tr>
<td>Derivatives designated as hedges of retail loans</td>
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<tr>
<td>- Assets (see Note 5)</td>
<td>2</td>
<td>79</td>
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</tr>
<tr>
<td>- Liabilities (see Note 14)</td>
<td>(209)</td>
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<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
<td>(207)</td>
<td>74</td>
<td><strong>281</strong></td>
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<td>11</td>
<td>(5)</td>
<td></td>
</tr>
<tr>
<td>Valuation</td>
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<td></td>
</tr>
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<td><strong>TOTAL VALUATION, NET</strong></td>
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<td>1</td>
<td>(13)</td>
<td></td>
</tr>
<tr>
<td>Derivatives designated as hedges of debt</td>
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<td></td>
<td></td>
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<tr>
<td>- Assets (see Note 5)</td>
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<td>-</td>
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<td></td>
</tr>
<tr>
<td>- Liabilities (see Note 14)</td>
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<td></td>
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<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
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<td>(1)</td>
<td><strong>12</strong></td>
<td>(1)</td>
</tr>
<tr>
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<td>0</td>
<td>(1)</td>
<td></td>
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<tr>
<td>Valuation</td>
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<td><strong>TOTAL VALUATION, NET</strong></td>
<td>(10)</td>
<td>26</td>
<td><strong>36</strong></td>
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<tr>
<td>Derivatives designated as hedges of EMTNs/BMTNs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Liabilities (see Note 14)</td>
<td>(3)</td>
<td>(29)</td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
<td>9</td>
<td>(28)</td>
<td><strong>37</strong></td>
<td>1</td>
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<tr>
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<td>2</td>
<td>(1)</td>
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<tr>
<td>Valuation</td>
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<td>-</td>
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</tr>
<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
<td>(2)</td>
<td>-</td>
<td>(2)</td>
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</tr>
<tr>
<td>Derivatives designated as certificates of deposits</td>
<td></td>
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<td></td>
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<tr>
<td>- Assets (see Note 5)</td>
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<td>42</td>
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<tr>
<td>- Liabilities (see Note 14)</td>
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<td>(42)</td>
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<td><strong>TOTAL VALUATION, NET</strong></td>
<td>-</td>
<td>-</td>
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<td>0</td>
</tr>
<tr>
<td>Ineffective portion of gains and losses on outstanding hedging transactions</td>
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<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Valuation</td>
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<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Derivatives designated as certificates of deposits</td>
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</tr>
<tr>
<td>- Assets (see Note 5)</td>
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<td></td>
</tr>
<tr>
<td>- Liabilities (see Note 14)</td>
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</tr>
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<td><strong>2</strong></td>
<td>0</td>
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<tr>
<td>Ineffective portion of gains and losses on outstanding hedging transactions</td>
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<td>0</td>
<td>-</td>
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</tr>
<tr>
<td>Valuation</td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
<td>(1)</td>
<td>1</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Derivatives designated as hedges of other debt securities</td>
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<tr>
<td>- Assets</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Liabilities (see Note 14)</td>
<td>-</td>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL VALUATION, NET</strong></td>
<td>1</td>
<td>(1)</td>
<td><strong>2</strong></td>
<td>0</td>
</tr>
<tr>
<td>Ineffective portion of gains and losses on outstanding hedging transactions</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
</tbody>
</table>

(1) Due to the sharp drop in interest rates since the beginning of the year, the portion of hedges of fixed rate loans that was structurally ineffective amounted to a negative €5 million in 2008 versus a positive €1 million in 2007.

Swaptions held to hedge future retail loans are not included in the hedging effectiveness table as the loans do not yet exist (see paragraph 21.2 above).
21.5 Financial assets and liabilities at fair value

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value (see Note 4)</td>
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<td></td>
</tr>
<tr>
<td>- Fair value adjustments to marketable securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Fair value of derivatives representing economic hedges of</td>
<td>-</td>
<td>1</td>
<td>(1)</td>
</tr>
<tr>
<td>marketable securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fair value of derivatives representing economic hedges of</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>liabilities valued using the fair value option</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Fair value of trading derivatives</td>
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<td>40</td>
<td>(40)</td>
</tr>
<tr>
<td>TOTAL VALUATION, NET</td>
<td>-</td>
<td>41</td>
<td>(41)</td>
</tr>
<tr>
<td>Financial liabilities at fair value (see Note 13)</td>
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<td></td>
</tr>
<tr>
<td>- Fair value adjustments to liabilities valued using the fair</td>
<td>-</td>
<td>3</td>
<td>(3)</td>
</tr>
<tr>
<td>value option</td>
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<tr>
<td>- Fair value of derivatives representing economic hedges of</td>
<td>-</td>
<td>(2)</td>
<td>2</td>
</tr>
<tr>
<td>liabilities valued using the fair value option</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Fair value of trading derivatives</td>
<td>-</td>
<td>(40)</td>
<td>40</td>
</tr>
<tr>
<td>TOTAL VALUATION, NET</td>
<td>-</td>
<td>(39)</td>
<td>39</td>
</tr>
<tr>
<td>Impact in profit or loss</td>
<td>-</td>
<td>(39)</td>
<td>(2)</td>
</tr>
</tbody>
</table>

Note 22 Analysis by maturity and liquidity risks

Liquidity risk is assessed based on a detailed breakdown of assets and liabilities analysed by maturity, with maturities defined in the same way as for the calculation of Banque PSA Finance’s consolidated liquidity ratio.

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

Equity is not analysed by maturity as it is considered as having no fixed maturity.
### For 2008

<table>
<thead>
<tr>
<th>(in million euros)</th>
<th>Not broken down</th>
<th>0 to 3 months</th>
<th>3 months to 1 year</th>
<th>1 to 5 years</th>
<th>Over 5 years</th>
<th>Dec. 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, central banks, post office banks (1)</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss (1)</td>
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<td>1,111</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,159</td>
</tr>
<tr>
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<td>526</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>526</td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>12</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Loans and advances to credit institutions (1)</td>
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<td>1,339</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,340</td>
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<td>4,224</td>
<td>6,623</td>
<td>10,358</td>
<td>392</td>
<td>22,283</td>
</tr>
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<td>Fair value adjustments to finance receivables portfolios hedged against interest rate risks</td>
<td>213</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>213</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Current tax assets</td>
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<td></td>
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<td></td>
<td>35</td>
</tr>
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<td>Deferred tax assets</td>
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<td></td>
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<td>66</td>
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<td>Accruals and other assets</td>
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<td></td>
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<td>Investments in associates and joint ventures</td>
<td>14</td>
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<td>14</td>
</tr>
<tr>
<td>Property and equipment</td>
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<td></td>
<td></td>
<td></td>
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<td>41</td>
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<tr>
<td>Intangible assets</td>
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<td>96</td>
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<tr>
<td>Goodwill</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>81</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>2,314</strong></td>
<td><strong>6,683</strong></td>
<td><strong>6,623</strong></td>
<td><strong>10,358</strong></td>
<td><strong>392</strong></td>
<td><strong>26,370</strong></td>
</tr>
</tbody>
</table>

| **Equity and liabilities** |                 |               |                   |             |              |               |
| Central banks, post office banks | -              |               |                   |             |              | -             |
| Financial liabilities at fair value through profit or loss (1) | -              |               |                   |             |              | -             |
| Hedging instruments | 419             |               |                   |             |              | 419           |
| Deposits from credit institutions (1) | 112            | 3,439         | 2,166             | 2,819       | -            | 8,536         |
| Due to customers (1) | -              | 243           | 15                | 2           | -            | 260           |
| Debt securities (1) | 70              | 3,353         | 2,080             | 6,551       | 951          | 13,005        |
| Fair value adjustments to debt portfolios hedged against interest rate risks | 25             |               |                   |             |              | 25            |
| Current tax liabilities | 27              |               |                   |             |              | 27            |
| Deferred tax liabilities | 442            |               |                   |             |              | 442           |
| Accruals and other liabilities | 678            |               |                   |             |              | 678           |
| Provisions | 54              |               |                   |             |              | 54            |
| Subordinated debt | -              |               |                   |             |              | -             |
| **Equity** | **2,924** |               |                   |             |              | **2,924**     |

**TOTAL EQUITY AND LIABILITIES** | **4,751** | **7,035** | **4,261** | **9,372** | **951** | **26,370**
### For 2007

#### (in million euros)

<table>
<thead>
<tr>
<th></th>
<th>Not broken down</th>
<th>0 to 3 months</th>
<th>3 months to 1 year</th>
<th>1 to 5 years</th>
<th>Over 5 years</th>
<th>Dec. 31, 2007</th>
</tr>
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<td></td>
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<td></td>
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<td>-</td>
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<td>3</td>
</tr>
<tr>
<td>Loans and advances to credit institutions</td>
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<td>925</td>
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<td>-</td>
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<td>927</td>
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<tr>
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<td>81</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,505</td>
<td>8,429</td>
<td>7,471</td>
<td>10,587</td>
<td>747</td>
<td>28,739</td>
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<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Central banks, post office banks</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities at fair value through profit or loss</td>
<td>201</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>201</td>
</tr>
<tr>
<td>Hedging instruments</td>
<td>113</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>113</td>
</tr>
<tr>
<td>Deposits from credit institutions</td>
<td>75</td>
<td>4,565</td>
<td>1,233</td>
<td>1,606</td>
<td>-</td>
<td>7,479</td>
</tr>
<tr>
<td>Due to customers</td>
<td>-</td>
<td>311</td>
<td>8</td>
<td>2</td>
<td>321</td>
<td></td>
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<tr>
<td>Debt securities</td>
<td>97</td>
<td>6,024</td>
<td>2,959</td>
<td>4,624</td>
<td>2,984</td>
<td>16,688</td>
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<tr>
<td>Fair value adjustments to debt portfolios hedged against interest rate risks</td>
<td>(28)</td>
<td></td>
<td></td>
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<td>(28)</td>
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<tr>
<td>Current tax liabilities</td>
<td>55</td>
<td></td>
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<td>Deferred tax liabilities</td>
<td>356</td>
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<td></td>
<td></td>
<td></td>
<td>356</td>
</tr>
<tr>
<td>Accruals and other liabilities</td>
<td>598</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>598</td>
</tr>
<tr>
<td>Provisions</td>
<td>56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>4,423</td>
<td>10,900</td>
<td>4,200</td>
<td>6,230</td>
<td>2,986</td>
<td>28,739</td>
</tr>
</tbody>
</table>

(1) The analysis by maturity is based on the following principles:
- Non-performing loans and accrued interest are reported in the “not broken down” column, in line with the principle applied for the calculation of the Bank’s consolidated liquidity ratio;
- Overnight loans and borrowings are reported in the “0 to 3 months” column.
## Note 23  Fair value of financial assets and liabilities

<table>
<thead>
<tr>
<th></th>
<th>Fair value (€)</th>
<th>Book value</th>
<th>Deferred gain or loss</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, central banks, post office banks</td>
<td>9</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss (1)</td>
<td>1,159</td>
<td>3,396</td>
<td>1,159</td>
</tr>
<tr>
<td>Hedging instruments (2)</td>
<td>526</td>
<td>201</td>
<td>526</td>
</tr>
<tr>
<td>Available-for-sale financial assets (2)</td>
<td>12</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Loans and advances to credit institutions (3)</td>
<td>1,340</td>
<td>927</td>
<td>1,340</td>
</tr>
<tr>
<td>Customer loans and receivables (4)</td>
<td>22,140</td>
<td>23,255</td>
<td>22,496</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central banks, post office banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities at fair value through profit or loss (1)</td>
<td>-</td>
<td>201</td>
<td>-</td>
</tr>
<tr>
<td>Hedging instruments (2)</td>
<td>419</td>
<td>113</td>
<td>419</td>
</tr>
<tr>
<td>Deposits from banks (5)</td>
<td>8,524</td>
<td>7,467</td>
<td>8,536</td>
</tr>
<tr>
<td>Due to customers (5)</td>
<td>260</td>
<td>321</td>
<td>260</td>
</tr>
<tr>
<td>Debt securities (6)</td>
<td>13,051</td>
<td>16,643</td>
<td>13,030</td>
</tr>
</tbody>
</table>

The main measurement methods applied are as follows:

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”, corresponds to their amortised cost.
3. The fair value of very short-term loans and advances to banks is close to their amortised cost.
4. Customer loans and receivables are stated at amortised 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 amortised 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 amortised 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 amortised 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.
6. Fair value is determined by applying valuation techniques based for the most part on observable market data (level 2).

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 24  Other commitments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financing commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments received from credit institutions (1)</td>
<td>6,116</td>
<td>6,739</td>
</tr>
<tr>
<td>Commitments given to customers (2)</td>
<td>1,356</td>
<td>1,337</td>
</tr>
<tr>
<td>- of which Crédipar Group</td>
<td>906</td>
<td>997</td>
</tr>
<tr>
<td><strong>Guarantee commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments received from credit institutions</td>
<td>831</td>
<td>1,343</td>
</tr>
<tr>
<td>- guarantees received in respect of customer loans</td>
<td>581</td>
<td>432</td>
</tr>
<tr>
<td>- guarantees received in respect of securities held</td>
<td>250</td>
<td>911</td>
</tr>
<tr>
<td>Guarantees given to credit institutions (3)</td>
<td>683</td>
<td>-</td>
</tr>
<tr>
<td>Commitments given to customers</td>
<td>126</td>
<td>161</td>
</tr>
<tr>
<td>- Spanish branch</td>
<td>28</td>
<td>58</td>
</tr>
<tr>
<td>- Sofib</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>- Sofira</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>- Italian branch</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td><strong>Other commitments received</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities received as collateral</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

(1) Including €44 million at December 31, 2008 in unused bilateral back-up lines corresponding to long-term financing commitments (see Note 15).
(2) Commitments on preliminary credit offers made to retail customers are taken into account. The approved wholesale lines of credit that can be cancelled at any time are not taken into account.
(3) Corresponding to receivables given as collateral to Société de Financement de l'Économie Française (SFEF) pursuant to the measures to finance the economy introduced in France's amended Finance Act no.2008-1061 of October 16, 2008 (see Note 15).

### Note 25  Interest and other revenue on assets at amortised cost

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Installment contracts</td>
<td>979</td>
<td>976</td>
</tr>
<tr>
<td>Buyback contracts</td>
<td>245</td>
<td>208</td>
</tr>
<tr>
<td>Long-term leases (1)</td>
<td>352</td>
<td>302</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total interest and other revenue from retail financing activities</strong></td>
<td>1,601</td>
<td>1,511</td>
</tr>
<tr>
<td>- of which related companies</td>
<td>167</td>
<td>186</td>
</tr>
<tr>
<td>Interest and other revenue from wholesale financing activities (2)</td>
<td>436</td>
<td>389</td>
</tr>
<tr>
<td>- of which related companies</td>
<td>264</td>
<td>263</td>
</tr>
<tr>
<td>Interest and other revenue from other activities (cards, current accounts, guarantees)</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>- of which related companies</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Commissions paid to referral agents (3)</td>
<td>(285)</td>
<td>(283)</td>
</tr>
<tr>
<td>- Installment contracts</td>
<td>(186)</td>
<td>(192)</td>
</tr>
<tr>
<td>- Buyback contracts</td>
<td>(48)</td>
<td>(46)</td>
</tr>
<tr>
<td>- Long-term leases</td>
<td>(51)</td>
<td>(45)</td>
</tr>
<tr>
<td><strong>Other business acquisition costs</strong></td>
<td>(34)</td>
<td>(29)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,736</td>
<td>1,601</td>
</tr>
</tbody>
</table>

(1) In the published financial statements at December 31, 2007, ending contract indemnities were included in “Interest and other revenue on assets at amortised cost”. They are now included in “Other revenue and expense” in the amount of €4 million at December 31, 2007 (see Note 28).
(2) In the published financial statements at December 31, 2007, interest refunded to the network by Sofira in cases where the vehicle was paid during the interest-free period was included in “Interest expense on customer transactions”. It is now included in “Interest and other revenue on assets at amortised cost” in the amount of €12 million at December 31, 2007 (see Note 27).
Analysis of retail financing revenue by geographical area

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>602</td>
<td>572</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>876</td>
<td>846</td>
</tr>
<tr>
<td>- Germany</td>
<td>196</td>
<td>174</td>
</tr>
<tr>
<td>- Austria</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>- Belgium</td>
<td>48</td>
<td>43</td>
</tr>
<tr>
<td>- Spain</td>
<td>184</td>
<td>180</td>
</tr>
<tr>
<td>- Hungary</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>- Italy</td>
<td>113</td>
<td>112</td>
</tr>
<tr>
<td>- Netherlands</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>- Poland</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>- Portugal</td>
<td>30</td>
<td>33</td>
</tr>
<tr>
<td>- Czech Republic</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>- United Kingdom</td>
<td>204</td>
<td>223</td>
</tr>
<tr>
<td>- Slovakia</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>- Switzerland</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Outside Europe</td>
<td>123</td>
<td>93</td>
</tr>
<tr>
<td>- Argentina</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>- Brazil</td>
<td>98</td>
<td>82</td>
</tr>
<tr>
<td>- Mexico</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,601</td>
<td>1,511</td>
</tr>
</tbody>
</table>

Analysis of wholesale financing revenue by geographical area

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>131</td>
<td>112</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>259</td>
<td>251</td>
</tr>
<tr>
<td>- Germany</td>
<td>50</td>
<td>46</td>
</tr>
<tr>
<td>- Austria</td>
<td>7</td>
<td>6</td>
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<td>- Belgium</td>
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<td>17</td>
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<td>- Spain</td>
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<td>- Hungary</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>- Italy</td>
<td>40</td>
<td>36</td>
</tr>
<tr>
<td>- Netherlands</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>- Poland</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>- Portugal</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>- Czech Republic</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>- United Kingdom</td>
<td>46</td>
<td>63</td>
</tr>
<tr>
<td>- Slovakia</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>- Slovenia</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>- Switzerland</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Outside Europe</td>
<td>46</td>
<td>26</td>
</tr>
<tr>
<td>- Brazil</td>
<td>43</td>
<td>23</td>
</tr>
<tr>
<td>- Mexico</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>436</td>
<td>389</td>
</tr>
</tbody>
</table>
### Analysis of commissions paid to referral agents and other business acquisition costs, by geographical area

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>(138)</td>
<td>(134)</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>(155)</td>
<td>(156)</td>
</tr>
<tr>
<td>- Germany</td>
<td>(12)</td>
<td>(11)</td>
</tr>
<tr>
<td>- Austria</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>- Belgium</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>- Spain</td>
<td>(38)</td>
<td>(40)</td>
</tr>
<tr>
<td>- Hungary</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td>- Italy</td>
<td>(33)</td>
<td>(35)</td>
</tr>
<tr>
<td>- Netherlands</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>- Poland</td>
<td>(3)</td>
<td>(2)</td>
</tr>
<tr>
<td>- Portugal</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td>- Czech Republic</td>
<td>(8)</td>
<td>(5)</td>
</tr>
<tr>
<td>- United Kingdom</td>
<td>(41)</td>
<td>(45)</td>
</tr>
<tr>
<td>- Slovenia</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>- Switzerland</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Outside Europe</td>
<td>(26)</td>
<td>(22)</td>
</tr>
<tr>
<td>- Argentina</td>
<td>(2)</td>
<td>-</td>
</tr>
<tr>
<td>- Brazil</td>
<td>(23)</td>
<td>(22)</td>
</tr>
<tr>
<td>- Mexico</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(319)</strong></td>
<td><strong>(312)</strong></td>
</tr>
</tbody>
</table>

Note 26  
**Interest expense on hedging instruments**

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Swaps hedging retail financing (Fair Value Hedge)</td>
<td>94</td>
<td>93</td>
</tr>
<tr>
<td>Amortisation of premiums on open swaptions (Time Decay)</td>
<td>(5)</td>
<td>(13)</td>
</tr>
<tr>
<td>Deferred intrinsic value of terminated swaptions released to the income statement (1)</td>
<td>33</td>
<td>27</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>122</strong></td>
<td><strong>107</strong></td>
</tr>
</tbody>
</table>

(1) See Note 21.2.

Note 27  
**Interest expense on customer transactions**

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense on ordinary accounts in credit</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Interest expense on transactions with the independent dealer network (1)</td>
<td>(4)</td>
<td>(3)</td>
</tr>
<tr>
<td>Interest expense on transactions with the captive dealer network (1)</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(7)</strong></td>
<td><strong>(5)</strong></td>
</tr>
</tbody>
</table>

(1) In the published financial statements at December 31, 2007, interest refunded to the network by Sofira in cases where the vehicle was paid for during the interest-free period was included in “Interest expense on customer transactions”. It is now included in “Interest and other revenue on assets at amortised cost” in the amount of €12 million (€6 million for the independent dealer network and €6 million for the captive dealer network) at December 31, 2007 (see Note 25).
### Note 28  Other revenue and expense

**(in million euros)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Fees and commissions on retail customer transactions (*)</td>
<td>78</td>
<td>69</td>
</tr>
<tr>
<td>- Fees and commissions on other customer transactions</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>- Provisions and gains and losses on sales of used vehicles, net</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>- Other</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Other revenue</strong></td>
<td>80</td>
<td>73</td>
</tr>
<tr>
<td>- Bank charges</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td>- Provisions and gains and losses on sales of used vehicles, net</td>
<td>-</td>
<td>(5)</td>
</tr>
<tr>
<td>- Joint venture income attributable to partners</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Other expense</strong></td>
<td>(12)</td>
<td>(17)</td>
</tr>
<tr>
<td><strong>OTHER REVENUE AND EXPENSE</strong></td>
<td>68</td>
<td>56</td>
</tr>
</tbody>
</table>

(1) In the published financial statements at December 31, 2007, ending contract indemnities were included in “Interest and other revenue on assets at amortised cost”. They are now included in “Other revenue and expense” in the amount of €4 million at December 31, 2007 (see Note 25).

### Note 29  Interest on deposits from credit institutions

**(in million euros)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense on deposits from credit institutions</td>
<td>(445)</td>
<td>(330)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(445)</td>
<td>(330)</td>
</tr>
</tbody>
</table>

### Analysis by geographical area

**(in million euros)**

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>(393)</td>
<td>(314)</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>(602)</td>
<td>(563)</td>
</tr>
<tr>
<td>- Germany</td>
<td>(109)</td>
<td>(94)</td>
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<tr>
<td>- Austria</td>
<td>(13)</td>
<td>(10)</td>
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<tr>
<td>- Belgium</td>
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<td>(37)</td>
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<tr>
<td>- Spain</td>
<td>(135)</td>
<td>(115)</td>
</tr>
<tr>
<td>- Hungary</td>
<td>(6)</td>
<td>(4)</td>
</tr>
<tr>
<td>- Italy</td>
<td>(54)</td>
<td>(63)</td>
</tr>
<tr>
<td>- Netherlands</td>
<td>(52)</td>
<td>(55)</td>
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<tr>
<td>- Poland</td>
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<td>(8)</td>
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<tr>
<td>- Portugal</td>
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<td>(3)</td>
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<tr>
<td>- United Kingdom</td>
<td>(128)</td>
<td>(142)</td>
</tr>
<tr>
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<td>- Slovenia</td>
<td>(1)</td>
<td>-</td>
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<tr>
<td>- Switzerland</td>
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<td>(7)</td>
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<tr>
<td><strong>Outside Europe</strong></td>
<td>(86)</td>
<td>(53)</td>
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<tr>
<td>- Argentina</td>
<td>(10)</td>
<td>(3)</td>
</tr>
<tr>
<td>- Brazil</td>
<td>(70)</td>
<td>(46)</td>
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<tr>
<td>- Mexico</td>
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<td>(4)</td>
</tr>
<tr>
<td><strong>Eliminations (*)</strong></td>
<td>636</td>
<td>600</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(445)</td>
<td>(330)</td>
</tr>
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</table>

(1) Intra-country eliminations have been neutralised at the level of the countries concerned.
### Note 30  Interest on debt securities

**Interest on debt securities** (in million euros)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Interest expense on debt securities</td>
<td>(501)</td>
<td>(531)</td>
</tr>
<tr>
<td>Interest expense on bonds and other fixed income securities</td>
<td>(209)</td>
<td>(140)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(710)</td>
<td>(671)</td>
</tr>
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</table>

#### Analysis by geographical area

**Europe (excl. France)** (in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>(586)</td>
<td>(582)</td>
</tr>
<tr>
<td>- Germany</td>
<td>(47)</td>
<td>(38)</td>
</tr>
<tr>
<td>- Spain</td>
<td>-</td>
<td>(5)</td>
</tr>
<tr>
<td>- Italy</td>
<td>(42)</td>
<td>(17)</td>
</tr>
<tr>
<td>- Luxembourg</td>
<td>(21)</td>
<td>(18)</td>
</tr>
<tr>
<td>- Netherlands</td>
<td>(54)</td>
<td>(36)</td>
</tr>
<tr>
<td>- United Kingdom</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Outside Europe</strong></td>
<td>(12)</td>
<td>(8)</td>
</tr>
<tr>
<td>- Brazil</td>
<td>(12)</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>Eliminations</strong></td>
<td>55</td>
<td>36</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(710)</td>
<td>(671)</td>
</tr>
</tbody>
</table>

### Note 31  General operating expenses

**General operating expenses** (in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>(96)</td>
<td>(96)</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>(31)</td>
<td>(31)</td>
</tr>
<tr>
<td>Employee profit sharing and profit-related bonuses</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Total personnel costs</strong></td>
<td>(130)</td>
<td>(132)</td>
</tr>
<tr>
<td>Other general operating expenses</td>
<td>(175)</td>
<td>(175)</td>
</tr>
<tr>
<td>- of which related companies</td>
<td>(72)</td>
<td>(86)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(305)</td>
<td>(307)</td>
</tr>
</tbody>
</table>
### General operating expenses by geographical area

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>(119)</td>
<td>(124)</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>(170)</td>
<td>(170)</td>
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<tr>
<td>Germany</td>
<td>(32)</td>
<td>(34)</td>
</tr>
<tr>
<td>Austria</td>
<td>(5)</td>
<td>(6)</td>
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<tr>
<td>Belgium</td>
<td>(12)</td>
<td>(12)</td>
</tr>
<tr>
<td>Spain</td>
<td>(29)</td>
<td>(27)</td>
</tr>
<tr>
<td>Hungary</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Italy</td>
<td>(24)</td>
<td>(23)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>(8)</td>
<td>(8)</td>
</tr>
<tr>
<td>Poland</td>
<td>(7)</td>
<td>(6)</td>
</tr>
<tr>
<td>Portugal</td>
<td>(8)</td>
<td>(8)</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>(31)</td>
<td>(33)</td>
</tr>
<tr>
<td>Slovakia</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Slovenia</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>Switzerland</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>Outside Europe</td>
<td>(16)</td>
<td>(13)</td>
</tr>
<tr>
<td>Argentina</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td>Brazil</td>
<td>(11)</td>
<td>(9)</td>
</tr>
<tr>
<td>Mexico</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Turkey</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(305)</strong></td>
<td><strong>(307)</strong></td>
</tr>
</tbody>
</table>

### Number of employees by geographical area

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>786</td>
<td>806</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>1,391</td>
<td>1,326</td>
</tr>
<tr>
<td>Germany</td>
<td>239</td>
<td>244</td>
</tr>
<tr>
<td>Austria</td>
<td>34</td>
<td>33</td>
</tr>
<tr>
<td>Belgium</td>
<td>83</td>
<td>79</td>
</tr>
<tr>
<td>Spain</td>
<td>255</td>
<td>244</td>
</tr>
<tr>
<td>Hungary</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Italy</td>
<td>158</td>
<td>158</td>
</tr>
<tr>
<td>Netherlands</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td>Poland</td>
<td>103</td>
<td>60</td>
</tr>
<tr>
<td>Portugal</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>285</td>
<td>283</td>
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<td>Slovakia</td>
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<tr>
<td>Slovenia</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Switzerland</td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td>Outside Europe</td>
<td>75</td>
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</tr>
<tr>
<td>Algeria</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Argentina</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Brazil</td>
<td>44</td>
<td>39</td>
</tr>
<tr>
<td>Turkey</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,252</strong></td>
<td><strong>2,191</strong></td>
</tr>
</tbody>
</table>

Legal staff directly employed by Banque PSA Finance’s subsidiaries and branches.
Note 32  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.

### 32.1 Changes in loans

#### Retail financing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound loans with no past-due installments</td>
<td>16,315 (122)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,193</td>
</tr>
<tr>
<td>Sound loans with past-due installments</td>
<td>413</td>
<td>35</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>448</td>
</tr>
<tr>
<td>Guarantee deposits (lease financing)</td>
<td>(57)</td>
<td>(2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(59)</td>
</tr>
<tr>
<td>Non-performing loans</td>
<td>384</td>
<td>153</td>
<td>-</td>
<td>(64)</td>
<td>(64)</td>
<td>473</td>
</tr>
<tr>
<td>Total</td>
<td>17,055</td>
<td>64</td>
<td>-</td>
<td>(64)</td>
<td>(64)</td>
<td>17,055</td>
</tr>
<tr>
<td>Impairment of sound loans with past-due installments</td>
<td>(46)</td>
<td>1 (19)</td>
<td>21</td>
<td>-</td>
<td>2</td>
<td>(43)</td>
</tr>
<tr>
<td>Impairment of non-performing loans</td>
<td>(190)</td>
<td>5 (88)</td>
<td>39</td>
<td>-</td>
<td>(49)</td>
<td>(234)</td>
</tr>
<tr>
<td>Total impairment (1)</td>
<td>(236)</td>
<td>6 (107)</td>
<td>60</td>
<td>-</td>
<td>(47)</td>
<td>(277)</td>
</tr>
<tr>
<td>Net book value (A - see Note 8 A)</td>
<td>16,819</td>
<td>70 (107)</td>
<td>60</td>
<td>(64)</td>
<td>(111)</td>
<td>16,778</td>
</tr>
<tr>
<td>Recoveries on loans written off in prior periods</td>
<td>-</td>
<td>-</td>
<td>32</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail cost of risk</td>
<td>(107)</td>
<td>60</td>
<td>(64)</td>
<td>32</td>
<td></td>
<td>(78)</td>
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</table>

**Other financing**

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound loans with no past-due installments</td>
<td>742</td>
<td>81</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>823</td>
</tr>
<tr>
<td>Sound loans with past-due installments</td>
<td>5</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Non-performing loans</td>
<td>31</td>
<td>8</td>
<td>-</td>
<td>(4)</td>
<td>(4)</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>778</td>
<td>88</td>
<td>-</td>
<td>(4)</td>
<td>(4)</td>
<td>862</td>
</tr>
<tr>
<td>Impairment of sound loans with past-due installments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of non-performing loans</td>
<td>(18)</td>
<td>1 (6)</td>
<td>3</td>
<td>-</td>
<td>(3)</td>
<td>(20)</td>
</tr>
<tr>
<td>Total impairment (1)</td>
<td>(18)</td>
<td>1 (6)</td>
<td>3</td>
<td>-</td>
<td>(3)</td>
<td>(20)</td>
</tr>
<tr>
<td>Net book value (B - see Note 8 B)</td>
<td>760</td>
<td>89</td>
<td>6 (4)</td>
<td>-</td>
<td>(7)</td>
<td>842</td>
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<td>Recoveries on loans written off in prior periods</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other cost of risk</td>
<td>(6)</td>
<td>3 (4)</td>
<td>1</td>
<td>6</td>
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### Wholesale financing

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound loans with no past-due installments</td>
<td>5,673 (1,310)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,363</td>
</tr>
<tr>
<td>Guarantee deposits (lease financing)</td>
<td>(84)</td>
<td>27</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(57)</td>
</tr>
<tr>
<td>Non-performing loans</td>
<td>35</td>
<td>58</td>
<td>-</td>
<td>(10)</td>
<td>(10)</td>
<td>83</td>
</tr>
<tr>
<td>Total</td>
<td>5,624</td>
<td>(1,229)</td>
<td>-</td>
<td>(10)</td>
<td>(10)</td>
<td>4,389</td>
</tr>
<tr>
<td>Impairment of non-performing loans</td>
<td>(18)</td>
<td>2 (24)</td>
<td>21</td>
<td>-</td>
<td>(3)</td>
<td>(19)</td>
</tr>
<tr>
<td>Total impairment (1)</td>
<td>(18)</td>
<td>2 (24)</td>
<td>21</td>
<td>-</td>
<td>(3)</td>
<td>(19)</td>
</tr>
<tr>
<td>Net book value (C - see Note 8 C)</td>
<td>5,606</td>
<td>(1,223)</td>
<td>24</td>
<td>21 (10)</td>
<td>(13)</td>
<td>4,370</td>
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<tr>
<td>Recoveries on loans written off in prior periods</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of doubtful commitments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale cost of risk</td>
<td>(24)</td>
<td>21</td>
<td>(10)</td>
<td>-</td>
<td>(13)</td>
<td></td>
</tr>
</tbody>
</table>

### Total loans

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound loans with no past-due installments</td>
<td>22,730</td>
<td>(1,351)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,379</td>
</tr>
<tr>
<td>Sound loans with past-due installments</td>
<td>418</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>452</td>
</tr>
<tr>
<td>Guarantee deposits (lease financing)</td>
<td>(141)</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(116)</td>
</tr>
<tr>
<td>Non-performing loans</td>
<td>450</td>
<td>219</td>
<td>-</td>
<td>(78)</td>
<td>(78)</td>
<td>591</td>
</tr>
<tr>
<td>Total</td>
<td>23,457</td>
<td>(1,073)</td>
<td>-</td>
<td>(78)</td>
<td>(78)</td>
<td>22,306</td>
</tr>
<tr>
<td>Impairment of sound loans with past-due installments</td>
<td>(46)</td>
<td>1 (19)</td>
<td>21</td>
<td>-</td>
<td>2</td>
<td>(43)</td>
</tr>
<tr>
<td>Impairment of non-performing loans</td>
<td>(226)</td>
<td>8 (118)</td>
<td>63</td>
<td>-</td>
<td>(55)</td>
<td>(273)</td>
</tr>
<tr>
<td>Total impairment (1)</td>
<td>(272)</td>
<td>9 (137)</td>
<td>84</td>
<td>-</td>
<td>(53)</td>
<td>(316)</td>
</tr>
<tr>
<td>Net book value</td>
<td>23,185</td>
<td>(1,064)</td>
<td>(137)</td>
<td>84 (78)</td>
<td>(131)</td>
<td>21,990</td>
</tr>
<tr>
<td>Recoveries on loans written off in prior periods</td>
<td>-</td>
<td>-</td>
<td>33</td>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of doubtful commitments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total cost of risk (1)**

<table>
<thead>
<tr>
<th>Balance at Dec. 31, 2008</th>
<th>Total cost of risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>(137)</td>
<td>84 (78)</td>
</tr>
<tr>
<td>33</td>
<td>98</td>
</tr>
</tbody>
</table>

(1) The currency impact is due to the fact that balance sheets of foreign companies are translated at the year-end exchange whereas their income statement items are translated on a month-by-month basis at the average monthly rate (see Note 2 paragraph “Translation of financial statements of foreign subsidiaries”).

For impaired loans, the cost of risk includes interest invoiced and recognised under “Interest revenue on customer transactions”.

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**Notes to the consolidated financial statements for the years ended December 31, 2008 and 2007**

**CoNSolIdAtEd FINANCIAl StAtEmENtS For thE yEAr s ENdEd dECEmBEr 31, 2008 ANd 2007**

**2008 Annual Report**
32.2 Change in cost of risk

(In million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Known credit risk (sound loans with past-due installments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges</td>
<td>(19)</td>
<td>(15)</td>
</tr>
<tr>
<td>Reversals</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>Known credit risk (non-performing loans)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges</td>
<td>(118)</td>
<td>(57)</td>
</tr>
<tr>
<td>Reversals</td>
<td>63</td>
<td>131</td>
</tr>
<tr>
<td>Doubtful commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reversals</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Credit losses</td>
<td>(78)</td>
<td>(164)</td>
</tr>
<tr>
<td>Recoveries on loans written off in prior periods</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td><strong>COST OF RISK</strong></td>
<td>(98)</td>
<td>(51)</td>
</tr>
</tbody>
</table>

(1) Banque PSA Finance has a historical database which enables it to measure the probability of default on sound loans with past-due installments, as well as the average loss given default on non-performing loans discounted at the effective interest rate. This database covers the five IRBA countries (France, United Kingdom, Germany, Spain and Portugal).

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

In 2007, default probabilities and average loss given defaults were updated (leading to provision reversals of €13.5 million), new rules were applied to restructured loans (such as loans subject to France’s “Neiertz Act” plans for families in a situation of over-indebtedness), allowing them to be reclassified as sound in certain circumstances (leading to provision reversals of €5.6 million) and portfolios of loans that had been written down in full were sold (leading to the recognition of recoveries of €7.1 million). Excluding these impacts, which represented a total of €27 million, the net cost of risk representative of normal collection rates would be €(78) million in 2007 (representing 0.34% of average net outstanding loans).

The main events in 2008 were as follows:
- default probabilities and average loss rates were updated, leading to a €2 million increase in provisions;
- in the United Kingdom, recoveries on loans written off in prior periods of €6.4 million were recorded, corresponding to VAT refunded on these loans;
- in France and Germany, recoveries on loans written off in prior periods of €3.6 million were recorded, corresponding to sales of these loans;
- in the five IRBA countries (France, United Kingdom, Germany, Spain and Portugal), the passage of time was taken into account in loss rates discounted over 60 months by amortizing the discounting adjustment included in the initial calculation of the loss rate over the life of an average loan by borrower category. Amortisation of this adjustment, which has the effect of overstating impairment provisions, led to €8 million being reversed from impairment provisions at December 31, 2008.

Excluding these impacts, which represented a total of €16 million, the cost of risk representative of normal collection rates would be €114 million (representing 0.48% of average net outstanding loans).

The Bank’s credit risk management policy is described in the Management Report (page 20).
32.3 Information about defaults not covered by provisions

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th>&lt;= 90 days</th>
<th>&lt;= 180 days</th>
<th>&gt; 180 days</th>
<th>&gt; 1 year</th>
<th>Total Dec. 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound loans with past-due installments not covered by provision</td>
<td>107</td>
<td>30</td>
<td>116</td>
<td>90</td>
<td>343</td>
</tr>
</tbody>
</table>

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

Note 33 Income taxes

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.

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxes</td>
<td>(137)</td>
<td>(149)</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>(60)</td>
<td>(37)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>(197)</td>
<td>(186)</td>
</tr>
</tbody>
</table>

Banque PSA Finance tax proof

(in million euros)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-tax income</td>
<td>555</td>
<td>607</td>
</tr>
<tr>
<td>Permanent differences</td>
<td>6</td>
<td>(9)</td>
</tr>
<tr>
<td>TAXABLE INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theoretical tax</td>
<td>(193)</td>
<td>(206)</td>
</tr>
<tr>
<td>Theoretical rate</td>
<td>34.433%</td>
<td>34.433%</td>
</tr>
<tr>
<td>Impact of differences in foreign tax rates</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>Impact of changes in tax rates</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Allowances on Brazilian deferred tax assets</td>
<td>(12)</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment of the deferred tax calculation at Vernon Wholesale Investment Company Ltd to take into account the currency effect</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td>Allocated tax saving transferred back to PSA Peugeot Citroën</td>
<td>(7)</td>
<td>(4)</td>
</tr>
<tr>
<td>Other</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>ACTUAL TAX PAYABLE</td>
<td>(197)</td>
<td>(186)</td>
</tr>
<tr>
<td>Effective rate</td>
<td>35.091%</td>
<td>31.078%</td>
</tr>
</tbody>
</table>
Deferred tax assets on tax loss carryforwards

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets on tax loss carryforwards</td>
<td>50</td>
<td>12</td>
<td>(4)</td>
<td>58</td>
</tr>
<tr>
<td>Not previously recognised</td>
<td>(3)</td>
<td>-</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td>Valuation allowances</td>
<td>(29)</td>
<td>(12)</td>
<td>-</td>
<td>(41)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>18</strong></td>
<td>-</td>
<td><strong>(4)</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

Note 34 Analysis of key data by region

34.1 Net banking revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>407</td>
<td>399</td>
</tr>
<tr>
<td>Europe (excluding France)</td>
<td>512</td>
<td>543</td>
</tr>
<tr>
<td>- o/w Germany</td>
<td>124</td>
<td>120</td>
</tr>
<tr>
<td>- o/w Spain</td>
<td>83</td>
<td>92</td>
</tr>
<tr>
<td>- o/w Italy</td>
<td>51</td>
<td>58</td>
</tr>
<tr>
<td>- o/w United Kingdom</td>
<td>133</td>
<td>152</td>
</tr>
<tr>
<td>Rest of world</td>
<td>57</td>
<td>39</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>976</strong></td>
<td><strong>981</strong></td>
</tr>
</tbody>
</table>

34.2 General operating expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>(119)</td>
<td>(124)</td>
</tr>
<tr>
<td>Europe (excluding France)</td>
<td>(170)</td>
<td>(170)</td>
</tr>
<tr>
<td>- o/w Germany</td>
<td>(32)</td>
<td>(34)</td>
</tr>
<tr>
<td>- o/w Spain</td>
<td>(29)</td>
<td>(27)</td>
</tr>
<tr>
<td>- o/w Italy</td>
<td>(24)</td>
<td>(23)</td>
</tr>
<tr>
<td>- o/w United Kingdom</td>
<td>(31)</td>
<td>(33)</td>
</tr>
<tr>
<td>Rest of world</td>
<td>(16)</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(305)</strong></td>
<td><strong>(307)</strong></td>
</tr>
</tbody>
</table>
34.3 Cost of risk

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>(34)</td>
<td>(20)</td>
</tr>
<tr>
<td>Europe (excluding France)</td>
<td>(57)</td>
<td>(31)</td>
</tr>
<tr>
<td>- o/w Germany</td>
<td>(8)</td>
<td>(9)</td>
</tr>
<tr>
<td>- o/w Spain</td>
<td>(25)</td>
<td>-</td>
</tr>
<tr>
<td>- o/w Italy</td>
<td>(6)</td>
<td>(10)</td>
</tr>
<tr>
<td>- o/w United Kingdom</td>
<td>(12)</td>
<td>(4)</td>
</tr>
<tr>
<td>Rest of world</td>
<td>(7)</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(98)</strong></td>
<td><strong>(51)</strong></td>
</tr>
</tbody>
</table>

34.4 Operating income

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>246</td>
<td>248</td>
</tr>
<tr>
<td>Europe (excluding France)</td>
<td>278</td>
<td>336</td>
</tr>
<tr>
<td>- o/w Germany</td>
<td>81</td>
<td>74</td>
</tr>
<tr>
<td>- o/w Spain</td>
<td>26</td>
<td>64</td>
</tr>
<tr>
<td>- o/w Italy</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>- o/w United Kingdom</td>
<td>90</td>
<td>114</td>
</tr>
<tr>
<td>Rest of world</td>
<td>33</td>
<td>24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>557</strong></td>
<td><strong>608</strong></td>
</tr>
</tbody>
</table>

34.5 Key balance sheet items

<table>
<thead>
<tr>
<th>(in million euros)</th>
<th>Total assets</th>
<th>Customer loans and receivables</th>
<th>Refinancing (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>10,919</td>
<td>12,471</td>
<td>8,428</td>
</tr>
<tr>
<td>Europe (excluding France)</td>
<td>14,403</td>
<td>15,435</td>
<td>12,954</td>
</tr>
<tr>
<td>- o/w Germany</td>
<td>4,020</td>
<td>3,709</td>
<td>3,341</td>
</tr>
<tr>
<td>- o/w Spain</td>
<td>2,679</td>
<td>2,990</td>
<td>2,591</td>
</tr>
<tr>
<td>- o/w Italy</td>
<td>2,111</td>
<td>2,306</td>
<td>1,873</td>
</tr>
<tr>
<td>- o/w United Kingdom</td>
<td>1,956</td>
<td>2,871</td>
<td>1,789</td>
</tr>
<tr>
<td>Rest of world</td>
<td>1,048</td>
<td>833</td>
<td>901</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>26,370</strong></td>
<td><strong>28,739</strong></td>
<td><strong>22,283</strong></td>
</tr>
</tbody>
</table>

(1) Refinancing includes “Deposits from credit institutions” and “Debt securities” (see Notes 15 and 17). It concerns the Group’s external refinancing, mainly issued by Banque PSA Finance.
Design and realization: Labrador 00 33 01 53 06 30 80
Paper from forests managed in a sustainable way.
1. Close-up of wheel on the Citroën C4 By Loeb
2. Close-up of cabin on the Citroën Hypnos Hybrid4
3. Close-up of grille on the Peugeot 407
4. Close-up of rear light on the Peugeot Prologue