

Paris, 2 February 2015

**The first local partnerships between Banque PSA Finance and Santander Consumer Finance to begin operations in France and the United Kingdom**

- **The relevant supervisory approvals have been obtained for the first two local partnerships**
- **France & UK activities to start early February**
- **Banque PSA Finance has recovered the ability to raise funds on capital markets without the French State's guarantee**

Following the announcement, on 10 July 2014, that a framework agreement had been signed between Banque PSA Finance (BPF) and Santander Consumer Finance (SCF and its affiliates), their first two local partnerships have obtained the relevant regulatory approvals to jointly operate in France and the United Kingdom. From now on, these joint ventures will provide wholesale financing to Peugeot, Citroën and DS dealers in the two countries, as well as retail financing to the dealers' customers. These two companies represent 53% of the total loans of the framework agreement.

In all, the framework agreement provides for the creation of ten local partnerships<sup>1</sup> and one commercial partnership<sup>2</sup> in Europe. The launch of activities in the other nine countries is expected to be finalised in 2015 and early 2016.

The 50/50 partnerships will be fully consolidated by the Santander Group and will enable Banque PSA Finance to improve its profitability in these countries. By 2018, they should also result in a positive cash impact of up to €1.5bn for PSA Peugeot Citroën's Automotive division.

The launch of these local partnerships enables Banque PSA Finance to reinforce its financing activities and thus to recover full access to the capital markets. Accordingly, these launches also allow Banque PSA Finance to announce that it will no longer use the French State's guarantee for its future bond issues.

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<sup>1</sup> Austria, Belgium, France, Germany, Italy, Netherlands, Poland, Spain, Switzerland and the United Kingdom

<sup>2</sup> Portugal

This guarantee was voted by the French Parliament on 29 December 2012 and authorised by the European Commission on 29 July 2013. It initially covered the principal amount of debt securities issued by Banque PSA Finance between 1 January 2013 and 31 December 2016 for a maximum of €7 billion and was granted at a basis cost of 260 bp. To date, it has been used to secure two bond issues for a total of €1.5 billion, including a €1.2 billion issue carried out in April 2013 and a €0.3 billion issue completed in July 2014. These issuances will continue to be covered by the guarantee. The corresponding fees paid to the French State by PSA Peugeot Citroën up to 31 December 2014 amounted to €60 million.

Commenting on the announcements, Jean-Baptiste de Chatillon, Chief Financing Officer of PSA Peugeot Citroën and President of Banque PSA Finance, said: “These announcements represent an important milestone for the Bank and the Group. Our partnership with Santander is taking shape in France and the United Kingdom. Banque PSA Finance’s underlying strength has been confirmed, with its renewed ability to meet its refinancing needs on the capital markets at competitive rates of interest. This in turn will enable the Bank to offer very competitive interest rates to the customers of the Peugeot, Citroën and DS brands, while vastly improving its own margins.”

The transactions were authorized by the European competition authorities on 3 December 2014 and, in the case of France, by the French banking supervisor (ACPR) and the European Central Bank, on 28 January 2015.

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