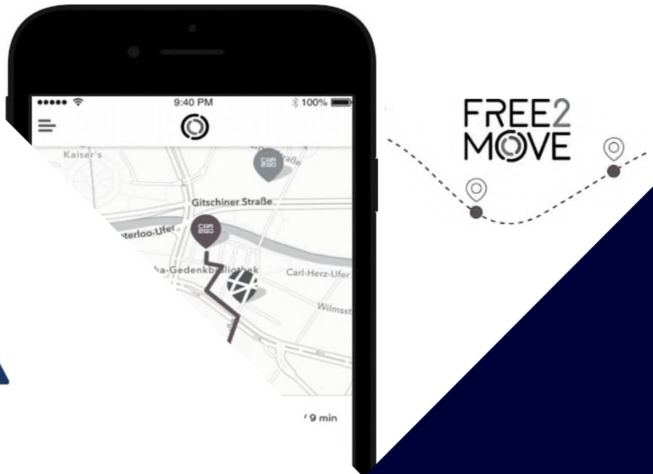


PSA
GROUPE

BANQUE PSA FINANCE

ANNUAL RESULTS

2018

"LIFETIME MOBILITY FINANCE & SERVICES PROVIDER"

PSA GROUPE

BANQUE PSA FINANCE

TABLE OF CONTENTS MANAGEMENT REPORT

1.1. Message from Rémy Bayle

CHIEF EXECUTIVE OFFICER OF BANQUE PSA FINANCE

The strong values—high standards, bold action and agility—that drive Groupe PSA and Banque PSA Finance have enabled us to evolve in a sector of the economy that is changing profoundly and providing exciting new developments not just for the auto industry but for society as a whole.

The transformation of the automotive industry is here to stay. New technologies are emerging at an unprecedented rate. Cars are becoming electric, connected and autonomous. The way they are used is changing. On-board features and mobility services are multiplying.

This year, as before, BPF continued to adapt, turning these new events into opportunities. For example, we offered new mobility solutions and e-payment options to all present and future Groupe PSA's customers.

Groupe PSA's performance this year set new European records. With the acquisition of Opel Vauxhall in 2017, PSA is now firmly ensconced on the second step of the podium in Europe in terms of registrations. And on that basis Banque PSA Finance is growing, carrying out its mission as the mobility services provider of Groupe PSA.

2018 was another year of top performance by BPF, with 31.1% of new Peugeot, Citroën and DS vehicles sold financed by BPF (up 0.7 percentage point from 2017) and 22% of new Opel and Vauxhall vehicles sold financed by BPF, on a scope of 82% of PSA's new vehicle sales. A total of 1,074,800 financing contracts on new and used vehicles were written, posting an increase of +2.3% over 2017 for the Peugeot, Citroën and DS Brands. To that can be added the 3.2% growth in Insurance and Services on the scope of the Peugeot, Citroen and DS brands, with 1,941,600 policies written on the whole perimeter.

With a unique, partnership-based business model, Banque PSA Finance has now partnered with Santander Consumer Finance for four years. This highly successful and effective cooperation has brought market leadership in financing; and in one year, the partnership with BNP Paribas Personal Finance has become a success on the Opel Vauxhall scope.

Banque PSA Finance has made genuine contributions to Groupe PSA's digital strategy by adding to the mobility services it offers its customers. After developing e-signatures in several European countries, BPF began online sales at the Paris Motor Show with the financing of limited editions and introduced new insurance solutions to help the Group and its Brands keep up with the latest market trends.

Given the changes in mobility, in how vehicles are used and in new, numerous regulations, it is clear that both the auto market and banking will continue to be subject to disruptions and to rapid changes in our businesses.

In this environment of non-stop change, the agility that BPF has developed in mobility, means of payment and insurance has enabled us to capture market needs and offer a wide range of solutions. Our strength lies in our ability to provide "one-stop shopping", whether at the point of sale, in phygital channels or online.

In this way, BPF is constantly re-thinking its customer pathways and is investing in digitalization, by offering the following improvements: financing simulations, comparative TCO, pre-analysis and approval of credit applications, on-line signing and personal web pages. And, of course, in light of technological and ecological trends, BPF is well under way in supporting Groupe PSA and its Brands in orienting the sales mix towards Low Emission Vehicles (LEVs*), which we see as an added opportunity.

I am confident in our ability to deal with these new economic behaviors. Let us be innovative and make use of the potential offered by the digital revolution and by the professionalism of our people. Let us be the engine of our own future and let us continue to focus on executing our strategy, so as to remain at the forefront of our profession.

RÉMY BAYLE
CHIEF EXECUTIVE OFFICER

1.2. BPF GOVERNANCE

BOARD OF DIRECTORS

Chairman
OLIVIER BOURGES

Director
Chief Executive Officer
RÉMY BAYLE

Director
CARLOS TAVARES

Director
Chairman of the Audit & Risk Committee
MICHEL PHILIPPIN

Director
Member of the Audit & Risk Committee
LAURENT GARIN

PEUGEOT S.A.
Director
Permanent Representative
Member of the Audit & Risk Committee
PHILIPPE de ROVIRA

AUTOMOBILES PEUGEOT
Director
Permanent Representative
JEAN-PHILIPPE IMPARATO

EXECUTIVE COMMITTEE

Director
Chief Executive Officer
RÉMY BAYLE

Executive Managing Officer
ARNAUD de LAMOTHE

AUDITORS

Statutory auditors
ERNST & YOUNG AUDIT
MAZARS

Substitute auditors
PICARLE & ASSOCIES
GUILLAUME POTEL

Position as of December 31, 2018

BANQUE PSA FINANCE

Société anonyme (limited company). Share capital: €199,619,936. Registered office - 68, avenue Gabriel Péri - 92230 Gennevilliers - France
R.C.S. (Trade and Companies Register Number) Nanterre 325 952 224 - Siret 325 952 224 00013 – APE business identifier code: 6419Z – Interbank code: 13168N

www.banquepsafinance.com

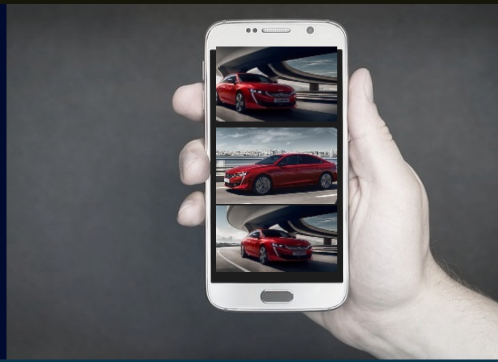
Telephone: +33 (1) 46 39 66 33

Registered with the Register of Insurance Intermediaries (ORIAS) under No. 07 008 501, which may be consulted at www.orias.fr

ONLINE SALE

FULL E-COMMERCE...

Online completed process for already 1 customer in 10!



DIGITAL

E-SIGNATURE...

50%

of individual customers used this!*

**within France*

MOBILITY

65 %

of European individual customers have shifted from ownership to usership (Balloon loans, Leases with option to buy and Long-term leases)

Tests from usership to mobility have started.

INSURANCE

2 insurance contracts for 1 financing*

Launch of « Pay As You Drive » in 3 countries.

**within Peugeot Citroën and DS brands*

OPEL VAUXHALL FINANCE

Opel Vauxhall Finance has expanded its business in Spain.

MEXICO

BPF Finance Mexico and Banco Santander Mexico this year announced an alliance to provide financial services on Peugeot vehicles in Mexico.

1.4. KEY DATES

The current structure of BPF is the result of the grouping of the financing activities of Citroën launched in 1919 and of those of Peugeot launched ten years later. Both automobile manufacturers included financing in their growth strategy early on, making the acquisition of a vehicle accessible to the largest number of buyers.

PSA Finance Holding becomes Banque PSA Finance (BPF), a credit institution accredited by the Banque de France. It now works in 18 countries.

BPF creates PSA Insurance, bringing together the necessary expertise for the growth and proper management of the insurance and services activity.

BPF and the Santander Group sign an agreement in Europe and Brazil for Peugeot, Citroën and DS Automobiles.

The Opel and Vauxhall Brands join Groupe PSA, which has now become the second largest automobile manufacturer in Europe. With the acquisition of the financing activities of Opel Vauxhall, BPF strengthens its cooperative business-model, creating a new organization: Opel Vauxhall Finance, in cooperation with BNPP PF.

1.5. KEY FIGURES

18

COUNTRIES

3600

EMPLOYEES IN THE WORLD

1 074 800

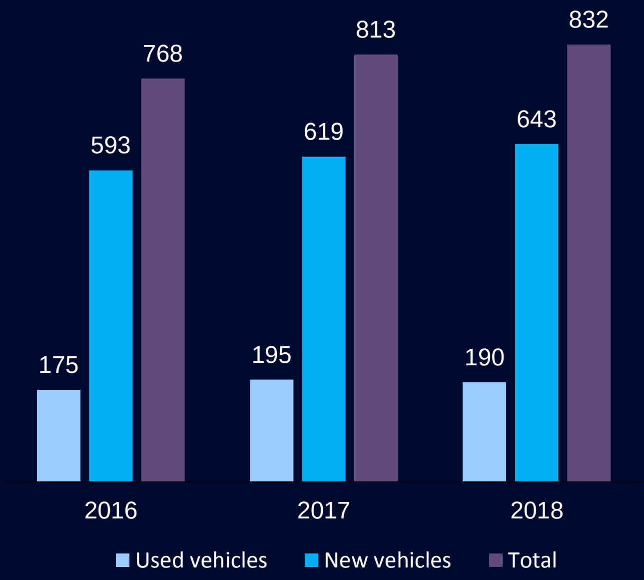
FINANCED VEHICLES

1 941 600

INSURANCE AND SERVICES CONTRACTS SOLD

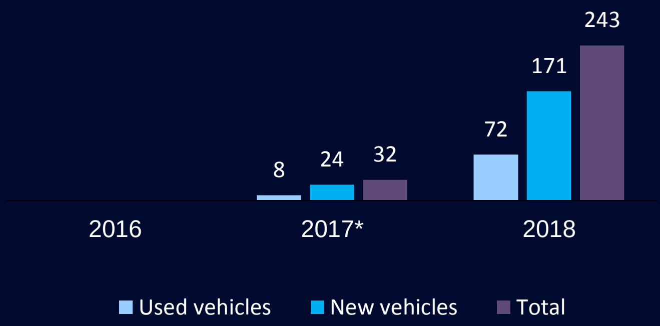
KEY FIGURES PEUGEOT CITROËN DS FINANCE (PCDF) (OUT OF CHINA)

End-user financed vehicles *(in thousands of vehicles)*



KEY FIGURES OPEL VAUXHALL FINANCE (OVF)

End-user financed vehicles *(in thousands of vehicles)*

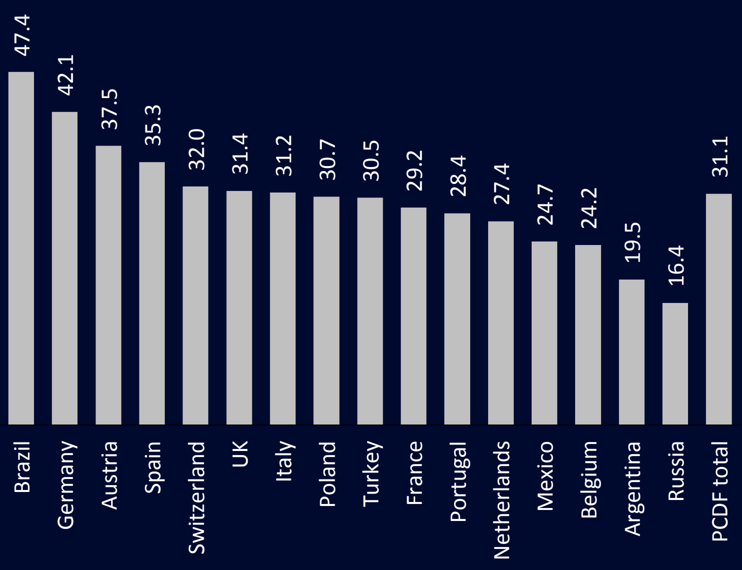


* IN 2017, ONLY 2 MONTHS OF ACTIVITY FOR OPEL VAUXHALL FINANCE

1.5. KEY FIGURES

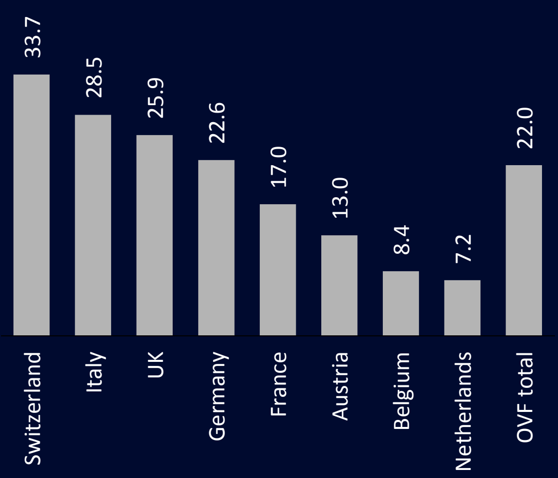
KEY FIGURES PCDF (OUT OF CHINA)

Penetration rates by country (in %) at December 31, 2018 ***(Financed new vehicles/ Registered new vehicles for Peugeot, Citroën and DS brands)***



KEY FIGURES OVF

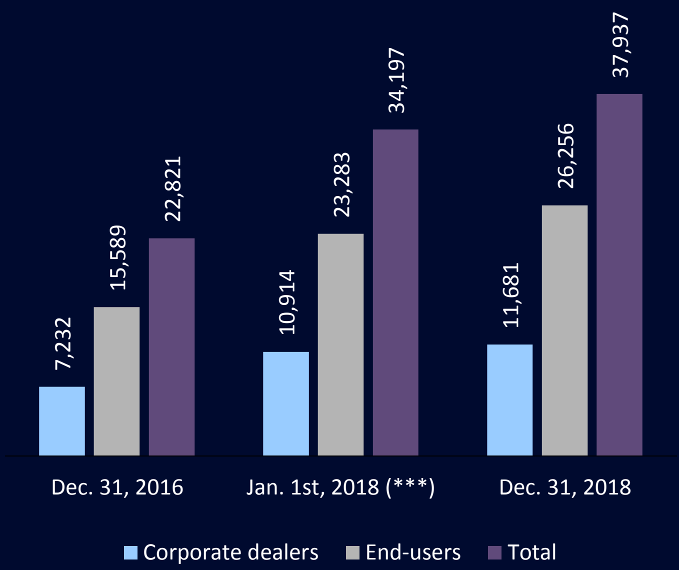
Penetration rates by country (in %) at December, 31 2018 (*Financed new vehicles/ Registered new vehicles for Opel and Vauxhall brands)*



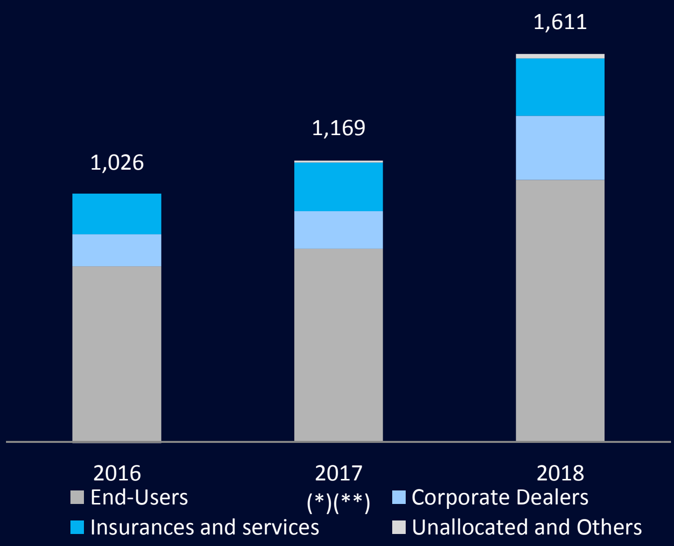
1.5. KEY FIGURES

KEY FIGURES PCDF (OUT OF CHINA) + OVF

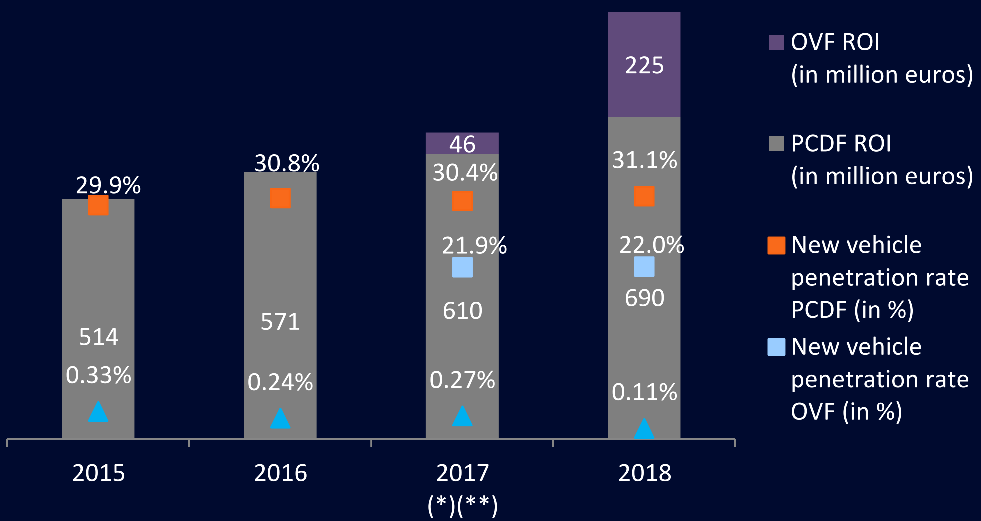
Evolution of loans outstanding by customer segment, in IFRS 8(****) *(in million euros)*



Evolution of Net Banking Revenue, in IFRS 8(****) *(in millions euros)*

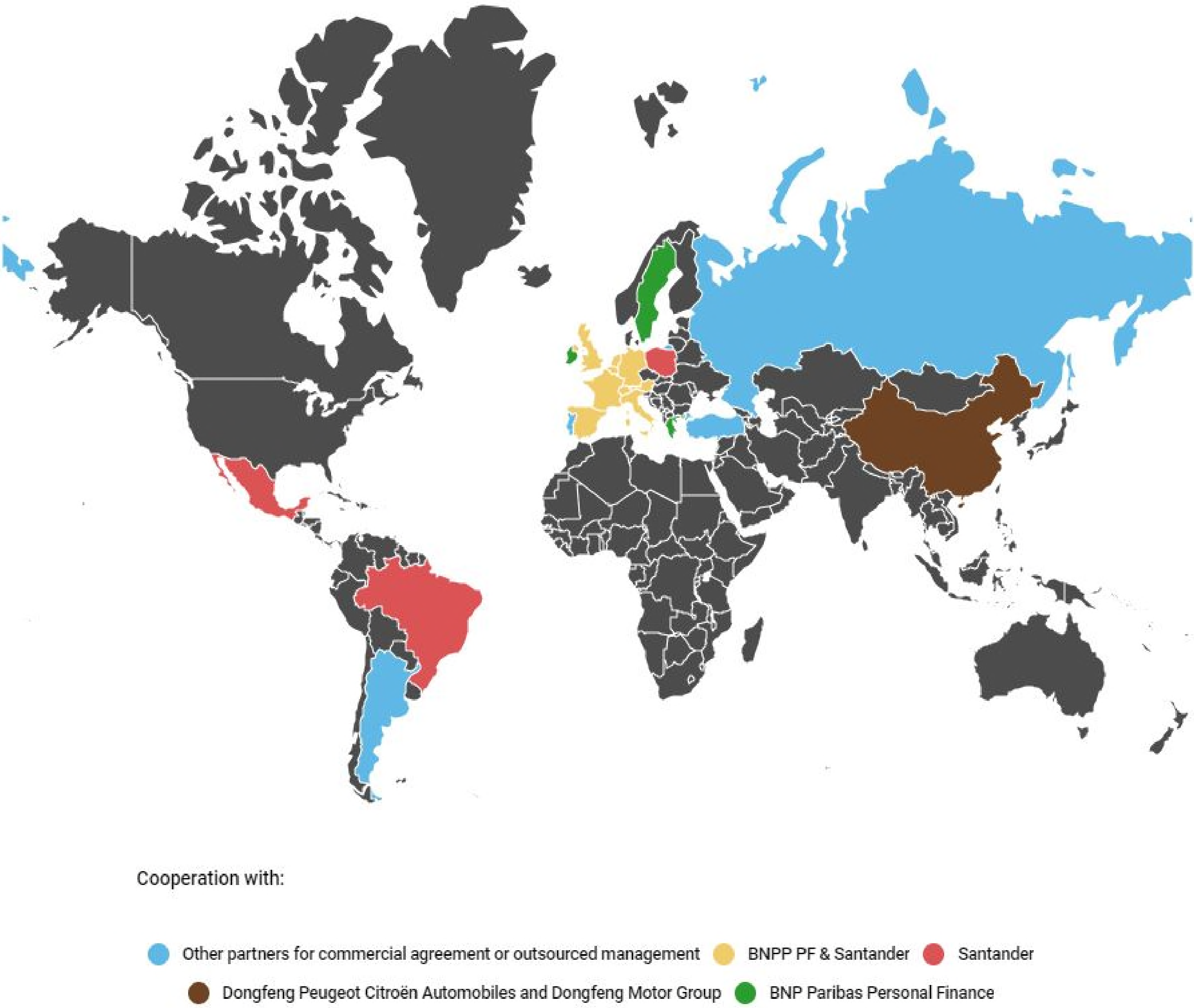


Recurring Operating Incomes, New vehicles financing penetrations, Cost of risk, In IFRS 8(****)



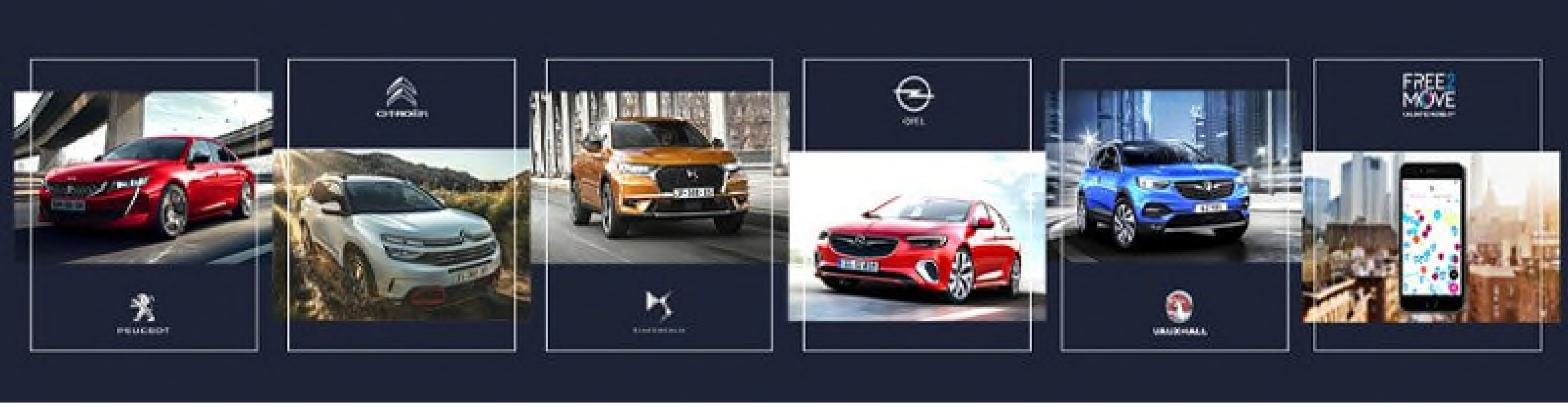
(*) In 2017, there were only 2 months of activity for Opel Vauxhall Finance.
(**) 2017 result has been restated and takes into account the final allocation of the Opel Vauxhall Finance first consolidation difference (cf. Note 1 A., Note 3 and Note 27.1 of the consolidated financial statements).
(***) Situation as of January 1st, 2018 after the final allocation of the OVF first consolidation difference and the impact of the First Time Allocation of IFRS9 on the balance sheet (cf. Note 1 A., Note 3 and d Note 27.1 of the consolidated financial statements).
(****) Explanation about IFRS 8 format is available in paragraph 1.10 « Analysis of financial result » of this annual report.

1.6 LOCATIONS & PARTNERSHIPS



BPF, PRIMARY PARTNER

Operating in 18 countries, Banque PSA Finance acts as a primary partner of Groupe PSA Brands in supporting their sales and their dealer network



1.7 STRATEGY & VISION

The strategy of Banque PSA Finance (BPF) is to support Groupe PSA in implementing and rolling out its "Push to Pass" and "PACE!" strategic growth plans. It is a strategy with four dimensions:

1. A business model based on cooperation

In 2015, BPF set up a business model based on cooperation so as to provide financing at the lowest cost. An initial joint-venture started in 2015 with the Santander Group, in 11 European countries and Brazil in support of the sales activities of the Peugeot, Citroën and DS Automobiles Brands. A second agreement signed in 2017 to acquire the financing activities of Opel Vauxhall in a joint venture with BNP Paribas, forming Opel Vauxhall Finance (OVF). Other financial and service agreements are in place in Argentina, China, Mexico and Russia.

2. A mobility player and payment facilitator

BPF supports Groupe PSA so that it can become a major global player in new mobility services for consumers, by joining services, insurance and mobility solutions to all projects and products for B2B, and later B2C, customers. BPF offers e-payment solutions through an operational partnership with leading companies to allow quick, easy payments for the services and products marketed by Groupe PSA.

3. New frontiers

BPF supports the international expansion of Groupe PSA, particularly into the fastest-growing emerging markets. In this way BPF takes its place in new markets, in partnership with a local bank or manufacturer, so as to be up and running quickly while limiting costs.

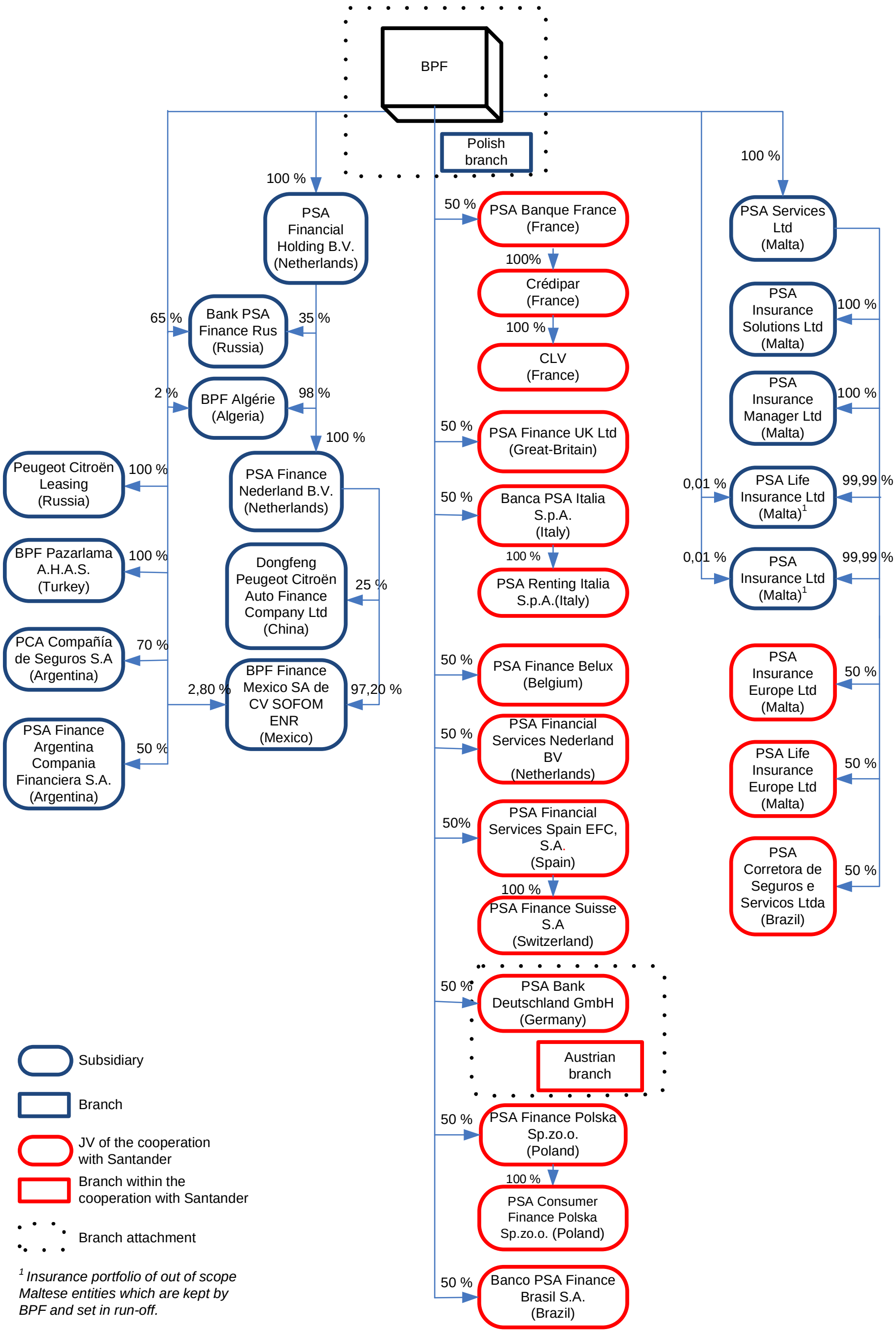
4. Digital transformation

BPF is part of the digital strategy of the Group's growth plan, the goal of which is to place customers at the heart of its activities. BPF is redesigning the pathway of online customers so that they can perform their own financing and insurance simulations and explore the "contract life cycle" on personal pages. Lastly, the e-signature of financing agreements has become reality for the majority of customers.

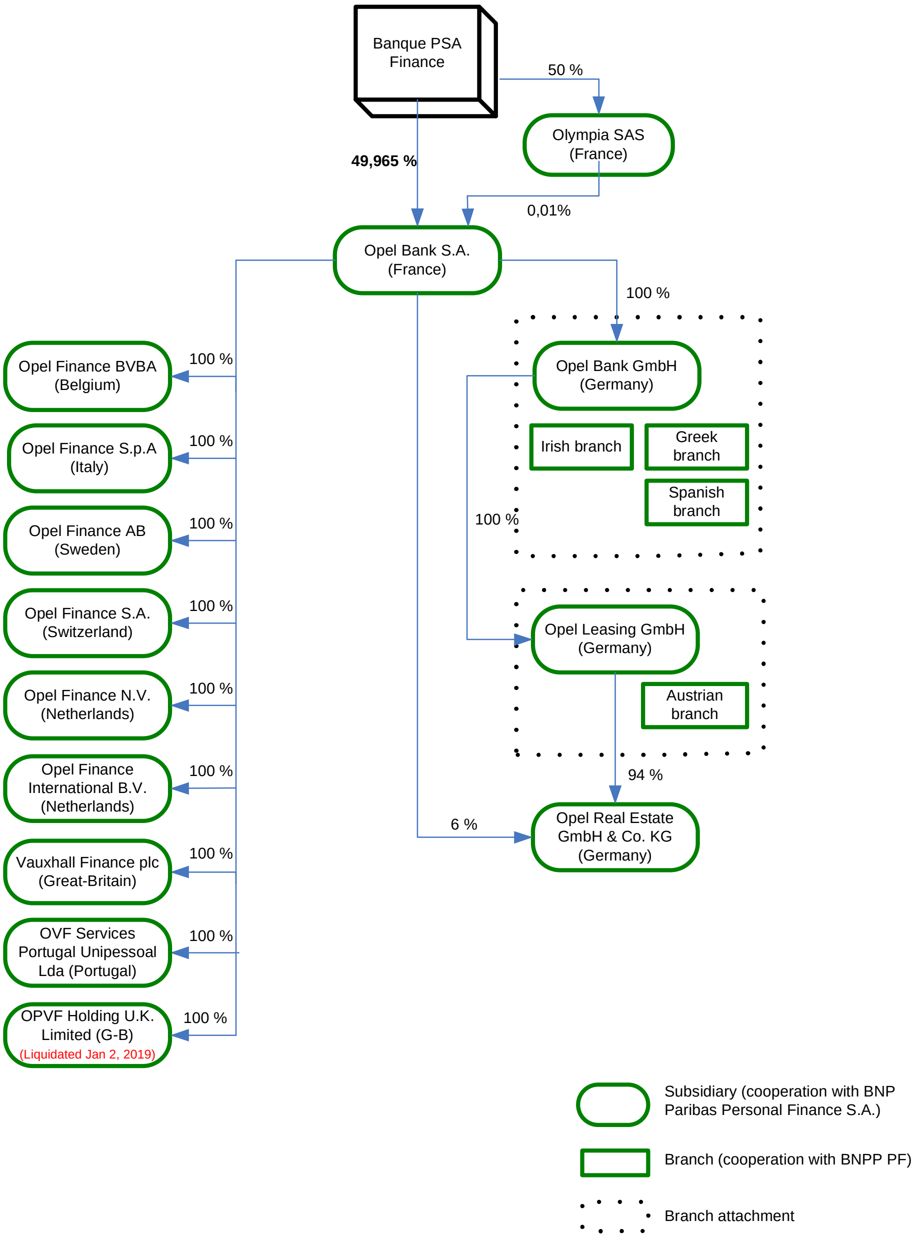
1.8 ORGANIZATIONAL CHARTS

The following organizational charts only show the BPF entities with significant operations.

Organizational chart for Peugeot Citroën DS Finance perimeter



Organizational chart for Opel Vauxhall Finance perimeter



1.9 BUSINESS ANALYSIS

1.9.1 VEHICLES SALES FOR PEUGEOT, CITROËN, DS, OPEL ET VAUXHALL

A new record set in 2018 at 3.9M units with worldwide sales up 6.8%.

Sales increase for the 5th year in a row with improved pricing power, in a context of economic and geopolitical headwinds.

Core Model strategy as a trigger: success of new launches and European leadership in Light Commercial Vehicles.

This profitable growth, reaching circa 3.878.000 units, has been leveraged by Groupe PSA product offensive in motion with more than 70 regional launches in 2 years, customer driven Core Model Strategy deployment and commercial network commitment.

Groupe PSA products have been on all short final lists of prestigious automotive contests every year since 2014 and have been awarded this year "Van of the Year IVOTY 2019" and "Best Buy Car of Europe 2019" AUTOBEST.

Groupe PSA Core technology has also been awarded with the International Engine of the Year prize for the 4th year in a row for its Turbo three-cylinder petrol engine.

Groupe PSA SUV models are particularly successful, driven by the Peugeot 2008, 3008[1], 5008 (leader in Europe), Citroën C3 Aircross[2], C3-XR, C5 Aircross, DS 7 Crossback, Opel/Vauxhall Crossland X, Mokka X, and Grandland X.

The Group announced its electrification offensive for all brands, with first PHEV[3] and EV[4] models available for customers in 2019, starting with the DS brand.

Groupe PSA achieves new record LCV sales: 564 147 vehicles sold, +18.3%. Groupe PSA renewed its range of compact vans in 2016 and of B-LCV in 2018 and has consolidated its leading position in Europe in every sub-segments, grasping almost 1 out of 4 LCV customers.

In Europe[5], Groupe PSA reaches 17.1% of market share. Group market share reaches 17.1% by end 2018, up +3.8 points, underpinned by Peugeot and Citroën brands that are the best progressing brands in 2018, with almost +5% sales increase for both brands among the top 10 brands in Europe. Groupe PSA exceeds market performance and is improving in all main markets: France (+2.6 points), Spain (+4.2 points), Italy (+3.9 points), Great Britain (+4.8 points), Germany (+3.7 points).

In the Middle East & Africa region, the Group remains offensive in a chaotic regional context. Despite strong headwinds mainly due to wind down in Iran and Turkish market downturn, Groupe PSA market share increased in Morocco (+1.7point), Tunisia (+1point) and Egypt (+3.1points) and the Group remains market leader in French Overseas Departments. The regional industrial footprint is under deployment to become operational in 2019 with the start of production of Kenitra plant in Morocco, as a key milestone

In China & South East Asia, in a declining Chinese passenger vehicle market (-2%), sales are down 34.2%. The Group is working on action plans with its partners to tackle current issues. The Group is implementing its electrification strategy with the Fukang brand, followed by PCD[7] electrified models from 2019 onwards. Sales in South East Asia doubled versus 2017, amounting to 10,882 vehicles. The joint venture with Naza Corporation Holdings (Malaysia) will start delivering its first productions in 2019 with the Peugeot 3008 and 5008.

[1] Peugeot 4008 in China
[2] C4 Aircross in China
[3] PHEV: Plug-in Hybrid Electric Vehicle
[4] EV: Electric Vehicle
[5] PCDOV figures (Peugeot Citroën DS Opel Vauxhall)

[6] Iran: Volumes industrialized in Iran are not more recorded in consolidated sales since May 1st 2018.
[7] PCD: Peugeot Citroën DS

In Latin America, the drop in sales is largely linked to the strong decline of the Argentinian market (-32% in the second semester) related to the country's economic context, with a significant exchange rate impact and a difficult Brazilian market, while sales remain well oriented in the Pan-American zone (54,887 units, +13,3%) – composed mainly by Chile, Mexico, Colombia, Peru, Uruguay and Ecuador.

In India-Pacific region, sales growth is notably driven by the Group successful business in Japan (+9.6%). The manufacturing project in India, developed in partnership with the CK Birla Group, is on track.

In Eurasia, sales increase notably in Ukraine (+7%). The good dynamic of Peugeot 3008, C4 Sedan and the newly produced LCVs in Kaluga since April (Peugeot Expert and Citroën Jumpy) are encouraging.

1.9.2 END-USER FINANCING AND SAVINGS PRODUCTS FOR PEUGEOT, CITROËN, DS AUTOMOBILES FINANCE (PCDF) AND OPEL AND VAUXHALL FINANCE (OVF)

Unless otherwise specified, business data in this management report exclude China. The figures for China are presented separately.

PENETRATION RATE BY COUNTRY (NOT INCLUDING CHINA)

	New Vehicle Financing Peugeot Citroën DS Opel Vauxhall (passenger and utility vehicles)[1]				Penetration rate PCDF + OVF (in %)			
Countries	**2018 PCDF+OVF**	**2018 PCDF**	**2018 OVF**	**2017 PCDF**	**2018 PCDF+OVF**	**2018 PCDF**	**2018 OVF**	**2017 PCDF**
France	240,655	227,453	13,202	206,951	28.1	29.2	17.0	28.3
United Kingdom	115,180	61,957	53,223	67,013	28.6	31.4	25.9	32.4
Germany	117,910	63,199	54,711	47,939	30.1	42.1	22.6	32.1
Italy	98,209	69,457	28,752	62,188	30.4	31.2	28.5	29.0
Spain	85,095	85,095		85,575	35.3	35.3		39.4
Belgium	26,158	22,743	3,415	23,142	19.4	24.2	8.4	24.8
Netherlands	18,960	15,866	3,094	12,783	18.8	27.4	7.2	22.4
Austria	12,029	9,236	2,793	7,973	26.1	37.5	13.0	33.3
Switzerland	11,292	6,593	4,699	7,251	32.7	32.0	33.7	34.0
Poland	11,420	11,420		9,686	30.7	30.7	0.0	27.2
Portugal	14,034	14,034		12,051	28.4	28.4	0.0	26.8
Europe	**750,942**	**587,053**	**163,889**	**542,552**	**28.7**	**31.3**	**22.0**	**30.2**
Brazil	20,796	20,796		25,623	47.4	47.4	0.0	52.2
Argentina	17,537	17,537		27,209	19.5	19.5	0.0	26.0
Mexico	2,362	2,362		3,168	24.7	24.7	0.0	35.7
Latin America	**40,695**	**40,695**		**56,000**	**28.4**	**28.4**	**0.0**	**34.5**
Russia	1,514	1,514		2,332	16.4	16.4	0.0	25.1
Turkey	13,028	13,028		17,538	30.5	30.5	0.0	27.6
Rest of the World	**14,542**	**14,542**		**19,870**	**28.0**	**28.0**	**0.0**	**27.3**
Total	**806,179**	**642,290**	**163,889**	**618,422**	**28.7**	**31.1**	**22.0**	**30.4**

[1] Passenger cars and light commercial vehicles.

PRODUCTION OF NEW END-USER FINANCING (NEW VEHICLES « NV » + USED VEHICLES « UV »), BY PRODUCT

(in number of contracts)	2018 PCDF	2018 OVF	2017 PCDF	% change PCDF
Installment contracts	505,060	185,641	529,403	- 4.6
Leasing activity and other financing	327,246	56,891	284,024	+ 15.2
TOTAL	**832,306**	**242,532**	**813,427**	**+ 2.3**

(in million euros, excluding accrued interests)	2018 PCDF	2018 OVF	2017 PCDF	% change PCDF
Installment contracts	5,350	2,608	5,216	+ 2.6
Leasing activity and other financing	5,084	861	4,271	+ 19.0
TOTAL	**10,434**	**3,469**	**9,487**	**+ 10.0**

PRODUCTION OF NEW END-USER FINANCING (NV + UV), SPLIT NV / UV

(in number of contracts)	2018 PCDF	2018 OVF	2017 PCDF	% change PCDF
End-user financing	**832,306**	**242,532**	**813,427**	**+ 2.3**
of which new vehicles	642,643	170,882	618,711	+ 3.9
of which used vehicles	189,663	71,650	194,716	- 2.6

(in million euros)	2018 PCDF	2018 OVF	2017 PCDF	% change PCDF
End-user financing	**10,434**	**3,469**	**9,487**	**+ 10.0**
of which new vehicles	8,681	2,648	7,788	+ 11.5
of which used vehicles	1,753	821	1,699	+ 3.2

PRODUCTION OF NEW END-USER FINANCING (NV + UV), BY COUNTRY

(in number of contracts)	2018 PCDF	2018 OVF	2017 PCDF	% change PCDF
France	314,639	16,527	289,006	+ 8.9
United Kingdom	96,849	86,042	115,812	- 16.4
Germany	75,441	85,734	58,662	+ 28.6
Italy	77,644	31,261	68,917	+ 12.7
Spain	100,407		100,802	- 0.4
Belux	26,107	4,300	25,803	+ 1.2
Portugal	15,599		13,406	+ 16.4
Netherlands	19,082	4,891	16,135	+ 18.3
Switzerland	9,742	8,132	10,185	- 4.3
Austria	13,169	5,645	11,635	+ 13.2
Poland	13,859		11,780	+ 17.6
Europe	**762,538**	**242,532**	**722,143**	**+ 5.6**
Brazil	26,990		30,388	- 11.2
Argentina	19,785		32,311	- 38.8
Mexico	2,414		3,254	- 25.8
Latin America	**49,189**		**65,953**	**- 25.4**
Russia	1,536		2,431	- 36.8
Turkey	19,043		22,900	- 16.8
Rest of the World	**20,579**		**25,331**	**- 18.8**
Total	**832,306**	**242,532**	**813,427**	**+ 2.3**

Depending on the market, four types of product are offered by Banque PSA Finance (BPF) for individual customers (B2C) and professional customers (B2B):

- Installment Contracts (IC)
- BuyBack Contracts (BBC)
- Long-Term Leases (LTL)
- Savings.

In 2018, 806,179 new vehicle contracts were written for Peugeot, Citroën, DS, Opel and Vauxhall.

Development of loyalty products (Balloon installment contracts, BBCs, LTLs) continued and accounted for 64% of production of financing of new vehicles for Peugeot, Citroën and DS Automobiles (PCD) on B2C segment on « G11 » countries (France, United-Kingdom, Spain, Germany, Italia, Belgium, Netherlands, Austria, Switzerland, Poland, Portugal) and 26% of financing of used cars for PCD. For Opel and Vauxhall (OV), loyalty offers amount to 71% of the production of financing of new vehicles. These products bolster repurchase rates for the Group's Brands.

A. MARKETING POLICY AND PERFORMANCE

In 2018 Banque PSA Finance (BPF) financed 31.1% of Groupe PSA's new vehicle sales on the Peugeot, Citroën and DS Automobiles (PCD) scope, its best performance to date, and 22% for Opel Vauxhall (OV).

BPF's penetration of the PCD scope rose 0.7 point and 0.1 point on the OV scope due to heightened marketing efforts based on extending our work with the Brands through the PACE plan. OVF supplemented its product for business customers with a Packaged Leasing Service.

In a context of a +1.8% increase in new vehicles sales by Peugeot, Citroën and DS on the BPF scope (excluding China), PCD vehicle registrations were up in France (+6%), in Spain (+11%), and in Italy (+4%) and down in Great Britain (-5%). With respect to markets outside of Europe, volumes were affected by the economic situation in Latin America (-11% in Brazil and -14% in Argentina), and volumes were lower in China and Turkey. Noteworthy is a stabilization in Russia. In the BPF scope, excluding Spain, 745,000 Opel and Vauxhall units were registered.

In this context, total new vehicles and used vehicles' financing rose 2.3% for the PCD scope.

In terms of PCD, it should be noted that the action plans set up to improve used vehicles (UV) performance led to higher production in every country, with the exception of Great Britain, where production was more selective. Total UV production was 189,663 contracts. With regard to OV, a renewal of the products and services line led to increased production in every country, with the exception of France, where a plan to regain market share was launched. For OVF, total UV production was 71,650 contracts.

The sharp increase in loyalty products led to a significant increase in the average unit financed amount, from €13,229 in 2017 to €14,030 in 2018 for PCD.

B. NEW VEHICLE FINANCING

In 2018, BPF financed 813,525 new vehicles, of which 642,643 for PCD representing 3.9% growth over 2017, and 170,882 new vehicles for OV.

In terms of geographic areas, the trends were as follows:

Europe

In Europe the number of new vehicles financing contracts rose 8.2% for Peugeot, Citroën and DS brands. In terms of volume, the number of contracts for PCD brands was 587,053 and for OV brands 163,889 contracts.

- In France: +10% with 227,453 PCD contracts, representing penetration of 29.2% (up 0.9 point) and 13,202 OV contracts, representing penetration of 17%. The main reasons for this growth with PCD were improved B2C performance, with 45% penetration of this segment. As to OV, enhanced leasing products attracted a growing number of individual customers.
- In Germany, greatly improved performance: PCD penetration up +10 points to 42.1%, or 63,199 contracts. OV penetration was 22.6%, or 54,711 contacts.
  The extension of marketing programs, the introduction of flat rate products with Peugeot brand and the strong B2B performance (62.9% penetration) explain the strong PCD growth in Germany. With regard to OV, the products targeted on Grandland X and the new Combo Life contributed to this improvement.
- In Spain, high levels of performance with PCD were maintained, at 35.3% penetration. The downturn from 2017 was due to a reorientation of marketing efforts towards more profitable and more loyalty-inducing products. With regard to OV, the new OVF organization grew rapidly, primarily thanks to the new FlexiOpel balloon loan product.
- In Great Britain, in a tight market, PCD penetration fell during the first half of the year. Driven by action plans aimed primarily at B2B sales, performance improved in the second half of the year, bringing Great Britain to a total penetration of 31.4%.
  With regard to OV, penetration was 25.9%, driven by communications centered on balloon products.
- In Italy, greatly improved performance with PCD penetration of 31.2%. Note that the fraction of loyalty products rose from 21% in 2017 to 49% in 2018. With regard to OV, 2018 saw revived performance with a 28.5% penetration rate on 28,752 contracts.
- In Belgium and Luxembourg, in a very competitive market, PCD performance leveled out at 24.2% penetration. With regard to OVF, the broadening of our product line to include “private leasing” to individuals starting in November 2018 added to 2018 production.
- Poland (PCD only) showed a sharp increase in penetration, up +3.5 points to 30.7%. Renewed efforts with the Brands and strengthened positions in B2B were the keys to improved performance.

Latin America (PCD only)

In Argentina the auto market was heavily impacted by the economic situation involving depreciation of the currency, high inflation and very high interest rates. Against this turmoil, financing penetration fell 6.5 points to 19.5%.

In Brazil, despite a difficult economic situation, penetration was 47.4%, and the downturn from 2017 was due to a smaller available market.

In Mexico, a new partnership with Santander from September 1st, the extension of sales efforts with the Brand, a more complete product offering and new information systems are expected to assist the growth of Peugeot sales in this market.

Other countries (PCD only)

Russia: PCD sales are stable but penetration was down 8.7 points to 16.4%. The orientation of the market toward the riskier B2B segment is the reason for this performance.

Turkey: Penetration rose to 30.5% (+2.9 points). In this country, outstanding loans are recognized by the partner, and BPF receives a sales commission.

In China (PCD only)

BPF's new vehicle penetration through DPCAFC (the captive finance company of DPCA) with Peugeot and Citroën continued to grow and attained a record 50.7%, up +10 points from 2017, demonstrating Chinese customers' increasing reliance on automobile loans and the appeal of the financing campaigns organized with DPCA.

The number of NV contracts was 132,765, down -24.3% from 2017, as compared to a -39.2% downturn in Peugeot and Citroën registrations. It should be noted that loyalty products such as balloon loans with the option to buy or renew are increasingly successful (9.4% of production in 2017 vs 8.7% in 2017). They support the development of new distribution channels and online media, for both new and used vehicles. DPCAFC booked 26.8% of NV contracts accepted in 2018 through its digital applications.

Total DPCAFC loans were €1,976 million, down 17.9% from 2017 due to reduced business by DPCA and despite the high growth in NV end-user penetration.

As to activity for the DS brand, under agreements between, on the one hand, PSA/BPF, CASPA and Chang'An Auto Finance Co. and, on the other, DPCAFC and CAPSA, end-user financing activity was up as well, with NV financing penetration for the two agreements combined at 27.3% in 2018, as compared to 24.1% in 2017.

END-USER FINANCING ACTIVITY IN CHINA AND OUTSTANDING IN CHINA

	2018	2 017	% change
New vehicle penetration rate *(in %)*[1]	50.7	40.7	+ 10.0
End-user loans *(including leases)*			
Number of vehicles financed (new and used)	137,055	182,449	- 24.9
Amount of financing *(in million euros, excluding interests)*	1,298	1,802	- 28.0

[1] - New vehicle penetratrion rate of DPCAFC on Peugeot and Citroën perimeter (DS is not included).

Outstanding loans *(in million euros)*	Dec. 31, 2018	Dec. 31, 2017	% change
End-user loans *(including leases)*	1,733	1,935	- 10.4
Corporate dealers loans	243	473	- 48.8
Total loans	**1,976**	**2,408**	**- 17.9**

C. FREE2MOVE LEASE

In order to develop B2B Long-Term Lease business, particularly with key clients, a purpose-designed organization has been rolled out in Europe since 2016 between BPF and PSA operating under the name Free2Move Lease (F2ML).

In 2018, business volumes for Free2Move Lease rose by 8.7% in terms of registered vehicles with 103,300 units across G6 countries (France, UK, Germany, Spain, Italy and Belgium), i.e. a market share of 14.4% in B2B sales for the Peugeot, Citroën and DS labels.

The launch of Free2Move Lease has helped expand the range of services to businesses, particularly the extension of the connected services offering (Connect Fleet and Car Sharing) across the full European scope of operations.

In 2018, F2ML business expanded to all the European countries where the Peugeot, Citroën and DS brands operate a subsidiary. For the Opel and Vauxhall brands, operations will start up in these same countries some time in the first half of 2019.

Sales of new services, the rapid development of proactive contract management, greater efficiency for the vehicle return process at the end of each contract, and robust used-vehicle markets, especially in the UK and France, have opened the way for F2ML to prove the efficiency of its business model for PSA and BPF.

In 2019, F2ML is looking to speed up growth with the deployment of operations for Opel and Vauxhall, and by actively preparing for the arrival of LEV vehicles from Groupe PSA with the launch of innovative service offerings specific to this type of vehicle.

D. USED VEHICLE FINANCING

On the PCD scope, 189,663 UV financing contracts were written in 2018, i.e. -2.6% compared to 2017 with the drop primarily due to Great Britain.

Action plans for PCD were launched in practically all European countries: customer loyalty products, redesigned marketing programs, redefined compensation and more led to significant improvements in a number of countries. +6% in France, +22% in Italy and +14% in Germany, where production had fallen over the past four years. Growth was also posted in Poland (+16%), Austria and Brazil (+30%). In contrast, Great Britain experienced lower production due to lower volume at certain companies with a view to optimizing profitability.

With regard to OV, 71,650 UV financing contracts were written in 2018.

This good performance in UV was achieved by sticking to a policy of risk limitation.

E. RETAIL SAVING BUSINESS

For PCD, retail savings is a business in France and Germany, owned 50/50 by Banque PSA Finance and Santander Consumer Finance.

The retail savings product in France and Germany consists of savings passbooks and term deposits. The proportion of outstanding amounts, for all countries combined, is 85% for savings passbooks and 15% for term deposit accounts.

In France, the results have been very satisfactory, with deposit volume up from €1,897 million at December 31, 2017 to €2,251 million at December 31, 2018. The increase was attributable to a variety of marketing campaigns (online, radio and print) and very high levels of customer satisfaction (9/10).

In Germany, retail savings deposits have decreased compared to December 31, 2017. Outstanding loans represented €1,056 million at and of 2018 (of which €144 million in term deposit accounts).

With regard to OVF, to diversify its funding strategy, Opel Bank GmbH is offering deposit accounts through a fully online platform to consumers in Germany. The bank is offering overnight deposits and term deposits (1, 2, 3 years). Total volume of deposits at December 31, 2018 was €1,329 million, down from December 31, 2017 as part of refinancing cost optimization by Opel Bank.

SAVINGS BUSINESS

	IFRS8		
	Dec. 31, 2018	**Dec. 31, 2017**	**% change**
Outstanding (Due to customers) *(in million euros)*	**4,638**	**4,896**	- 5.3
Of which France ("Distingo", PCDF perimeter)	2,251	1,897	+ 18.7
Of which Germany (PCDF perimeter)	1,057	1,237	- 14.5
Of which Germany ("Opel Bank Deposits", OVF perimeter)	1,329	1,762	- 24.6

1.9.3 CORPORATE DEALER LOANS

PRODUCTION OF NEW FINANCING FOR CORPORATE DEALERS CUSTOMERS (OUT OF CHINA)

	2018 PCDF	**2018 OVF**	**2017 PCDF**	**% change PCDF**
Number of vehicles	**1,726,495**	**778,331**	**1,688,578**	**+ 2.2**
Amount (in million euros)	**40,692**	**16,345**	**38,327**	**+ 6.2**
of which vehicles	38,067	16,335	35,699	+ 6.6
of which spare parts and other financing	2,625	10	2,628	- 0.1

PRODUCTION OF NEW FINANCING FOR CORPORATE DEALERS CUSTOMERS IN CHINA

Corporate dealer loans	**2018**	**2 017**	**% change**
Number of vehicles financed	167,087	244,463	- 31.7
Amount of financing *(in million euros, including spare parts)*	2,552	4,206	- 39.3

BPF is a strategic partner of Groupe PSA's five Brands' dealer networks. While ensuring risk control independently, BPF offers financing solutions covering the bulk of dealers' needs (new vehicles, demonstrators, used vehicles and spare parts), short-term cash financing, and even medium and long-term investments allowing business to be sustained long-term.

In 2018, in the Peugeot, Citroën and DS networks, 1,726,495 vehicles were financed in dealerships, representing an increase (+2.2%) compared to 2017, stemming from the increased sales by the distribution networks in Europe. The amount of new financing offered to dealers of the PCD brands increased +6.2%, largely because of the higher unit price of the vehicles financed.

OVF supports the Opel Vauxhall marketing strategy and is the financial partner of the Opel Vauxhall dealership network, with a range of specific financial products and services. These include inventory financing solutions (new, demonstrator and used vehicles and parts) and medium to long-term financial or cash-management solutions.

In April 2018 Opel-Vauxhall, in the scope of its PACE! Plan, communicated about the main orientations of its European Distribution Strategy aiming at strengthening jointly its commercial and financial performance as well as the one of the network. OVF is closely coordinating this transformation with the Brands.

In China, the number of vehicles financed and the amount of financing given by DPCAFC (the captive finance company of DPCA) were impacted by the decline in Peugeot and Citroën invoicing (-34.2%).

1.9.4 INSURANCE AND SERVICES

PRODUCTION OF NEW INSURANCE AND SERVICE CONTRACTS

(in number of contracts)	2018 PCDF	2018 OVF	2017 PCDF	% change PCDF
Financial services	700,025	108,129	697,843	+ 0.3
Car insurance	229,756	41,078	255,277	- 10.0
Vehicle-related services	748,031	114,552	672,241	+ 11.3
Total	**1,677,812**	**263,759**	**1,625,361**	**+ 3.2**

PENETRATION RATE ON FINANCING

(In %)	2018 PCDF	2018 OVF	2017 PCDF	Pts change PCDF
Financial services	82.8	44.6	84.4	- 1.6
Car insurance	27.2	16.9	30.9	- 3.7
Vehicle-related services	88.5	47.2	81.3	+ 7.2
Total	**198.4**	**108.7**	**196.6**	**+ 1.9**

Very early on, PSA anticipated the need to put together high value-added mobility products for the end-user, especially insurance and services guaranteeing carefree protection and mobility. The particular nature of insurance and services products also offers two other advantages to BPF:

- It allows BPF to diversify its revenue stream with non-consumer financial sources of recurrent and steady income that are less subject to fluctuations in financing operations.
- It also allows BPF to hedge the loans it makes and so reduce the risk of non-payment.

The characteristics of this business prompted PSA and BPF to anticipate a trend in the automotive sector, and with that in mind they set up the Insurance business unit in 2009. Its mission is to:

- Set a strategy for each brand and deal with insurance topics in light of customer wants and needs: autonomous vehicles, on-board computer devices, use-based insurance and so forth.
- Manage the insurance companies owned by PSA, either wholly or as associates, in Europe (out of Malta as freedom-of-services entity), Argentina and Brazil.
- Track the execution of this strategy with four indicators: sales performance, value-added, regulatory compliance and the quality of services provided.

BPF and the Peugeot, Citroën, DS, Opel and Vauxhall Brands offer the retail customer an entire line of insurance and services —personal, automotive and financial—that may or may not be marketed along with the loan (repayment insurance/credit protection, gap insurance, bodywork insurance, extended warranties car insurance and extended warranty and maintenance agreements, travel insurance, etc.).

Total penetration is nearly two contracts per each customer financed for PCDF (in 2002 this was 1.1 contracts per customer) and a bit less than 1 contract per customer financed for OVF (vs. 0.7 the previous year, showing how encouraging the early results from IVF are). These increases have not consumed its growth potential, which remains significant for both PCDF and OVF, and has led the Brands, BPF and the Insurance Business Unit to innovate and initiate projects such as:

- The introduction of use-based products such "Pay As You Drive" car insurance in Italy, France and the United Kingdom.
- The re-engineering of extended warranty agreements for used vehicles.
- The development of a new, online sales channel where insurance solutions will be offered, such as damage waivers, tire insurance, etc.
- Development of the product line for OVF so as to offer a range of solutions and protection in keeping with the basic strategy and the wants and needs of Opel and Vauxhall customers.

Lastly, as a major component of an automotive or mobility line, Car Insurance continues to be the service with great growth potential. In 2018, 11.1% of Peugeot, Citroën and DS vehicles and 5.5% of Opel and Vauxhall vehicles sold were sold with Car Insurance, and the product is offered in every market where BPF operates. The coming of autonomous vehicles, electric vehicles, car-sharing presents changes that should have a very significant impact on this product. The experience garnered from several years of putting this product into the Brands gives PSA and BPF a definitive advantage in keeping up with changes in this product.

After eight straight years of setting sales records, the insurance and services strategy has proven itself to be effective and well thought out. The insurance business has been developed in all markets where BPF operates and thus incrementally makes a significant contribution to the production of Groupe PSA. In 2018, the BPF insurance margin was €238 million, up +3.5% compared to 2017 for Peugeot, Citroën and DS Finance.

1.9.5 OTHER INFORMATION

1.9.5.1 EMPLOYEES

At December 31, 2018, the number of employees of BPF subsidiaries and branches on a full time equivalent basis was 151.

For the other employees of BPF, a wholly- owned subsidiary of Groupe PSA, employees are managed through the Group's Human Resources policy, the details of which are provided in Groupe PSA's Registration Document.

The 2,007 FTE employees of the joint ventures created under the BPF/Santander partnership are not counted in the BPF headcount but under a joint BPF/Santander HR department.

The 1,030 FTE employees of the joint ventures created under the BPF/BNPP PF partnership are not counted in the BPF headcount but under a joint BPF/BNPP PF HR department.

1.9.5.2 REAL ESTATE HOLDINGS

BPF does not own any real estate and our registered office is located in premises rented by Groupe PSA. The premises used by BPF offices in France and overseas are also under lease-finance or rental contracts.

1.9.5.3 LEGAL PROCEEDINGS AND INVESTIGATIONS

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

We factor the impact and consequences of legal proceedings for and against BPF into our provisions policy, and in consultation with our independent auditors continuously adjust our terms of service to avoid any negative effects on our financial position.

It should be noted that in March 2014 the Swiss Competition Commission opened an inquiry into various captive finance companies located in Switzerland, including PSA Finance Suisse S.A. and Opel Finance S.A., concerning any possible exchanges of information about interest rates, contractual terms and commissions paid to dealers. The investigation should conclude with a decision during 2019.

As part of an investigation conducted in May 2017 in respect of different captive finance companies, located in Italy, including the company Banca PSA Italia S.p.A. and Opel Finance S.p.A., targeting any possible exchanges of sensitive information between those captive finance companies, notably through professional associations, the Italian competition authority expanded this inquiry in October 2017 to BPF as the parent company of Banca PSA Italia S.p.A.

The Italian antitrust authority handed down its decision in January 2019 sanctioning all the captives, along with their parent companies, and the professional associations for a cumulative amount in excess of €678 million. BPF, Banca PSA Italia S.p.A. and Opel Finance S.p.A., fined respectively about €38.5 million, €6 million and €10 million are studying the grounds for appeal. (It should be noted that Opel Finance S.p.A. was sanctioned jointly and severally with General Motors, which was its parent company when the proceedings began).

1.9.6 OUTLOOK

BPF will continue to underline its operational excellence as Groupe PSA's "Captive Finance Institution", and thus contribute actively to fulfilling Groupe PSA's growth plans PUSH TO PASS and PACE!. The objective is, on the one hand, to continue to actively support the sales of Groupe PSA’s brands with innovative and competitive financing and services offers and, on the other, to continue its transformation by marketing new mobility services offers meeting changing market and more and more digitalized needs.

In addition, BPF will still actively assist the expansion of the Group in new growing markets.

1.10 ANALYSIS OF FINANCIAL RESULTS

As regards financial data (balance sheet, P&L, loans), the management report shows information in two forms:

- **Consolidated** information corresponding to the financial statements of Banque PSA Finance (BPF) fully-consolidated companies, and to the financial statements of the companies in the scope of cooperation of BPF and Santander, in the scope of cooperation of BPF and BNP Paribas Personal Finance (BNPP PF), and lastly, the Chinese company Dongfeng Peugeot Citroën Auto Finance Co., which are recognized using the equity method;
- **IFRS 8** format **Sector information** corresponding to BPF fully-consolidated companies and to a full consolidation of the activities of the partnership with Santander and those of the partnership with BNPP PF. Financial results from China are still recognized using the equity method. Information in IFRS 8 format corresponds to a management outlook.

Note 27 of the consolidated financial statements shows the transition between consolidated data and IFRS 8 data.

STATEMENT OF INCOME

(in million euros)	*Consolidated*[1]			*IFRS 8*[1]		
	2018	2017[2]	% change	2018	2017[2]	% change
Net banking revenue without OVF PPA[3]	*2*	*46*	*- 95.7*	*1,494*	*1,145*	*+ 30.5*
Net banking revenue including OVF PPA[3]	2	46	- 95.7	1,611	1,169	+ 37.8
General operating expenses and equivalent[4]	-25	-28	- 10.7	-658	-449	+ 46.5
Cost of risk	0	-5	- 100.0	-38	-64	- 40.6
Recurring Operating income	**-23**	**13**	**- 276.9**	**915**	**656**	**+ 39.5**
Share in net income of associates and joint ventures accounted for using the equity method[5]	336	249	+ 34.9	13	17	- 23.5
Other Non operating income	9	4	+ 125.0	-2	7	- 128.6
Pre-tax net income	**322**	**266**	**+ 21.1**	**926**	**680**	**+ 36.2**
Income taxes	-2	-10	- 80.0	-284	-211	+ 34.6
Net income	**320**	**256**	**+ 25.0**	**642**	**469**	**+ 36.9**

[1] - The items on the income statement transitioning from IFRS 8 to Consolidated format can be found in note 27.2 of the consolidated financial statements.

[2] - 2017 Result has been restated and takes into account the final allocation of the Opel Vauxhall Finance first consolidation difference (cf. Note 1.A Main events of the period, Note 3 Changes in Financial Statements at December 31, 2017 and as of the 1st of January 2018 and Note 27.2 Segment Information).

[3] - The amortization of the Purchase Price Allocation ("PPA") related to OVF acquisition in 2017 has had a positive impact on the Net Banking Revnue of €117 million in 2018, vs €24 million in 2017, in IFRS 8 format. This effect is mainly allocated to End-user activities.

[4] - Including depreciation, amortization and impairment of intangible and tangible assets, and gains and losses on disposals of fixed assets.

[5] - Joint ventures with the Santander Group and with BNPP PF accounted for using the equity method in Consolidated format accounts. China, as part of the partnership with Dongfeng Peugeot Citroën Automobiles and Dongfeng Motor Group, has been accounted for using the equity method since 2006, in consolidated and in IFRS 8 format accounts.

1.10.1 NET BANKING REVENUE

NET BANKING REVENUE (« NBR ») BY PORTFOLIO

(in million euros)	*Consolidated*			*IFRS 8*		
	2018	2017[1]	% change	2018	2017[1]	% change
End-users	11	15	- 26.7	1,088	797	+ 36.5
Corporate dealers	2	2	+ 0.0	266	155	+ 71.6
Insurances and Services (including net refinancing costs)	13	35	- 62.9	238	203	+ 17.2
Unallocated and other[2]	-24	-6	+ 300.0	19	14	+ 35.7
Total NBR including OVF PPA[3]	**2**	**46**	**- 95.7**	**1,611**	**1,169**	**+ 37.8**
Total NBR without OVF PPA[3]	***2***	***46***	***- 95.7***	***1,494***	***1,145***	***+ 30.5***

[1] - 2017 Result has been restated and takes into account the final allocation of the Opel Vauxhall Finance first consolidation difference (cf. Note 1.A Main events of the period, Note 3 Changes in Financial Statements at December 31, 2017 and as of the 1st of January 2018 and Note 27.2 Segment Information).

[2] - Represents primarily refinancing cost adjustment reflecting the fact that interest expenses are allocated to customer segments based on average financing levels, and on the assumption that loans are financed fully with debt.

[3] - The amortization of the Purchase Price Allocation ("PPA") related to OVF acquisition in 2017 has had a positive impact on the Net Banking Revnue of €117 million in 2018, vs €24 million in 2017, in IFRS 8 format. This effect is mainly allocated to End-user activities.

Net banking revenue in consolidated format was €2 million at December 31, 2018. In 2018, the use of hyperinflation accounting in Argentina has had an impact of -€11 million on the NBR.

Net banking revenue per IFRS 8 increased by +37.8% to €1,611 million at December 31, 2018, compared to €1,169 million at December 31, 2017. It includes one full year of OVF operations (representing €490 million) as against only 2 months in 2017 (representing €90 million). Net banking revenue is derived primarily from net interest income on customer loans and leases. Insurance and other services offered to customers of the Group's brands also contributed significantly to net banking revenue over the period. The increase in NBR for PCDF was largely due to increased loan volume. In 2018 the NBR per IFRS 8 also included a €117 million reversal of the Purchase Price Allocation from the Opel Vauxhall Finance acquisition allocated to the "End-User" business. Net of this effect, the NBR of operating activities was €1,494 million.

1.10.2 GENERAL OPERATING EXPENSES AND EQUIVALENT

In 2018, general operating expenses and equivalent amounted to €25 million in consolidated format.

Per IFRS 8, general operating expenses rose to €658 million in 2018 compared to €449 million in 2017. This trend remains under control given the growth in volume and the full-year consolidation of Opel Vauxhall Finance (vs. 2 months in 2017).

1.10.3 COST OF RISK

The cost of risk in consolidated format was zero in 2018.

Per IFRS8, the cost of risk was €38.5 million, or 0.11% of average net outstanding loans, as compared to €64 million and 0.27% of net outstanding loans in 2017. The cost of risk of OVF for the entire year is included, as against 2 months in 2017.

The cost of risk for Retail per IFRS8 (individuals and small and medium businesses) was €51 million or 0.21% of average net outstanding loans. It should be noted that the provision for prepayments in England was restated as a deduction from financial income and no longer in cost of risk as it was in 2017.

This very low cost of risk, which included the proceeds from receivables sold in France and Germany, reflects the conservative risk management policy applied by all entities and also active management of recovery and collections.

The cost of risk of the Corporate Dealers business and excluding Corporate and Equivalent per IFRS 8 came to €12 million (0.11% of average net outstanding loans). This number includes the reversal of a provision for a French dealership.

1.10.4 RECURRING OPERATING INCOME

Recurring operating income in consolidated format amounted to -€23 million.

Recurring operating income per IFRS 8 came to €915 million, up +39.5% compared to €656 million in 2017. This increase mainly stemmed from a growth in business, from a cost of risk that remained particularly low over the fiscal year and from tight management of operating costs. This includes a full year of OVF operations, totaling €225 million, including a positive €122 million effect linked to the reversal of the PPA (purchase price allocation). Net of this effect, 2018 OVF operating income was €103 million.

1.10.5 CONSOLIDATED NET INCOME

Net income in consolidated format amounted to €320 million, up +25%.

1.11 FINANCIAL POSITION

1.11.1 BALANCE SHEET

The balance sheet presented below includes a final allocation of the first consolidation difference of the assets and liabilities and notably customer loans and receivables, linked to the acquisition of the financial activities of Opel and Vauxhall (see Note 1.A Main events of the period, and Note 27 Segment information).

BALANCE SHEET

(in million euros)	*Consolidated*[1]			*IFRS8*[1]		
Assets	**Dec. 31, 2018**	**Jan. 1, 2018**[2]	**% change**	**Dec. 31, 2018**	**Jan. 1, 2018**[2]	**% change**
Financial assets at fair value through profit or loss	364	167	+ 118.0	356	186	+ 91.4
Loans and advances to credit institutions, at amortized costs	282	294	- 4.1	1,617	2,049	- 21.1
Customer loans and receivables, at amortized costs	179	334	- 46.4	37,937	34,197	+ 10.9
Deferred tax assets	5	9	- 44.4	115	158	- 27.2
Investments in associates and joint ventures accounted for using the equity method	2,372	2,149	+ 10.4	102	89	+ 14.6
Other assets	209	257	- 18.7	2,013	1,750	+ 15.0
Total assets	**3,411**	**3,210**	**+ 6.3**	**42,140**	**38,429**	**+ 9.7**
Equity and liabilities	**Dec. 31, 2018**	**Jan. 1, 2018**[2]	**% change**	**Dec. 31, 2018**	**Jan. 1, 2018**[2]	**% change**
Deposits from credit institutions	72	150	- 52.0	19,608	15,191	+ 29.1
Due to customers	3	8	- 62.5	4,978	5,264	- 5.4
Debt securities	249	248	+ 0.4	10,265	11,283	- 9.0
Deferred tax liabilities	3	3	+ 0.0	343	295	+ 16.3
Other liabilities	206	218	- 5.5	1,798	1,751	+ 2.7
Equity	2,878	2,583	+ 11.4	5,148	4,645	+ 10.8
Total equity and liabilities	**3,411**	**3,210**	**+ 6.3**	**42,140**	**38,429**	**+ 9.7**

[1] The items on the balance sheet transitioning from IFRS 8 to Consolidated accounts can be found in note 27.1 of the consolidated financial statements.

[2] Situation as of January 1st, 2018 after the final allocation of the Opel Vauxhall Finance first consolidation difference and the impact of the First Time Allocation ("FTA") of IFRS9 on the balance sheet (cf. Note 1.A Main events of the period, Note 3 Changes in Financial Statements at December 31, 2017 and as of the 1st of January 2018 and Note 27.1 Segment Information).

1.11.2 OUTSTANDING LOANS

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)	*Consolidated*			*IFRS 8*		
	Dec. 31, 2018	Jan. 1, 2018[1]	% change	Dec. 31, 2018	Jan. 1, 2018[1]	% change
Corporate dealers	64	64	+ 0.0	11,681	10,914	+ 7.0
End-users	115	270	- 57.4	26,256	23,283	+ 12.8
Total Customer Loans and Receivables	**179**	**334**	**- 46.4**	**37,937**	**34,197**	**+ 10.9**

[1] Situation as of January 1st, 2018 after the final allocation of the Opel Vauxhall Finance first consolidation difference and the FTA IFRS9 reclassification on the balance sheet (cf. Note 1.A Main events of the period and Note 27 Segment Information).

OUTSTANDING LOANS BY REGION

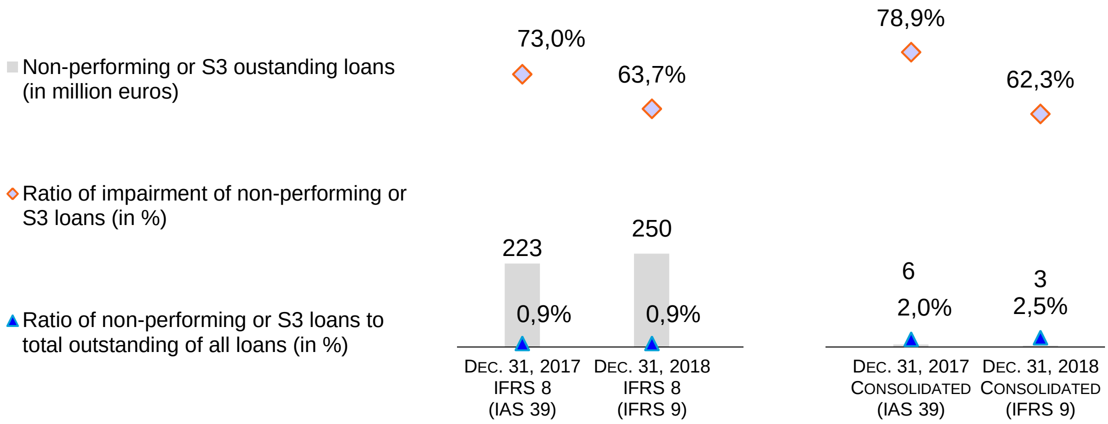
(in million euros)	*Consolidated*			*IFRS 8*		
	Dec. 31, 2018	Jan. 1, 2018[1]	% change	Dec. 31, 2018	Jan. 1, 2018[1]	% change
G5 countries[2]	-3	37	- 108.1	33,185	29,521	+ 12.4
Rest of Europe	11	22	- 50.0	4,197	3,974	+ 5.6
Latin America	116	211	- 45.0	500	638	- 21.8
Rest of the world	55	64	- 14.1	55	64	- 14.1
Total	**179**	**334**	**- 46.7**	**37,937**	**34,197**	**+ 10.9**

[1] Situation as of January 1st, 2018 after the final allocation of the Opel Vauxhall Finance first consolidation difference and the FTA IFRS9 reclassification on the balance sheet (cf. Note 1.A Main events of the period and Note 27 Segment Information).

[2] G5 countries : France, United-Kingdown, Germany, Italy, Spain.

1.11.3 IMPAIRMENT OF OUTSTANDING LOANS

NON-PERFORMING OR S3 END-USER LOANS
PCDF & OVF PERIMETER IFRS8 & CONSOLIDATED FORMAT



The ratio of non-performing loans compared to total outstanding of all loans is stable at 0.9%. This is the result of managed risk, whereas IFRS9 has led to a widening of the non-performing loan basis (S3 loans), especially by taking into account restructured contracts in probationary period.

The ratio of impairment of non-performing loans to total non-performing loans is at 63.7% in the IFRS9 norm, which is a lower level than in the previous norm (IAS 39 norm). This is due, on one hand, to the fact that the better ability to collect receivables is considered in the calculation of a part of the non-performing loans impairment rate, and, on the other hand, to a widening of the non-performing loan basis with less risky outstandings/loans.

Application of the IFRS 9 norm

Provisioning models compliant with the IFRS9 norm have been developed in coordination with BNPP PF and SCF partners. Provisioning is now based on a forward-looking expected credit losses model (ECL) and all exposures are provisioned from the start, without a “defaulting event” having necessarily taken place.

Exposures are now segmented in 3 “stages”, with a declassification to stage 2 when a significant credit risk degradation is detected from origination.

The statistical risk models were reviewed by an independent testing firm and the entire process was audited in 2018. The models were back-tested and will be again on a regular basis to ensure their stability and performance.

The impact of IFRS 9 on equity at January 1, 2018 for all of BPF's fully-consolidated companies is an increase of €3 million (net after tax). Regarding the scope of investments accounted for using the equity method, the impact is an increase of IFRS8 equity of €22 million (net after tax), which represents a scope of €11 million for BPF quota-share.

1.11.4 REFINANCING

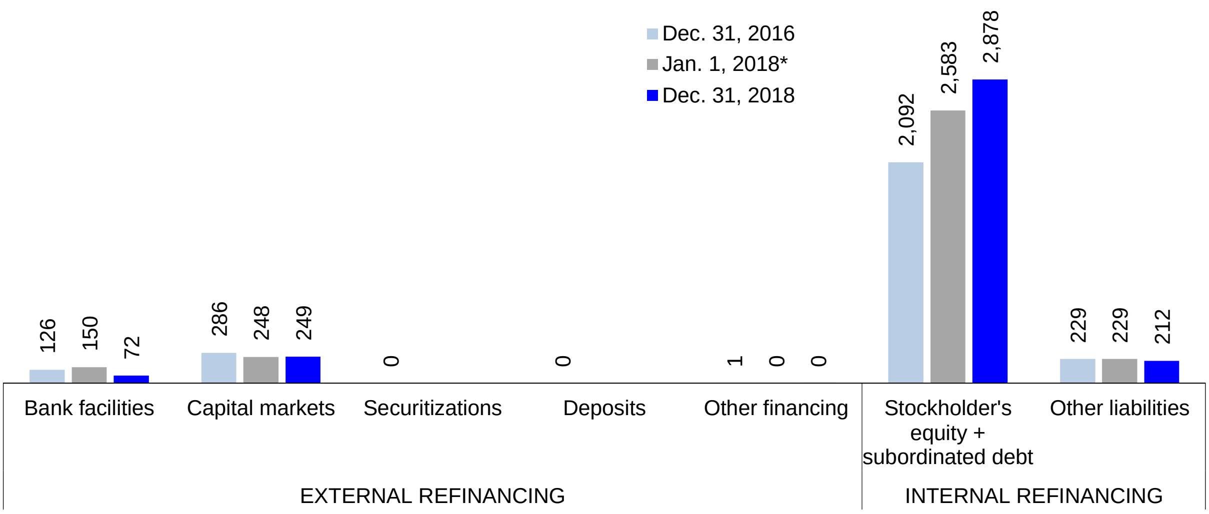
FINANCING ARRANGEMENTS BY SOURCE

(in million euros)	Dec. 31, 2018	Jan. 1, 2018*	Dec. 31, 2016
Bank facilities	**72**	**150**	**126**
Bonds + BMTN	26	35	24
EMTN	218	208	257
Other	5	5	5
Long-Term	*249*	*248*	*286*
CD	0	0	0
CP	0	0	0
Other	0	0	0
Short-Term	*0*	*0*	*0*
Capital markets	**249**	**248**	**286**
Securitizations	**0**	**0**	**0**
Deposits	**0**	**0**	**0**
Other financing	**0**	**0**	**1**
Total external refinancing	**321**	**398**	**414**
Stockholder's equity + subordinated debt	2,878	2,583	2,092
Other liabilities	212	229	229
Total assets	**3,411**	**3,210**	**2,735**

* Situation as of January 1st, 2018 after the final allocation of the Opel Vauxhall Finance first consolidation difference and the impact of FTA of IFRS9 on the balance sheet (cf. Note 1.A Main events of the period, Note 3 Changes in Financial Statements at December 31, 2017 and as of the 1st of January 2018 and Note 27.1 Segment Information).

SOURCES OF FINANCING (IN MILLIONS EUROS)

(EXCLUDING UNDRAWN AND CONFIRMED BANK CREDIT LINES)



For activities in partnership with Santander Consumer Finance and BNPP PF in Europe, and with Santander in Brazil, the partner is in charge of refinancing.

For the financing of activities not in the scope of these partnerships, BPF relies on a capital structure and an equity ratio that is in compliance with regulatory requirements. Refinancing is done with the greatest possible diversification in the sources of liquidity, ensuring that the maturities of the sources of financing are matched with those of its outstanding loans.

1.11.5 SECURITY OF LIQUIDITY

BPF seeks to maintain an appropriate balance between safeguarding its liquidity position, which is its first priority, and optimization of financing costs.

At December 31, 2018, the liquidity reserve (available invested cash) represented €466 million (see Note 22.2 to the consolidated financial statements) including €50 million of high-quality liquid assets, before weighting for the calculation of the liquidity coverage ratio (LCR). BPF's LCR was 332% at December 31, 2018.

Moreover, at December 31, 2018, BPF had undrawn committed credit facilities totaling €200 million (see Note 22.2 to the consolidated financial statements).

The bank facilities are not affected by any covenants or restrictions outside of standard market practices, however they do have the following three notable elements that could result in their cancellation:

- PSA's loss of direct or indirect ownership of the majority of BPF shares;
- BPF's loss of its status as a bank;
- the failure to have maintained a minimum 11% ratio of Common Equity Tier One equity.

1.11.6 CREDIT RATINGS

Given the gradual establishment of joint ventures with Santander Consumer Finance and the increased financing of businesses, BPF decided at the beginning of 2016 to stop seeking ratings from credit rating agencies.

1.12 EQUITY, RISKS, PILAR 3

1.12.1 CAPITAL MANAGEMENT

At December 31, 2018 consolidated equity Group share totaled €2,878 million, up €295 million from 2,583 million at January 1, 2018 after the final allocation of the goodwill from the first OVF consolidation and after making the first-time application of IFRS 9 to the balance sheet. The difference of €295 million is mainly due to consolidation of the 2018 earnings in the amount of €320 million and by the income and expenses recognized directly in equity for -€32 million in 2018 (see part 2.4 of the consolidated financial statements "Consolidated Statement of Changes in Equity Attributable to Equity Holders of the Parent and Minority Interests").

1.12.1.1 THE BANK'S EQUITY

The regulatory scope used to calculate the solvency ratio is identical to the scope of consolidation as described in Note 1.C to the consolidated financial statements, with the exception of the insurance companies. These are wholly-owned by BPF, accounted for using the equity method in the regulatory scope, and fully consolidated in the accounting scope (PSA services Ltd, PSA Insurance Ltd, PSA Life Insurance Ltd, PSA Insurance Manager Ltd, PSA Insurance Solutions Ltd and PCA Compañía de Seguros S.A.).

TRANSITION TABLE FROM THE CONSOLIDATED BALANCE SHEET TO THE REGULATORY BALANCE SHEET

(in million euros)	Consolidated Balance Sheet	Regulatory Restatements[1]	Regulatory Balance Sheet
Assets at Dec. 31, 2018	**3,411**	**-105**	**3,305**
Cash, central banks, post office banks	56		56
Financial assets at fair value through profit or loss	364	-103	261
Hedging instruments	4		4
Available-for-sale financial assets			
Loans and advances to credit institutions	282	-51	230
Customer loans and receivables	179	4	183
Tax assets	13	-1	12
Accruals and other assets	5	-4	1
Investments in associates and joint ventures accounted for using the equity method	78		78
Fixed assets	2,374	55	2,429
Goodwill	56	-6	51
Liabilities at Dec. 31, 2018	**3,411**	**-105**	**3,305**
Hedging instruments	1		1
Deposits from credit institutions	72		72
Due to customers	3	4	8
Debt Securities	249		249
Fair value adjustments to debt portfolios hedged against interest rate risks	4		4
Tax liabilities	6	-2	3
Accruals and other liabilities	53	-9	44
Liabilities related to insurance contracts	83	-83	
Provisions	61	-14	47
Equity	2,878	-1	2,877

1 - Restatement of the subsidiaries excluded from the regulatory scope (Insurance companies accounted for using the equity method).

In principle, the concerned entities must be subjected to a two-fold monitoring process, on a consolidated basis and on an individual basis. Nevertheless, Article 7 of the CRR provides for exemptions to monitoring on an individual basis and the shift to CRD4 has not placed in question the individual exemptions granted by the Autorité de Contrôle Prudentiel et de Résolution prior to January 1, 2014. Banque PSA Finance, which already benefited from an exemption to monitoring on an individual basis, is therefore only subject to a monitoring of the solvency ratio at the consolidated group level.

It should also be noted that there are no obstacles to the transfer of equity between subsidiaries that are 100% owned by Banque PSA Finance. In the case of the joint ventures set up with the Santander and with BNP Paribas groups, the agreement of both shareholders is required.

The regulatory capital is broken down into three tiers (basic capital in tier 1, additional capital in tier 1, and tier 2 capital) composed of capital or debt instruments, which are subjected to regulatory adjustments. Banque PSA Finance only has tier 1 capital instruments, consisting of the following components:

- amount of the share capital and the associated issue premiums;
- undistributed income;
- retained earnings;
- components of income recognized directly as equity;
- other reserves.

Regulatory deductions and adjustments made to this equity involve the following items:

- minority interests;
- estimated amounts of dividend forecasts;
- goodwill and other intangible assets;
- securitization positions excluded from the calculation of weighted assets and subject to a 1,250% risk weighting;
- gains and losses generated by cash flow hedging;
- subordinate loans issued;
- deferred tax assets dependent on future profits and that are not the result of timing differences subsequently to the deduction of the associated tax liabilities;
- investments in associates and joint ventures accounted for using the equity method or not consolidated. A share of these investments, up to certain thresholds, may be used in the capital requirements calculation, but the remainder will be deducted from the regulatory capital.

The reserve capital of BPF reached €236 million at the end of 2018, compared to €254 million at the end of 2017.

TRANSITION TABLE FROM ACCOUNTING EQUITY TO CAPITAL

(in million euros)	**Dec. 31, 2018**	**Dec. 31, 2017**
Accounting equity	**2,877**	**2,547**
Adjustment related to the difference between the consolidated regulatory and accounting scopes		
Regulatory equity	**2,877**	**2,547**
Investments in associates and joint ventures accounted for using the equity method or not consolidated	-2,365	-2,114
Dividend distribution plan	-97	
Minority interests	-10	-16
Goodwill and other intangible assets	-51	-52
Securitization positions		-13
Deferred tax assets on tax loss carryforwards		-1
Cash flow hedge reserve		3
Negative amounts resulting from the calculation of the expected loss amounts[1]		
Subornated loans to entities using the equity method	-117	-100
Other regulatory deductions	0	0
Tier 1 regulatory capital	**236**	**254**

1 - Since December 2016, Banque PSA Finance applies a standard method for equity requirement's calculation.

1.12.1.2 CAPITAL REQUIREMENTS

As a result of Banque PSA Finance's partnership with the Santander Group, the entities included in this scope, with the exception of those in France, had to switch to a standard processing approach to calculate capital requirements. In 2017, the French joint venture received the permanent authorization from the ECB to use the internal rating approach for its Retail portfolios (advanced method) and its corporate portfolios (Foundation method).

BPF and Santander Consumer Finance intend to reuse certain internal rating models developed by BPF. Work will first be carried out on these models to integrate the methodological standards of the Santander Group and an independent validation will be carried out. Once these steps have been completed, a demand for certification will be made to the competent supervisory authorities.

The tools used to gather and archive the data necessary for modeling and calculating credit risk in place at the time the joint ventures were launched have been retained, thus enabling homogenous monitoring of all of the bank's risk parameters.

It should be noted that since December 2016, following the implementation of the partnership and the subsequent reduction of its regulatory scope, Banque PSA Finance no longer uses the internal rating approach to measure its weighted assets. The amount of BPF's interest in these joint ventures, in accordance with the CRR and up to certain thresholds, is deducted from the regulatory capital which forms the numerator of the solvency ratio calculation.

As part of the application of the new Basel III regulation, BPF confirms a strong financial position. At December 31, 2018, the Basel III solvency ratio in respect of pillar I thereby amounted to 30.8%, compared with 34.7% at December 31, 2017. Basel III regulatory capital amounted to €236 million and capital requirements stood at €62 million.

CAPITAL REQUIREMENTS AND RISK WEIGHTED ASSETS

	December 31, 2018		December 31, 2017	
(in million euros)	Weighted assets	Capital requirements	Weighted assets	Capital requirements
Credit risk	**732**	**59**	**656**	**52**
Standard approach	**732**	**59**	**656**	**52**
Sovereign	9	1	7	1
Institutions	32	3	43	3
Companies	370	30	174	14
Retail customers	94	8	205	16
Other weighted assets	227	18	228	18
Internal Rating Based Foundation (IRBF) Method				
Companies				
Internal Rating Based Advanced (IRBA) Method				
Retail customers				
Operational risk (standard method)	**35**	**3**	**77**	**6**
Market risk				
Totals	**767**	**62**	**733**	**58**

	December 31, 2018	December 31, 2017
Total regulatory capital	**236**	**254**
Solvency ratio	**30.8%**	**34.7%**

Leverage ratio

The leverage ratio, which corresponds to the non-weighted ratio of the gross exposure to hard equity (Tier 1), is particularly intended to control the excessive use of off-balance sheet items in banking activities. The European Union imposes a minimum level of 3%. A monitoring, control and warning system was established in order to manage any excessive leverage risks.

The leverage ratio is calculated according to the terms of Regulation (EU) No. 575/2013 Article 429, and, for Banque PSA Finance, it remained relatively stable amounting to 29.3% at December 31, 2018, compared to 29.8% at December 31, 2017.

It should be noted that the exemption for monitoring on an individual basis received for the solvency ratio is extended to the leverage ratio under CRD IV. Requirements relating to the leverage ratio are therefore met solely on the consolidated basis.

LEVERAGE RATIO AND DETAILS OF LEVERAGE EXPOSURE

LEVERAGE RATIO AND DETAILS OF LEVERAGE EXPOSURE *(in million euros)*	Dec. 31, 2018	Dec. 31, 2017
Tier 1 regulatory capital	**236**	**254**
Total assets according to the consolidated financial statements	**3,411**	**3,174**
Adjustment related to the difference between the consolidated regulatory and accounting scopes	-105	-107
Regulatory deductions on CET1 equity	-2,534	-2,277
Exclusion of hedging derivatives non taken into account in the balance sheet exposure	-4	-2
Total exposure on balance sheet	**768**	**788**
Application of mark-to-market derivatives increase	11	11
Replacement cost of derivatives transactions after clearing on margin calls	3	
Total exposure on derivatives	**14**	**11**
Exposure related to commitments given	54	77
Application of regulatory conversion factors	-30	-21
Total exposure to off-balance sheet items	**24**	**56**
Total leverage exposure	**806**	**855**
LEVERAGE RATIO	**29.3%**	**29.8%**

1.12.2 OVERVIEW OF ENCUMBERED ASSETS

BPF had no encumbered assets at December 31, 2018.

1.12.3 RISK FACTORS AND RISK MANAGEMENT

The identification, measurement, management and surveillance on BPF's risks are an integral part of Risk Management, the director of which is a member of the Bank's Executive Committee. This manager also reports regularly to the Audit and Risk Committee and the Risk Management Committee and, when required, to other ad hoc Operative Committees within the Bank.

Risk governance notably includes:

- inventorying risks arising from the bank's operations and evaluating potential risk criticality in light of the management policies retained and the general economic environment;
- determining acceptable risk levels and managing these risks by way of BPF's risk appetite dashboard adopted by Senior Management and approved by the Board of Directors;
- validation of risk measurement methods or models;
- implementing stress tests and/or risk mitigation tools such as those requested or recommended by regulations (ICAAP, ILAAP, PUL, Prevention & Recovery Plan, etc.) which, as the case may be, are approved by or submitted to the Board of Directors of the Bank.

These different elements are presented, analyzed and decided upon within the Committees: the Risk Management Committee (once every two months), the ALCO Committee (once a month), the Model Committee (once every two months) and the Audit and Risk Committee (four times a month). The executive management and the members of the Board either sit on these Committees or are informed of their work.

Risk monitoring within the Santander and BNPP PF JVs is carried out by joint Global Risk Committees, and deployed in each JV or local entity by local Risk Committees.

BPF has identified 14 risk factors to which it is subject.

1.12.3.1 BUSINESS RISK

Risk factors

Six main factors have an impact on the business activities of BPF and are assessed on a regular basis:

- external factors that influence vehicle purchases;
- government policies to incentivize new vehicle purchases;
- regulatory or fiscal changes which could lead to a modification of the activity or alter the profitability thereof, including those to do with low-emission vehicles;
- Groupe PSA's brands' sales volume and their marketing policy;
- BPF's competitive positioning, in terms of both product range and price;
- country risk, which is managed by focusing on local financing whenever possible.

Risk measurement, control and monitoring

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

Business risk is also monitored through stress tests, notably those of ICAAP, ILAAP and the Prevention & Recovery Plan.

1.12.3.2 CREDIT RISK

Risk factors

Credit risk refers to the inability of a customer to pay his, her or its obligations, including when BPF repossesses the property financed.

Regarding operations on PCDF activities, BPF does not contractually assume residual value risk, except in the UK where regulations offer individual customers (installment contracts) the possibility of asking for the repurchase of a vehicle by the lender under certain conditions.

In the case of operations on OVF activities, BPF's residual value risk is limited in all countries, including the UK and Germany. This risk is closely monitored.

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

Risk measurement, control and monitoring

Measures taken concerning the financing activities of Groupe PSA's brands

Risks are assessed on approval of the loan and monthly for all loans in the portfolio.

When granting financing, risk measurement is based on internal ratings or, in a very limited number of cases, external ratings. Customer selection is done based on grading models (Corporate) or decision- making tools (Retail).

Under the partnership with Santander Consumer Finance (SCF) in Europe for financing the activities of the Peugeot, Citroën and DS brands, the internal models are reviewed on a regular basis by the various SCF risk teams to ensure their stability and performance over time.

As part of the partnership with BNPP Personal Finance (BNPP PF) in Europe for financing the activities of the Opel and Vauxhall brands, the internal models are reviewed and adjusted incrementally.

Loan acceptance systems are tailored to the specific characteristics of each local market to optimize their efficacy.

For retail credit, loan applications are either automatically authorized or require additional assessment procedures, requested in the framework of expert risk assessment systems or on the analyst's own initiative.

As to the Corporate portfolios, the decisions to lend rely on the decision of the local or central Credit Committees, and for the highest loan amounts, on that of either the Santander Group with respect to PCDF subsidiaries or BNPP PF with respect to OVF subsidiaries.

Pursuant to IFRS standards, for the accounting measurement of credit risk, impairments for retail delinquent loans and sound loans with past-due installments are calculated based on impairment rates. These impairment rates are calculated twice a year according to an estimated discounted future collections model.

Impairments for Corporate dealer and Corporate and equivalent loans in default are determined through an individual analysis taking the value of any security package underlying the loan into account.

Risk management is based on a product range offered by the subsidiaries and approved by various ad hoc committees that specify the legal framework for the product, its maximum term, minimum down-payment, potential step-up amounts and any conditional guarantees for approval.

The Corporate Dealers and the Corporate and Equivalent portfolios also include:

- setting credit lines, cancelable without conditions, and their associated periods of validity;
- collective security packages or securities taken when the relationship is established, on renewal of credit lines or if creditworthiness is downgraded between renewal dates. Securities may be personal guarantees, related to identified assets, be provided by loan protection insurers or take the form of bank guarantees;
- daily monitoring of payment incidents;
- a progressive alert system, from placing on watch to declaring a delinquent loan, including conditional delinquency, i.e. even if the loan is not delinquent according to the Basel definition;
- stock audits, scheduled based on the dealer's risk profile, retention of vehicle registration documents, and financing contracts providing for the pledging of the financed vehicles at any time, in accordance with national legislation.

Monthly risk monitoring in the retail segment mainly concerns:

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

The Risk Management Committee, the Model Committee and the Audit and Risk Committee are the principle bodies responsible for monitoring BPF's credit risk. The Model Committee also approves our risk measurement models.

BPF's exposure to credit risk, entirely handled using the standard approach since July 1, 2016, relies on the carrying value of the financial assets to which are added the off-balance sheet items, financial commitments and guarantees given, as well as the undrawn authorized lines of credit. These assets are restated according to impairment, as well as the assets that are not subject to credit risk and items that are directly deducted from equity.

GEOGRAPHIC BREAKDOWN OF THE GROUP’S GROSS EXPOSURE AT DECEMBER 31, 2018

(in million euros)	**Bank and Administration**	**Companies**	***Of which SME***	**Retail**	***Of which SME***	**Other categories**	**Total gross exposure**	**Distribution in %**
France	429	52	*0*	0	*0*	112	**593**	66%
Europe (excluding France)	62	5	*1*	4	*0*	0	**71**	8%
Latin America	12	41	*0*	101	*0*	2	**156**	17%
Rest of the World	4	56	*35*	22	*0*	1	**84**	9%
Overall total	**506**	**154**	***35***	**128**	***0***	**116**	**904**	100%
Distribution in %	56%	17%	4%	14%	0%	13%	100%	

BREAKDOWN BY RESIDUAL MATURITY OF THE GROUP’S BALANCE SHEET EXPOSURE AT DECEMBER 31, 2018

(in million euros)	**Bank and Administration**	**Companies**	**Retail**	**Other categories**	**Total balance sheet exposure**
Residual value lower than 3 months	169	305	19	2,587	**3,081**
3 months to 1 year	0	14	52	0	**66**
1 to 5 years	0	2	39	0	**41**
More than 5 years	0	0	0	117	**117**
Overall total	**169**	**321**	**110**	**2,704**	**3,305**

BREAKDOWN OF THE GROUP’S NET EXPOSURE AT DECEMBER 31, 2018

(in million euros)	**Gross exposure**	***Of which Exposure in default***	**Adjustment for general risk**	**Adjustment for specific risk**	**Net exposure of provisions**
Bank and Administration	506	0	0	0	**506**
Companies	154	1	1	1	**152**
Retail	128	3	1	2	**125**
Other categories	116	0	0	0	**116**
Overall total	**904**	**4**	**1**	**2**	**900**

GEOGRAPHIC BREAKDOWN OF THE GROUP'S NET EXPOSURE AT DECEMBER 31, 2018

(in million euros)	**Gross exposure**	***Of which Exposure in default***	**Adjustment for general risk**	**Adjustment for specific risk**	**Net exposure of provisions**
France	593	0	0	0	**593**
Europe (excluding France)	71	1	0	1	**70**
Latin America	156	1	1	1	**155**
Rest of the World	84	2	1	1	**82**
Overall total	**904**	**4**	**1**	**2**	**900**

DETAILS OF ADJUSTMENTS FOR CREDIT RISK AT DECEMBER 31, 2018

(in million euros)	**Bank and Administration**	**Companies**	**Retail**	**Other categories**	**Overall total**
Gross exposure	506	154	128	116	904
Balance sheet exposure	503	103	128	116	849
Off-balance sheet exposure	4	51	0	0	54
Provisions	0	-1	-2	0	-4
Collateral	-48	-5	0	0	-53
Off-balance sheet average CCF	100%	38%	100%	NC	42%
Value exposed to risk	**506**	**122**	**128**	**116**	**872**
RWA	**290**	**120**	**94**	**227**	**732**
Average RW	57%	99%	74%	196%	84%

BPF having a non-material exposure to counterparty risk on derivative instruments, no CVA (Credit Value Adjustment) calculation is made.

1.12.3.3 FINANCIAL AND MARKET RISKS

All the principles explained below apply to BPF fully controlled entities. Risk management of BPF/Santander and BPF/BNP PF joint ventures is done country by country by each JV under the supervision of shareholders, following the governance set forth when the partnerships with Santander and BNPP were created.

Liquidity risk

Risk factors

The liquidity risk to which BPF is exposed depends on:

- the situation of the financial markets (market risk);
- the ability of its partner banks (in Europe, Santander Consumer Finance for Peugeot, Citroën and DS and BNPP PF for Opel and Vauxhall, in Brazil Santander, in Argentina BBVA, etc.) to honor the commitment to refinance the respective joint ventures.

Risk measurement, control and monitoring

There are two aspects to measuring liquidity risk:

- matching most Banque PSA Finance subsidiaries or joint ventures with a first-rate partner who will guarantee refinancing: Santander Consumer Finance for Peugeot, Citroën and DS in Europe, BNPP PF for Opel and Vauxhall in Europe, BBVA in Argentina , etc.;
- a policy worked out individually with each partner bank but generally based on an appropriate equity structure and diversified external sources of financing (which depending on the JV may be collateralizations, collections of deposits, bonds, etc.). The definition of liquidity risk indicators and related limits, along with regulatory ratios proper to each jurisdiction (LCR or local equivalents outside of Europe), enabling characterization of BPF's exposure to liquidity risk in a given moment and in the near future.

Risk monitoring is based on the daily or monthly calculation, depending on the case, of risk indicators as well as on ALCO Committees within each JV and at the BPF level that meet monthly to monitor the implementation of the defined general policy, the current and forecast risk levels, the compliance with limits and the potential measures to be taken to better assess, control and monitor the liquidity risk, and on the Risk Management Committee of BPF.

Interest rate risk

Risk factors

BPF's policies aims to measure and control, through limits within stress scenarios, and, if necessary, reduce the effect of fluctuations in interest rates through the use of appropriate financial instruments that make it possible to ensure the adequacy of the rate structure to the assets and liabilities on its balance sheet. Control of this risk consists of complying with this policy with very regular monitoring.

Risk measurement, control and monitoring

At least once a month, residual rate positions and sensitivity to stress scenarios are calculated.

At December 31, 2018, sensitivity to a 2% increase across the rate curve would amount to a negative result of -€4.2 million. During the full year, in 2018, the result from this simulation fluctuated between -€0.5 million and -€4.2 million.

There are several aspects to rate risk control:

- our general rate risk policy;
- rate risk indicators and related limits to characterize the level of risk;
- simulation of stress scenarios and the definition of acceptable financial impact thresholds;
- the use of derivatives.

Risk monitoring is based on monthly indicators and reporting focusing on policy implementation and the cost of a distortion of the interest rate curve, including in stress situations. The monthly ALM Committee (Asset Liability Management) and the Risk Management Committee of BPF monitor the implementation of the general policy, the current and forecast risk levels, the compliance with limits and the potential measures to be taken to better measure, control or monitor the interest rate risk.

Counterparty risk

Risk factors

BPF is exposed to counterparty risk on two fronts: indirectly in market transactions carried out by JVs to hedge interest rate risk and, in very rare cases, operational currency risk.

Risk measurement, control and monitoring

Investments are made either in mutual funds (French OPCVM) or in the form of bank deposits with top-tier banks.

Derivative income contracts written by BPF's JVs are undertaken with investment grade banks as counterparty and under ISDA or national agreements. They are subject to margin calls or daily compensating balances in clearing houses.

BPF’s exposure limits are measured and checked daily, and any overruns are communicated daily. A summary of any limits exceeded is presented monthly during the BPF ALCO Committee and Risk Management Committee meetings.

Currency risk

Risk factors

BPF is exposed to two types of currency risk:

- structural currency risk (the Bank's structural currency position amounted to €296 million at December 31, 2018);
- operational currency risk (the bank's operational currency position amounted to -€0.9 million at December 31, 2018).

Risk measurement, control and monitoring

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

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

Currency risk is monitored through monthly reporting which highlights the Bank's structural and operational currency positions. In addition, the Bank's operational currency risk is reviewed at the monthly ALM Committee meeting, and by BPF's Audit and Risk Committee and Risk Management Committee.

Market risk

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

1.12.3.4 RISKS RELATED TO SECURITIZATION OPERATIONS

Since September 2018, Banque PSA Finance does not hold any subordinated security and thus does not bear the risks linked to securitization operations.

1.12.3.5 CONCENTRATION RISK

Risk factors

BPF is exposed to several types of concentration risk, primarily:

- concentration risk related to the granting of credit to individuals;
- concentration risk related to bank refinancing.

Risk measurement, control and monitoring

The Bank has set limits for concentration risks related to individuals and credit institutions granting bank credit lines to BPF.

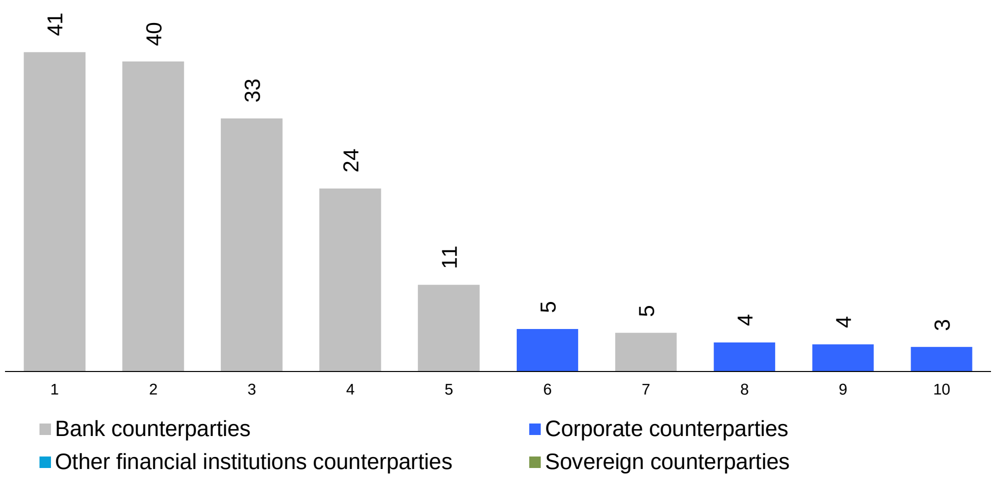
Concentration risk limits are presented quarterly to the Risk Management Committee of Banque PSA Finance.

At December 31, 2018, BPF's commitments to Groupe PSA stood at €20.1 million or 8.5% of the regulatory capital.

On the same date, the Bank's top ten commitments, excluding those to Groupe PSA, amounted to €169.7 million or 71.8% of the regulatory capital. By counterparty category, the top ten commitments break down as follows

- Banks: €153.7 million / 65.1% of the regulatory equity;
- Corporate dealers (excl. PSA): €16.0 million / 6.8% of the regulatory equity;
- Other counterparty institutions: €0 million;
- Sovereign counterparties: €0 million.

TOP TEN WEIGHTED EXPOSURES TO CREDIT RISK
(IN MILLION EUROS, EXCLUDING FINANCING EXTENDED TO GROUPE PSA ENTITIES)



1.12.3.6 OPERATIONAL RISK

Definition of risk and risk factors

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

Risk identification, assessment, control and monitoring

BPF and the joint ventures are exposed to all seven Basel event type categories of operational risk:

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

BPF is primarily exposed to operational risks of external fraud in relation to the credit risk, system malfunctions, and to a lesser extent to risks on activities outsourced to service providers or partners.

Identifying operational risks, listing operational incidents as required by the standard approach adopted by BPF to measure its equity requirements in connection with operational risk and evaluating actual exposure to operational risks through second-level controls are all carried out as part of the risk-mapping done for all operations of BPF and JVs with Santander Consumer Finance.

The risk management system is by and large the same at BPF and in the JVs created with SCF. However, it is managed in places on an individual basis, specifically through a Risk Management Committee and an Audit Committee on the part of BPF and by a Global Risk Committee in cooperation with SCF.

Risk control and mitigation mechanisms are an integral part of working procedures or instructions and are subject to tier one controls within the bank's operating units, and tier two controls by the bank's permanent risk-control departments.

OVF's operational risk system is basically the same, but it employs methods (risk-mapping and information systems) specific to their scope of operations. In terms of operational risks in the OVF scope, governance is ensured by the Global Risk and Collection Committee.

1.12.3.7 NON-COMPLIANCE RISK

Definition of risk and risk factors

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

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

Risk measurement, control and monitoring

Risk is measured in advance through a system of regulatory surveillance that surveys and analyzes changes in law or regulations and the guidelines and sanctions of the authorities. Once these analyses are done, the impacts on the bank's operations, processes, organization, information systems and, more broadly, its business model are assessed and action plans implemented.

Non-compliance risk is primarily managed by means of procedures, instructions and operating methods, employee training and the circulation of specific computer applications, particularly to detect individuals with political exposure or whose assets have been frozen.

Non-compliance risk is primarily monitored locally. Every quarter each unit assesses the effectiveness of its preventions and controls as well as its level of residual risk, using a certificate of compliance presented to unit management and forwarded to headquarters. Cross-analyses carried out at headquarters confirm the level of risk, and a consolidated picture is presented at the quarterly meetings of the Compliance Committee. In the framework of the partnership with Santander, the non-compliance risk of joint companies is monitored once a month by the Partnership Committees.

A monitoring system has been set up for the activities related to the partnership with BNPP PF. This system will also be matched with a body of procedures and operating methods, as well as a periodic assessment of the system which is sent to the compliance committee formed specifically for this partnership.

1.12.3.8 REPUTATIONAL RISK

Definition of reputational risk and risk factors

The reputational risk to which BPF is exposed can be broken down into:

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

Reputational risk measurement, control and monitoring

Image and reputational risk is, to a large extent, related to risks already identified and covered by the internal control systems. This is notably the case for risks of internal and external fraud and non-compliance risk.

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

- compliance with banking secrecy and professional reserve;
- observance of the regulation for the protection of personal data (RPPD);
- approval of standard letters to customers and advertising messages by the legal department;
- monitoring of the quality of customer relations;
- approval of new products by the legal, fiscal and compliance departments;
- the whistleblowing system.

The quarterly compliance control certificates include a section dedicated to the reputational risk.

1.12.3.9 INSURANCE AND SERVICES BUSINESS RISK

PSA Insurance and PSA Insurance Europe operate an insurance business through four insurance companies, two for the "life" business and the other two for the "non-life" business, both offering insurance policies sold with finance contracts.

Risk factors

The PSA Insurance and PSA Insurance Europe insurance business is exposed to four types of risk:

- operational and regulatory risks, for example risks related to investments related to acts of offering and selling insurance;
- subscription and under-provisioning risk;
- market financial risks including in particular counterparty risk;
- strategic risks.

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

Risk limits apply to subscription, insurance product sale and claims management policies. Limits are monitored using the reports presented quarterly to the Technical Committee. Stress testing is conducted and a range of statistical control methods are applied. The provisioning methods adopted are those recommended by the insurance regulations and are reviewed by an external actuary. This review is materialized by a certification report on the technical provisions.

The Technical Committee meeting, held quarterly, reviews and approves the net cost of claims and all measures (change in guarantee, subscription rules) on the entire product range, which could impact the cost of claims. For products carrying a certain weight in the production, portfolio tracking is also carried out and the conclusions thereof are shared and discussed during the Technical Committee meeting.

Insurance distribution rules in each country are verified and their implementation is mandatory before any new product is launched. The compliance officer checks each entity regularly. The Insurance Division, assisted by a network of local lawyers, keeps a legal watch, so as to further tighten the monitoring and enhance vigilance in this regard.

Finally, risks related to the regulation, the methods of presenting the offer and the subscriptions are reviewed during the Insurance Marketing & Commercial Committee (IMCC) meetings held every month and also discussed with the Insurance Managers of each subsidiary and branch of BPF.

The conclusions of all these checks are presented, analyzed and discussed systematically during each meeting of the Board of Directors of the entities constituting the Insurance Division.

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

- rules for the allocation of assets held (asset types, geographical areas, sectors of activity, maximum weighting relative to total financial assets held) and for the management of currency risk;
- short and medium-term investments mainly in the form of UCITS governed by French, Spanish and Lux law and securitization;
- a maximum investment horizon of five years;
- limitation of counterparties to a selection of "investment grade" counterparties;
- stress scenarios.

Solvency 2 rules came into force in 2016. The regulatory solvency ratios are monitored monthly to ensure compliance with the companies' capital adequacy ratios. The companies' local procedures are more stringent than the requirements of the MFSA (Malta Financial Services Authority), which provides for quarterly monitoring and reporting. The ratios are presented and analyzed at each Investment Committee meeting and Solvency II Committee meeting (responsible for monitoring capital adequacy), and in the Board of Directors.

Strategic risks are presented during the meetings of the various committees mentioned above, who discuss the macro and micro factors impacting the companies' strategic risks.

Operational and regulatory risks are discussed by the Compliance and Control Committee.

1.12.3.10 CORRELATION BETWEEN BPF AND ITS SHAREHOLDER

Definition of correlation risk and risk factors

BPF fully belongs to Groupe PSA and because of its captive activities, its business and profitability may be partially influenced by a number of factors originating with Groupe PSA:

- economic and financial factors: the sales performance, financial results, and the profitability outlook of Groupe PSA;
- strategic factors: product development and geographical coverage;
- factors related to Groupe PSA's reputation and brand image.

Nevertheless, the fact that a significant portion of the business activity takes place within the 50%-owned joint ventures helps to reduce this sensitivity, particularly the refinancing aspect.

Measurement, control and monitoring of the correlation between BPF and its shareholder

The various risk factors have been prioritized and taken into account in stress scenarios.

Given the gradual establishment of the joint ventures set up with Santander and BNPP PF, as well as the increased financing of businesses, BPF decided at the beginning of 2016 to stop seeking ratings from credit rating agencies. In fact, the correlation risk with Groupe PSA's rating no longer exists.

In 2017 and 2018, BPF completed the "Recovery Plan" initiated in 2016 with its supervisory authorities, providing theoretical stress scenarios with severe assumptions about the automaker.

The plan, which incorporates theoretical stress scenarios and tough assumptions for the automotive manufacturer, underscores the solidity of the bank's business model, in particular thanks to its matching policy in relation to asset-liability maturities.

1.13 INTERNAL CONTROL

In line with the order dated November 3, 2014 on internal control levels of credit institutions, BPF's internal control system is organized around the periodic control function, the permanent control functions and a first tier control performed by the operating units.

1.13.1 PERMANENT CONTROLS

1.13.1.1 FIRST-TIER CONTROLS, THE LYNCHPIN OF THE INTERNAL CONTROL SYSTEM

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

1.13.1.2 PERMANENT CONTROL

Regarding the scope controlled by BPF (essentially companies in which BPF holds, either directly or indirectly, a majority control)

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

The special-purpose permanent controls that cover the finance companies, the insurance entities and the central organization, including that of the services provided by Groupe PSA on behalf of BPF are structured around the three following areas:

- compliance control;
- financial and accounting control;
- operational and IT activities control.

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

The duties of the two departments tasked with monitoring financial and accounting risks on the one hand, and operating and IT risks on the other, include:

- recurring assessments of the effectiveness of controls over operational risks within the corporate functions and subsidiaries as well as for outsourced services;
- the implementation of specific second-tier controls throughout all structures of the Bank and the application of a certification mechanism for first-tier controls whereby operation officers certify the execution and outcome of key controls carried out on major risks, and are then challenged by the operational risk control department;
- issuance of written recommendations and follow-up of their implementation;
- collecting and analyzing operational losses and incidents identified in a dedicated monitoring tool.

These two departments, along with the Compliance function, employ a risk map that inventories all operational and compliance risks to which the Bank is exposed and monitor the robustness of the BPF control system by watching the risks identified, the losses associated with those risks, the first-tier controls and the results of the second-tier controls.

On the scope of the Santander partnership

The fundamentals described above (three control levels, risk mapping approach, implementation of certificates, issuing recommendations, etc.) also apply to the partnership scope.

In addition, a compliance control system has been adapted, resulting in:

- the preparation of a set of joint procedures: "Code of Conduct", "Whistleblowing Policy", "Monitoring Inspections and other communications with SCF- PSA JVs' supervisory authorities " (which defines how the JVs should manage their exchanges with regulators and supervisors);
- and the extension of internal compliance control certification set up at the end of 2014 to include new JVs.

The system implemented in the framework of the partnership is monitored by the monthly Partnership Compliance Committee (which does not replace BPF's own Compliance Committee).

Given that these risk control functions are related to financial and accounting activities on the one hand, and operating and IT activities on the other, a document entitled "Internal control and operational risk functions reference model" has been drawn up and approved by the Global Risk Committee (GRC) of the partnership. This document notably defines:

- governance (which is overseen, on the one hand, centrally by the Global Risk Committee, which exercises a supervisory role for the system as a whole, and, on the other, at the local level by the regional Risk Committees of each JV);
- the target organization;
- the responsibilities of the Internal Control and Operational Risk functions at central level (BPF and SCF) and local level (JV). The JV's operational activities are controlled by their tier-two control bodies, within the methodological framework defined and monitored by BPE's permanent control function.

On the scope of the BNPP PF partnership

The internal control of OVF entities is based, in the same manner as described above with regard to BPF, on three lines of defense, including:

- a second line of defense consisting of special controllers working locally in the OVF entities, whose work is overseen by the central control staff of BNP PF and BPF;
- a third line of defense provided by the BNP PF audit team, if need be in cooperation with the BNPP Audit Department and whose findings are shared with BPF.

This system is supervised by the following special bodies created as part of the partnership:

- an Audit Committee;
- a Risk and Collection Committee, which is primarily in charge of managing operational and political risks and the associated controls and corrective measures;
- a Compliance committee.

1.13.2 PERIODIC CONTROLS

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

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

In accordance with the Order dated November 3, 2014 on internal control of credit institutions, BPF's Audit Committee was replaced in 2015 by an Audit and Risk Committee. This Audit and Risk Committee, which meets at least four times a year, has assumed all the prerogatives of the Audit Committee and is comprised of the same members.

1.13.3 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 our main risks are properly managed and obtains assurance about the system's reliability, through the Audit Committee. The Audit and Risk Committee reviews the lessons to be learned from risk monitoring activities and from periodic and permanent controls. The Audit and Risk Committee meets at least four times a year.

Our Audit and Risk Committee sets our priorities based on risks identified. Its duties include the planning, supervision and review of internal audits and the review of the audit plan of the statutory auditors. It is also responsible for the remediation of any weaknesses identified during audits.

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

It may consult with, if necessary, BPF's Chairman, Managing Directors (Directeurs Généraux) and statutory auditors and with any person necessary for its work. Regular meetings between the Chairman of the Audit & Risk Committee and the representatives for periodic and recurring controls and risk management are organized, without the presence of the BPF's executive committee.

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

1.13.4 ORGANIZATION OF INTERNAL CONTROL

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

As part of the quarterly Audit and Risk Committee meeting or at Group level, committees have been set up to determine and implement our policies in the areas of internal control and decision-making processes during regular meetings. The Credit Risks Committee, which monitors changes in troubled loans and credit losses; and analyzes the performance of the risk selection systems for retail and corporate (fleet and dealer) loan books.

The committee also reviews and makes decisions concerning:

- lending margins;
- products and processes, including the associated risks;
- the financing applications from the Corporate dealer and the business fleets are examined at the level of a group credit committee or at the level of the local credit committee, depending on the delegations of authority in effect;
- the monitoring and review of the results of the policy implemented as part of the refinancing, and management of the Bank's liquidity, interest rate and currency risks;
- monitoring of the IT security policy;
- compliance work.

1.14 SHARE OWNERSHIP

1.14.1 SHARE CAPITAL

BPF is a limited liability corporation (Société Anonyme) organized under the laws of France. Its registered office is located at 68, avenue Gabriel Péri, 92230 Gennevilliers, in France. BPF is a regulated credit institution overseen by European and French banking regulators, the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution; the Group operates through licensed branches and subsidiaries around the world. These branches and affiliates also hold licenses for their specific activities when needed.

BPF share capital amounts to €199,619,936. It is divided into 12,476,246 fully paid shares having a nominal value of €16 each.

All the share capital of BPF is owned by the majority shareholder Peugeot S.A. (9,348,180 shares, representing 74.93% of the equity) and by two wholly- owned subsidiaries of Peugeot S.A, namely Automobiles Peugeot S.A. (which owns 2,002,862 shares or 16.05% of BPF's equity) and by Automobiles Citroën SA (which owns 1,125,203 shares or 9.02% of BPF's equity). One share is also personally owned by one member of the Board of Directors.

1.14.2 INTRA-GROUP AGREEMENTS

BPF is committed to Groupe PSA ("PSA") for the performance of support services to the BPF Group by virtue of a services contract for, among other things, refinancing, cash management, counter-party risk and exchange rate risk. PSA provides assistance in terms of the provision of staff in its central functions, as well as IT services and management services for external purchases. In addition, BPF and its affiliated companies have trademark use licenses that allow them to offer their products and services to customers under the PSA brands.

PSA is paid a service fee for these services, in addition to fees for specific transactions or operations. The total amount paid by the BPF Group to Groupe PSA in 2018 was €96 million.

1.14.3 PROPOSED APPROPRIATION OF INCOME TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING OF APRIL 26, 2019

The Shareholders would note that the income available for distribution would be €1,173,867,958.50, consisting of a net income for 2018 of €84,561,593.04 and retained earnings of 1,089,306,365.46 brought from the previous year.

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

- to shares: €96,566,144.04;
- to retained earnings: €1,077,301,814.46.

A dividend of €7.74 per share shall be paid after the General Meeting of April, 26 2019.

The Shareholders would note that under the former financial years 2015, 2016 and 2017, the dividends paid were respectively €37.80, €0 and €0 per share.

1.14.4 INFORMATION ABOUT THE ADMINISTRATIVE AND MANAGEMENT BODIES

1.14.4.1 BOARD OF DIRECTORS

Banque PSA is a Société Anonyme (a French limited liability corporation). Pursuant to our by-laws, our Board of Directors must be made up of not less than three or more than 12 directors, and no more than one-third of whom may be older than 65 years (and none may be older than 71 years). The Board of Directors is currently made up of seven directors appointed by the general meeting of shareholders. In compliance with French law, our directors may be removed at any time. Each director is appointed for a term of six years. Only two unsalaried directors of Groupe PSA receive attendance fees, and the other directors assume their appointments ex gratia.

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

List of the corporate positions held during the 2018 financial year and list of the corporate positions expired during the 2018 financial year, by the Directors of Banque PSA Finance and the permanent representatives of Directors

Olivier BOURGES	Other positions held during the year 2018
Chairman of the Board of Directors and Director Since September 29, 2016 Current term expires in 2020 Born on December 24, 1966	***Member of the Supervisory Board*** • PSA (Wuhan) Management Company Co. Ltd. (China) ***Director*** • PCMA Holding B.V. (Netherlands) ***Member of the Supervisory Board and Director*** • Dongfeng Peugeot Citroën Automobiles Company Ltd (China)
	Positions terminated during the year 2018
	Member of the Supervisory Board • GEFCO ***Chairman of the Board of Directors and Director*** • SAIPA Citroën Company (Iran) ***Director*** • Automobiles Peugeot • Iran Khodro Automobiles Peugeot ***Chairman of the Audit Commission and Director*** • Peugeot Citroën Automoviles Espana S.A. (Spain) ***Permanent Representative of Peugeot S.A.*** • Board of Directors of Automobiles Citroën ***Managing Director*** • DJ56

Rémy BAYLE

Chief Executive Officer and Director

First appointed to the Board on April 23, 2015

Current term expires in 2021

Born on December 26, 1961

Other positions held during the year 2018

Chairman of the Board of Directors and Director

• Compagnie pour la location de véhicules - CLV

• PSA Banque France (formerly SOFIB)

Vice-President and Director

• Opel Bank S.A. (France)

Carlos TAVARES

Director

First appointed to the Board on April 2, 2014

Current term expires in 2021

Born on August 14, 1958

Other positions held during the year 2018

Chairman of the Managing Board

• Peugeot S.A.

Chairman of the Board of Directors and Director

• PSA Automobiles S.A.

Chairman and Member of the Supervisory Board

• Opel Automobile GmbH (Germany)

Director

• Airbus Holding

• Total S.A.

Positions terminated during the year 2018

Director

• Faurecia

Michel PHILIPPIN

Director and Chairman of the Audit and Risk Committee

First appointed to the Board on April 17, 2018

Current term expires in 2019

Born on June 26, 1948

Other positions held during the year 2018

• ONG 1001 Fontaines

Positions terminated during the year 2018

• Centre des professions Financières

Laurent GARIN

Director and member of the Audit and Risk Committee

First appointed to the Board on April 17, 2018

Current term expires in 2024

Born on April 7, 1955

Other positions held during the year 2018

No other position.

Peugeot S.A.

Director

First appointed to the Board on December 15, 1982

Current term expires in 2024

Other positions held during the year 2018

Director

• Automobiles Citroën

• Automobiles Peugeot

• GIE PSA Trésorerie

• ANSA

Founding member

• GIE PSA Peugeot Citroën

Philippe DE ROVIRA

Permanent Representative of Peugeot S.A.
and Member of the Audit and Risk Committee

First appointed to the Board on July 16, 2018
Current term expires in 2024
Born on June 8, 1973

Other positions held during the year 2018

Director

• Automobiles Citroën
• Faurecia
• PSA International S.A. (Switzerland)

Permanent Representative of Peugeot S.A.

• Boad of Directors of Automobiles Peugeot

Chairman and Member of the Supervisory Board

• Autobiz

Automobiles Peugeot

Director

First appointed to the Board on December 15, 1982
Current term expires in 2022

Other positions held during the year 2018

Director

• GLM1
• SOPRIAM (Morocco)
• SOMACA (Morocco)
• Société Tunisienne Automobile Financière Immobilière et Maritime
• Peugeot Citroën Production Algérie SPA

Associate Manager

• Peugeot Média Production SNC

Positions terminated during the year 2018

Director

• Peugeot Algérie

Jean-Philippe IMPARATO

Permanent Representative of Automobiles Peugeot

Since September 29, 2016
Born on August 27, 1966

Other positions held during the year 2018

Chief Executive Officer, Chairman of the Board of Directors and Director

• Automobiles Peugeot

Chairman and Director

• Peugeot Distribution Service - PDS
• Peugeot Automobili Italia S.P.A.
• Peugeot Citroën Retail Italia S.P.A.

Member of the Supervisory Board

• Citroën Nederland B.V.
• Peugeot Motocycles

Director

• PSAG Automoviles Comercial Espana S.A.
• Peugeot Citroën Retail UK Limited
• Dongfeng Peugeot Citroën Automobile Sales Company Ltd
• Dongfeng Peugeot Citroën Automobiles Company Ltd
• Peugeot Motor Company PLC
• PSAR Portugal S.A.

Jean-Baptiste CHASSELOUP de CHATILLON

Corporate positions in BPF ended in 2018 (resignation):
Permanent Representative of Peugeot S.A. and Member of the
Audit and Risk Committee

First appointed to the Board on September 29, 2016

Term expired on July, 16 2018

Born on March 19, 1965

Positions terminated during the year 2018

Member of the Managing Board

• Peugeot S.A.

Vice-Chairman and Director

• PSA International S.A. (Switzerland)

Vice-chairman and Member of the Supervisory Board

• Gefco

Director

• Automobiles Citroën
• Faurecia
• Dongfeng Peugeot Citroën Automobiles Company Ltd (China)
• Changan PSA Automobiles Company, Ltd (China)
• PSA Management Company Ltd (China)
• Iran Khodro Automobiles Peugeot (Iran)
• SAIPA Citroën Company (Iran)

Permanent Representative of Peugeot S.A.

• Boad of Directors of Automobiles Peugeot

Chairman

• CarOnWay
• Mister AUTO

François PIERSON

Corporate positions in BPF ended in February 2018 (resignation):
Director and member of the Audit and Risk Committee

First appointed to the Board on July 9, 2012

Term expired on February, 23 2018

Born on May 29, 1947

Other positions held during the year 2018

Chief Executive Officer

• AGIPI (Association)

Chairman of the Board of Directors

• Inter Partner Assistance SA (Belgium)
• AGIPI Retraite (Association)

Director

• UCAR (SA)
• ASAF (Association)
• UFPS (Association)
• APRS (Association)
• BEM Dakar (Business School)
• AXA Assurance Maroc (SA)
• AXA Holding Maroc (SA)
• AXA Cameroun (SA)
• AXA Côte d'Ivoire (SA)
• AXA Gabon (SA)
• AXA Sénégal (SA)
• AXA Assurances Algérie Dommage (SPA)
• AXA Assurance Algérie Vie (SPA)

Positions terminated during the year 2018

Director

• AXA Aurora Vida (SA, Spain)
• AXA Seguros Generales (SA, Spain)
• AXA Vida (SA, Spain)

List of the corporate positions held in 2018 by the Deputy Chief Executive Officer, non-Director of Banque PSA Finance

Arnaud de LAMOTHE	Other positions held during the year 2018
Deputy Chief Executive Officer First appointed to the Board on February 1st, 2017 Current term expires in 2021 Duration of term of office aligned with that of the Chief Executive Officer Born on September 24, 1966	***Chairman and Director*** • Bank PSA Finance Rus (Russia) • Compagnie Générale de Crédit aux Particuliers - CREDIPAR • PSA Financial Services Spain EFC SA ***Member of the Supervisory Board*** • PSA Bank Deutschland GmbH (Germany) ***Director*** • Opel Bank S.A. • PSA Banque France (formerly SOFIB) • Banca PSA Italia S.p.A. • Peugeot Citroën Leasing (Russia) • PSA Finance UK Ltd (Great-Britain)

1.14.4.2 COMMITTEES

A. THE AUDIT AND RISK COMMITTEE

At **January, 1st 2019**, the Audit and Risk Committee is comprised of the following members:

Name	Position within Groupe PSA
Michel PHILIPPIN, Chairman	Board Member of Banque PSA Finance
Laurent GARIN	Board Member of Banque PSA Finance
Philippe DE ROVIRA	Permanent Representative of Peugeot S.A. and Chief Financial Officer of Groupe PSA

B. THE EXECUTIVE COMMITTEE

At **January, 1st 2019**, the executive committee consists of the following members:

Name	Position
Rémy BAYLE	Chief Executive Officer
Arnaud de LAMOTHE	Executive Managing Officer and Regional Director for Europe, Eurasia, Middle-East Africa, Commerce and marketing
Jean-François MADY	Regional Officer for China and ASEAN
Laurent AUBINEAU	Chief Executive Officer of PSA BANQUE France
Jean-Louis GRUMET	General Secretary and Permanent Control Officer
Hans OSTLING	Audit Officer
Paul-Philippe UHEL	Human Resources & Excellence System Officer
Frédéric LEGRAND	Digital Projects Officer
Alexandre SOREL	Chief Executive Officer Opel Bank S.A.
Magalie DURRECHE	Chief Financial Officer
Philippe TERDJMAN	Marketing & Innovation Officer
Patrice VOLOVIK	Risk Management Officer
Edouard de LAMARZELLE	Insurances Officer
Alain BADOUX	Bank and services information system Officer

1.14.4.3 DIVERSITY POLICY APPLICABLE TO THE SELECTION OF MEMBERS OF THE MANAGEMENT BODY

For BPF, the diversity of its entire employee workforce is a source of added value and performance. By promoting the internal representation of various socio-demographic categories (gender, age, ethnicity, disability, etc.) and guaranteeing equal opportunity, BPF is converting its differences into asset.

Through the various agreements signed with its social partners, BPF ensures that all employees at all levels are treated equally by using objective criteria such as competence and results, and combats prejudice in order to prevent discrimination, whether direct or indirect, conscious or unconscious, particularly regarding individuals' real or presumed origins. By basing its practices on objective criteria of competence and results, BPF wishes to foster the commitment and motivation of each employee.

TABLE OF CONTENTS CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018

2.1 Consolidated Balance Sheet

(in million euros)	Notes	Dec 31, 2018	Dec. 31, 2017 restated
Assets			
Cash, central banks	4	56	98
Financial assets at fair value through profit or loss	3.2, 5	364	165
Hedging instruments	6	4	2
Financial assets at fair value through Equity	3.2	-	
Available-for-sale financial assets	3.2		2
Debt securities at amortized cost	3.2	-	
Loans and advances to credit institutions, at amortized cost	7	282	294
Customer loans and receivables, at amortized cost	3.2, 8, 25	179	331
Fair value adjustments to finance receivables portfolios hedged against interest rate risks		-	-
Held-to-maturity investments	3.2		-
Current tax assets	26.1	13	15
Deferred tax assets	26.1	5	9
Accruals and other assets	9	78	84
Investments in associates and joint ventures accounted for using the equity method	3, 10	2,372	2,138
Property and equipment		2	3
Intangible assets	11	56	54
Goodwill	12	-	1
Total assets		**3,411**	**3,196**

(in million euros)	Notes	Dec 31, 2018	Dec. 31, 2017 restated
Equity and liabilities			
Central banks		-	-
Financial liabilities at fair value through profit or loss		-	-
Hedging instruments		1	1
Deposits from credit institutions	13	72	150
Due to customers	14	3	8
Debt securities	15	249	248
Fair value adjustments to debt portfolios hedged against interest rate risks		4	9
Current tax liabilities	26.1	2	8
Deferred tax liabilities	26.1	3	3
Accruals and other liabilities	16	55	81
Liabilities related to insurance contracts	17.1	83	81
Provisions	18	61	38
Subordinated debt		-	-
Equity	3	**2,878**	**2,569**
- Equity attributable to equity holders of the parent		2,867	2,553
- Share capital and other reserves		1,160	1,160
- Consolidated reserves		1,898	1,559
- Of which Net income - equity holders of the parent		*322*	*241*
- Gains and losses recognized directly in Equity		(191)	(166)
- Of which Net income - equity holders of the parent (share of items recycled in profit or loss)		-	*9*
- Minority interests		11	16
Total equity and liabilities		**3,411**	**3,196**

2.2 Consolidated Statement of Income

(in million euros)	*Notes*	Dec 31, 2018	Dec. 31, 2017 restated
Net interest revenue on customer transactions		**26**	**56**
- Interest and other revenue on assets at amortized cost	*23*	46	72
- Fair value adjustments to finance receivables hedged against interest rate risks		-	-
- Interest on hedging instruments		-	-
- Fair value adjustments to hedging instruments		-	-
- Interest expense on customer transactions		(1)	(1)
- Other revenue and expense		(19)	(15)
Net gains or losses on financial assets at fair value through profit or loss	*3.2*	**-**	**-**
- Interest and dividends on marketable securities		-	-
- Fair value adjustments to assets valued using the fair value option		-	-
- Gains and losses on sales of marketable securities		-	-
- Investment acquisition costs		-	-
- Dividends and net income on Equities		-	
Net gains or losses on financial assets at fair value through Equity	*3.2*	-	
Net gains or losses on securities valued at amortized cost	*3.2*	-	
Net refinancing cost		**(28)**	**(45)**
- Interest and other revenue from loans and advances to credit institutions		1	1
- Interest on deposits from credit institutions		(19)	(27)
- Interest on debt securities		(20)	(21)
- Interest on passbook savings accounts		-	-
- Expenses related to financing commitments received		(1)	(1)
- Fair value adjustments to financing liabilities hedged against interest rate risks		4	6
- Interest on hedging instruments		12	9
- Fair value adjustments to hedging instruments		(5)	(12)
- Fair value adjustments to financing liabilities valued using the fair value option		-	-
- Debt issuing costs		-	-
Net gains and losses on trading transactions		**-**	**-**
- Interest rate instruments		-	-
- Currency instruments		-	-
Net gains and losses related to hyperinflation		**(9)**	**-**
Net gains and losses on available-for-sale financial assets	*3.2*		**-**
Margin on sales of Insurance services	*17.2*	**12**	**31**
- Earned premiums		43	78
- Paid claims and change in liabilities related to insurance contracts		(31)	(47)
Margin on sales of services		**1**	**4**
- Revenues		1	4
- Expenses		-	-
Net banking revenue		**2**	**46**
General operating expenses	*24*	**(12)**	**(15)**
- Personnel costs		(6)	(7)
- Other general operating expenses		(6)	(8)
Depreciation and amortization of intangible and tangible assets	*11*	**(13)**	**(13)**
Gains and losses on investments in companies and other disposals of fixed assets		**-**	**-**
Gross operating income		**(23)**	**18**
Credit Risk Cost	*25*	-	(5)
Operating income		**(23)**	**13**
Share in net income of associates and joint ventures accounted for using the equity method	*3, 10*	336	249
Impairment on goodwill		(1)	-
Pension obligation - expense		-	-
Pension obligation - income		-	-
Other non-operating items		10	4
Pre-tax income		**322**	**266**
Income taxes	*26.2*	(2)	(10)
Net income for the year		**320**	**256**
- of which attributable to equity holders of the parent		*322*	*250*
- of which minority interests		*(2)*	*6*
Net income - Earnings per share (in €)		*25,8*	*20,1*

2.3 Net Income and Gains and Losses Recognized Directly in Equity

(in million euros)	Dec 31, 2018 Before tax	Dec 31, 2018 Tax	Dec 31, 2018 After tax	Dec. 31, 2017 restated Before tax	Dec. 31, 2017 restated Tax	Dec. 31, 2017 restated After tax
Net income	322	(2)	**320**	266	(10)	**256**
- of which minority interests			*(2)*			*6*
Recyclable in profit and loss items						
Fair value adjustments to hedging instruments	3	(1)	**2**	-	-	**-**
- of which revaluation reversed in net income	-	-	**-**	-	-	**-**
- of which revaluation directly by equity	*3*	*(1)*	***2***	-	-	**-**
Exchange difference	(25)	-	**(25)**	(17)	-	**(17)**
OCI of joint ventures	(5)	(1)	**(6)**	(22)	-	**(22)**
Total recyclable in profit and loss items	(27)	(2)	**(29)**	(39)	-	**(39)**
- of which minority interests			*(7)*			*(5)*
Not recyclable in profit and loss items						
Actuarial gains and losses on pension obligations	-	-	**-**	-	-	**-**
OCI of joint ventures	(4)	1	**(3)**	(5)	1	**(4)**
Total gains and losses recognized directly in Equity	(31)	(1)	**(32)**	(44)	1	**(43)**
- of which minority interests			*(7)*			*(5)*
Total net income and gains and losses recognized directly in Equity	291	(3)	**288**	222	(9)	**213**
- of which attributable to equity holders of the parent			*297*			*212*
- of which minority interests			*(9)*			*1*

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

	Share capital and other reserves (1)				Fair value adjustments - equity holders of the parent						
(in million euros)	**Share capital**	**Issue, share and merger premiums and liquidation surplus**	**Legal reserve and other reserves**	**Consoli-dated reserves**	**Fair value adjustments to hedging instruments**	**Actuarial gains and losses on pension obligations**	**Exchange difference**	**OCI of joint ventures**	**Equity attributable to equity holders of the parent**	**Minority interests**	**Total equity**
At December 31, 2016	**177**	**340**	**318**	**1,373**	**(2)**	**-**	**(122)**	**(13)**	**2,071**	**21**	**2,092**
Capital increase	22	248							**270**		**270**
Distribution of dividends by:											
- Banque PSA Finance				-					**-**		**-**
- Other companies				-					**-**	(6)	**(6)**
Net Income				218	-	-	9	-	**227**	6	**233**
Gains and Losses Recognized Directly in Equity				-	-	-	(12)	(25)	**(37)**	(5)	**(42)**
Other (2)		55		(55)	-	-	-	-	**-**	-	**-**
At December 31, 2017 published	**199**	**643**	**318**	**1,536**	**(2)**	**-**	**(125)**	**(38)**	**2,531**	**16**	**2,547**
Revised effects of acquisition of Opel/Vauxhall automobile financing activities (3)				23				(1)	**22**	-	**22**
At December 31, 2017 restated	**199**	**643**	**318**	**1,559**	**(2)**	**-**	**(125)**	**(39)**	**2,553**	**16**	**2,569**
IFRS 9 first time application (4)				14					**14**	-	**14**
At January 1, 2018	**199**	**643**	**318**	**1,573**	**(2)**	**-**	**(125)**	**(39)**	**2,567**	**16**	**2,583**
Distribution of dividends by:											
- Banque PSA Finance				-					**-**		**-**
- Other companies				-					**-**	-	**-**
Net Income (5)				322	-	-	-	-	**322**	(2)	**320**
Gains and Losses Recognized Directly in Equity				-	1	-	(17)	(9)	**(25)**	(7)	**(32)**
Hyperinflation effects (5)				4	-	-	-	-	**4**	4	**8**
Other				(1)	-	-	-	-	**(1)**	-	**(1)**
At December 31, 2018	**199**	**643**	**318**	**1,898**	**(1)**	**-**	**(142)**	**(48)**	**2,867**	**11**	**2,878**

In July 2017 the capital has increased by €22 million through the issuance of 1,388,246 new shares with a par value of €16 each and additional issuance premium of 248 million euros.

Share capital amounts to €199 million, made up of 12,476,246 common shares, all fully paid.

(1) Including share capital, premiums and reserves of the parent company.

(2) The liquidation surplus of PSA Finance S.C.S - entity liquidated in June 2014 without any impact on the consolidated financial statements of Banque PSA Finance - was included for an amount of €55 million in the "Consolidated reserves" of the published financial statements until June 2017. This liquidation surplus is now being reported separately in "Issue, share and merger premiums and liquidation surplus".

(3) In accordance with the revised IFRS 3 (see Note 3.1).

(4) See Note 3.2.

(5) The implementation of IAS 29 led to a negative impact of €11 million in Net Income, of which €8 million fully covered by a positive change in Equity (Equity attributable to equity holders of the parent: €4 million and Minority interests: €4 million).

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

2.5 Consolidated Statement of Cash Flows

(in million euros)	Dec 31, 2018	Dec. 31, 2017 Proforma (1)
Pre-tax income	**322**	**266**
Net depreciation of tangible and intangible assets	13	12
Net provisions and impairment	27	1
Share in net income of equity-accounted companies	(336)	(249)
Net loss/(net gain) on investing activities	(9)	(5)
(Income)/Charges of financing activities	-	-
Other movements	6	16
Total of non-monetary items included in pre-tax income and other adjustments	**(299)**	**(225)**
Change in credit institutions items	6	(51)
Change in customer items	21	(65)
Change in financial assets and liabilities	38	(17)
Change in non-financial assets and liabilities	(12)	24
Dividends received from equity-accounted entities	95	141
Tax paid	(5)	(6)
Net increase/(decrease) of assets and liabilities provided by operating activities	**143**	**26**
Net cash provided by operating activities (A)	**166**	**67**
Change in equity investments	**(3)**	**(521)**
- Outflows for the acquisitions of shares in subsidiaries, net of cash transferred	(10)	-
- Inflows from disposals of shares in subsidiaries, net of cash transferred	7	4
- Outflows for the acquisitions of shares in equity-accounted companies	-	(489)
- Inflows from disposals of shares in equity-accounted companies	-	-
- Other change in equity investments	-	(36)
Change in property and equipment and intangible assets	**(15)**	**(16)**
- Outflows for the acquisitions of property and equipment and intangible assets	(15)	(16)
- Inflows from disposals of property and equipment and intangible assets	-	-
Effect of changes in scope of consolidation	**-**	**2**
Net cash provided by investing activities (B)	**(18)**	**(535)**
Cash flows from or to shareholders	**-**	**264**
- Outflows for the dividends paid to:		
- PSA Group	-	-
- Minority shareholders	-	(6)
- Inflows from issuance of equity instruments	-	270
Other net cash from financing activities	**-**	**-**
Net cash provided by financing activities (C)	**-**	**264**
Effect of changes in exchange rates (D)	**-**	**(2)**
Net increase/(decrease) of cash and cash equivalents (A+B+C+D)	**148**	**(206)**
Cash and cash equivalents at the beginning of the period	**314**	**520**
Cash, central banks (assets and liabilities)	98	58
Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	216	462
Cash and cash equivalents at the end of the period	**462**	**314**
Cash, central banks (assets and liabilities)	56	98
Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	406	216

(1) Change in consolidated statement of cash flows presentation is detailed in Note 3.3

2.6 Notes to the Consolidated Financial Statements

Notes

Note 1 Main Events of the period and Group Structure

A. Main Events of the period

Final allocation of the first consolidation difference arising from the joint acquisition of the Opel/Vauxhall automobile financing activities in partnership with BNP Paribas Personal Finance.

On November 1, 2017, Banque PSA Finance, a wholly-owned subsidiary of the PSA Group, and BNP Paribas Personal Finance, a wholly-owned subsidiary of BNP Paribas, finalized the joint acquisition, announced on March 6, 2017, of all the European activities of GM Financial, grouping together the existing brands Opel Bank, Opel Financial Services and Vauxhall Finance.

Opel Bank SA, the parent company of the scope thus acquired, is held in equal shares by BNP Paribas Personal Finance and Banque PSA Finance. The PSA Group and Banque PSA Finance recognize it using the equity method, and it is fully consolidated by BNP Paribas and BNP Paribas Personal Finance. BPF has a significant influence as it owes 50% of voting rights without controlling strategic decisions. Partner's control relies on its responsibility on financing activity and on credit risk measurement and control principles.

On the closing date and for the acquisition of its 50% share, BPF paid a price of €488.8 million. This price is below the share of the net position of the acquired company, and since June 30, 2018, the fair value assessment of the assets and liabilities is finalized.
Pursuant to IFRS 3 as revised, the Group has restated its December 31st, 2017 financial statements in order to take into account the final allocation of the first consolidation difference.

Hyperinflation in Argentina.

Since November 2018, Argentina is classified as hyperinflationary economy. As a result, Banque PSA Finance has taken into account the adjustments required by IAS 29 in its financial statements.
The restatement of Equity for the period leads to an impact of 8 million euros in net income.

B. Changes in Group Structure

Partnership with Santander CF

Sale of PSA Renting Italia S.p.A. to Banca PSA Italia S.p.A.
The subsidiary PSA Renting Italia S.p.A., 100% owned by Banque PSA Finance and fully consolidated at December 31, became on 1 January 2018 a wholly-owned subsidiary of Banca PSA Italia S.p.A. which is in partnership with Santander CF. As a consequence, the subsidiary PSA Renting Italia S.p.A. has been accounted by the equity method since January 2018.

In February 2018, the joint venture PSA Finance Suisse S.A. repurchased the loans sold in 2013 to the Auto ABS Swiss Lease 2013 GmbH fund, and the fund was wound up in advance. As the fund was accounted for using the equity method, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In February 2018, the joint venture Banca Italia S.p.A sold €742 million worth of automobile loans to the Auto ABS 2018-1 S.r.l fund. The fund issued €675 million worth of A bonds and €67 million worth of B bonds. The joint venture is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the associated fund Auto ABS 2018-1 S.r.l has been accounted by the equity method since February 2018.

In March 2018, the joint venture Banca Italia S.p.A repurchased the loans sold to the ABS Italian Loans Master S.r.l. fund, and the fund was wound up in advance. As the fund was accounted for using the equity method, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In June 2018, the joint venture PSA Financial Services Spain E.F.C. S.A. repurchased the loans sold to the Auto ABS - Compartment 2012-3 fund, and the fund was wound up in advance. As the fund was accounted for using the equity method, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In August 2018, the joint venture PSA Bank Deutschland GmbH repurchased the loans sold to the Auto ABS German Loans Master fund, and the fund was wound up in advance. As the fund was accounted for using the equity method, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In September 2018, the joint venture PSA Financial Services Spain E.F.C. S.A. sold € 620 million worth of automobile loans to the FCT Auto ABS Spanish loans 2018, FT. The fund issued €572 million worth of A bonds and €48 million worth of B bonds. The joint venture is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the associated fund Auto ABS Spanish loans 2018 has been accounted by the equity method since September 2018.

In October 2018, the joint venture PSA Bank Deutschland GmbH sold € 669 million worth of automobile loans to the FCT Auto ABS German loans 2018. The fund issued €600 million worth of A bonds and €67 million worth of B bonds. The joint venture is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the associated fund Auto ABS German loans 2018 has been accounted by the equity method since October 2018.

In November 2018, the joint venture Crédipar sold € 600 million worth of automobile loans to the FCT Auto ABS French leases 2018 – Fonds E. The fund issued €450 million worth of A bonds, €60 million worth of B bonds and €90 million worth of C bonds. The joint venture is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the associated fund Auto ABS French leases 2018 has been accounted by the equity method since November 2018.

Partnership with BNP Paribas PF

The legal structure of Opel Bank S.A. group has been simplified since June 2018:

In June 2018, the non-consolidated entity MLG Germany GmbH merged into Opel Finance Germany Holdings GmbH.

In July 2018, OPVF Europe Holdco Limited acquired the equity securities of Vauxhall Finance plc from OPVF Holdings U.K. Limited, which is currently in liquidation.

In September and October 2018, the non-consolidated entities Opel Financial Insurance Services GmbH and Opel

Financial Services GmbH, Potsdam merged into Opel Bank GmbH.

In October 2018, Opel Bank GmbH absorbed Opel Finance Germany Holdings GmbH.

In November 2018, the entity OPVF Europe Holdco Limited merged into Opel Bank S.A

In December 2018, Opel Bank GmbH proceeded with the branching of the non-consolidated Spanish subsidiary Opel Finance SA Unipersonal. Opel Bank GmbH, a branch in Spain, is consolidated under the equity method.

As a result, now Opel Bank S.A. directly holds all its subsidiaries, except Opel Leasing GmbH (100% owned by Opel Bank GmbH) and Opel Real Estate GmbH & Co. KG (non-consolidated, 94% owned by Opel Leasing GmbH and 6% owned by Opel Bank S.A.).

These transactions did not have a significant impact on the consolidated financial statements of Banque PSA Finance Group.

C. List of Consolidated Companies

Companies	Country ISO code	% Direct	Indirect %	Indirect Held by	Dec 31, 2018 Consolidation method	Dec 31, 2018 % interest	Dec. 31, 2017 Consolidation method	Dec. 31, 2017 % interest
Branches								
Polish branch	PL	-	-		FC	100	FC	100
Subsidiaries								
Sales financing in Europe								
Sales financing outside Europe								
PSA Finance Argentina Compania Financiera S.A.	AR	50	-		FC	50	FC	50
BPF Algérie	DZ	2	98	PSA Financial Holding B.V.	FC	100	FC	100
Banque PSA Finance Mexico SA de CV SOFOM ENR	MX	2,80	97,20	PSA Finance Nederland B.V.	FC	100	FC	100
Bank PSA Finance Rus	RU	65	35	PSA Financial Holding B.V.	FC	100	FC	100
BPF Pazarlama A.H.A.S.	TR	100	-		FC	100	FC	100
Peugeot Citroën Leasing Russie	RU	100	-		FC	100	FC	100
Insurance								
PSA Services Ltd	MT	100	-		FC	100	FC	100
PSA Insurance Ltd	MT	0,01	99,99	PSA Services Ltd	FC	100	FC	100
PSA Life Insurance Ltd	MT	0,01	99,99	PSA Services Ltd	FC	100	FC	100
PSA Insurance Manager Ltd	MT	-	100	PSA Services Ltd	FC	100	FC	100
PSA Insurance Solutions Ltd	MT	-	100	PSA Services Ltd	FC	100	FC	100
PCA Compañía de Seguros S.A	AR	70	-		FC	70	FC	70
Other companies								
Economy Drive Cars Ltd	GB	100	-		FC	100	FC	100
Vernon Wholesale Investments Company Ltd	GB	-	100	Economy Drive Cars Ltd	FC	100	FC	100
PSA Factor Italia S.p.A.	IT	94,54	-		FC	94,54	FC	94,54
PSA Finance Nederland B.V.	NL	-	100	PSA Financial Holding B.V.	FC	100	FC	100
PSA Financial Holding B.V.	NL	100	-		FC	100	FC	100
Joint ventures (1)								
Joint ventures in Europe :								
- with Santander CF								
PSA Finance Belux	BE	50	-		EM	50	EM	50
PSA Finance Suisse S.A.	CH	-	50	PSA Financial Services Spain E.F.C. S.A.	EM	50	EM	50
PSA Bank Deutschland GmbH	DE	50	-		EM	50	EM	50
PSA Bank Österreich GmbH, Austria Branch	*AT*	-	-		*EM*	50	*EM*	*50*
PSA Financial Services Spain E.F.C. S.A.	ES	50	-		EM	50	EM	50
PSA Banque France	FR	50	-		EM	50	EM	50
Crédipar	FR	-	50	PSA Banque France	EM	50	EM	50
CLV	FR	-	50	Crédipar	EM	50	EM	50
PSA Finance UK Ltd	GB	50	-		EM	50	EM	50
Banca PSA Italia S.p.A.	IT	50	-		EM	50	EM	50
PSA Renting Italia S.p.A.	IT	-	50	Banca PSA Italia S.p.A.	EM	50	FC	100
PSA Insurance Europe Ltd	MT	-	50	PSA Services Ltd	EM	50	EM	50
PSA Life Insurance Europe Ltd	MT	-	50	PSA Services Ltd	EM	50	EM	50
PSA Financial Services Nederland B.V.	NL	50	-		EM	50	EM	50
PSA Finance Polska Sp.zo.o.	PL	50	-		EM	50	EM	50
PSA Consumer Finance Polska Sp. z o.o	PL	-	50	PSA Finance Polska Sp.zo.o.	EM	50	EM	50
- with BNP Paribas PF								
Opel Finance BVBA	BE	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance SA	CH	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance Germany Holdings GmbH	DE	-	-		-	-	MEE	50
Opel Bank GmbH (2)	DE	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Bank GmbH, Spanish Branch	*ES*	-	-		EM	50	-	-
Opel Bank GmbH, Greece Branch	*GR*	-	-		EM	50	*MEE*	*50*
Opel Bank GmbH, Ireland Branch	*IE*	-	-		EM	50	*MEE*	*50*
Opel Leasing GmbH	DE	-	50	Opel Bank GmbH	EM	50	MEE	50
Opel Leasing GmbH, Austria Branch	*AT*	-	-		EM	50	*MEE*	*50*
Opel Bank S.A	FR	50	-		EM	50	MEE	50
OPVF Europe Holdco Limited	GB	-	-		-	-	MEE	50
OPVF Holdings U.K. Limited	GB	-	50	Opel Bank S.A	-	-	MEE	50
Vauxhall Finance plc (3)	GB	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance SpA	IT	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance International B.V.	NL	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance N.V.	NL	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance AB	SE	-	50	Opel Bank S.A	EM	50	MEE	50
Joint ventures in Brazil, with Santander								
Banco PSA Finance Brasil S.A.	BR	50	-		EM	50	EM	50
PSA Corretora de Seguros e Serviços Ltda	BR	-	50	PSA Services Ltd	EM	50	EM	50
Joint venture in China, with Dongfeng Peugeot Citroën								
Dongfeng Peugeot Citroën Auto Finance Company Ltd	CN	-	25	PSA Finance Nederland B.V.	EM	25	EM	25
Special purpose entities (1)								
Auto ABS Swiss Leases 2013 GmbH	CH	-	-		-	-	EM	50
Auto ABS 2012-3	ES	-	-		-	-	EM	50
Auto ABS Spanish Loans 2016	ES	-	-		EM	50	EM	50
Auto ABS Spanish Loans 2018	ES	-	-		EM	50	-	-
Auto ABS DFP Master Compartment France 2013	FR	-	-		EM	50	EM	50
Auto ABS French Loans Master	FR	-	-		EM	50	EM	50
Auto ABS German Loans Master	FR	-	-		-	-	EM	50
Auto ABS French Leases Master	FR	-	-		EM	50	EM	50
FCT Auto ABS LT Leases Master	FR	-	-		EM	50	EM	50
Auto ABS German Loans Master	FR	-	-		EM	50	-	-
Auto ABS French Leases 2018 - Fonds E	FR	-	-		EM	50	-	-
Auto ABS UK Loans plc	GB	-	-		EM	50	EM	50
FCT Auto ABS UK Loans 2017 plc	GB	-	-		EM	50	EM	50
Auto ABS Italian Loans Master S.r.l.	IT	-	-		-	-	EM	50
Auto ABS Italian 2018.1 S.r.l.	IT	-	-		EM	50	-	-

(1) *see Note 10.2 Detailed information about Associates - Joint ventures.*
(2) *Including the ad hoc entity Ecarat 9 SA.*
(3) *Including the ad hoc entities Ecarat 6 plc, Ecarat 7 plc, Ecarat 8 plc and Ecarat 9 plc.*

Note 2 Accounting Policies

In accordance with European Council Regulation 1606/2002/EC dated July 19, 2002 on the application of international accounting standards from January 1, 2005, Banque PSA Finance's consolidated financial statements for the year ended December 31, 2018 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 presentation of Banque PSA Finance's consolidated financial statements for the year ended December 31, 2018 are prepared according to the recommendation of the French accounting standards setter, in particular the recommendation N°2017-02 of June 2, 2017 related to the presentation of the consolidated financial statements of banking institutions on January 1, 2018.

The standards and interpretations applied at December 31, 2018 were unchanged compared with December 31, 2017 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2018.

New IFRSs and IFRIC Interpretations applicable compulsorily in the fiscal year commencing on January 1, 2018

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2018 and applied by Banque PSA Finance are the following:

- IFRS 9 – Financial Instruments replaced IAS 39 - Financial Instruments. This standard was published by the IASB in July 2014 and was adopted by the European Union on November 22, 2016.

IFRS 9 groups together 3 phases:

- Classification and Measurement of financial instruments;
- Impairment of financial assets;
- Hedge accounting.

The package of improvements introduced by IFRS 9 includes:

- a logical and single approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;
- a single, forward-looking 'expected loss' impairment model and
- a substantially-reformed approach to hedge accounting.

According to the principles of IFRS 9, Banque PSA Finance decided not to restate prior periods as part of the first time application.

As a consequence, Banque PSA Finance recognised any difference between the previous carrying amount (2017) and the carrying amount at the beginning of the annual reporting period (2018) that includes the date of initial application in the opening equity of the annual reporting period that includes the date of initial application (2018).

IFRS 9 is applied by Banque PSA Finance in the following way as at January 1, 2018:

Phase 1 - Classification and Measurement of financial instruments

Based on the analysis performed for the phase 1-Classification and Measurement, it was concluded that the financial instruments booked at amortised cost (financing and customer loans) and at fair value through profit or loss according to IAS 39 continue, under IFRS 9, to correspond to the criteria of the booking at amortised cost and at fair value through profit or loss respectively and don't generate an impact for Banque PSA Finance at December 31, 2018.

The financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows only, are measured at amortised cost.

In case of the financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, they are measured at fair value through other comprehensive income. At December 2018 Banque PSA Finance does not have financial assets measured at fair value through other comprehensive income.

All financial assets held within any other business model are measured at fair value through profit or loss.

Phase 2 – Impairment of financial instruments

For the calculation of the expected credit losses under IFRS 9, Banque PSA Finance applies the methodology of calculation of different risk parameters (data used, portfolio segmentation, individual or collective evaluation, modelling choice, in particular, default probability (PD) lifetime, exposure at default (EAD) lifetime, etc.) as well as the integration of the prospective data: definition of the macroeconomic scenarios and the expected credit losses.

Otherwise, IFRS 9 distinguishes purchased or originated credit-impaired financial assets (POCI assets). These assets correspond to financial assets that are credit-impaired upon initial recognition. POCI assets are measured to reflect lifetime expected credit losses at the closing immediately after the initial recognition.

Phase 3 – Hedge accounting of financial instruments

According to the decision of Group PSA, Banque PSA Finance applies phase 3 – Hedge accounting of financial instruments on January 1, 2018.

The operations related to the hedge accounting under IAS 39 are accounted in the same way as under IFRS 9 on January 1, 2018 and this without impact for Banque PSA Finance on December 31, 2018.

Besides, IFRS 9 does not explicitly treat hedge accounting of the interest rate risk of a portfolio of assets or liabilities. The principles presented in IAS 39 related to such hedge of portfolios continue to be applied.

- IFRS 15 – Revenue from Contracts with Customers. The final version of this standard was published by the IASB in May 2014. IFRS 15 was adopted by the European Union on September 22, 2016.

IFRS 15 concerns requirements for the recognition of revenue from Contracts with Customers. Contracts that are within the scope of other standards are excluded of the scope of IFRS 15 : Contracts on Leases, Insurance Contracts and Financial Instruments. Consequently, the major part of Banque PSA Finance's revenues is excluded from the scope of this new standard. Concerning other cases, no significant modifications concerning accounting methods are expected (fees of new business providers) for Banque PSA Finance.

- Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments to IFRS 4 aim at reducing the impact of the differing effective dates of IFRS 9 (January 1, 2018) and the forthcoming insurance contracts standard IFRS 17 which will replace IFRS 4 (January 1, 2021). This possibility is conditioned by the absence of internal selling of the financial assets between the insurance entities and other entities of the conglomerate (except the financial instruments measured at the market value through profit or loss).

According to the requirements of these amendments, insurance entities will apply IFRS 9 starting from January 1, 2021 and this without significant impact for Banque PSA Finance.

Other texts do not impact significantly Banque PSA Finance Group.

New IFRSs and IFRIC Interpretations non applicable compulsorily in the European Union in the fiscal year commencing on January 1, 2018

Potential impact of texts or projects published by IASB and IFRIC with compulsory application in the European Union from the period after January 1st, 2018, or not yet adopted by the European Union is currently being analysed; such is especially the case for:

- IFRS 16 – Leases.

During more than 10 years the IASB worked, jointly with the FASB, on the revision of IAS 17 which objective is to prescribe, to lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to leases. On January 13, 2016, the IASB published the IFRS 16 definitive text. This standard was adopted by the European Union on November 9, 2017 and will be applicable starting from January 1, 2019.

This standard is not supposed to have a significant impact on Banque PSA Finance for the lessor accounting model, as the measures required by the standard on this issue are convergent with IAS 17.

However, impacts are mainly expected for the real estate leases concerning joint ventures of Banque PSA Finance, as lessees.

Banque PSA Finance, including the scope of Santander's JVs and BNPP's JVs, decided to apply the IFRS 16 using the modified retrospective approach, permitting not to restate comparative figures.

The following options proposed by IFRS 16 were elected by Group Banque PSA Finance:

Lease definition: Option of not revaluating lease population: application of IFRS 16 only to leases corresponding to leases according to IAS 17 without revaluating lease population under new lease definition.

Exemption to the compulsory recognition in the balance sheet of the leases with the following characteristics:
- short-term leases, namely contracts with a remaining term less or equal to 12 months;
- contracts referring to assets of low value.

Modified retrospective application:
According to the decision of Group PSA, Banque PSA Finance chose to recognize a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17 and to measure that right of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

As a consequence, the first time application will not generate an important impact for Group Banque PSA Finance.

IFRIC 23 - Uncertainty over income tax treatments

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 "Income Taxes" concerning the recognition and measurement while there is uncertainty on the treatment of income taxes.

IFRIC 23 is applicable starting from January 1, 2019.
Banque PSA Finance does not expect significant impacts of this standard.

IFRS 17 - Insurance Contracts

After about twenty years of work, on 18 May 2017 the IASB published IFRS 17 – Insurance Contracts. IFRS 17 will replace the interim standard IFRS 4, for financial periods commencing on or after 1 January 2021, if adopted by the European Union. To support implementation of the new standard, the IASB has decided to form a Transition Resource Group (TRG). The IASB has launched a call for nominations for the group.

Under the IFRS 17 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. This approach requests complex models provided with numerous hypothesis and could need important changes of the existing models, tools and procedures.

The analysis of impacts of IFRS 17 for Banque PSA Finance is currently in process.

The other projects and standards do not have significant impacts on Banque PSA Finance.

Format of the Financial Statements:

As no template is provided in IFRS, the consolidated financial statements are presented largely in accordance with Autorité des Normes Comptables (ANC), recommendation N°2017-02 of June 2, 2017 related to the presentation of the consolidated financial statements of banking institutions on January 1, 2018. Banque PSA Finance's consolidated financial statements include prior year comparatives.

The consolidated financial statements include the financial statements of Banque PSA Finance and the French and foreign companies in the Banque PSA Finance Group, based on the consolidation methods described in section A below.

The individual statutory financial statements of Banque PSA Finance and its subsidiaries 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.

Accounting policies applied by the Group are described in sections B to I below.

"Related companies" consist of entities linked as follow: exclusive control, joint control and significant influence, determined in accordance with IAS 24 R.

The annual consolidated financial statements and notes for Banque PSA Finance Group were approved by the Board of Directors on February 22, 2019.

A. Basis of Consolidation

A.1 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 owned jointly with a partner on a 50:50 basis, when Banque PSA Finance is in a position to control strategic financial and operating decisions relating to the business.

All material intragroup transactions and balances between the entities of the Group 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.

A.2 Translation of Financial Statements of Foreign Subsidiaries

Balance sheets of foreign companies are translated at the year-end exchange rate published by the European Central Bank (ECB). Income statement items of foreign companies are translated on a month-by-month basis at the average monthly rate, except for Argentina. For this country which economy is considered hyperinflationary (see paragraph I - Financial reporting in hyper-inflationary economies), income statement items are changed at the year-end exchange rate.

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

A.3 Foreign Currency Transactions

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

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

A.4 Use of Estimates

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

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

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

Estimates and assumptions are used in particular to measure the following:
- measurement of the investments in equity method consolidated entities, usually based on the value in use resulting from the Medium Term Plans prepared in the framework of partnership governance (Santander and BNPP),
- fair value of financial assets and liabilities at fair value through profit or loss,
- 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.

A.5 Main Consolidation Adjustments

Recognition and Measurement of Derivative Instruments, Hedge Accounting IFRS 9

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 IFRS 9 therefore give rise to certain consolidation adjustments. The underlying principles are described in section C “Financial assets and liabilities”, below. The principles of valuation at fair value are applied in accordance with the IFRS 13 standard.

Deferred Taxes

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

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

B. Fixed Assets

B.1. Property and Equipment

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

- Buildings	10 to 60 years
- Vehicles	4 years
- Other	3 to 10 years

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

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

B.2. Intangible Assets

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

B.3. Goodwill

Goodwill is the excess of the cost of shares in a consolidated company over the Group's equity in the fair value at the acquisition date of the identifiable assets and liabilities acquired.

In accordance with IFRS 3 – Business Combinations, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see note 12).

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 and only if the concerned asset is significant.

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

C. Financial Assets and Liabilities

Financial assets and liabilities are recognized and measured in accordance with IFRS 9 adopted by the European Commission in November 2016 via the Regulation 2016/2067/EC.

As allowed under IFRS 9, the Group has elected to apply transaction date accounting to financial assets and liabilities. Consequently, when the transaction date (corresponding to the date when the commitment is entered into) is different from the settlement date, the purchase or sale of securities is recognized in the balance sheet on the transaction date (see end of sections C2 and C.7.2 below).

Since 2013, Banque PSA Finance has booked passbook savings accounts in « Due to customers ».

C.1 Derivatives – Application of Hedge Accounting

C.1.1 Recognition and Measurement

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

Derivatives may be designated as hedging instruments in one of two types of hedging relationships:
- fair value hedge, corresponding to a hedge of the exposure to changes in fair value of an asset or liability due to changes in exchange rates or interest rates;
- cash flow hedge, corresponding to a hedge of the exposure to variability in cash flows from existing or future assets or liabilities.

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

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

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

C.1.2 Derivatives – Financial Statement Presentation

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

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

IFRS 13 requires to present the valuation methods of the financial assets and liabilities at fair value as well as their hierarchy (level 1, 2 or 3).
The valuation methods have to maximize the use of observable market data. These methods are classified according to the same three levels hierarchy (in descending order of priority) as IFRS 7 for financial instruments:
- level 1: quoted price (without adjustment) for similar instruments on an active market;
An active market is a market in which there are sufficiently frequent and large volumes on assets or liabilities to provide price information in a continuous way.
- level 2: valuation using only observable data for a similar instrument on an active market;
- level 3: valuation making significant use of at least one non-observable item of data.
In the balance sheet, the valuations are of level 1 or 2, presented in the related notes. Only the specific note "Fair Value of Financial Assets and Liabilities" uses valuation methods of level 3, detailed in note 21.

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

Financial assets at fair value through profit or loss correspond, in particular, to liquidity reserves invested as securities.

These fixed income securities are accounted for using the fair value option, whereby changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change in fair value of the economic hedges. Liquidity reserves are also partly invested in mutual funds, whose units are not consolidated because they do not meet the criteria regarding control or rights in the majority of the benefits and corresponding risks (see IFRS 10 – Consolidated Financial Statements, and the amendment to IAS 27 – Separate Financial Statements).

This caption also includes:
- the positive fair value of other derivatives that do not qualify for hedge accounting under IFRS 9;
- securities receivable, which are recognized as from the transaction date.

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

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in Banque PSA Finance's issuer spread. At December 31, 2018, no liabilities were measured using the fair value option.

This caption also includes the negative fair value of other derivatives that do not qualify for hedge accounting under IFRS 9, including interest rate derivatives intended to hedge financial assets or liabilities at fair value through profit or loss.

C.4 Loans and Receivables

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

Customer loans and receivables are analysed by type of financing:

- **Financing in the following categories**, as defined by French banking regulation:
  - Installment contracts,
  - Buyback contracts,
  - Long-term leases.

These types of financing are mainly intended for the following final customer segments:
  - **Retail** (individuals, small to medium sized companies and larger companies not meeting the criteria for classification as Corporates, Sovereigns, Banks or Local Administrations),
  - **Corporate and equivalent** (including Corporates other than dealers, Sovereigns, Banks and Local Administrations),

and, in rare cases, for **Corporate dealers**.

- **Wholesale financing (i.e. financing of vehicle and spare part inventories)**, as defined by French banking regulations.
  Wholesale financing is primarily intended for **Corporate dealers**.

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

C.4.1 Loans and Receivables Measured at Amortized Cost

Loans and receivables recognized in the balance sheet correspond to Banque PSA Finance's net commitment in respect of these receivables. Therefore, as well as the outstanding principal and accrued interest, the carrying value of finance receivables also includes:

- commissions paid to referral agents as well as external direct administrative expenses, which are added to the outstanding principal;
- contributions received from the brands and transaction fees to be spread out, which are deducted from the outstanding principal;
- guarantee deposits received at the inception of finance leases, which are deducted from the amount financed.

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

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

C.4.2 Lease Financing

In accordance with IAS 17 – Leases and IFRS 9, vehicles leased to customers are treated as in-substance loans because the risks and rewards of ownership of the vehicle do not lie with Banque PSA Finance.

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

C.4.3 Hedges of Interest Rate Risks on Outstanding Loans and Receivables

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

C.4.4 Impairment Losses

Impairment losses are identified separately under specific line items.

According to IFRS 9, all exposures are concerned by allowances based on expected credit losses since their initial recognition.

The financial instruments are classified in three stages depending on the evolution of the credit risk since their initial recognition.

For each financial instrument and at each closing Banque PSA Finance estimates the increase of the credit risk since the date of their initial recognition according to the methodology described in the first part of this note. The analysis of the credit risk evolution determines the classification of the financial instruments on the appropriate level of risk by Banque PSA Finance.

Impairment is recognized in accordance with the following three categories basing on the elements presented hereinbelow:

Stage 1:
Sound loans without significant deterioration in credit risk since initial recognition. The impairment for credit risk is recorded in the amount of 12-month expected credit losses. Interest income is recognized through profit or loss using the effective interest rate method applied to the gross carrying amount of the asset before impairment.

Stage 2:
In the event of a significant increase in credit risk since initial recognition, the sound loans are transferred from stage 1 to stage 2. The impairment for credit risk is determined based on the instrument’s expected credit losses at maturity. The interest income is recognized through profit or loss using the effective interest rate method applied to the gross carrying amount of the asset before impairment.

Stage 3:
The financial receivables called “impaired” under IFRS 9 are classified in stage 3. There is objective evidence of impairment arising from one or more events occurring after initial recognition of these loans. Stage 3 concerns financial receivables for which a default event was identified as determined in article 178 of the regulation of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The impairment for credit risk continues is calculated based on the instrument’s expected credit losses at maturity. The interest income is recognized through profit or loss based on the effective interest method applied to the net carrying amount of the asset after impairment.

Classification in loss / Write off

The standards of Banque PSA Finance for the classification in loss / write off concern of Retail financing with past-due instalments of more than 48, 36, or 24 months, depending on the type of financing and country concerned as well as Corporate financing when a finance receivable is considered as irrecoverable. The written off is recognised through profit or loss as of the individual financial statements. The previously-recognized impairment loss is also reversed through profit or loss. Any subsequent recoveries are credited to the income statement under "Cost of risk".

C.7 Financing Liabilities

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

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

C.7.1 Hedges of Interest Rate Risks on Financing Liabilities

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

C.7.2 Debt Securities

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

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

D. Liabilities Related to Insurance Contracts

Liabilities related to insurance contracts correspond to the technical reserves set aside by the insurance companies to cover their obligations towards insureds and beneficiaries. In accordance with IFRS 4 – Insurance Contracts, liabilities related to insurance contracts for life and non-life business are calculated by the methods prescribed by local insurance regulations.

Life and non-life liabilities related to insurance contracts consist mainly of unearned premium reserves (UPR), corresponding to the portion of written premiums relating to future periods, and claims reserves, corresponding to incurred claims and claims incurred but not reported ("IBNRs"). IBNR reserves are calculated on a statistical basis.

E. Provisions

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

Provisions are discounted only when the impact is material.

F. Segment Information

In application of IFRS 8, Banque PSA Finance Group has identified the following four operating segments meeting Basel II guidelines (portfolios):

Final customer:

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

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

Corporate dealers, corresponding to captive and independent Peugeot, Citroën, DS and Opel/Vauxhall dealers, importers of new Peugeot, Citroën DS and Opel/Vauxhall vehicles in certain countries, and certain used vehicle dealers.

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

An analysis of balance sheet and income statement items by segment is provided in the Segment Information note.

G. Pension Obligations

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

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

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

Actuarial valuations are performed twice a year at each half year and annual closing 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 recorded in the "Income and expenses recognized directly in equity" statement, and will not be recycled in the income statement.

In the event of modification of the benefits defined in a plan, the impact of changes to pension plans after January 1, 2012 is fully recognized under "Operating income" in the income statement for the period in which they occurred.

As a result, for each defined benefit plan, the Group records a provision in an amount equal to the projected benefit obligation less the fair value of the plan assets.

The purpose of external funds is to cover the total projected benefit obligation. In some cases the amount of these external funds may exceed the recognized portion of the projected benefit obligation, leading to the recognition of an "Other assets".

In the case of plans that are subject to a minimum funding requirement under the law or the plan rules, if the Group does not have an unconditional right to refund of a surplus within the meaning of IFRIC 14, this affects the asset ceiling. Regardless of whether the plan has a deficit or a surplus, a liability is recognized for the portion of the present value of the minimum funding in respect of services already received that, once paid and after covering the shortfall resulting from applying IAS 19, would generate a surplus in excess of the asset ceiling determined in accordance with IAS 19.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:
- The service cost (recognized in "Operating income" in "Other general operating expenses");
- The finance cost less the expected yield on plan assets (recognized in "Non-operating income" in "Pension obligation expense or income"). These two items (finance

cost and expected yield on assets) are measured based on the rate used to discount the obligations.
- Any adjustment to the IFRIC 14 minimum funding requirement liability (recognized in “Non-operating income in “Pension obligation expense or income”).

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

Employee benefits relate to joint ventures.

H. Signature Commitments

Irrevocable commitments given or received by Group companies (irrevocable customer financing commitments, corresponding to the period between the loan offer and the date when the funds are released, guarantees; other commitments received or given…) are recognized in the balance sheet at fair value in accordance with IFRS 9. 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 22 – Other commitments.

Derivative financial instrument commitments (rate or currency instruments) are described in note C.1 above and are reported at their nominal amount in note 19 – Derivatives.

I. Financial reporting in hyper-inflationary economies

IAS 29 - Financial reporting in hyper-inflationary economies should be applied by all any entity whose functional currency is the currency of a hyperinflationary economy.

Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:
- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
- the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100 %.

Starting from the second half-year of 2018 Argentina, where inflation remains very high since several years, is henceforth considered as a hyperinflationary economy. Actually the 3-year cumulative inflation using different combinations of retail price indices has been in excess of 100% since late 2017., various qualitative indicators were also completed.

As a consequence, on December 31, 2018, Banque PSA Finance adjusted its financial statements prepared basing on the agreement of the historical cost approach of its subsidiary in Argentina which functional currency is peso, according to IAS 29 - Financial reporting in hyper-inflationary economies.

The adjustment corresponds to the application of a general index of prices so that the financial statements were expressed in terms of the measuring unit current at the end of the reporting period. Thus, all the non-monetary assets and liabilities were corrected of the inflation in order to reflect their “real value” at the end of the reporting period. Likewise, the global result (profit and loss and statement of comprehensive income) were restated in order to correct the inflation observed over the period. Monetary elements do not need to be restated in accordance with IAS 29.

On December 31, 2018 all components of owners' equity are restated by Banque PSA Finance via applying a general price index from the beginning of the period or the date of contribution, if later (IAS 29.25). The base for applying this index is the balance sheet at the beginning of the first period of application as determined hereinbelow. The counterpart is booked in the profit and loss.

At the beginning of the first period of application of this Standard, the components of owners' equity, except retained earnings and any revaluation surplus, are restated by applying a general price index from the dates the components were contributed or otherwise arose. The counterpart of this adjustment is recognized in equity.

As part of the reevaluation of the opening balance sheet, Banque PSA Finance reconstituted contribution dates and the dates of the first period in order to retain the variation of the index between the date of the contribution and the date of the balance sheet opening. For this restatement, Banque PSA Finance took an average index over the period, the counterpart being booked in profit and loss.

The gain or loss on the net monetary position is included in profit or loss. The adjustment to those assets and liabilities linked by agreement to changes in prices made in accordance with IAS 29 is offset against the gain or loss on net monetary position. Other income and expense items, such as interest income and expense, and foreign exchange differences related to invested or borrowed funds, are also associated with the net monetary position. Such items are disclosed separately.

As Banque PSA Finance presents its financial statements in euro, the corresponding figures for the period 2017 did not need to be restated. The financial statements of groups that do not report in the currencies of hyperinflationary economies are dealt with in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates which precises that the comparative amounts of previous periods in a stable currency are not to be restated.

The impact of IAS 29 - Financial reporting in hyper-inflationary economies as at December 31, 2018 is presented in Note 29.

Note 3 Changes in Financial Statements at December 31, 2017 and as of the 1st of January 2018

3.1 Final allocation of the first consolidation difference arising from the joint acquisition of the Opel/Vauxhall automobile financing activities in partnership with BNP Paribas Personal Finance

For the acquisition of the Opel/Vauxhall automotive financing activities in November 2017, BPF paid a price below the share of the net assets of the acquired company. The fair value assessment of the assets and liabilities is finalized since june 2018, and, pursuant to IFRS 3 as revised, the Group has restated its December 31st, 2017 financial statements in order to take into account the final allocation of the first consolidation difference. The final Purchase Price Allocation (PPA) led the Group Banque PSA Finance to recognize in its accounts a badwill of €14 million (equity holders of the parent), thus a positive impact on the Share in net income of associates and joint ventures accounted for using the equity method.
The restatement of the 2017 consolidated financial statements includes the first consolidation difference of €14 million as well as the recognition of the amortizable 2017 PPA portion.

3.1.1 Impact on Balance Sheet

(in million euros)	*Note*	Dec. 31, 2017 published	Restatement	Dec. 31, 2017 restated
Investments in associates and joint ventures accounted for using the equity method	*10*	2,116	22	2,138
Total assets		**3,174**	**22**	**3,196**
Equity		**2,547**	**22**	**2,569**
- Equity attributable to equity holders of the parent		2,531	22	2,553
- Share capital and other reserves		1,160	-	1,160
- Consolidated reserves		1,536	23	1,559
- Of which Net income - equity holders of the parent		*218*	*23*	*241*
- Income and expenses recognized directly in Equity		(165)	(1)	(166)
- Of which Net income - equity holders of the parent (share of items recycled in profit or loss)		*9*	-	*9*
- Minority interests		16	-	16
Total equity and liabilities		**3,174**	**22**	**3,196**

3.1.2 Impact on Statement of Income

(in million euros)	*Note*	Dec. 31, 2017 published	Restatement	Dec. 31, 2017 restated
Share in net income of associates and joint ventures accounted for using the equity method	*10*	226	23	249
Pre-tax income		**243**	**23**	**266**
Net income for the year		**233**	**23**	**256**
- of which attributable to equity holders of the parent		*227*	*23*	*250*
- of which minority interests		*6*	-	*6*

3.1.3 Impact on Net Income and Gains and Losses Recognized Directly in Equity

	Dec. 31, 2017 published			Restatement			Dec. 31, 2017 restated		
(in million euros)	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Net income	243	(10)	**233**	23	-	**23**	266	(10)	**256**
Recyclable in profit and loss items									
OCI of joint ventures	(21)	-	**(21)**	(1)	-	**(1)**	(22)	-	**(22)**
Total recyclable in profit and loss items	(38)	-	**(38)**	(1)	-	**(1)**	(39)	-	**(39)**
Total gains and losses recognized directly in Equity	(43)	1	**(42)**	(1)	-	**(1)**	(44)	1	**(43)**
Total net income and gains and losses recognized directly in Equity	200	(9)	**191**	22	-	**22**	222	(9)	**213**
- of which attributable to equity holders of the parent			*190*			*22*			*212*

3.1.4 Impact on Consolidated Statement of Changes in Equity Attributable to Equity Holders of the Parent and Minority Interests

(in million euros)	Share capital and other reserves: Share capital	Share capital and other reserves: Issue, share and merger premiums and liquidation surplus	Share capital and other reserves: Legal reserve and other reserves	Consoli-dated reserves	Fair value adjustments - equity holders of the parent: Fair value adjustments to hedging instruments	Fair value adjustments - equity holders of the parent: Actuarial gains and losses on pension obligations	Exchange difference	OCI of joint ventures	Equity attributable to equity holders of the parent	Minority interests	Total equity
At December 31, 2017 Published	**199**	**643**	**318**	**1,536**	**(2)**	**-**	**(125)**	**(38)**	**2,531**	**16**	**2,547**
Allocation of the 1st consolidation difference											
Net Income:											
- Badwill				14	-	-	-	-	**14**	-	**14**
- PPA Amortization				9	-	-	-	-	**9**	-	**9**
Income and Expenses Recognized Directly in Equity:											
- Badwill				-	-	-	-	(1)	**(1)**	-	**(1)**
At December 31, 2017 restated	**199**	**643**	**318**	**1,559**	**(2)**	**-**	**(125)**	**(39)**	**2,553**	**16**	**2,569**

3.1.5 Impact on Consolidated Statement of Cash Flows

The change of the Cash flow statement presentation is detailed in the Note 3.3

Impact on Consolidated Statement of Cash Flows new presentation

(in million euros)	**Dec. 31, 2017 Proforma**	Restatement	**Dec. 31, 2017 Proforma**
Pre-tax income	**243**	**23**	**266**
Share in net income of associates and joint ventures accounted for using the equity method	(226)	(23)	(249)
Total non-cash and other adjustment items included in pre-tax income	**(226)**	**(23)**	**(249)**
Net cash provided by operating activities	**67**	**-**	**67**

Impact on Consolidated Statement of Cash Flows old presentation (published until 2018 half year report)

(in million euros)	***Dec. 31, 2017 published***	*Restatement*	***Dec. 31, 2017 restated***
Net income attributable to equity holders of the parent	***227***	***23***	***250***
Elimination of income without cash effect:			
- Net income of associates accounted for using the equity method, net of dividends received	*(88)*	*(23)*	*(111)*
- Net income of associates accounted for using the equity method	*(226)*	*(23)*	*(249)*
Funds from operations	***145***	***-***	***145***
Net cash provided by operating activities	***63***	***-***	***63***

3.2 Impact of applying IFRS 9 in the Financial Statements as of the 1st of January 2018

IFRS 9 - Financial Instruments, which replaced IAS 39, is compulsory in the fiscal year commencing January 1, 2018. According to the principles of IFRS 9, Banque PSA Finance decided not to restate the prior periods (see Note 2 Accounting policies).
The implementation of IFRS 9 in Banque PSA Finance led to the financial statement changes outlined below.

3.2.1 Impact on Balance Sheet

(in million euros)	*Notes*	**Dec. 31, 2017 restated**	IFRS 9 FTA Reclassification	IFRS 9 FTA Revaluation	**January 1, 2018**
Assets					
Financial assets at fair value through profit or loss	*5*	165	2	-	167
Financial assets at fair value through Equity			-	-	-
Available-for-sale financial assets		2	(2)		
Debt securities at amortized cost			-	-	-
Customer loans and receivables, at amortized cost	*8, 25*	331	-	3	334
Held-to-maturity investments		-	-		
Investments in associates and joint ventures accounted for using the equity method	*10*	2,138	-	11	2,149
Total assets		**3,196**	**-**	**14**	**3,210**

(in million euros)	*Note*	**Dec. 31, 2017 restated**	IFRS 9 FTA Reclassification	IFRS 9 FTA Revaluation	**January 1, 2018**
Equity and liabilities					
Equity		**2,569**	**-**	**14**	**2,583**
- Equity attributable to equity holders of the parent		2,553	-	14	2,567
- Share capital and other reserves		1,160	-	-	1,160
- Consolidated reserves	*2.4*	1,559	-	14	1,573
- Of which Net income - equity holders of the parent		*241*			
- Income and expenses recognized directly in Equity		(166)	-	-	(166)
- Of which Net income - equity holders of the parent (share of items recycled in profit or loss)		*9*			
- Minority interests		16	-	-	16
Total equity and liabilities		**3,196**	**-**	**14**	**3,210**

3.2.2 Impact on Statement of Income

Under the phase 1 - classification and measurement of financial instruments, the Income Statement has evolved with the addition of the following new items:

- **Net gains or losses on financial assets at fair value through profit or loss**
  This new item contains the elements previously classified in "Net investment revenue" and "Net gains and losses on available-for-sale financial assets".
- **Net gains or losses on financial assets at fair value through Equity**
- **Net gains or losses on securities valued at amortized cost**

3.3 Change in presentation of the Consolidated Statement of Cash Flows

In accordance with the ANC 2017-02 recommendation on the format of banking sector consolidated statements, Banque PSA Finance has changed the consolidated statement of cash flows presentation. The modifications relate to the following points and are presented in a concordance table between the old and the new statement presentation:

Cash and cash equivalents:

"Cash and cash equivalents" is now presented net of liabilities accounts and demand deposits from Credit Institutions (impact of €-10 million at the opening and €-6 million at the closing, representing an impact of €+4 million on the cash and cash equivalents variation in 2017. This impact is presented in the column "Net Cash".

Change in presentation:

- "Net income attributable to equity holders of the parent" is replaced by "Pre-tax income". As a result, the restatement of "Minority interests" (€+6 million) and "Change in deferred taxes" (€-3 million) does not appear anymore in the cash flows statement. Moreover, change in current tax provision (€-7 million) are not included anymore in "Change in non-financial assets and liabilities" and the current tax payment is now isolated on a new line "Income taxes paid" (€-6 million),
- "Funds from operations", total of "Net income attributable to equity holders of the parent" and "Elimination of income without cash effect", is replaced by a sub-total "Total of non-monetary items included in pre-tax income and other adjustments". As a result, "Dividends received from equity-accounted entities" is presented from now in the part "Net increase/(decrease) of assets and liabilities provided by operating activities",
- "(Profit)/loss on disposals of assets" is divided in 2 new lines: "Net loss/(net gain) of investing activities" and "(Income)/Charges of financing activities",
- "Change in depreciation, amortization and other provisions" is divided in 2 new lines: "Net depreciation of tangible and intangible assets" and "Net provisions and impairment".

Restatement of non-monetary items included in pre-tax income:

- Depreciations on customers loans, and as well as losses, are restated on line "Net provisions and impairment"
- Flows without cash movement are now restated in "Other movements". They include:
  - Changes in fair value through profit or loss (€-4 million),
  - Changes in accrued interests (€+7 million),
  - Changes in items included in amortized cost (€+19 million),
  - Changes in accruals and prepaid expenses and changes in accruals and income collected in advance (€-6 million).

Concordance table between the old and the new statement presentation

(in million euros)	**Dec. 31, 2017 restated (1)**	Net cash	Current and deferred taxes and minority interests	Dividends received from equity-accounted entities	Non-monetary items		**Dec. 31, 2017 Proforma**
Net income attributable to equity holders of the parent	**250**		**16**			**Pre-tax income**	**266**
Elimination of income without cash effect:							
- Change in depreciation, amortization and other provisions	8				(8)		
					12	Net depreciation of tangible and intangible assets	12
					1	Net provisions and impairment	1
- Minority interests in income of subsidiaries	6		(6)				
- Net income of associates accounted for using the equity method, net of dividends received							
- *Net income of associates accounted for using the equity method*	*(249)*					Share in net income of equity-accounted companies	(249)
- *Dividends received from associates accounted for using the equity method*	*138*			(141)	3		
- Change in deferred taxes	(3)		3				
- (Profit)/loss on disposals of assets	(5)				5		
					(5)	Net loss/(net gain) on investing activities	(5)
					-	(Income)/Charges of financing activities	-
					16	Other movements	16
Funds from operations	**145**						
	(105)	**-**	**(3)**	**(141)**	**24**	**Total of non-monetary items included in pre-tax income and other adjustments**	**(225)**

(in million euros)	**Dec. 31, 2017 restated (1)**	Net cash	Current and deferred taxes and minority interests	Dividends received from equity-accounted entities	Non-monetary items		**Dec. 31, 2017 Proforma**
Increase/decrease in:		4			(5)	Change in credit institutions items	(51)
- loans and advances to credit institutions	(114)						
- deposits from credit institutions	64						
		-	-	-	(23)	Change in customer items	(65)
Change in customer loans and receivables	(47)						
Increase/decrease in:							
- amounts due to customers	5						
					2	Change in financial assets and liabilities	(17)
- financial assets at fair value through profit or loss	15						
- financial liabilities at fair value through profit or loss	-						
- hedging instruments	4						
- debt securities	(38)						
			(7)	-	2	Change in non-financial assets and liabilities	24
Change in working capital: assets	13						
Change in working capital: liabilities	16						
				141		Dividends received from equity-accounted entities	141
			(6)			Tax paid	(6)
	(82)	**4**	**(13)**	**141**	**(24)**	**Net increase/(decrease) of assets and liabilities provided by operating activities**	**26**
Net cash flow from operating activities	**63**	**4**	**-**	**-**	**-**	**Net cash provided by operating activities (A)**	**67**
						Change in equity investments	
Proceeds from disposals of shares in subsidiaries	4					- Inflows from disposals of shares in subsidiaries, net of cash transferred	4
Acquisitions of shares in subsidiaries	(489)					- Outflows for the acquisitions of shares in equity-accounted companies	(489)
Capital (increase) / decrease	(36)					- Other change in equity investments	(36)
						Change in property and equipment and intangible assets	
Investments in fixed assets	(16)					- Outflows for the acquisitions of property and equipment and intangible assets	(16)
Proceeds from disposals of fixed assets	-					- Inflows from disposals of property and equipment and intangible assets	-
Effect of changes in scope of consolidation	2					**Effect of changes in scope of consolidation**	**2**
Net cash flow from investing activities	**(535)**	**-**	**-**	**-**	**-**	**Net cash provided by investing activities (B)**	**(535)**
						Cash flows from or to shareholders	
						Outflows for the dividends paid to:	
Dividends paid to PSA Group	-					- PSA Group	-
Dividends paid to minority interests	(6)	-	-	-	-	- Minority shareholders	(6)
Capital increase / (decrease)	270	-	-	-	-	Inflows from issuance of equity instruments	270
Net cash flow from financing activities	**264**	**-**	**-**	**-**	**-**	**Net cash provided by financing activities (C)**	**264**
Effect of changes in exchange rates	(2)					Effect of changes in exchange rates (D)	(2)
Net change in cash and cash equivalents	**(210)**	**4**	**-**	**-**	**-**	**Net increase/(decrease) of cash and cash equivalents (A+B+C+D)**	**(206)**

(in million euros)	**Dec. 31, 2017 restated (1)**	Net cash	Current and deferred taxes and minority interests	Dividends received from equity-accounted entities	Non-monetary items		**Dec. 31, 2017 Proforma**
Cash and cash equivalents at the beginning of the period	**530**	**(10)**	**-**	**-**	**-**	**Cash and cash equivalents at the beginning of the period**	**520**
Cash, central banks	58	-				Cash, central banks (assets and liabilities)	58
		(10)				Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	462
Marketable securities qualified as cash equivalents	249						
Current account advances and loans and advances at overnight rates	223						
Time accounts qualified as cash equivalents	-						
Cash and cash equivalents at the end of the period	**320**	**(6)**	**-**	**-**	**-**	**Cash and cash equivalents at the end of the period**	**314**
Cash, central banks	98	-				Cash, central banks (assets and liabilities)	98
		(6)				Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	216
Marketable securities qualified as cash equivalents	40						
Current account advances and loans and advances at overnight rates	182						
Time accounts qualified as cash equivalents	-						
Net change in cash and cash equivalents	**(210)**	**4**	**-**	**-**	**-**	**Net change in cash and cash equivalents**	**(206)**

(1) See Note 3.1.5.

Note 4 Cash, Central Banks

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Cash	-	-
Central banks (1)	56	98
- *of which compulsory reserves deposited with the Banque de France*	-	-
Total	**56**	**98**

(1) *The reserves deposited with the central banks are included in Banque PSA Finance Group's liquidity reserve (see Note 22.2).*

Note 5 Financial Assets at Fair Value Through Profit or Loss

According to IFRS 9, the investments in companies that are not consolidated are booked at amortized cost under IAS 39 owing to a non-significant operational activity. They are classified at fair value through profit or loss according to IFRS 9, without any impact for Banque PSA Finance as at January 1, 2018 (See Note 2 Accounting Policies).

(in million euros)	Dec 31, 2018	January 1, 2018 (1)
Marketable securities booked at fair value through profit or loss	**352**	**165**
- Marketable securities	352	165
- Mutual funds	317	129
- Mutual funds qualified as cash equivalents (2)	249	40
- Units held by insurance companies	68	89
- *of which accrued interest*	-	*1*
- Certificates of deposit and Treasury bills	-	-
- Bonds issued by the securitization funds in the Santander joint venture	35	36
- *of which held by insurance companies*	*35*	*23*
- Fair value adjustments	-	-
Foreign exchange hedging instruments	**-**	**-**
Accrued interest on trading derivatives	**-**	**-**
Fair value of trading derivatives	**-**	**-**
Equity securities booked at fair value through profit or loss	**12**	**2**
- Equity Securities, gross value	39	31
- PSA UK Number 1 P.L.C. (3)	2	2
- PSA Financial d.o.o. (4)	3	3
- PSA Finance Hungaria Zrt (5)	25	26
- Dongfeng Peugeot Citroën Financial Leasing Co., Ltd. (6)	9	-
- Equity Securities Impairment (4)(5)	(27)	(29)
Total	**364**	**167**

Fair value is determined by applying valuation techniques based on observable market data (level 2), except for mutual fund units which are valued at the latest published net asset value (level 1).

The fair value of investments assets is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares. An impairment is recognized in the rare cases when long-term losses are anticipated.

(1) *See Note 3.2 - Impact of applying IFRS 9 in the Financial Statements as of the 1st of January 2018.*

(2) *The mutual funds qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 22.2).*

(3) *The PSA UK Number 1 P.L.C. 50%-owned subsidiary in United Kingdom, without any operational activity, had been removed from the scope of consolidation at January 1, 2009.*

(4) *The PSA Financial d.o.o. 100%-owned non-operating subsidiary in Croatia was removed from the scope of consolidation at March 1, 2016. The shares in this subsidiary have been fully impaired.*

(5) *The PSA Finance Hungaria Zrt 100%-owned non-operating subsidiary in Hungaria was removed from the scope of consolidation at February 1, 2017. The shares in this subsidiary have been fully impaired.*

(6) *The Dongfeng Peugeot Citroën Financial Leasing Co., Ltd. (25% owned) was created in November 2018.*

Note 6 Hedging Instruments - Assets

6.1 Analysis by Nature

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Adjustment accounts - commitments in foreign currencies (1)	**41**	**31**
- of which related companies	-	-
Accrued income on swaps designated as hedges	**4**	**3**
- of which related companies	-	-
Positive fair value of instruments designated as hedges of:	**7**	**9**
- Borrowings	-	-
- EMTNs/BMTNs	5	8
- of which due to hedging cross currency swaps' basis spread	(2)	*(3)*
- Bonds	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	-	-
- Variable rate EMTN (Cash Flow Hedge)	2	1
Offsetting positive fair value and received margin calls	**(48)**	**(41)**
Total	**4**	**2**

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

(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 "A. Operational Positions in Foreign Currencies" in Note 19).*

6.2 Offsetting swaps with margin call designated as hedges - Assets

For 2018

(in million euros)	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance Sheet amount after offsetting
Positive valued swaps	Swap's winning leg	Swap's losing leg			
Adjustment accounts - commitments in foreign currencies	**218**	**(178)**	**41**	**-**	**41**
- Cross currency swap with margin call	218	(178)	41	-	41
- Other instruments			-	-	-
Accrued income	**4**	**-**	**4**	**-**	**4**
- Swaps with margin call	4	-	4	-	4
- Swaps without margin call	-	-	-	-	-
Positive fair value	**194**	**(187)**	**7**	**-**	**7**
- Swaps with margin call	194	(187)	7	-	7
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-	-	(48)	**(48)**
Total assets	**416**	**(365)**	**52**	**(48)**	**4**
Margin calls received on swaps designated as hedges	-	-	48	(48)	**-**
Total liabilities	**-**	**-**	**48**	**(48)**	**-**

For 2017

(in million euros)	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance Sheet amount after offsetting
Positive valued swaps	Swap's winning leg	Swap's losing leg			
Adjustment accounts - commitments in foreign currencies	**209**	**(178)**	**31**	**-**	**31**
- Cross currency swap with margin call	209	(178)	31	-	31
- Other instruments			-	-	-
Accrued income	**3**	**-**	**3**	**-**	**3**
- Swaps with margin call	3	-	3	-	3
- Swaps without margin call	-	-	-	-	-
Positive fair value	**200**	**(191)**	**9**	**-**	**9**
- Swaps with margin call	200	(191)	9	-	9
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-	-	(41)	**(41)**
Total assets	**412**	**(369)**	**43**	**(41)**	**2**
Margin calls received on swaps designated as hedges	-	-	43	(41)	**2**
Total liabilities	**-**	**-**	**43**	**(41)**	**2**

Note 7 Loans and Advances to Credit Institutions, at amortized cost

Analysis of Demand and Time Accounts

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Demand accounts	**161**	**182**
- Ordinary accounts in debit	161	182
- of which allocated to the liquidity reserve (1)	*161*	*133*
- of which held by insurance companies	*49*	*32*
- of which related companies	*16*	*23*
Time accounts	**121**	**112**
- Time accounts qualified as cash equivalents (1)	-	-
- Subordinated loans (2)	117	100
- of which related companies	*117*	*100*
- Other	4	12
- of which held by insurance companies	*2*	*2*
Accrued interest	**-**	**-**
Total	**282**	**294**

(1) The part of ordinary accounts allocated to the liquidity reserve and time accounts qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 22.2).

(2) In December 2018, PSA Finance Nederland B.V. provided the German and Austrian joint ventures in partnership with Santander CF. with €17 million subordinated loans.

Note 8 Customer Loans and Receivables, at amortized cost

8.1 Analysis by Type of Financing

(in million euros)	Dec 31, 2018	January 1, 2018 (1)	IFRS 9 impact (1)	Dec. 31, 2017 restated
Installment contracts	**123**	**255**	**-**	**255**
Buyback contracts (2)	**6**	**5**	**-**	**5**
Principal and interest	7	6	-	6
Unaccrued interest on buyback contracts	(1)	(1)	-	(1)
Long-term leases (2)	**-**	**39**	**-**	**39**
Principal and interest	-	43	-	43
- Related companies	-	-	-	-
- Non-group companies	-	43	-	43
Unaccrued interest on long-term leases	-	(3)	-	(3)
Leasing deposits	-	(1)	-	(1)
Wholesale financing	**63**	**58**	**3**	**55**
Principal and interest	63	58	3	55
- Related companies	-	-	-	-
- Non-group companies	63	58	3	55
Other finance receivables	**1**	**4**	**-**	**4**
- Related companies	-	-	-	-
- Non-group companies	1	4	-	4
Ordinary accounts in debit	**-**	**-**	**-**	**-**
- Related companies	-	-	-	-
- Cash pooling (3):				
- Before offsetting	3	3	-	3
- Offsetting	(3)	(3)	-	(3)
- Other	-	-	-	-
- Non-group companies	-	-	-	-
Deferred items included in amortized cost - Customers loans and receivables	**(14)**	**(27)**	**-**	**(27)**
- Deferred acquisition costs	1	1	-	1
- Deferred loan set-up costs	(7)	(15)	-	(15)
- Deferred manufacturer and dealer contributions	(8)	(13)	-	(13)
Total Loans and Receivables at Amortized Cost	**179**	**334**	**3**	**331**

(1) See Note 3.2 - Impact of applying IFRS 9 in the Financial Statements as of the 1st of January 2018.

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

(3) Under the cash pooling agreement with PSA International, the asset and liability amounts are offset in accordance with IAS 32 (see Note 14).

8.2 Customer Loans and Receivables by Segment

For 2018

(in million euros) IFRS 8 Segment	Corporate Dealers (A - see B Note 25.1)	End user: Retail (B - see A Note 25.1)	End user: Corporate and equivalent (C - see C Note 25.1)	Total at December 31, 2018
Type of financing				
Installment contracts	-	123	-	123
Buyback contracts	-	5	1	6
Long-term leases	-	-	-	-
Wholesale financing	63	-	-	63
Other finance receivables	1	-	-	1
Ordinary accounts in debit	-	-	-	-
Deferred items included in amortized cost	-	(14)	-	(14)
Total customer loans by segment (based on IFRS 8)	**64**	**114**	**1**	**179**

At December 31, 2017 and at January 1, 2018 (1)

IFRS 8 Segment	Corporate Dealers (A - see B Note 25.1)		End user: Retail (B - see A Note 25.1)		End user: Corporate and equivalent (C - see C Note 25.1)		Total at	
(in million euros)	Jan. 1, 2018	Dec. 31, 2017	Jan. 1, 2018	Dec. 31, 2017	Jan. 1, 2018	Dec. 31, 2017	Jan. 1, 2018	Dec. 31, 2017
Type of financing								
Installment contracts	-	-	254	254	1	1	255	255
Buyback contracts	-	-	2	2	3	3	5	5
Long-term leases	2	2	21	21	16	16	39	39
Wholesale financing	58	55	-	-	-	-	58	55
Other finance receivables	4	4	-	-			4	4
Ordinary accounts in debit	-	-	-	-			-	-
Deferred items included in amortized cost	-	-	(26)	(26)	(1)	(1)	(27)	(27)
Total customer loans by segment (based on IFRS 8)	**64**	**61**	**251**	**251**	**19**	**19**	**334**	**331**

(1) See Note 3.2 - Impact of applying IFRS 9 in the Financial Statements as of the 1st of January 2018.

8.3 Analysis by Currency

(in million euros)	Dec 31, 2018	Dec. 31, 2017
Net loans and receivables		
ARS	87	185
EUR	-	39
GBP	-	-
MXN	29	26
PLN	8	19
RUB	55	62
Total	**179**	**331**

The adjustments arising from the remeasurement of foreign currency customer loans refinanced in euros at period-end exchange rates are offset by the fair value adjustments to currency swaps hedging these loans (see Note 6)

8.4 Analysis by Maturity

For 2018

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total at Dec. 31, 2018
Installment contracts	**1**	**33**	**21**	**32**	**36**	**-**	**123**
Gross	4	33	21	32	36	-	126
Impairment	(3)	-	-	-	-	-	(3)
Buyback contracts	**-**	**-**	**-**	**1**	**5**	**-**	**6**
Gross	-	-	-	1	5	-	6
Impairment	-	-	-	-	-	-	-
Long-term leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross	-	-	-	-	-	-	-
Guarantee deposits	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Wholesale financing	**-**	**51**	**10**	**2**	**-**	**-**	**63**
Gross	1	51	10	2	-	-	64
Guarantee deposits	-	-	-	-	-	-	-
Impairment	(1)	-	-	-	-	-	(1)
Other finance receivables	**-**	**-**	**1**	**-**	**-**	**-**	**1**
Gross	-	-	1	-	-	-	1
Impairment	-	-	-	-	-	-	-
Ordinary accounts in debit	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Deferred items included in amortized cost	**(14)**	**-**	**-**	**-**	**-**	**-**	**(14)**
Total net loans and receivables	**(13)**	**84**	**32**	**35**	**41**	**-**	**179**
Gross	5	84	32	35	41	-	197
Guarantee deposits	-	-	-	-	-	-	-
Impairment	(4)	-	-	-	-	-	(4)
Deferred items included in amortized cost	(14)	-	-	-	-	-	(14)

For 2017

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total at Dec. 31, 2017
Installment contracts	**1**	**51**	**37**	**63**	**103**	**-**	**255**
Gross	6	51	37	63	103	-	260
Impairment	(5)	-	-	-	-	-	(5)
Buyback contracts	**-**	**1**	**-**	**1**	**3**	**-**	**5**
Gross	-	1	-	1	3	-	5
Impairment	-	-	-	-	-	-	-
Long-term leases	**-**	**3**	**15**	**10**	**11**	**-**	**39**
Gross	3	3	15	10	11	-	42
Guarantee deposits	(1)	-	-	-	-	-	(1)
Impairment	(2)	-	-	-	-	-	(2)
Wholesale financing	**-**	**44**	**9**	**2**	**-**	**-**	**55**
Gross	4	44	9	2	-	-	59
Guarantee deposits	-	-	-	-	-	-	-
Impairment	(4)	-	-	-	-	-	(4)
Other finance receivables	**-**	**1**	**2**	**1**	**-**	**-**	**4**
Gross	-	1	2	1	-	-	4
Impairment	-	-	-	-	-	-	-
Ordinary accounts in debit	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Deferred items included in amortized cost	**(27)**	**-**	**-**	**-**	**-**	**-**	**(27)**
Total net loans and receivables	**(26)**	**100**	**63**	**77**	**117**	**-**	**331**
Gross	13	100	63	77	117	-	370
Guarantee deposits	(1)	-	-	-	-	-	(1)
Impairment	(11)	-	-	-	-	-	(11)
Deferred items included in amortized cost	(27)	-	-	-	-	-	(27)

Note 9 Accruals and Other Assets

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Other receivables	**33**	**29**
- Related companies	29	22
- of which insurance activities	*3*	*8*
- Non-group companies	4	7
- of which insurance activities	*1*	-
Dividends receivable from Joint Ventures	**10**	**1**
- of which insurance activities	*10*	-
Prepaid and recoverable taxes	**18**	**22**
- of which insurance activities	*9*	*3*
Accrued income	**15**	**21**
- Related companies	7	9
- Non-group companies	8	12
- of which insurance activities	*7*	*12*
Prepaid expenses	**-**	**3**
Other	**2**	**8**
- Related companies	-	-
- Non-group companies	2	8
- of which insurance activities	-	-
Total	**78**	**84**

Note 10 Investments in Associates and Joint Ventures Accounted for Using the Equity Method

Changes in the Financial Statements at December 31, 2017 and as of the 1st of January 2018 are respectively detailed in Notes 3.1 and 3.2.

10.1 Investments

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated	Dec. 31, 2017 published
IFRS 9 impact at January 1, 2018	11		
At the beginning of the period	**2,149**	**1,527**	**1,527**
Change in Consolidation perimeter	-	489	489
Capital increase/(decrease) and contributions to reserves	-	37	37
Share in net income	336	249	226
Distribution of dividends	(104)	(138)	(138)
Gains and Losses Recognized Directly in Equity	(9)	(26)	(25)
At the end of the period	**2,372**	**2,138**	**2,116**
- of which goodwill (1)	*3*	*3*	*3*

Table of Changes by Geographical Area

(in million euros) Partnership with	Europe		Brazil	China		
	Santander CF	BNP Paribas PF	Santander	Dongfeng Peugeot Citroën	*of which goodwill (1)*	Total
At December 31, 2016	**1,408**		**42**	**77**	***3***	**1,527**
Change in Consolidation perimeter	-	489	-	-	-	489
Capital increase/(decrease) and contributions to reserves	37	-	-	-	-	37
Share in net income	195	8	5	18	-	226
Distribution of dividends	(136)	-	(2)	-	-	(138)
Gains and Losses Recognized Directly in Equity	(10)	(4)	(6)	(5)	-	(25)
At December 31, 2017 Published	**1,494**	**493**	**39**	**90**	***3***	**2,116**
Share in net income (2)	-	23	-	-	-	23
Gains and Losses Recognized Directly in Equity	-	(1)	-	-	-	(1)
At December 31, 2017 restated	**1,494**	**515**	**39**	**90**	***3***	**2,138**
IFRS 9 First Time Application	18	(7)	-	-	-	11
At January 1, 2018	**1,512**	**508**	**39**	**90**	***3***	**2,149**
Capital increase/(decrease) and contributions to reserves						-
Share in net income	238	81	4	13	-	336
Distribution of dividends	(102)	-	(2)	-	-	(104)
Gains and Losses Recognized Directly in Equity	(3)	(1)	(4)	(1)	-	(9)
At December 31, 2018	**1,645**	**588**	**37**	**102**	***3***	**2,372**

According to revised IAS 28, the entities in these different geographical areas are joint ventures and were consequently accounted for using the equity method.

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

On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY37.8 million and on March 2015, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY18.8 million (€2.4 million at December 31, 2018 and €2.5 million at December 31, 2017).

(2) *The goodwill was added to the carrying amount of the investment presented in "Investments in Associates and Joint Ventures Accounted for using the Equity Method".*

Corresponds to the final badwill and the 2017 PPA amortization in the consolidated accounts of Banque PSA Finance at December 31, 2017 (See Note 3.1).

10.2 Detailed information about Associates - Joint ventures

Most of the implemented joint ventures in the framework of the partnerships agreements with Santander and with BNP Paribas PF set up in the past and go on setting up securitization programs.The joint ventures retain the majority of the risks and rewards generated by the funds. Consequently, they fully consolidate the funds, which are though indirectly accounted for by the equity method in Banque PSA Finance's consolidated financial statements.

The following information is given according to IFRS 12:

10.2.1 Partnership with Santander CF in Europe
10.2.2 Partnership with BNP Paribas PF in Europe
10.2.3 Partnership with Santander in Brazil
10.2.4 Partnership with Dongfeng Peugeot Citroën in China

10.2.1 Partnership with Santander CF in Europe

The partnership in Europe has started in February 2015 in France (FR) and United Kingdom (UK) and has been extended chronologically in the following countries: in May 2015 to Malta (MT) ; in October 2015 to Switzerland (CH) and Spain (ES) ; in January 2016 to Italy (IT) ; in February 2016 to the Netherlands (NL) ; in May 2016 to Belgium (BE) ; in July 2016 to Austria (AT) and Germany (DE) and in October 2016 to Poland (PL).

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	Dec 31, 2018	Jan. 1, 2018	IFRS 9 impact	Dec. 31, 2017
Customer loans and receivables	27,556	24,236	56	24,180
Other assets	2,877	2,573	(12)	2,585
Total assets	**30,433**	**26,809**	**44**	**26,765**
Refinancing	21,705	18,594	-	18,594
Other liabilities	5,438	5,190	8	5,182
Equity	3,290	3,025	36	2,989
Total equity and liabilities	**30,433**	**26,809**	**44**	**26,765**

Key Income Statement Items

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Net banking revenue	**1,094**	**1,007**
General operating expenses and equivalent	(371)	(362)
Gross operating income	**723**	**645**
Cost of risk (1)	(23)	(57)
Operating income	**700**	**588**
Non-operating items	(11)	(12)
Pre-tax income	**689**	**576**
Income taxes	(213)	(185)
Net income for the year	**476**	**391**

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At December 31, 2016	**2,816**	**50%**	**1,408**	**(1,237)**	**-**	**171**	***(26)***
Capital increase and contributions to reserves	74		37	(36)		1	
Net income of the period	391		195			195	
Distribution of dividends	(273)		(136)			(136)	
Gains and Losses Recognized Directly in Equity	(19)		(10)			(10)	*(8)*
At December 31, 2017	**2,989**	**50%**	**1,494**	**(1,273)**	**-**	**221**	***(34)***
IFRS 9 First Time Application	36		18			18	
At January 1, 2018	**3,025**	**50%**	**1,512**	**(1,273)**	**-**	**239**	***(34)***
Net income of the period	476		238			238	
Distribution of dividends	(204)		(102)			(102)	
Gains and Losses Recognized Directly in Equity	(7)		(3)			(3)	*(1)*
At December 31, 2018	**3,290**	**50%**	**1,645**	**(1,273)**	**-**	**372**	***(35)***

(1) *Elimination of shareholder's equity up to the value of the shares owned by Banque PSA Finance and PSA Services Ltd.*

Consolidated Balance Sheet items after equity method

(in million euros)	**Dec 31, 2018**	**Jan. 1, 2018**	**Dec. 31, 2017 restated**
Investments in associates and joint ventures accounted for using the equity method	1,645	1,512	1,494
Total assets	**1,645**	**1,512**	**1,494**
Equity			
- Historical value of the shares owned (1)	1,273	1,273	1,273
- Consolidated reserves - equity holders of the parent	372	239	221
- of which share in net income accounted for using the equity method	*238*		*195*
Total equity and liabilities	**1,645**	**1,512**	**1,494**

(1) *Elimination of shareholder's equity up to the value of the shares owned by Banque PSA Finance and PSA Services Ltd.*

10.2.2 Partnership with BNP Paribas PF in Europe

The partnership with BNP Paribas PF began in November 2017 and concerns the main following countries: France (FR), Belgium (BE), Switzerland (CH), Germany (DE), United Kingdom (UK), Italia (IT), Netherlands (NL) and Austria (AT).

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	Dec 31, 2018	01.01.2018	IFRS 9 impact	Dec. 31, 2017 restated	Restate-ment (1)	Dec. 31, 2017 published
Customer loans and receivables	9,817	9,200	(19)	9,219	62	9,157
Other assets	551	1,012	4	1,008	(12)	1,020
Total assets	**10,368**	**10,212**	**(15)**	**10,227**	**50**	**10,177**
Refinancing	7,549	7,135	-	7,135	2	7,133
Other liabilities	1,641	2,060	(1)	2,061	4	2,057
Equity	1,178	1,017	(14)	1,031	44	987
Total equity and liabilities	**10,368**	**10,212**	**(15)**	**10,227**	**50**	**10,177**

Key Income Statement Items (2)

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated	Restate-ment (1)	Dec. 31, 2017 published
Net banking revenue (3)	**490**	**90**	**24**	**66**
General operating expenses and equivalent	(249)	(43)	-	(43)
Gross operating income	**241**	**47**	**24**	**23**
Cost of risk	(16)	(1)	-	(1)
Operating income	**225**	**46**	**24**	**22**
Non-operating items	-	-	-	-
Pre-tax income	**225**	**46**	**24**	**22**
Income taxes	(62)	(12)	(6)	(6)
Net income for the year	**163**	**34**	**18**	**16**

(1) *Corresponds to the final badwill and the 2017 PPA amortization in the consolidated accounts of Banque PSA Finance at December 31, 2017 (see Note 3.1).*

(2) *For 2017, income generated since the beginning of the partnership with BNP Paribas PF.*

(3) *Of which a positive impact of €117 million euros related to the Price Purchase Allocation: see Note 27.2.*

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
Change in Consolidation perimeter	978		489	(489)	-	-	-
Net income of the period	16		8			8	
Gains and Losses Recognized Directly in Equity	(7)		(4)			(4)	
At December 31, 2017 published	**987**	**50%**	**493**	**(489)**	**-**	**4**	**-**
Net income of the period (2)							
- Badwill	28		14			14	
- PPA amortization	18		9			9	
Gains and Losses Recognized Directly in Equity	(2)		(1)			(1)	*(1)*
At December 31, 2017 restated	**1,031**	**50%**	**515**	**(489)**	**-**	**26**	**(1)**
IFRS 9 First Time Application	(14)		(7)			(7)	
At January 1, 2018	**1,017**	**50%**	**508**	**(489)**	**-**	**19**	**(1)**
Net income of the period	163		81			81	
Distribution of dividends	-		-			-	
Gains and Losses Recognized Directly in Equity	(2)		(1)			(1)	*(2)*
At december 31, 2018	**1,178**	**50%**	**588**	**(489)**	**-**	**99**	***(3)***

(1) *Elimination of shareholder's equity up to the value of the shares owned by Banque PSA Finance.*

(2) *Corresponds to the final badwill and the 2017 PPA amortization in the consolidated accounts of Banque PSA Finance at December 31, 2017 (see Note 3.1).*

Consolidated Balance Sheet items after equity method

(in million euros)	**Dec 31, 2018**	**Jan. 1, 2018**	**Dec. 31, 2017 restated**	**Dec. 31, 2017 published**
Investments in associates and joint ventures accounted for using the equity method	588	508	515	493
Total assets	**588**	**508**	**515**	**493**
Equity				
- Historical value of the shares owned (1)	489	489	489	489
- Consolidated reserves - equity holders of the parent	99	19	26	4
- of which share in net income accounted for using the equity method	*81*		*23*	*8*
Total equity and liabilities	**588**	**508**	**515**	**493**

(1) Elimination of shareholder's equity up to the value of the shares owned by Banque PSA Finance.

10.2.3 Partnership with Santander in Brazil

The partnership in Brazil began in August 2016.

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of these entities

Key Balance Sheet Items

(in million euros)	Dec 31, 2018	Jan. 1, 2018	IFRS 9 impact	Dec. 31, 2017 restated
Customer loans and receivables	384	426	1	425
Other assets	39	54	-	54
Total assets	**423**	**480**	**1**	**479**
Refinancing	333	384	-	384
Other liabilities	17	17	-	17
Equity	73	79	1	78
Total equity and liabilities	**423**	**480**	**1**	**479**

Key Income Statement Items

(in million euros)	Dec 31, 2018	Dec. 31, 2017
Net banking revenue	**27**	**34**
General operating expenses and equivalent	(13)	(18)
Gross operating income	**14**	**16**
Cost of risk	-	(1)
Operating income	**14**	**15**
Income taxes	(6)	(5)
Net income for the year	**8**	**10**

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At December 31, 2016	**84**	**50%**	**42**	**(27)**	**-**	**15**	***2***
Net income of the period	10		5			5	
Distribution of dividends	(4)		(2)			(2)	
Gains and Losses Recognized Directly in Equity	(12)		(6)			(6)	*(6)*
At December 31, 2017	**78**	**50%**	**39**	**(27)**	**-**	**12**	***(4)***
IFRS 9 First Time Application	1		-			-	-
At January 1, 2018	**79**	**50%**	**39**	**(27)**	**-**	**12**	**(4)**
Net income of the period	8		4			4	
Distribution of dividends	(5)		(2)			(2)	
Gains and Losses Recognized Directly in Equity	(8)		(4)			(4)	*(4)*
At December 30, 2018	**74**	**50%**	**37**	**(27)**	**-**	**10**	***(8)***

(1) *Elimination of shareholder's equity up to the value of the shares owned by Banque PSA Finance and PSA Services Ltd.*

Consolidated Balance Sheet items after equity method

(in million euros)	Dec 31, 2018	01.01.2018	Dec. 31, 2017 restated
Investments in associates and joint ventures accounted for using the equity method	37	39	39
Total assets	**37**	**39**	**39**
Equity			
- Historical value of the shares owned (1)	27	27	27
- Consolidated reserves - equity holders of the parent	10	12	12
- of which share in net income accounted for using the equity method	*4*		*5*
Total equity and liabilities	**37**	**39**	**39**

(1) *Elimination of shareholder's equity up to the value of the shares owned by Banque PSA Finance and PSA Services Ltd.*

10.2.4 Partnership with Dongfeng Peugeot Citroën in China

The partnership in China concerns the subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd.

Equity accounted percentage: 25%

Fully financial information

Key Balance Sheet Items

(in million euros)	Dec 31, 2018	Jan. 1, 2018	IFRS 9 impact	Dec. 31, 2017 restated
Customer loans and receivables	1,976	2,408	-	2,408
Other assets	118	195	-	195
Total assets	**2,094**	**2,603**	**-**	**2,603**
Refinancing	1,266	1,464	-	1,464
Other liabilities	431	791	-	791
Equity	397	348	-	348
Total equity and liabilities	**2,094**	**2,603**	**-**	**2,603**

Key Income Statement Items

(in million euros)	Dec 31, 2018	Dec. 31, 2017
Net banking revenue	**123**	**116**
General operating expenses and equivalent	(32)	(26)
Gross operating income	**91**	**90**
Cost of risk	(9)	(7)
Operating income	**82**	**83**
Income taxes	(29)	(14)
Net income for the year	**53**	**69**

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill (2)	Equity after equity method	*of which exchange difference*
At December 31, 2016	**299**	**25%**	**74**	**(33)**	**3**	**44**	***7***
Net income of the period	69		18			18	
Gains and Losses Recognized Directly in Equity	(20)		(5)		-	(5)	*(5)*
At December 31, 2017	**348**	**25%**	**87**	**(33)**	**3**	**57**	***2***
IFRS 9 First Time Application	-		-			-	
At January 1, 2018	**348**	**25%**	**87**	**(33)**	**3**	**57**	***2***
Net income of the period	53		13			13	
Distribution of dividends	-		-			-	
Gains and Losses Recognized Directly in Equity	(4)		(1)		-	(1)	*(1)*
At december 31, 2018	**397**	**25%**	**99**	**(33)**	**3**	**69**	***1***

(1) *Elimination of shareholder's equity up to the value of the shares owned by PSA Finance Nederland B.V.*

Consolidated Balance Sheet items after equity method

(in million euros)	Dec 31, 2018	Jan. 1, 2018	Dec. 31, 2017 restated
Investments in associates and joint ventures accounted for using the equity method (2)	102	90	90
Total assets	**102**	**90**	**90**
Equity			
- Historical value of the shares owned (1)	33	33	33
- Consolidated reserves - equity holders of the parent	69	57	57
- of which share in net income accounted for using the equity method	*13*		*18*
Total equity and liabilities	**102**	**90**	**90**

(1) *Elimination of shareholder's equity up to the value of the shares owned by PSA Finance Nederland B.V.*

(2) *The goodwill was added to the carrying amount of the investment presented in "Investments in Associates and Joint Ventures Accounted for using the Equity Method".*

Note 11 Intangible Assets

Intangible assets can be analyzed as follows:

	Dec 31, 2018			Dec. 31, 2017		
(in million euros)	Cost	Depreciation/ amortization	Net	Cost	Depreciation/ amortization	Net
Intangible assets	**245**	**(189)**	**56**	**230**	**(176)**	**54**
- Softwares	241	(185)	56	226	(172)	54
- Other	4	(4)	-	4	(4)	-
Total	**245**	**(189)**	**56**	**230**	**(176)**	**54**

Table of changes in gross values

(in million euros)	Dec. 31, 2017 Gross value Fixed Assets	Additions	Disposals	Other movements	Dec 31, 2018 Gross value Fixed Assets
Intangible assets	**230**	**15**	**-**	**-**	**245**
- Softwares	226	15	-	-	**241**
- Other	4	-	-	-	**4**
Total	**230**	**15**	**-**	**-**	**245**

Table of changes in amortization

(in million euros)	Dec. 31, 2017 Amortization Fixed Assets	Charges	Reversals	Other movements	Dec 31, 2018 Amortization Fixed Assets
Intangible assets	**(176)**	**(13)**	**-**	**-**	**(189)**
- Softwares	(172)	(13)		-	**(185)**
- Other	(4)	-	-	-	**(4)**
Total	**(176)**	**(13)**	**-**	**-**	**(189)**

Note 12 Goodwill

During the 2018 financial year, the significant business goodwills of the Banque PSA Finance group (only China is concerned: see Note 10) was subjected to impairment tests, based on assessments of the utility value of the Cash Generation Units (CGUs) to which they are attached.

Bank PSA Finance Rus Goodwill

Bank PSA Finance Rus was acquired on September 11, 2009 and has been fully consolidated since March 2010. Goodwill on the acquisition amounted to RUB76 million (€0.9 million at December 31, 2018 and €1.1 million at 31 december 2017), and is fully impaired since December 2018.

Note 13 Deposits from Credit Institutions

13.1 Analysis of Demand and Time Accounts

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Demand deposits (non-group institutions)	**4**	**6**
- Ordinary accounts in credit	2	4
- Accounts and deposits at overnight rates	2	2
- Other amounts due to credit institutions	-	-
Accrued interest	**-**	**-**
Time deposits (non-group institutions)	**61**	**133**
- Conventional bank deposits	61	133
Accrued interest	**7**	**11**
Total deposits from credit institutions at amortized cost	**72**	**150**

13.2 Analysis by Currency

(Excluding Accrued interest and Deferred items included in amortized cost)

	Dec 31, 2018		Dec. 31, 2017 restated	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
ARS	-	34	-	108
EUR	-	-	2	-
GBP	2	-	2	-
MXN	-	24	-	22
PLN	2	-	2	-
RUB	-	3	-	3
Total	**4**	**61**	**6**	**133**

13.3 Analysis by Maturity of Deposits from Credit Institutions

(Excluding Accrued interest and Deferred items included in amortized cost)

	Dec 31, 2018	Dec. 31, 2017 restated
(in million euros)	Time deposits	Time deposits
0 to 3 months	45	64
3 to 6 months	13	34
6 months to 1 year	7	31
1 to 5 years	-	10
Over 5 years	-	-
Total	**65**	**139**

Note 14 Due to Customers

14.1 Analysis of Demand and Time Accounts

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Demand accounts	**-**	**2**
- Ordinary accounts in credit		
- Dealers' ordinary accounts in credit		
- Non-group companies	-	1
- Cash pooling (1):		
- Before offsetting	3	3
- Offsetting	(3)	(3)
- Other amounts due to Customers		
- Non-group companies	-	1
Accrued interest	**-**	**-**
Time deposits	**3**	**6**
- Corporate time deposit		
- Related companies	-	-
- Other		
- Non-group companies	3	6
Accrued interest	**-**	**-**
Total deposits from credit institutions at amortized cost	**3**	**8**

(1) Under the cash pooling agreement with PSA International (Related company), the asset and liability amounts are offset in accordance with IAS 32 (see Note 8.1).

14.2 Analysis by Currency

(Excluding Accrued interest and Deferred items included in amortized cost)

	Dec 31, 2018		31.12.2017	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
ARS	-	2	-	5
EUR	-	-	1	-
GBP	-	-	-	-
MXN	-	-	-	-
PLN	-	-	-	-
RUB	-	1	1	1
Total	**-**	**3**	**2**	**6**

Note 15 Debt Securities

15.1 Analysis by Nature

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Interbank instruments and money-market securities (non-group institutions)	**244**	**243**
- EMTNs and BMTNs	244	243
- Certificates of deposit and "billets de trésorerie"	-	-
Accrued interest	**5**	**5**
Other debt securities	**-**	**-**
Total debt securities at amortized cost	**249**	**248**

15.2 Analysis by Repayment Currency (1)

(Excluding Accrued interest and Deferred items included in amortized cost)

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
ARS	26	35
EUR	-	-
USD (1)	218	208
Total	**244**	**243**

(1) Adjustments arising from the remeasurement of hedged foreign currency financing liabilities (including €9 million due to USD issued debt at December 31, 2018) at period-end exchange rates are offset by fair value adjustments to the corresponding currency swaps (see Note 6).

Banque PSA Finance's residual currency position is presented in Note 19.

15.3 Analysis by Maturity of Debt Securities

(Excluding Accrued interest and Deferred items included in amortized cost)

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
0 to 3 months	11	2
3 to 6 months	5	2
6 months to 1 year	7	4
1 to 5 years	221	235
Over 5 years	-	-
Total	**244**	**243**

Note 16 Accruals and Other Liabilities

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Trade payables	**32**	**40**
- Related companies (1)	29	35
- of which insurance activities	*1*	*2*
- Non-group companies	3	5
- of which insurance activities	-	-
Accrued payroll and other taxes	**5**	**9**
Accrued charges	**13**	**20**
- Related companies	3	5
- of which insurance activities	*1*	*2*
- Non-group companies	10	15
- of which insurance activities	*2*	*3*
Other payables	**4**	**8**
- Related companies	3	6
- of which insurance activities	*3*	*6*
- Non-group companies	1	2
- of which insurance activities	*1*	*1*
Deferred income	**-**	**3**
- Related companies	-	-
- Non-group companies	-	3
- of which margin calls received on swaps designated as hedges (2)	-	*2*
Other	**1**	**1**
- Non-group companies	1	1
Total	**55**	**81**

(1) *Primarily representing the price of vehicles and spare parts payable to the PSA Group' brands.*

(2) *At December 31, 2018, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €48 million, compared to €41 million at December,31, 2017 (see Note 6.2).*

Note 17 Insurance Activities

17.1 Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2017 restated	Written premiums	Earned premiums	Claims paid	Claims incurred	Dec 31, 2018
Unearned premium reserve (UPR)	5	41	(43)			**3**
Claims reserve						
- Claims reserve - reported claims	20			(5)	5	**20**
- Claims reserve - claims incurred but not reported (IBNR)	56			-	4	**60**
Total liabilities related to insurance contracts	**81**	**41**	**(43)**	**(5)**	**9**	**83**

17.2 Income from Activities

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
+ Earned premiums	**43**	**78**
Written premiums	41	75
Change in insurance liabilities (UPR)	2	3
- Cost	**(31)**	**(47)**
Claims expenses	(6)	(11)
Change in insurance liabilities (except for UPR)	(4)	3
Other income (expense)	(21)	(39)
- of which related companies	(20)	*(37)*
Margin on sales of Insurance activities	**12**	**31**

Note 18 Provisions

(in million euros)	Dec. 31, 2017	Changes	Exchange difference	Dec 31, 2018
Provisions for pensions and other post-retirement benefits	-	-	-	-
Provisions for doubtful commitments:				
- Corporate dealers	-	-	-	-
- Corporate and equivalent	-	-	-	-
Provisions for fiscal risks	2	(1)	-	1
Provisions for commercial and tax disputes	33	26	(1)	58
Other	3	(1)	-	2
Total	38	**24**	(1)	**61**

Note 19 Derivatives

Group Interest Rate Management Policy

(See the "Risk Factors and Management" section of the Management Report)

Interest rate risk:

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

In BPF, the $250 million cross currency swap is hedging the issued $250 million EMTN. In Argentina the interest rate swaps as cash flow hedge amounts to ARS887 million at December 31, 2018 vs ARS831 million at December 31, 2017.

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. The cross currency swap is stated with weekly margin call. In Argentina, the cash flow hedging instruments are not stated with margin call. Customer credit risk is discussed in Note 25.

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

Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

These positions are hedged using currency swaps, cross currency swaps and forward foreign exchange contracts. The residual position at the end of December 2018 is not significant (-€0.9 million at December 31, 2018 versus €1.6 million at the end of 2017).

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

B. Structural Positions in Foreign Currencies

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

(in million euros)	ARS	CNY	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
Position at December 31, 2018	1	45	124	3	19	5	15	35	-	49	**296**
Note: December 2017	*1*	*35*	*125*	*3*	*20*	*5*	*16*	*40*	*-*	*47*	***292***

(1) The structural position in US dollars arises from the financing in dollars of the bank's net investment in its Argentinian and Russian subsidiaries.

Note 20 Analysis by Maturity and Liquidity Risks

The Liquidity Risk Management is described in the "Security of Liquidity" section of the Management Report.
The scheduled maturities of the three items involved are given in Note 8.4 with respect to Customer Loans and Receivables, in Note 13.3 with respect to Deposits from Credit Institutions and in Note 15.3 with respect to Debt Securities.

Covenants

The agreements of bilateral revolving credit facilities (for a €200 million commitment) signed by Banque PSA Finance include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

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

In addition to these covenants consistent with market standards, the such agreements maintain the statute of bank, and consequently the need to retain a Common Equity Tier One ratio of at least 13,5%.

All applicable clauses were complied with in 2018.

Note 21 Fair Value of Financial Assets and Liabilities

	Fair value		Book value		Difference	
(in million euros)	Dec 31, 2018	Dec. 31, 2017 published	Dec 31, 2018	Dec. 31, 2017 published	Dec 31, 2018	Dec. 31, 2017 published
Assets						
Cash, central banks	56	98	56	98	-	-
Financial assets at fair value through profit or loss (1)(2)	364	165	364	165	-	-
Hedging instruments (1)	4	2	4	2	-	-
Financial assets at fair value through Equity	-		-		-	
Available-for-sale financial assets (2)		2		2		-
Debt securities at amortized cost	-		-		-	
Loans and advances to credit institutions, at amortized cost (3)(4)	260	297	282	294	(22)	3
Customer loans and receivables, at amortized cost (5)	156	327	179	331	(23)	(4)
Equity and liabilities						
Central banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	-	-	-	-	-	-
Hedging instruments (1)	1	1	1	1	-	-
Deposits from credit institutions (6)	72	150	72	150	-	-
Due to customers (3)	3	8	3	8	-	-
Debt securities (6)	259	265	253	257	(6)	(8)

With the exception of customer loans and receivables, Subordinated loans and Debt securities, the book value is maintained: in this case, the fair value is determined by applying valuation techniques based on observable market data (level 2), except for mutual fund units which are valued at the latest published net asset value (level 1).

(1) *The 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, which are included in ""Financial assets at fair value through Equity"" since January 1st, 2018, is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares. An impairment is recognized in the rare cases when long-term losses are anticipated.*

(3) *With the exception of Subordinated loans, the Loans and advances to credit institutions and Customer loans and receivables are short-term operations at adjustable rate, are accordingly close to their amortized cost.*

In accordance with IFRS 13, the calculation of the fair value is presented below:
- For Subordinated loans see footnote (4),
- For Customer loans and receivables see footnote (5),
- For Debts see footnote (6).

(4) *Subordinated loans are stated at amortized cost and are not hedged.*
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. It is determined by applying valuation based on data from our financial partners. In this case, the fair value is determined by applying valuation making significant use of at least one non-observable item of data (level 3).

(5) *Customer loans and receivables are stated at amortized cost. They are generally hedged against interest rate risks (fair value hedge) and are therefore remeasured at the hedging rate (swap rate), in accordance with hedge accounting principles. Cumulative gains and losses arising from remeasurement are*

(6) *Financing liabilities are stated at amortized cost. Hedge accounting is applied to liabilities hedged by interest rate swaps (fair value hedge), leading to their remeasurement at the discounted financing cost. Cumulative gains and losses arising from remeasurement are added to or deducted from their amortized cost.*
The fair value presented above therefore corresponds mainly to the change in the spread (premium over the risk-free rate) paid by Banque PSA Finance on its financial market borrowings. It is determined according to two following cases:
- For Debt securities, by applying valuation based on market available quotations (level 1).
- For Deposits from credit institutions, by applying valuation based on data from our financial partners. In this case, the fair value is determined by applying valuation making significant use of at least one non-observable item of data (level 3).

Note 22 Other Commitments

22.1 Other Commitments

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Financing commitments		
Commitments received from credit institutions (1)	235	301
Commitments given to credit institutions	-	-
Commitments given to customers (2)	-	12
Guarantee commitments		
Commitments received from credit institutions	5	9
- guarantees received in respect of customer loans	5	9
- guarantees received in respect of securities held	-	-
- other guarantees received from credit institutions	-	-
Guarantees given to credit institutions	4	4
Commitments given to customers	19	39
- Banque PSA Finance	19	39
Other commitments received		
Securities received as collateral	-	-

(1) *This refers to undrawn bank facilities (see Note 22.2)*

(2) *Commitments on preliminary credit offers made to customers are taken into account but approved wholesale lines of credit that can be cancelled at any time are not taken into account, except for specific contracts.*

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

22.2 Financial Security

Financial security refers to liquidity reserve and undrawn bank facilities

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Liquidity Reserve	**466**	**271**
- Reserves deposited with the central banks (see Note 4)	56	98
- Mutual funds qualified as cash equivalents (see Note 5)	249	40
- Ordinary accounts in debit (see Note 7)	161	133
Undrawn bank facilities	**235**	**301**
- Revolving bilateral bank facilities (1)	200	280
- Other bank facilities	35	21
Total	**701**	**572**

(1) *Correspond to mainly long-term received financing commitments.*

Note 23 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Installment contracts	**41**	**65**
- *of which related companies*	*11*	*18*
Buyback contracts	**1**	**1**
- *of which related companies*	-	-
Long-term leases	**-**	**3**
- *of which related companies*	-	-
Wholesale financing	**7**	**7**
- *of which related companies*	*5*	*5*
Other finance receivables	**-**	**-**
- *of which related companies*	-	-
Commissions paid to referral agents	**(2)**	**(2)**
- Installment contracts	(2)	(2)
- Buyback contracts	-	-
- Long-term leases	-	-
Other business acquisition costs	**(1)**	**(2)**
Interest on ordinary accounts	**-**	**-**
Interest on guarantee commitments	**-**	**-**
Total	**46**	**72**

Note 24 General Operating Expenses

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Personnel costs	**(6)**	**(7)**
- Wages and salaries	(5)	(6)
- Payroll taxes	(1)	(1)
- Employee profit sharing and profit-related bonuses	-	-
Other general operating expenses	**(6)**	**(8)**
- External expenses	(113)	(122)
- *of which related companies*	*(100)*	*(101)*
- Re-invoicing	107	114
- *of which related companies*	*105*	*101*
Total	**(12)**	**(15)**

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

General Operating Expenses by Geographical Area

(in million euros)	Dec 31, 2018	Dec. 31, 2017
Country ISO code:		
AR	(5)	(7)
FR	5	7
GB	-	-
IT	-	(1)
MT	(3)	(4)
MX	(1)	(1)
NL	(1)	(1)
PL	(1)	(1)
RU	(5)	(6)
TR	(1)	(1)
Total	**(12)**	**(15)**

Note 25 Credit Risk Costs

In accordance with IFRS 9, published by IASB in July 2014 and adopted by the EU on November 22, 2016, Banque PSA Finance chose not to restate prior period. Hence, the loans and impairment at December 31, 2017 have been classified in 3 stages as follow:

- Sound loans with no past-due installments = Stage 1
- Sound loans with past-due installments = Stage 2
- Non-performing loans = Stage 3

25.1 Credit Risk Costs and changes in Loans

(in million euros)	Dec. 31, 2017 restated	IFRS 9 First Time Application (1)	Net new loans and exchange difference (2)	Effect of changes in scope of consolidation (3)	Cost of risk for the period at Dec 31, 2018	Balance at Dec 31, 2018
Retail						
Stage 1 loans	268	-	(120)	(23)		125
Stage 2 loans	11	-	(9)	-		2
Stage 3 loans	6	-	-	(2)	(1)	3
Guarantee deposits (lease financing)	(1)	-	-	1		-
Total	**284**	**-**	**(129)**	**(24)**	**(1)**	**130**
Impairment of stage 1 loans	(1)	(2)	1	1	1	-
Impairment of stage 2 loans	(1)	1	-	-	-	-
Impairment of stage 3 loans	(5)	1	1	1	-	(2)
Total impairment	**(7)**	**-**	**2**	**2**	**1**	**(2)**
Deferred items included in amortized cost	**(26)**	**-**	**13**	**(1)**		**(14)**
Net book value (A - see B Note 8.2)	**251**	**-**	**(114)**	**(23)**	**-**	**114**
Recoveries on loans written off in prior periods					-	
Retail cost of risk					**-**	
Corporate dealers						
Stage 1 loans	64	-	(1)	(1)		62
Stage 2 loans	-	-	3	-		3
Stage 3 loans	2	-	(1)	-	-	1
Total	**66**	**-**	**1**	**(1)**	**-**	**66**
Impairment of stage 1 loans	(4)	3	-	-	-	(1)
Impairment of stage 2 loans	-	-	-	-	-	-
Impairment of stage 3 loans	(1)	-	-	-	-	(1)
Total impairment	**(5)**	**3**	**-**	**-**	**-**	**(2)**
Deferred items included in amortized cost	**-**	**-**	**-**	**-**		**-**
Net book value (B - see A Note 8.2)	**61**	**3**	**1**	**(1)**	**-**	**64**
Recoveries on loans written off in prior periods					-	
Corporate dealers cost of risk					**-**	
Corporate and equivalent						
Stage 1 loans	20	-	(3)	(16)		1
Stage 2 loans	-	-				-
Stage 3 loans	-	-	-	-	-	-
Total	**20**	**-**	**(3)**	**(16)**	**-**	**1**
Impairment of stage 1 loans	-	-	-	-	-	-
Impairment of stage 2 loans	-	-	-	-	-	-
Impairment of stage 3 loans	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**
Deferred items included in amortized cost	**(1)**	**-**	**-**	**1**		**-**
Net book value (C - see C Note 8.2)	**19**	**-**	**(3)**	**(15)**	**-**	**1**
Recoveries on loans written off in prior periods					-	
Corporate and equivalent cost of risk					**-**	
Total loans						-
Stage 1 loans	352	-	(124)	(40)		188
Stage 2 loans	11	-	(6)	-		5
Stage 3 loans	8	-	(1)	(2)	(1)	4
Guarantee deposits	(1)	-	-	1		-
Total	**370**	**-**	**(131)**	**(41)**	**(1)**	**197**
Impairment of stage 1 loans	(5)	1	1	1	1	(1)
Impairment of stage 2 loans	(1)	1	-	-	-	-
Impairment of stage 3 loans	(6)	1	1	1	-	(3)
Total impairment	**(12)**	**3**	**2**	**2**	**1**	**(4)**
Deferred items included in amortized cost	**(27)**	**-**	**13**	**-**	**-**	**(14)**
Net book value	**331**	**3**	**(116)**	**(39)**	**-**	**179**
Recoveries on loans written off in prior periods					-	
Total cost of risk					**-**	

For impaired loans, the cost of risk includes interest invoiced and recognized under "Interest revenue on customer transactions".

(1) *The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their*

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

(3) *Exit of the full consolidation of PSA Renting after starting the partnership with Santander CF the 1st January 2018 (See Note 1.B).*

25.2 Change in Credit Risk Costs

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	Dec 31, 2018	Dec. 31, 2017 restated
Stage 1 loans					
Allowances	-	-	-	-	-
Reversals	1	-	-	1	-
Stage 2 loans					
Allowances	-	-	-	-	(2)
Reversals	-	-	-	-	1
Stage 3 loans					
Allowances	-	-	-	-	(3)
Reversals	-	-	-	-	4
Credit losses	(1)	-	-	(1)	(6)
Recoveries on loans written off in prior	-	-	-	-	1
Cost of Risk	**-**	**-**	**-**	**-**	**(5)**

Note 26 Income Taxes

26.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2017 restated	Income	Equity	Payment	Exchange difference and other (1)	Dec 31, 2018
Current tax						
Assets	15					13
Liabilities	(8)					(2)
Total	**7**		**-**	**5**	**(1)**	**11**
Deferred tax						
Assets	9					5
Liabilities	(3)					(3)
Total	**6**	**(1)**	**(2)**	**-**	**(1)**	**2**

(1) *The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their income statement items are translated on a month-by-month basis at the average monthly rate.*
The other effect is linked to change perimeter after the disposal of PSA Renting Italia which is integrated as Equity method since January 2018 (see Note 1.B).

26.2 Income taxes of fully-consolidated companies

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

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

Deferred taxes are determined as described in the 2017 Annual Report, Note 2 Accounting Policies, last paragraph of chapter 2.A.

Following the removal of the 10.7% exceptional surtax implied by Article 235 ter ZAA of the French General Tax Code, the income tax rate to which Banque PSA Finance S.A is subject in France is reduced from 38% in 2015 to 34.43% since 2016.

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Current tax		**(13)**
Deferred tax	**(2)**	**3**
Deferred taxes arising in the year	(2)	3
Unrecognized deferred tax assets and impairment losses	-	-
Total	**(2)**	**(10)**

26.3 Banque PSA Finance tax proof

(in million euros)	Dec 31, 2018	Dec. 31, 2017 restated
Pre-tax income	322	266
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(336)	(249)
Permanent differences	48	40
Taxable Income	**34**	**57**
Legal tax rate in France for the period	*34,4%*	*34,4%*
Theoretical tax	**(11)**	**(20)**
Impact of differences in foreign tax rates	-	3
Impact of changes in foreign tax rates	-	-
Impact of provisional surtax in France	-	-
Adjustment related to the previous year	(1)	(1)
Tax disputes and adjustments	-	-
Other	9	4
Income taxes before impairment of assets on tax loss carry forwards	**(3)**	**(14)**
Group effective tax rate	*9,4%*	*23,8%*
Deferred tax assets on tax loss carry forwards:		
- Allowances	-	-
- Reversals	1	4
Income taxes	**(2)**	**(10)**

26.4 Deferred Tax Assets on Tax Loss Carry Forwards

(in million euros)	Dec. 31, 2017 restated	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	Dec 31, 2018
Deferred tax assets on tax loss carry forwards	35		(2)		(1)	32
Allowances (2)	(30)			1	-	(29)
Total	**5**	**-**	**(2)**	**1**	**(1)**	**3**

(1) The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their income statement items are translated on a month-by-month basis at the average monthly rate.
The other effect is linked to the exit of the full consolidation of PSA Renting after starting the partnership with Santander CF the 1st January 2018 (See Note 1.B).

(2) Banque PSA Finance's deferred tax asset on the tax loss carry forward has been fully written down, for an amount of €27.5 million at end of december 2018.

Note 27 Segment Information

Segment information is disclosed before the equity method accounting of the joint ventures with Santander and BNP Paribas PF and after elimination of intragroup transactions.

27.1 Key Balance Sheet Items

For 2018

(in million euros)	IFRS 8 segment information Balance Sheet as at December 31, 2018	Equity-method accounting of equity attributable to Group in JV	Consolidated Balance Sheet at December 31, 2018
Assets			
Customer loans and receivables, at amortized cost	37,937	(37,758)	179
- *Corporate dealers*	*11,681*	*(11,617)*	*64*
- *End user*	*26,256*	*(26,141)*	*115*
Financial assets at fair value through profit or loss	356	8	364
Financial assets at fair value through Equity	-	-	-
Debt securities at amortized cost	70	(70)	-
Loans and advances to credit institutions, at amortized cost	1,617	(1,335)	282
Deferred tax assets	115	(110)	5
Investments in associates and joint ventures accounted for using the equity method (1)	102	2,270	2,372
Other assets	1,943	(1,734)	209
Total Assets	**42,140**	**(38,729)**	**3,411**
Liabilities			
Deposits from credit institutions	19,608	(19,536)	72
Due to customers	4,978	(4,975)	3
Debt securities	10,265	(10,016)	249
Liabilities related to insurance contracts	151	(68)	83
Deferred tax liabilities	343	(340)	3
Other liabilities	1,647	(1,524)	123
Equity	5,148	(2,270)	2,878
Total Liabilities	**42,140**	**(38,729)**	**3,411**

(1) *See Note 10 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.*

At January 1, 2018

	IFRS 8 segment information Balance Sheet as at Dec. 31, 2017 published	OVF PPA impact at Dec. 31, 2017	IFRS 9 FTA impact at Jan. 1, 2018	IFRS 8 segment information Balance Sheet as at Jan. 1, 2018	Equity-method accounting of equity attributable to Group in JV	Consolidated Balance Sheet at Jan. 1, 2018
Assets						
Customer loans and receivables, at amortized cost	34,104	62	31	34,197	(33,863)	334
- *Corporate dealers*	*10,916*	*(7)*	*5*	*10,914*	*(10,850)*	*64*
- *End user*	*23,188*	*69*	*26*	*23,283*	*(23,013)*	*270*
Financial Assets at Fair Value Through Profit or Loss	164	-	22	186	(19)	167
Available-for-sale financial assets	77	6	(83)			
Financial assets at fair value through Equity			61	61	(61)	-
Loans and advances to credit institutions, at amortized cost	2,049	-	-	2,049	(1,755)	294
Deferred tax assets	160	6	(8)	158	(149)	9
Investments in associates and joint ventures accounted for using the equity method (1)	89	-	-	89	2,060	2,149
Other assets	1,713	(24)	-	1,689	(1,432)	257
Total Assets	**38,356**	**50**	**23**	**38,429**	**(35,219)**	**3,210**
Liabilities						
Deposits from credit institutions	15,226	(35)		15,191	(15,041)	150
Due to customers	5,264	-		5,264	(5,256)	8
Debt securities	11,246	37		11,283	(11,035)	248
Liabilities related to insurance contracts	119			119	(38)	81
Deferred tax liabilities	290	1	4	295	(292)	3
Other liabilities	1,628	3	1	1,632	(1,495)	137
Equity	4,583	44	18	4,645	(2,062)	2,583
Total Liabilities	**38,356**	**50**	**23**	**38,429**	**(35,219)**	**3,210**

(1) *See Note 10 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.*

27.2 Key Income Statement Items

At December 31, 2018

(in million euros)	IFRS 8 Income statement excl. PPA at December 31, 2018	OVF PPA impact at Dec. 31, 2018	IFRS 8 Income statement at December 31, 2018	Presentation differences IFRS 8 vs Publishable Income Statement	Equity-method accounting of equity attributable to Group in JV	Publishable Income Statement at December 31, 2018
Net banking revenue	**1,494**	**117**	**1,611**	**2**	**(1,611)**	**2**
- Financing activities	***1,256***	***117***	***1,373***	***2***	***(1,386)***	***(11)***
- Corporate dealers	*263*	*3*	*266*	-	*(264)*	*2*
- End user	*1,000*	*88*	*1,088*	-	*(1,077)*	*11*
- Unallocated	*(7)*	*26*	*19*	*2*	*(45)*	*(24)*
- Insurance and services	***238***	**-**	***238***	**-**	***(225)***	***13***
Credit Cost of risk	**(43)**	**5**	**(38)**	**-**	**38**	**-**
- Financing activities	***(43)***	***5***	***(38)***	**-**	***38***	**-**
- Corporate dealers	*8*	*5*	*13*	-	*(13)*	-
- End user	*(51)*	-	*(51)*	-	*51*	-
Net income after cost of risk	**1,451**	**122**	**1,573**	**2**	**(1,573)**	**2**
- Financing activities	***1,213***	***122***	***1,335***	***2***	***(1,348)***	***(11)***
- Corporate dealers	*271*	*8*	*279*	-	*(277)*	*2*
- End user	*949*	*88*	*1,037*	-	*(1,026)*	*11*
- Unallocated	*(7)*	*26*	*19*	*2*	*(45)*	*(24)*
- Insurance and services	***238***	**-**	***238***	**-**	***(225)***	***13***
General operating expenses and equivalent	**(658)**	**-**	**(658)**	**-**	**633**	**(25)**
Operating income	**793**	**122**	**915**	**2**	**(940)**	**(23)**
Share in net income of associates and joint ventures accounted for using the equity method (1)	*13*	-	13	-	323	336
Other items	*(2)*	-	(2)	-	11	9
Pre-tax income	**804**	**122**	**926**	**2**	**(606)**	**322**
Income taxes	(255)	(29)	(284)	-	282	(2)
Net income	**549**	**93**	**642**	**2**	**(324)**	**320**

(1) See Note 10 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.

At Dec. 31, 2017

(in million euros)	**IFRS 8 Income statement at December 31, 2017**	**OVF PPA impact at Dec. 31, 2017**	**IFRS 8 Income statement at December 31, 2017**	**Presentation differences IFRS 8 vs Publishable Income Statement**	**Equity-method accounting of equity attributable to Group in JV**	**Publishable Income Statement at December 31, 2017**
Net banking revenue	**1,145**	**24**	**1,169**	**7**	**(1,130)**	**46**
- Financing activities	***942***	***24***	***966***	***7***	***(962)***	***11***
- Corporate dealers	*155*	*-*	*155*	*-*	*(153)*	*2*
- End user	*779*	*18*	*797*	*7*	*(789)*	*15*
- Unallocated	*8*	*6*	*14*	*-*	*(20)*	*(6)*
- Insurance and services	***203***	***-***	***203***	***-***	***(168)***	***35***
Cost of risk	**(64)**	**-**	**(64)**	**-**	**59**	**(5)**
- Financing activities	***(64)***	***-***	***(64)***	***-***	***59***	***(5)***
- Corporate dealers	*(4)*	*-*	*(4)*	*-*	*4*	*-*
- End user	*(60)*	*-*	*(60)*	*-*	*55*	*(5)*
Net income after cost of risk	**1,081**	**24**	**1,105**	**7**	**(1,071)**	**41**
- Financing activities	***878***	***24***	***902***	***7***	***(903)***	***6***
- Corporate dealers	*151*	*-*	*151*	*-*	*(149)*	*2*
- End user	*719*	*18*	*737*	*7*	*(734)*	*10*
- Unallocated	*8*	*6*	*14*	*-*	*(20)*	*(6)*
- Insurance and services	***203***	***-***	***203***	***-***	***(168)***	***35***
General operating expenses and equivalent	**(449)**	**-**	**(449)**	**(1)**	***422***	**(28)**
Operating income	**632**	**24**	**656**	**6**	**(649)**	**13**
Share in net income of associates and joint ventures accounted for using the equity method (1)	17	-	17	-	232	249
Other items	(7)	14	7	-	(3)	4
Pre-tax income	**642**	**38**	**680**	**6**	**(420)**	**266**
Income taxes	(205)	(6)	(211)	(2)	203	(10)
Net income for the year	**437**	**32**	**469**	**4**	**(217)**	**256**

(1) See Note 10 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.

Note 28 Information on establishments

This information is given to meet the requirement described in Article L. 511-45 of the French Monetary and Financial Code.

Note 28.1 Locations by country

Country ISO code	Entity	Consolidation method Dec. 2018	Consolidation method Dec. 2017	Localization	Type of activity (NACE code)
AR	PSA Finance Argentina Compania Financiera S.A.	FC	FC	Buenos Aires	K64
	PCA Compañía de Seguros S.A	FC	FC	Buenos Aires	K65
AT	PSA Bank Österreich GmbH, Austria Branch	EM	EM	Vienna	K64
	Opel Leasing GmbH, Austria Branch	EM	EM	Vienna	K64
BE	PSA Finance Belux	EM	EM	Brussels	K64
	Opel Finance BVBA	EM	EM	Kontich	K64
BR	Banco PSA Finance Brasil S.A.	EM	EM	Sao Paulo	K64
	PSA Corretora de Seguros e Serviços Ltda	EM	EM	Sao Paulo	K65
CH	PSA Finance Suisse S.A.	EM	EM	Schlieren	K64
	Auto ABS Swiss Leases 2013 GmbH	-	EM	Zug	K64
	Opel Finance SA	EM	EM	Studen	K64
CN	Dongfeng Peugeot Citroën Auto Finance Company Ltd	EM	EM	Beijing	K64
DE	PSA Bank Deutschland GmbH	EM	EM	Neu-Isenburg	K64
	Opel Finance Germany Holdings GmbH	-	EM	Russelsheim	K64
	Opel Bank GmbH	EM	EM	Russelsheim	K64
	Opel Leasing Gmbh	EM	EM	Russelsheim	K64
DZ	BPF Algérie	FC	FC	Algiers	K64
ES	PSA Financial Services Spain E.F.C. S.A.	EM	EM	Madrid	K64
	Auto ABS 2012-3	-	EM	Madrid	K64
	Auto ABS Spanish Loans 2016	EM	EM	Madrid	K64
	Auto ABS Spanish Loans 2018	EM	-	Madrid	K64
	Opel Bank GmbH, Spanish Branch	EM	-	Madrid	K64
FR	Banque PSA Finance	FC	FC	Gennevilliers	K64
	Crédipar	EM	EM	Gennevilliers	K64
	CLV	EM	EM	Gennevilliers	N77
	PSA Banque France	EM	EM	Gennevilliers	K64
	Auto ABS French Loans Master	EM	EM	Paris	K64
	Auto ABS DFP Master Compartment France 2013	EM	EM	Paris	K64
	Auto ABS German Loans Master	-	EM	Paris	K64
	Auto ABS French Leases Master	EM	EM	Paris	K64
	FCT Auto ABS LT Leases Master	EM	EM	Paris	K64
	Opel Bank S.A	EM	EM	Rueil Malmaison	K64
	Auto ABS German Loans Master	EM	-	Paris	K64
	Auto ABS French Leases 2018 - Fonds E	EM	-	Paris	K64
GB	PSA Finance UK Ltd	EM	EM	Redhill	K64
	Vernon Wholesale Investments Company Ltd	FC	FC	Redhill	K64
	Auto ABS UK Loans plc	EM	EM	London	K64
	Economy Drive Cars Ltd	FC	FC	West Midland	G45
	FCT Auto ABS UK Loans 2017 plc	EM	EM	London	K64
	Vauxhall Finance plc	EM	EM	Cardiff	K64
	OPVF Holdings U.K. Limited	-	EM	Cardiff	K64
	OPVF Europe Holdco Limited	-	EM	Cardiff	K64
GR	Opel Bank GmbH, Greece Branch	EM	EM	Maroussi - Athens	K64
IE	Opel Bank GmbH, Ireland Branch	EM	EM	Dublin	K64
IT	PSA Renting Italia S.p.A.	MEE	FC	Milan	N77
	PSA Factor Italia S.p.A.	FC	FC	Milan	K64
	Banca PSA Italia S.p.A.	EM	EM	Milan	K64
	Auto ABS Italian Loans Master S.r.l.	-	EM	Conegliano	K64
	Opel Finance SpA	EM	EM	Rome	K64
	Auto ABS Italian 2018.1 S.r.l.	EM	-	Conegliano	K64
MT	PSA Services Ltd	FC	FC	Ta' Xbiex	K64
	PSA Insurance Ltd	FC	FC	Ta' Xbiex	K65
	PSA Life Insurance Ltd	FC	FC	Ta' Xbiex	K65
	PSA Insurance Manager Ltd	FC	FC	Ta' Xbiex	K65
	PSA Insurance Solutions Ltd	FC	FC	Ta' Xbiex	K65
	PSA Insurance Europe Ltd	EM	EM	Ta' Xbiex	K65
	PSA Life Insurance Europe Ltd	EM	EM	Ta' Xbiex	K65
MX	Banque PSA Finance Mexico SA de CV SOFOM ENR	FC	FC	Mexico	K64
NL	PSA Finance Nederland B.V.	FC	FC	Amsterdam	K64
	PSA Financial Holding B.V.	FC	FC	Amsterdam	K64
	PSA Financial Services Nederland B.V.	EM	EM	Amsterdam	K64
	Opel Finance International B.V.	EM	EM	The Hague	K64
	Opel Finance N.V.	EM	EM	Breda	K64
PL	Banque PSA Finance, Polish branch	FC	FC	Warsaw	K64
	PSA Consumer Finance Polska Sp. z o.o	EM	EM	Warsaw	K64
	PSA Finance Polska Sp.zo.o.	EM	EM	Warsaw	K64
RU	Bank PSA Finance Rus	FC	FC	Moscow	K64
	Peugeot Citroën Leasing Russie	FC	FC	Moscow	K64
SE	Opel Finance AB	EM	EM	Stockholm	K64
TR	BPF Pazarlama A.H.A.S.	FC	FC	Atasehir - Istanbul	K64

The types of activity are presented according to the NACE codes:

- K section: Financial and insurance activities
  - K64 - Financial service activities, except insurance and pension funding
  - K65 - Insurance, reinsurance and pension funding, except compulsory social security
- N section: Administrative and support service activities
  - N77 - Rental and leasing activities
- G section: Cars and motor vehicles trade
  - G45 - Trade and repair of automobiles and motorcycles

Note 28.2 Income statement items and employees by country

At December 31, 2018

Country	Public investment subsidies received	Sales and revenue (1)	Net banking revenue	Pre-tax income: Total	Pre-tax income: o/w share in net income of associates and joint ventures accounted for using the equity method	Current tax	Deferred tax	Number of employees (2)
(in million euros)	Income statement items							
AR	-	45	5	-		(3)	-	29
AT	-			5	*5*			
BE	-			8	*8*			
BR	-			4	*4*			
CH	-			6	*6*			
CN	-			13	*13*			
DE	-			33	*33*			
DZ	-	-	-	-		-	-	1
ES	-			24	*24*			
FR	-	71	(24)	130	*154*	-	-	-
GB	-	3	-	47	*47*	-	-	-
GR	-			-	-			
IR	-			-	-			
IT	-	-	-	20	*19*	-	-	-
MT	-	36	8	14	*10*	4	(3)	53
MX	-	4	2	-		-	-	-
NL	-	2	1	11	*10*	-	-	-
PL	-	1	1	2	*2*	-	-	12
RU	-	9	8	4		(1)	1	45
SE	-			1	*1*			
TR	-	2	1	-		-	-	11
Total	**-**	**173**	**2**	**322**	***336***	**-**	**(2)**	**151**

(1) In accordance with the "Autorité de Contrôle Prudentiel et de Résolution" instruction, the reported sales and revenue correspond to the total of banking operating income.

(2) Corresponds to full-time legal staff directly employed by the Banque PSA Finance's subsidiaries and branches which are fully consolidated at December 31, 2018.

Income statement items are disclosed before elimination of inter and intra company transactions.
The "Revenues", "Net Banking Revenue", "Current Tax" and "Deferred Tax" items only relate to the fully consolidated entities.

Note 29 Information on subsidiaries held by significant minority interests

This information is given according to IFRS 12 and relates to the subsidiaries in Argentina PSA Finance Argentina Compania Financiera S.A. and PCA Compañía de Seguros S.A., held at 50% and 70% respectively by Banque PSA Finance.

29.1 Contribution of these subsidiaries to the consolidated Balance Sheet and Income Statement

Key Balance Sheet Items

	PSA Finance Argentina Compania Financiera S.A.		PCA Compañía de Seguros S.A.	
(in million euros)	Dec 31, 2018	Dec. 31, 2017	Dec 31, 2018	Dec. 31, 2017
Customer loans and receivables	87	184	-	-
Other assets	11	22	6	7
Total assets	**98**	**206**	**6**	**7**
Refinancing	68	156	-	-
Other liabilities	10	19	3	4
Equity				
- Elimination (1)	13	13	-	-
- Consolidated reserves - equity holders of the parent	(3)	3	2	2
- Minority interests	10	15	1	1
Total equity and liabilities	**98**	**206**	**6**	**7**

(1) *Elimination of shareholder's equity up to the value of the shares owned by PSA Finance*

Key Income Statement Items

	PSA Finance Argentina Compania Financiera S.A.		PCA Compañía de Seguros S.A.	
(in million euros)	Dec 31, 2018	Dec. 31, 2017	Dec 31, 2018	Dec. 31, 2017
Net banking revenue	**2**	**21**	**4**	**7**
General operating expenses	(4)	(5)	(1)	(2)
Gross operating income	**(2)**	**16**	**3**	**5**
Cost of risk		(1)	-	-
Operating income	**(2)**	**15**	**3**	**5**
Income taxes	(2)	(5)	(1)	(2)
Net income for the year	**(4)**	**10**	**2**	**3**
- of which minority interests	(2)	5	1	1
- of which attributable to equity holders of the parent	(2)	5	1	2

29.2 Variance in minority interests

PSA Finance Argentina Compania Financiera S.A.

(in million euros)	Total net equity	Minority interest percentage	Minority interests	*of which exchange difference*
At December 31, 2016	**44**	**50%**	**22**	***(36)***
Net income of the period	10		5	
Dividends	(11)		(6)	
Gains and Losses Recognized Directly in Equity	(12)		(6)	*(6)*
At December 31, 2017	**31**	**50%**	**15**	***(42)***
Net income of the period (1)	(4)		(2)	
Dividends	-		-	
Gains and Losses Recognized Directly in Equity	(14)		(7)	*(7)*
Hyperinflation effects (1)	8		4	
At December 31, 2018	**21**	**50%**	**10**	***(49)***

(1) *The implementation of IAS 29 led to a negative impact of €11 million in Net Income, of which €8 million fully covered by a positive change in Equity (Minority interests: €4 million).*

PCA Compañía de Seguros S.A.

(in million euros)	Total net equity	Minority interest percentage	Minority interests	*of which exchange difference*
At December 31, 2016				
Net income of the period	3		1	
Dividends	-		-	
Gains and Losses Recognized Directly in Equity	-		-	-
At December 31, 2017	**3**	**30%**	**1**	**-**
Net income of the period	2		1	
Dividends	(1)		-	
Gains and Losses Recognized Directly in Equity	(2)		(1)	*(1)*
At December 31, 2018	**2**	**30%**	**1**	***(1)***

Note 30 Auditors fees

(in million euros)	Ernst & Young Dec 31, 2018	Ernst & Young Dec. 31, 2017	Mazars Dec 31, 2018	Mazars Dec. 31, 2017
Audit				
- Statutory and contractual audit services				
- Banque PSA Finance	0,2	0,2	0,2	0,1
- Fully-consolidated companies	0,2	0,2	-	0,1
- *of which France*	-	-	-	-
- Audit-related services				
- Banque PSA Finance	-	0,2	-	-
- Fully-consolidated companies	-	-	-	-
- *of which France*	-	-	-	-
Other services provided to fully-consolidated subsidiaries				
- Legal and tax services	-	-	-	-
- Other	-	-	-	-
Total	**0,4**	**0,6**	**0,2**	**0,2**

Note 31 Subsequent Events

No event occurred between December 31, 2018 and the Board of Directors' meeting to review the financial statement on February 22, 2019 that could have a material impact on business decisions made on the basis of these financial statements.

2.7 Statutory auditors' report on the consolidated financial statements

For the year ended December, 31 2018

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Assembly of the company Banque PSA Finance,

1. Opinion

In compliance with the engagement entrusted to us by your General Assembly annual general meeting, we have audited the accompanying consolidated financial statements of the company Banque PSA Finance for the year ended 31/12/2018.

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 31/12/2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

2. Basis for opinion

- Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

- Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

3. Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- Value of the shares carried under the equity method

Risk identified	Our response
As presented in Notes 2 and 10 of the consolidated financial statements, the partnerships formed by the Banque PSA Finance group with Santander Consumer Finance and BNP Paribas Personal Finance result in the equity method for the majority of the Group's equity investments. These investments in associates correspond to the share held (percentage of interest) in the equity of the corresponding companies, plus any goodwill. At 31 December 2018, they represent a total of €2,372 million, for a total balance sheet total of €3,411 million, and a share of profit of €336 million, for a net profit attributable to the Group of €322 million. As part of the preparation of Banque PSA Finance's consolidated financial statements, subsidiaries prepare consolidation packages in accordance with IFRS and the Group accounting principles. These reporting statements are subject to limited review or audit by the auditors of the entities concerned. In this context, we considered that the equity method of accounting for these investments was a key point of the audit because of: • their relative materiality in the financial statements, • the multiplicity of entities' locations, • the presentation in the financial statements of Banque PSA Finance of the financial performance as monitored by management, • the presence of local auditors outside the networks of members of the college of auditors.	In detail, our work consisted in: • Review the process for preparing the consolidated financial statements and the related control system, • Prepare and send audit instructions adapted to partnership entities including specific requests related to the organization of the group and normative changes (in particular first-time application of IFRS9), allowing an opinion to be obtained from the local auditors of the group's entities, • Facilitate audit coordination throughout the year, • Perform procedures centrally including: (i) the review of the equity method entries of the investments (ii) the detailed analytical review of the result as monitored by the bank's management (iii) the review of the reversal of the PPP related to the acquisition of Opel Vauxhall Finance booked in 2018, • Conduct coordination visits to local auditors of significant entities.

4. Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report.

We have no matter to report as to its fair presentation and its consistency with the consolidated financial statements.

5. Report on Other Legal and Regulatory Requirements

- Appointment of the Statutory Auditors

We were appointed as statutory auditors of the company Banque PSA Finance by the General Assembly held on April 18th, 2005 for the Audit Firm MAZARS and the General Assembly held on April 19th, 2011 for the Audit Firm ERNST & YOUNG Audit.

As at 31/12/2018, Audit Firm MAZARS and Audit Firm ERNST & YOUNG Audit were in the 14th year and 8th year of total uninterrupted engagement respectively.

6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

7. Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

- Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

- Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 26th of February 2019

The Statutory Auditors
French original signed by

MAZARS	ERNST & YOUNG Audit
Matthew Brown	Vincent Roty

Statement from the person responsible for the 2018 annual report

Person responsible for the annual report

Rémy Bayle
Chief Executive Officer of Banque PSA Finance S.A.

Certification of the person responsible for the annual report

I hereby certify, after having taking all reasonable steps to this effect, that the information contained in this document is, to my knowledge, consistent with the truth and do not include any omission that could lead to a false interpretation.

I hereby certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true image of the company's assets, financial situation and earning and of all of the companies included in the consolidation, and that the management report of this document presents a true picture of the business, the earnings and of the financial situation of the company and of all of the companies included in the consolidation as well as a description of the main risks and uncertainties that they face.

I have obtained an end of mission report from the statutory auditors in which they indicate that they have verified the information on the financial situation and the financial statements provided in this document and in an overall reading of this document.

Rémy Bayle
Chief Executive Officer of Banque PSA Finance S.A.

BANQUE PSA FINANCE

BANQUE PSA FINANCE
Société anonyme. Share capital: €199,619,936
Registered office: 68, avenue Gabriel Péri - 92230 Gennevilliers - France
Registered in Nanterre under no. 325 952 224 - Siret 325 952 224 00013
ORIAS registration number 07 008 501 available at www.orias.fr
APE business identifier code: 6419Z
Interbank code: 13168N
Phone: +33 1 46 39 66 33
www.banquepsafinance.com