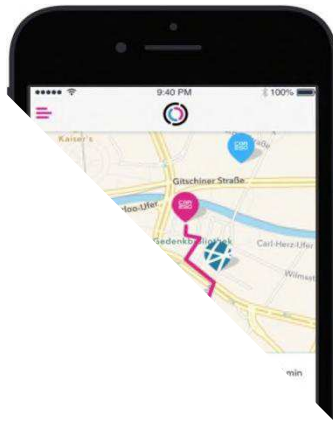




PSA
GROUPE

BANQUE PSA FINANCE



FREE2
MOVE



HALF-YEAR REPORT 2019

"LIFETIME MOBILITY FINANCE & SERVICES PROVIDER"



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person responsible for
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1.1. BPF GOVERNANCE

BOARD OF DIRECTORS

Chairman

OLIVIER BOURGES

Director

Chief Executive Officer

RÉMY BAYLE

Director

BRIGITTE COURTEHOUX

Director

Member of the Audit & Risk
Committee

CATHERINE PARISET

Director

Chairman of the Audit & Risk
Committee

LAURENT GARIN

Director

PEUGEOT S.A.

Permanent Representative
Member of the Audit & Risk
Committee

PHILIPPE de ROVIRA

Director

AUTOMOBILES PEUGEOT

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 June 30, 2019

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 00021 – 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

1.2. KEY FIGURES

18

COUNTRIES



3 600

EMPLOYEES IN THE WORLD
AT THE END OF DECEMBRE 2018



585 400

FINANCED VEHICLES AT JUNE 30 2019

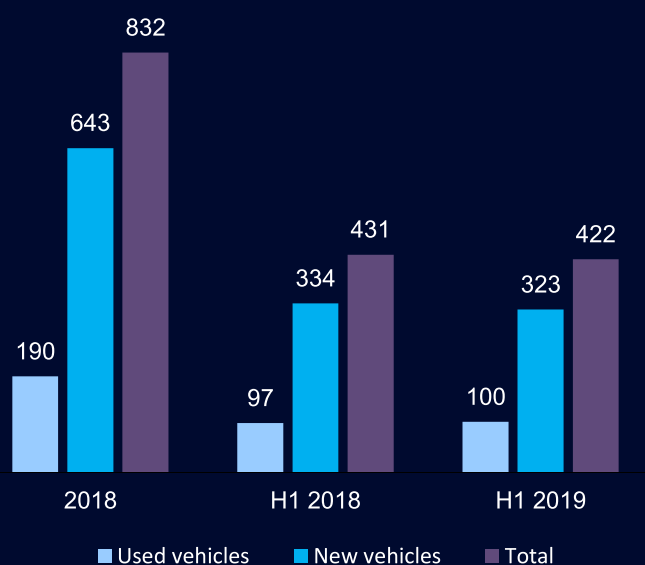


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INSURANCE AND SERVICES
CONTRACTS SOLD AT JUNE 30 2019

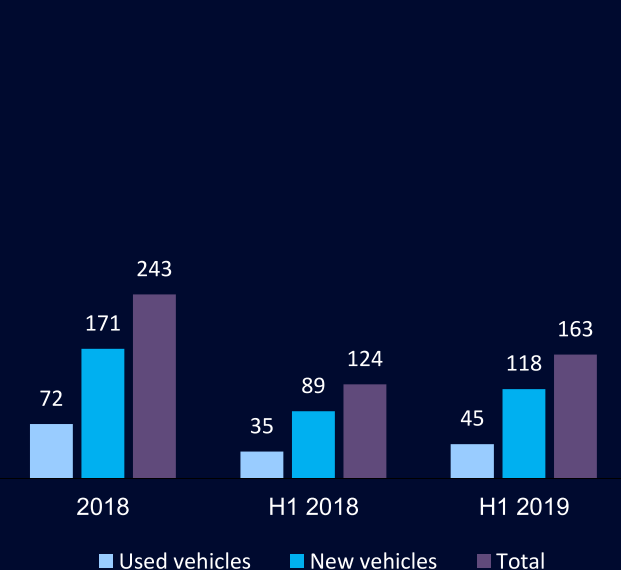
KEY FIGURES PEUGEOT CITROËN DS (PCD) (OUT OF CHINA)

End-user financed vehicles (in thousands of vehicles)



KEY FIGURES OPEL VAUXHALL (OV)

End-user financed vehicles (in thousands of vehicles)

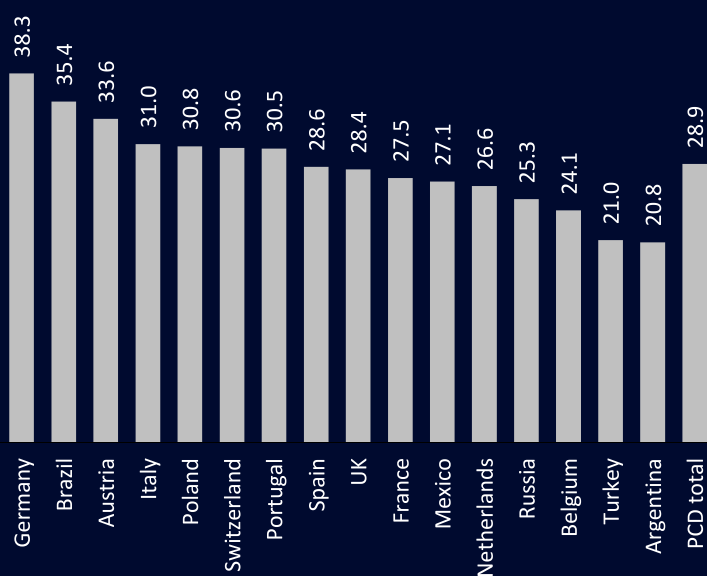


1.2. KEY FIGURES

KEY FIGURES PCD (OUT OF CHINA)

Penetration rates by country (in %) at June 30, 2019

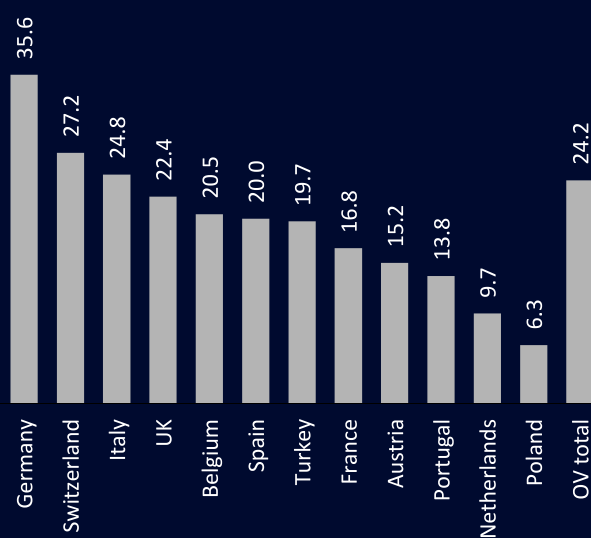
(Financed new vehicles / Registered new vehicles for Peugeot, Citroën and DS brands)



KEY FIGURES OV

Penetration rates by country (in %) at June, 30 2019

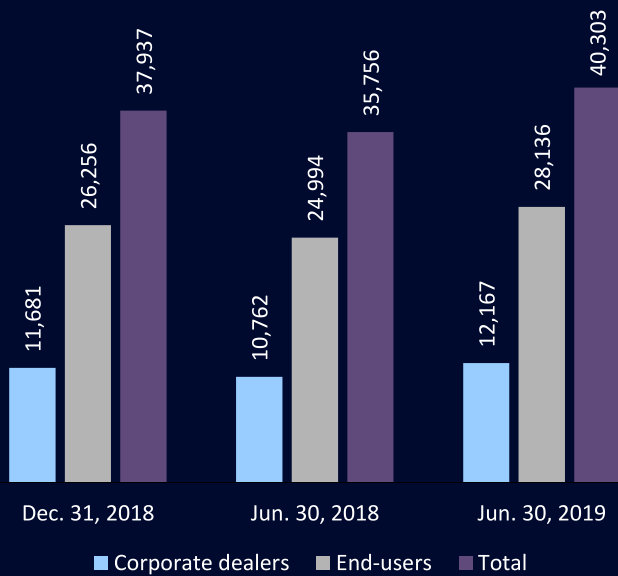
(Financed new vehicles / Registered new vehicles for Opel and Vauxhall brands)



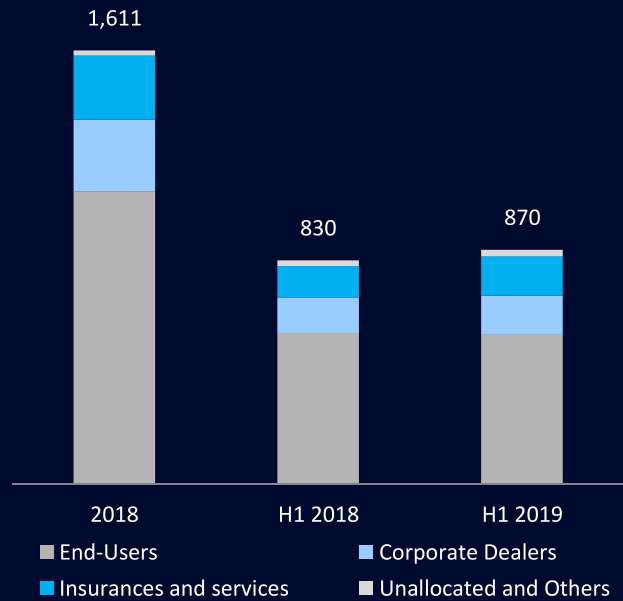
1.2. KEY FIGURES

KEY FIGURES PCD (OUT OF CHINA) + OV

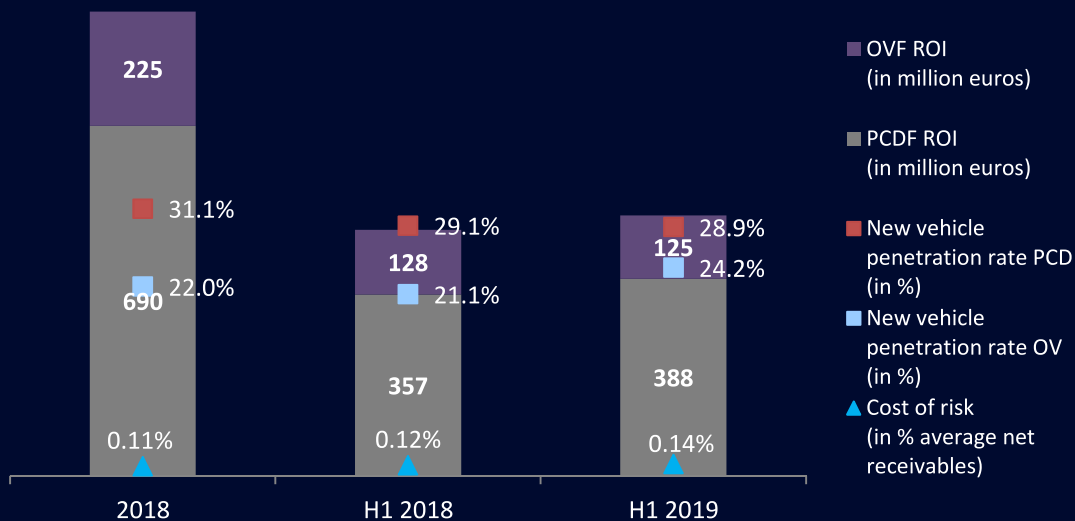
Evolution of loans outstanding by customer segment, in IFRS 8^(*) (in million euros)



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

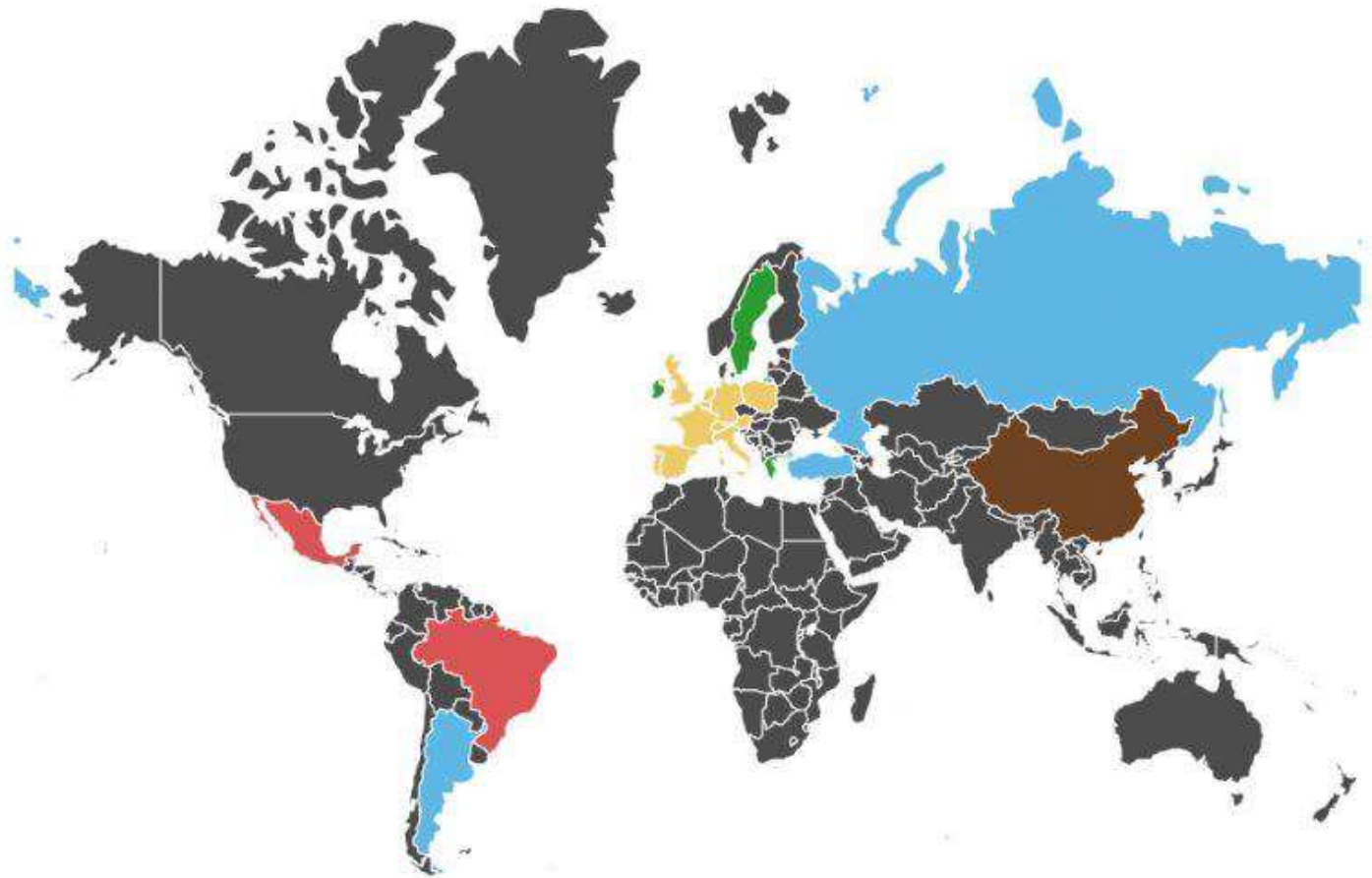


Recurring Operating Incomes, New vehicles financing penetrations, Cost of risk, in IFRS 8^(*)



(*) Explanation about IFRS 8 format is available in paragraph 1.5 « Analysis of financial result » of this half-year report.

1.3 LOCATIONS & PARTNERSHIPS



Cooperation with:

- Other partners for commercial agreement or outsourced management
- BNPP PF & Santander
- Santander
- Dongfeng Peugeot Citroën Automobiles and Dongfeng Motor Group
- BNP Paribas Personal Finance

BPF : A Partnership Strategy

An already solid partnership with Santander Consumer Finance. The partnership has expanded for the financing of Opel Vauxhall, with startup in the first half of 2019 for Portugal, Poland, and Turkey.





1.4 BANQUE PSA FINANCE'S BUSINESS ANALYSIS

1.4.1 VEHICLES SALES FOR PEUGEOT, CITROËN, DS, OPEL AND VAUXHALL

Groupe PSA registered worldwide sales at 1.9M units in the first half of 2019 thanks to its strengthened position in Europe with an increased market share of +0.3pt.

Electrification offensive is ongoing with 9¹ electrified models on the launch pad and the aim to have a 100% electrified² range from 2025.

Groupe PSA aims to be a major player in electrified mobility with all new models coming in a hybrid plug-in or an all-electric version: DS 3 CROSSBACK E-TENSE, Peugeot e-208, e-2008 and Opel Corsa-e in 100% electric version, and DS 7 CROSSBACK E-TENSE 4X4, Peugeot 3008 HYbrid & HYbrid4, Peugeot 508 & 508 SW HYbrid, Opel Grandland X Hybrid4 and Citroën C5 Aircross SUV Hybrid in hybrid plug-in version.

Groupe PSA is also preparing a full electrified LCV range by 2025, starting with Citroën Berlingo and Peugeot Partner, already available in an electric version. The new electrified generation of these vehicles for Peugeot, Citroën and Opel/Vauxhall will be available by 2021. Fourteen new electrified vehicles will be launched in just two years.

In Europe, in a declining market over the first half year (-2.4%), the Group strengthened its position by achieving a 17.4% market share, growing in all main markets, particularly in Italy (+1.1pts), France (+0.7pt), the United Kingdom (+0.2pt), Germany (+0.1pt), and Spain (+0.1pt).

This performance is driven by the excellent results of Citroën, which has achieved an eight-year sales record with the strongest growth within the Top 12 brands. Opel Vauxhall has continued its development since last autumn and grew slightly its market share. The Peugeot market share is stable in Europe. DS

Automobiles confirms the brand's sustainable growth (+1.7% vs 2018 H1, and +16% in Q2 vs 2018 Q2).

Groupe PSA is also maintaining its leadership in LCVs with a 24.7% market share.

In Middle East & Africa region, Groupe PSA market share increased in its main markets

With the start of production at the Kenitra plant in Morocco, the Group will be able to produce models that meet customers' expectations and achieve its commercial ambitions in the region.

In China & South East Asia, in a declining Chinese market, sales are down 62.1%. DS maintained its market shares. The Group is working on action plans with its partners to tackle current issues and lower the breakeven point of the JVs.

Electric offensive is underway with the launch of Peugeot 508L PHEV, as well as BEV Peugeot 2008 and DS 3 CROSSBACK in 2020.

In Latin America, Group sales have decreased by 29.3% in Latin America with a strong hit of Argentinean market downturn (-50.3%). However, the group stabilized its market share in Brazil driven by the success of the SUV C4 Cactus and the LCV offensive. It has maintained its position in Chile and improved in Mexico in decreasing markets. Opel made a strong progress in the region increasing its market share.

In India-Pacific, the recurring success of the Group in Japan continues with sales up 16%. Groupe PSA achieved another milestone by announcing in April the launch of the Citroën brand in India

In Eurasia, facing a downward trend of the Russian market (-2.4%), Groupe PSA market share is slightly declining (-0.2pt). The Group is also preparing the relaunch of the Opel brand in Russia.

¹ 4 BEV : DS 3 CROSSBACK E-TENSE + e-208 + e-2008 + Corsa-e et 5 PHEV : 3008 HYbrid & HYbrid4 + 508 & 508 SW HYbrid + Grandland Hybrid4 + DS 7 CROSSBACK E-TENSE 4x4, Citroën C5 Aircross SUV Hybrid in hybrid plug-in version

² Full Electric or plug-in hybrid

1.4.2 END-USER FINANCING AND SAVINGS PRODUCTS FOR PEUGEOT, CITROËN, DS AUTOMOBILES (PCD) AND OPEL, VAUXHALL (OV)

Unless otherwise specified, business data in this management report exclude China.

The figures for China are presented separately.

PENETRATION RATES BY COUNTRY (NOT INCLUDING CHINA)

Countries	New Vehicle Financing Peugeot Citroën DS Opel Vauxhall (passenger and utility vehicles) ¹				Penetration rate PCD + OV (in %)			
	H1 2019 PCD	H1 2019 OV	H1 2018 PCD	H1 2018 OV	H1 2019 PCD	H1 2019 OV	H1 2018 PCD	H1 2018 OV
France	117,499	7,403	116,353	5,894	27.5	16.8	27.6	14.0
United Kingdom	31,193	24,843	32,935	30,249	28.4	22.4	29.5	27.4
Germany	32,347	44,382	31,019	26,419	38.3	35.6	38.8	21.1
Italy	40,577	15,886	37,142	15,397	31.0	24.8	28.8	26.6
Spain	38,030	9,513	43,566		28.6	20.0	32.2	
Belgium	13,065	4,707	12,802	2,090	24.1	20.5	23.2	8.7
Netherlands	8,489	2,151	7,388	1,382	26.6	9.7	22.0	5.5
Austria	4,287	1,706	4,873	1,335	33.6	15.2	36.4	11.0
Switzerland	3,145	1,874	3,501	2,573	30.6	27.2	32.2	33.1
Poland	6,020	600	5,947		30.8	6.3	31.0	
Portugal	8,819	1,102	7,466		30.5	13.8	26.7	
Europe	303,471	114,167	302,992	85,339	29.1	24.2	29.2	21.1
Brazil	8,486		10,644		35.4		50.3	
Argentina	5,088		11,946		20.8		20.9	
Mexico	1,435		1,184		27.1		25.8	
Latin America	15,009		23,774		27.9		28.6	
Russia	874		856		25.3		16.8	
Turkey	3,070	261	6,576		21.0	19.7	27.7	
Rest of the World	3,944	261	7,432		21.8	19.7	25.8	
Total	322,424	114,428	334,198	85,339	28.9	24.2	29.1	21.1

¹ Passenger cars and light commercial vehicles.

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

<i>(in number of contracts)</i>	H1 2019 PCD	H1 2019 OV	H1 2018 PCD	H1 2018 OV	% change PCD	% change OV
Installment contracts	240,722	108,406	267,587	97,591	- 10.0	+ 11.1
Leasing activity and other financing	181,400	54,875	163,843	26,479	+ 10.7	+ 107.2
TOTAL	422,122	163,281	431,430	124,070	- 2.2	+ 31.6

<i>(in million euros, excluding accrued interests)</i>	H1 2019 PCD	H1 2019 OV	H1 2018 PCD	H1 2018 OV	% change PCD	% change OV
Installment contracts	2,809	1,529	2,797	1,371	+ 0.4	+ 11.5
Leasing activity and other financing	2,916	786	2,517	411	+ 15.9	+ 91.2
TOTAL	5,725	2,315	5,314	1,782	+ 7.7	+ 29.9


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

<i>(in number of contracts)</i>	H1 2019 PCD	H1 2019 OV	H1 2018 PCD	H1 2018 OV	% change PCD	% change OV
End-user financing	422,122	163,281	431,430	124,070	- 2.2	+ 31.6
of which new vehicles	322,555	117,982	334,392	88,987	- 3.5	+ 32.6
of which used vehicles	99,567	45,299	97,038	35,083	+ 2.6	+ 29.1

<i>(in million euros)</i>	H1 2019 PCD	H1 2019 OV	H1 2018 PCD	H1 2018 OV	% change PCD	% change OV
End-user financing	5,725	2,315	5,314	1,782	+ 7.7	+ 29.9
of which new vehicles	4,716	1,784	4,437	1,380	+ 6.3	+ 29.3
of which used vehicles	1,009	531	877	402	+ 15.1	+ 32.1

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

<i>(in number of contracts)</i>	H1 2019 PCD	H1 2019 OV	H1 2018 PCD	H1 2018 OV	% change PCD	% change OV
France	163,770	9,050	161,505	7,613	+ 1.4	+ 18.9
United Kingdom	51,092	48,748	49,759	46,032	+ 2.7	+ 5.9
Germany	40,745	59,801	36,827	42,235	+ 10.6	+ 41.6
Italy	44,895	17,548	41,418	16,509	+ 8.4	+ 6.3
Spain	45,136	10,453	51,893		- 13.0	
Belux	14,680	5,572	14,364	2,439	+ 2.2	+ 128.5
Portugal	9,666	1,337	8,265		+ 17.0	
Netherlands	9,694	3,101	9,214	2,324	+ 5.2	+ 33.4
Switzerland	4,818	3,678	5,071	4,113	- 5.0	- 10.6
Austria	6,856	3,109	6,848	2,805	+ 0.1	+ 10.8
Poland	6,947	616	7,074		- 1.8	
Europe	398,299	163,013	392,238	124,070	+ 1.5	+ 31.4
Brazil	12,034		13,230		- 9.0	
Argentina	5,495		13,490		- 59.3	
Mexico	1,450		1,221		+ 18.8	
Latin America	18,979		27,941		- 32.1	
Russia	1,038		862		+ 20.4	
Turkey	3,806	268	10,389		- 63.4	
Rest of the World	4,844	268	11,251		- 56.9	
Total	422,122	163,281	431,430	124,070	- 2.2	+ 31.6



In the first half of 2019, 322,424 new vehicle financing contracts were written for Peugeot, Citroën, and DS, and 114,428 for Opel and Vauxhall.

Development of loyalty products (Balloon installment contracts, BuyBack Contracts (BBC), and Long-Term Leases (LTL)) continued, accounting for 66.7% of new vehicle financing for Peugeot, Citroën and DS Automobiles (PCD) on the B2C segment (individuals and

employees) for the "G11" countries (France, Great Britain, Spain, Germany, Italy, Belgium, the Netherlands, Austria, Switzerland, Poland, and Portugal) and 30.8% of used vehicle financing for PCD. For Opel Vauxhall, loyalty products made up 80.5% of new vehicle financing for the "G6" countries (Germany, France, Great Britain, Italy, Austria, and Switzerland). These products bolster repurchase rates for the Group's Brands.

A. MARKETING POLICY AND PERFORMANCE

In the first half of 2019, Banque PSA Finance (BPF) financed 28.9% of Groupe PSA's new vehicles sales across the Peugeot, Citroën and DS Automobiles (PCD) scope, a performance practically identical to that of the first half of 2018, despite strong instability from the markets in Latin America, notably Argentina. For the Opel Vauxhall ("OV") scope, performance reached 24.2%, up 3.1 points over the previous year due to an intensified sales drive based on initiatives launched with the Brands as part of PACE plan. OVF strengthened and enhanced its offer dedicated to corporate customer with a Leasing Service packaged offer.

Amid a 3% decrease in new vehicles sales of Peugeot, Citroën and DS across the BPF scope (excluding China), PCD vehicle registrations were up in France and Italy (+1.4%), Germany (+5.7%), and down in Great Britain (-1.4%) and Spain (-1.8%). With respect to markets outside of Europe, volumes were affected by the economic situation in Argentina, where registrations fell by -57%. Volumes were also down in China and Turkey, where registrations declined by 49% and 38%, respectively. In that climate, financing volumes followed registrations, down 3.5% across the PCD scope.

Opel and Vauxhall registrations stood at 471,700 (excluding Turkey, which had 1,323 units), a gain of 16.5% across the OVF scope: France, Italy, Germany, Great Britain, Belgium, the Netherlands, Switzerland, Austria, Spain, Poland, and Portugal.

As for used vehicle financing, for PCD, it should be noted that the action plans established to improve performance did result in a 2.6% increase in production. Volumes grew in the majority of countries, with the exception, primarily, of the Netherlands, Spain, and Argentina, where production was impacted by the economic context. Total used vehicle financing production was 99,567 contracts.

With regard to OV, a renewal of the products and services line led to increased used vehicle financing production in every country, with a gain of +29.1% to reach 45,299 contracts.

The sharp increase in loyalty products led to a significant increase in the average unit-financed amount, from €12,774 in the first half of 2018 to €13,855 in the first half of 2019 for new and used PCD vehicles.



B. NEW VEHICLE FINANCING

In the first half of 2019, BPF financed 436,852 new vehicles, 322,424 for Peugeot, Citroën, and DS brands and 114,428 for Opel and Vauxhall brands, thus an increase of +32.6% for OV.

Europe

In Europe, the number of new vehicle financing contracts for Peugeot, Citroën, and DS was virtually stable with +479 contracts. In terms of volumes, the number of contracts for PCD was 303,471 and for the Opel and Vauxhall brands 114,167 contracts.

- In France: +1.0% with 117,499 PCD contracts, representing penetration of 27.5%, identical to the previous year, and 7,403 OV contracts, representing a penetration of 16.8%. For PCD, performance remained high in B2C, with penetration of 45.4%. As to OV, enhanced leasing products attracted a growing number of individual customers, increasing by 52%.
- In Germany, performances remained strong, with 38.3% penetration and contract volumes up 4.3%, i.e. 32,347 units. For OV, penetration was 35.6%, an increase of 14.5 points or 44,382 contracts. The extension of marketing programs, the introduction of flat-rate products with the Peugeot brand, and a strong B2B showing (59.9% penetration) explain the strong PCD performance in Germany. With regard to OV, targeted offers on Grandland X and the new line of sport-utility vehicles boosted performance, with B2C penetration of 49.5%, an increase of 22.6 points.
- In Spain, performances were down for PCD, with a 28.6% penetration rate. This trend was due to a reorientation of marketing efforts toward more loyalty-inducing products and a reduction in transactions linking vehicle discount and financing. For OV, after one year, growth in OVF was steady, thanks to the new FlexiOpel balloon loan offer.

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

- In Great Britain, in a tight market, penetration fell by 1.1 point for PCD during the first half of the year, landing at 28.4%. With regard to OV, penetration was 22.4%, driven by communications centered on balloon products and the new LTL (contract hire) offer launched early in the year.
- In Italy, performance improved greatly, with PCD penetration of 31% in the first half, i.e. 2.2 points over the first half of 2018. Note that the fraction of loyalty products was 58.3% in the first half of 2019. With regard to OV, the first half confirmed revived performance, with a 24.8% penetration rate and 15,886 contracts.
- In Belgium and Luxembourg, in a very competitive market, PCD performance increased to 24.1% penetration, +0.9 point higher than the first half of 2018. With regard to OVF, the broadening of our product line to include “private lease” to individuals, starting at the Brussels Motor Show, added 11.8 points to reach 20.5% over this first half.
- Poland (PCD only) maintained its highest performance level, with penetration of 30.8%. The continued launch of initiatives with the Brands, and the enhancement of solutions in B2B, were key. For OVF, the entirely new structure kicked off on May 1, 2019, with a line of financial products for individuals and companies.



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. Despite this especially unfavorable situation, financing penetration remained at 20.8%.

In Brazil, the penetration rate was 35.4%, and the downturn from the first half of 2018 was due to a smaller eligible market.

Other countries (PCD only)

Russia: In a difficult context where PCD sales were down 32.2%, penetration rose by 8.5 points to 25.3%. New operations with the Brands, enhancement of the leasing line, and a remuneration scheme helped optimize performance.

In China (PCD only)

BPF's new vehicle penetration through DPCAFC (the captive finance company of DPCA) on Peugeot and Citroën stayed high for the Chinese market at 44.5% but down by -8.6 points compared to the first half of 2018, in a context of intensified competition among e-commerce platforms and the emergence of leasing in China.

The number of financed contracts stood at 39,630 units, or -50.0% compared to the first half of 2018, in a context where Peugeot and Citroën registrations were down by -49.9% over the first half of 2019. The improvement of new distribution channels and online media should be noted, for both new and used vehicles. DPCAFC booked 46.1% of new vehicles contracts accepted in the first half through its digital applications (26.8% in 2018). In addition, growth drivers were set up to partially offset the decline in the production of new vehicles contracts. The used vehicle financing activity grew, representing 5,497 contracts (752 contracts in the first half of 2018).

In Mexico, a new partnership with Santander was formed in September 2018. Heightened marketing efforts with Peugeot, a more complete product line, and new information systems paved the way for a 1.3 point increase in the penetration rate to 27.1%.

Turkey: Penetration rate went down to 21%. In this country, outstanding loans are recognized by the partner, and BPF receives a sales commission.

Total loans for DPCAFC stood at €1,523 million, a -23.0% decrease compared to 2018, tied to the decline in DPCA business.

As to activity for the DS brand (agreements between, on the one hand, PSA/BPF, CASPA, and Chang'An Auto Finance Co., and, on the other hand, DPCAFC and CAPSA), end-user financing activity were down, with a new vehicle financing penetration, for the two agreements combined, at 14.8% in the first half of 2019, as compared to 29.3% in the first half of 2018.

In addition, to meet market demand in terms of diversified financing products and mobility services, a new financial leasing business was launched in the second quarter of 2019 through the new joint venture, DongFeng Peugeot Citroën Financial Leasing Co. (DPCFLC). Serving all Groupe PSA Brands, the aim of this new strategic cooperation is to offer long-term leasing solutions, with or without a purchase option, to their Chinese clients, thereby contributing to Groupe PSA's goal in China to be a key auto maker and the preferred mobility solution provider of clients.

END-USER FINANCING ACTIVITY IN CHINA AND OUTSTANDING IN CHINA

	H1 2019	H1 2018	% change
New vehicle penetration rate (in %)¹	44.5	53.1	- 8.6
End-user loans (including leases)			
Number of vehicles financed (new and used)	39,630	79,277	- 50.0
Amount of financing (in million euros, excluding interests)	364	772	- 52.8

¹ New vehicle penetration rate of DPCAFC on Peugeot and Citroën perimeter (DS is not included).

Outstanding loans (in million euros)	Jun. 30, 2019	Dec. 31, 2018	% change
End-user loans (including leases)	1,420	1,733	- 18.1
Corporate dealers loans	103	243	- 57.9
Total loans	1,523	1,976	- 23.0

C. FREE2MOVE LEASE

In the first half of 2019, business volumes for Free2Move Lease (F2ML), a PSA internal long-term lessor created to grow the group's B2B LTL business, rose by 10%, with 59,000 new vehicles contracts across the G10 (France, Great-Britain, Germany, Spain, Italy, Belgium, Austria, the Netherlands, Portugal, and Poland), equivalent to a market share of 13.5% in B2B sales of Peugeot, Citroën, and DS.

After being deployed over the past two years, in all European countries where Peugeot, Citroën, and DS have a subsidiary, F2ML is now present across the G9 (France, Great Britain, Germany, Italy, Belgium, the Netherlands, Portugal, Spain, and Poland) for Opel and

Vauxhall. Work is under way to gain a foothold outside Europe.

Expansion of services to companies, proactive contract management, optimized vehicle return processes at the end of the contract, as well as good performance on the used vehicles markets confirmed the model's efficiency.

In 2019, F2ML is looking to speed up growth with the deployment of operations for Opel and Vauxhall, and by being a major sales channel for the new LEV (Low-Emission Vehicles) from Groupe PSA, by offering an innovative and complete line of services.

D. USED VEHICLE FINANCING

Across the PCD scope, 99,567 used vehicle financing contracts were written in the first half of 2019, i.e. +2.6% compared to the first half of 2018.

Action plans for PCD were launched in practically all European countries: customer loyalty products, redesigned marketing programs and redefined performance remuneration. These action plans led to increases in many countries, with +2.5% in France, +31% in Austria, and +45% in Germany, where the positive

trend seen in 2018 was confirmed. Gains were also recorded in Brazil (+37%). In contrast, the situation remained tense in Great Britain due to reduced activity with certain groups of dealers with a view to optimizing profitability.

On the OV scope, 45,299 used vehicle financing contracts were written in the first half of 2019.

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

E. RETAIL SAVINGS 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, was 88% for savings passbooks and 12% for term deposit accounts. In France, Distingo outstandings rose by 11% since the end of 2018. At June 30, 2019, outstandings represented €2,492 million, of which 13% or €332 million in term deposit accounts. In Germany, retail savings deposits increased compared to December 31, 2018. Outstanding

loans represented €1,189 million at end-June 2019 (of which €102 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 June 30, 2019 rose to €1,391 million. This increase comes after limited increases in deposits' interest rates, for the purpose of financing the significant growth in Opel Bank Group's earning assets.

SAVINGS BUSINESS

	IFRS8		
	Jun. 30, 2019	Dec. 31, 2018	% change
Outstanding (customers deposits) (in million euros)	5,072	4,638	+ 9.4
<i>Of which France ("Distingo", PCDF perimeter)</i>	2,492	2,251	+ 10.7
<i>Of which Germany (PCDF perimeter)</i>	1,189	1,057	+ 12.4
<i>Of which Germany ("Opel Bank Deposits", OVF perimeter)</i>	1,391	1,329	+ 4.6

1.4.3 CORPORATE DEALER LOANS

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

	H1 2019 PCDF	H1 2019 OVF	H1 2018 PCDF	H1 2018 OVF	% change PCDF	% change OVF
Number of vehicles	892,398	462,477	872,376	415,381	+ 2.3	+ 11.3
Amount (in million euros)	22,006	9,589	20,448	8,688	+ 7.6	+ 10.4
of which vehicles	20,584	9,589	19,119	8,678	+ 7.7	+ 10.5
of which spare parts and other financing	1,422	0	1,330	10	+ 6.9	- 100.0

PRODUCTION OF NEW FINANCING FOR CORPORATE DEALERS CUSTOMERS IN CHINA

Corporate dealer loans	H1 2019	H1 2018	% change
Number of vehicles financed	38,711	102,666	- 62.3
Amount of financing (in million euros, including spare parts)	475	1,683	- 71.8

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 cars, used vehicles and spare parts), short-term cash financing, and even medium and long-term investments allowing business to be sustained long-term.

Over the first half of 2019, in the Peugeot, Citroën and DS networks, 892,398 vehicles were financed in dealerships, representing an increase of +2.3% compared to 2018, stemming from the increased sales by the distribution networks in Europe. The amount of new financing offered to dealers of the PCD brands increased by +7.6%, largely because of the higher average price of the vehicles financed.

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

In the first half of 2019, OVF confirmed its support for Opel and Vauxhall with a +10.5% financing increase on the first half of 2018. A portion of this growth was due to the dealers' management of vehicles at the end of scheduled production in 2019 under the strategy defined by PSA with regard to the new CO2 emissions standards.

Moreover, OVF continued to support the establishment of the PACE! Strategic Plan of Opel-Vauxhall, notably with the resumption of dealer financing in Spain and the transfer of its activities to Sweden and Ireland, guidance for dealer restructuring, and rollout of product electrification.

Peugeot and Citroën invoicing in the first half of 2019 (-62.7%).

1.4.4 INSURANCE AND SERVICES

PRODUCTION OF NEW INSURANCE AND SERVICE CONTRACTS

<i>(in number of contracts)</i>	H1 2019 PCDF	H1 2019 OVF	H1 2018 PCDF	H1 2018 OVF	% change PCDF	% change OVF
Financial services	341,347	75,441	364,597	56,107	- 6.4	+ 34.5
Car insurance	111,790	24,283	121,431	20,920	- 7.9	+ 16.1
Vehicle-related services	383,948	74,270	381,668	58,931	+ 0.6	+ 26.0
Total	837,085	173,994	867,696	135,958	- 3.5	+ 28.0

PENETRATION RATE ON FINANCING

<i>(In %)</i>	H1 2019 PCDF	H1 2019 OVF	H1 2018 PCDF	H1 2018 OVF	Pts change PCDF	Pts change OVF
Financial services	79.4	46.2	83.3	45.2	- 3.9	+ 1.0
Car insurance	26.0	14.9	27.7	16.9	- 1.7	- 2.0
Vehicle-related services	89.3	45.5	87.2	47.5	+ 2.1	- 2.0
Total	194.7	106.6	198.2	109.6	- 3.5	- 3.0

The detailed description of Insurance and Services activities for PCDF and OVF are presented in 2018 BPF Annual Report (§1.9.4 Insurance and Services).

Regarding PCDF, the total penetration remains at a very high level (194.7%), meaning that BPF is able to sell nearly two insurance and/or service contracts per financed customer, even in a challenging context. The insurance & services business unit continue to capitalize on its agile organization and on the commercial animation principles already in place as well as to adapt to the new regulations in all countries.

Opel Vauxhall Finance also offers a complete insurance product portfolio of finance products including

insurance services including payment protection, GAP insurance, cosmetic warranty, extended warranty products and all types of motor insurance and maintenance products.

The delivery of the strategic plan for insurance at OVF remains on track, the transition of the majority of externally underwritten insurance programs to shareholder group insurers will conclude in March 2020. Ongoing review of sales & marketing activity of insurance products has led to product rationalization and a number of new program launches planned in S2 2019.

1.5 ANALYSIS OF FINANCIAL RESULTS

As regards to **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 22 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		
	H1 2019	H1 2018	% change	H1 2019	H1 2018	% change
Net banking revenue without OVF PPA ²	28	25	+ 12.0	825	773	+ 6.7
Net banking revenue including OVF PPA ²	28	25	+ 12.0	870	830	+ 4.8
General operating expenses and equivalent ³	-16	-11	+ 45.5	-331	-325	+ 1.8
Cost of risk	1		+ 0.0	-26	-20	+ 30.0
Recurring Operating income	13	14	- 7.1	513	485	+ 5.8
Share in net income of associates and joint ventures accounted for using the equity method ⁴	193	174	+ 10.9	10	7	+ 42.9
Other Non operating income		4	- 100.0	-7		0
Pre-tax net income	206	192	+ 7.3	516	492	+ 4.9
Income taxes	-7	-4	+ 75.0	-134	-140	- 4.3
Net income	199	188	+ 5.9	382	352	+ 8.5

¹ - The items on the income statement transitioning from IFRS 8 to Consolidated format can be found in note 22.2 of the consolidated financial statements.

² - The amortization of the Purchase Price Allocation ("PPA") related to OVF acquisition in 2017 has had a positive impact on the Net Banking Revenue of €45 million at the end of June 2019, vs €57 million at the end of June 2018, in IFRS 8 format. This effect is mainly allocated to End-user activities.

³ - Including depreciation, amortization and impairment of intangible and tangible assets, and gains and losses on disposals of fixed assets.

⁴ - 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.

1.5.1 NET BANKING REVENUE

NET BANKING REVENUE (« NBR ») BY PORTFOLIO

(in million euros)

	Consolidated			IFRS 8		
	H1 2019	H1 2018	% change	H1 2019	H1 2018	% change
End-users	3	4	- 25.0	553	560	- 1.3
Corporate dealers	1	1	+ 0.0	147	132	+ 11.4
Insurances and Services (including net refinancing costs)	19	8	+ 137.5	145	117	+ 23.9
Unallocated and other¹	5	12	- 58.3	25	21	+ 19.0
Total NBR including OVF PPA²	28	25	+ 12.0	870	830	+ 4.8
Total NBR without OVF PPA²	28	25	+ 12.0	825	773	+ 6.7

¹ - 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.

² - The amortization of the Purchase Price Allocation ("PPA") related to OVF acquisition in 2017 has had a positive impact on the Net Banking Revenue of €45 million at the end of June 2019, vs €57 million at the end of June 2018, in IFRS 8 format. This effect is mainly allocated to End-user activities.

Net banking revenue in consolidated format was €28 million. Over the first half of 2019, the use of hyperinflation accounting in Argentina had an impact of -€4 million on the NBR. It was established over the second half of 2018.

Net banking revenue per IFRS 8 increased by +4.8% to €870 million at June 30, 2019, compared to €830 million at June 30, 2018. 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 the first half of 2019, the NBR per IFRS 8 also included a €45 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 €825 million.

1.5.2 GENERAL OPERATING EXPENSES AND EQUIVALENT

General operating expenses and equivalent amounted to €16 million in consolidated format.

Per IFRS 8, general operating expenses rose to €331 million compared with €325 million at end-June

2018. The trend remains controlled in view of the growth in business.



1.5.3 COST OF RISK

The cost of risk in consolidated format was €1 million in the first half of 2019.

Per IFRS8, the cost of risk was €26 million, or 0.14% of average net outstanding loans in the first half of 2019, as compared to €20 million and 0.12% of net outstanding loans in the first half of 2018 (of which €2 million of positive Purchase Price Allocation “PPA” effect in the first half of 2019 against €5 million of positive PPA effect in the first half of 2018).

The cost of risk for Retail per IFRS8 (individuals and small and medium businesses) was €28 million or 0.22% of average net outstanding loans. This controlled cost of risk includes revenues from loan transfers made in several countries. This result is due to the ongoing prudent risk management conducted by all entities, as well as rigorous management of collection operations.

The cost of risk of the Corporate Dealers business and excluding Corporate and Equivalent per IFRS 8 came to €2 million (0.04% of average net outstanding loans).

1.5.4 RECURRING OPERATING INCOME

Recurring Operating income in consolidated format amounted to €13 million.

Recurring Operating Income per IFRS 8 came to €513 million, up +5.8% compared to €485 million at end-June 2018. 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. It included €47 million from the positive effect on recurring operating income of the turnaround of PPA (Purchase Price Allocation). Net of this effect, OVF operating income was €78 million in the first half of 2019.

1.5.5 CONSOLIDATED NET INCOME

Net income in consolidated format amounted to €199 million, up 5.9% compared to the first half of 2018.

1.6 FINANCIAL POSITION

1.6.1 BALANCE SHEET

BALANCE SHEET

(in million euros)

	Consolidated ¹			IFRS8 ¹		
	Jun. 30, 2019	Dec. 31, 2018	% change	Jun. 30, 2019	Dec. 31, 2018	% change
Assets						
Financial assets at fair value through profit or loss	409	364	+ 12.4	412	356	+ 15.7
Loans and advances to credit institutions, at amortized costs	313	282	+ 11.0	1,773	1,617	+ 9.6
Customer loans and receivables, at amortized costs	174	179	- 2.8	40,303	37,937	+ 6.2
Deferred tax assets	3	5	- 40.0	113	115	- 1.7
Investments in associates and joint ventures accounted for using the equity method	2,377	2,372	+ 0.2	112	102	+ 9.8
Other assets	204	209	- 2.4	2,421	2,013	+ 20.3
Total assets	3,480	3,411	+ 2.0	45,134	42,140	+ 7.1
Equity and liabilities						
Deposits from credit institutions	79	72	+ 9.7	20,079	19,608	+ 2.4
Due to customers	4	3	+ 33.3	5,462	4,978	+ 9.7
Debt securities	248	249	- 0.4	11,633	10,265	+ 13.3
Deferred tax liabilities	3	3	+ 0.0	357	343	+ 4.1
Other liabilities	163	206	- 20.9	2,356	1,798	+ 31.0
Equity	2,983	2,878	+ 3.6	5,247	5,148	+ 1.9
Total equity and liabilities	3,480	3,411	+ 2.0	45,134	42,140	+ 7.1

¹ The items on the balance sheet transitioning from IFRS 8 to Consolidated accounts can be found in note 22.1 of the consolidated financial statements.

1.6.2 OUTSTANDING LOANS

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)

	<i>Consolidated</i>			<i>IFRS 8</i>		
	Jun. 30, 2019	Dec. 31, 2018	% change	Jun. 30, 2019	Dec. 31, 2018	% change
Corporate dealers	74	64	+ 15.4	12,167	11,681	+ 4.2
End-users	100	115	- 12.8	28,136	26,256	+ 7.2
Total Customer Loans and Receivables	174	179	- 2.7	40,303	37,937	+ 6.2

OUTSTANDING LOANS BY REGION

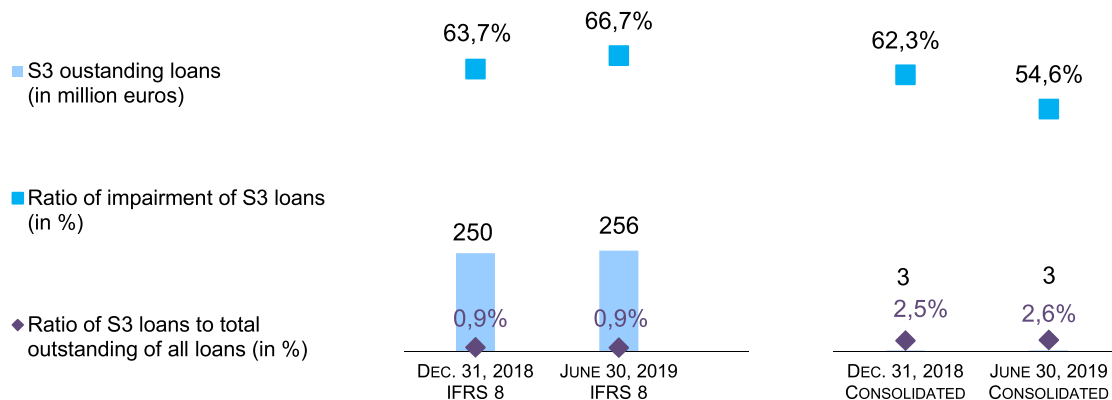
(in million euros)

	<i>Consolidated</i>			<i>IFRS 8</i>		
	Jun. 30, 2019	Dec. 31, 2018	% change	Jun. 30, 2019	Dec. 31, 2018	% change
G5 countries ¹	-3	-3	+ 5.5	35,623	33,185	+ 7.3
Rest of Europe	8	11	- 29.1	4,131	4,197	- 1.6
Latin America	99	116	- 14.3	479	500	- 4.2
Rest of the world	70	55	+ 27.1	70	55	+ 27.1
Total	174	179	- 2.7	40,303	37,937	+ 6.2

¹ G5 countries: France, United-Kingdown, Germany, Italy, Spain.

1.6.3 IMPAIRMENT OF OUTSTANDING LOANS

"STAGE 3" ("S3") END-USER LOANS PCDF & OVF PERIMETER IFRS 8 & CONSOLIDATED FORMATS



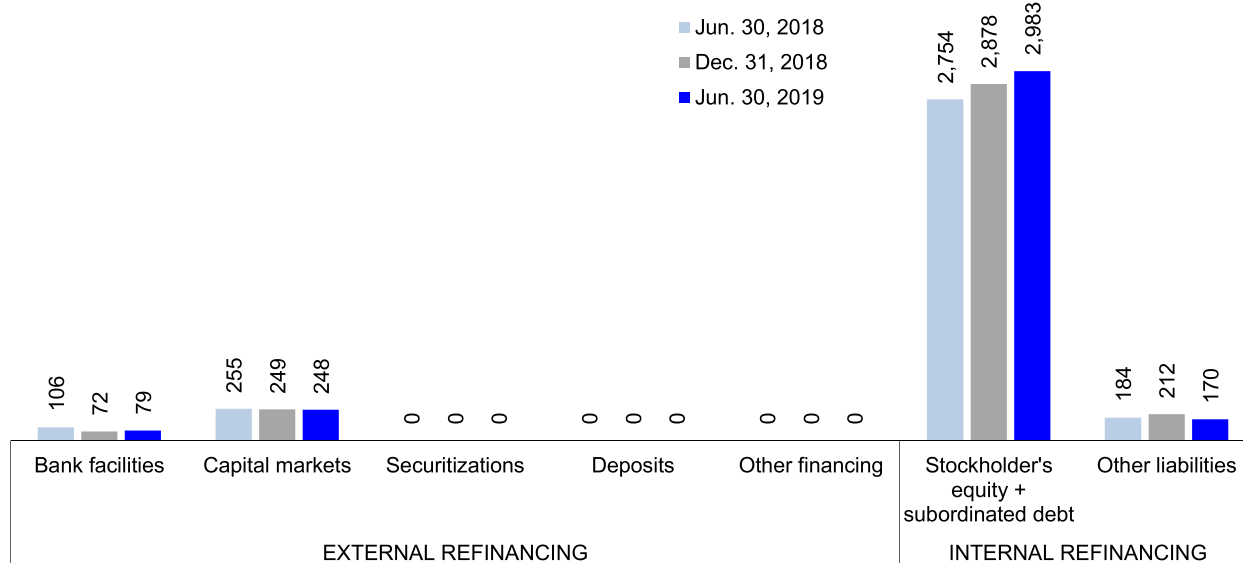
The ratio of non-performing loans compared to total outstanding of all loans is stable at 0.9%. The ratio of impairment of non-performing loans to total non-


performing loans is 66.7% in IFRS9, which is a higher level than in 2018. This increase is due to the recalibration of the provision rate during the first half of 2019.

1.6.4 REFINANCING

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.

1.6.5 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 June 30, 2019, the liquidity reserve (available invested cash) represented €503 million (see Note 17.2 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 245% at June 30, 2019.

Moreover, at June 30, 2019, BPF had undrawn committed credit facilities totaling €150 million (see Note 17.2 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.

1.6.6 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.

1.7 EQUITY, RISKS, PILAR 3

1.7.1 CAPITAL AND CAPITAL REQUIREMENTS

As part of the application of the new Basel III regulation, BPF confirms a strong financial position. At March 31, 2019, the Basel III solvency ratio in respect of pillar I thereby amounted to 29.2%, compared with 30.8%

at December 31, 2018. Basel III regulatory capital amounted to €210 million and capital requirements stood at €58 million.

CAPITAL REQUIREMENTS AND RISK WEIGHTED ASSETS

<i>(in million euros)</i>	March 31, 2019		December 31, 2018	
	Weighted assets	Capital requirements	Weighted assets	Capital requirements
Credit risk	685	55	732	59
Standard approach	685	55	732	59
Sovereign	8	1	9	1
Bank, local and regional administrations				
Institutions	40	3	32	3
Companies	338	27	370	30
Retail customers	85	7	94	8
Other weighted assets	214	17	227	18
Operational risk (standard method)	35	3	35	3
Market risk				
Totals	719	58	767	62
Total regulatory capital		210		236
Solvency ratio		29.2%		30.8%

1.7.2 RISK FACTORS AND RISK MANAGEMENT

The main risk factors to which BPF may be exposed, as well as the methods used to assess, control and monitor risks, are detailed in the 2018 Annual Report (Section 1.12.3, "Risk Factors and Risk Management"), and include:

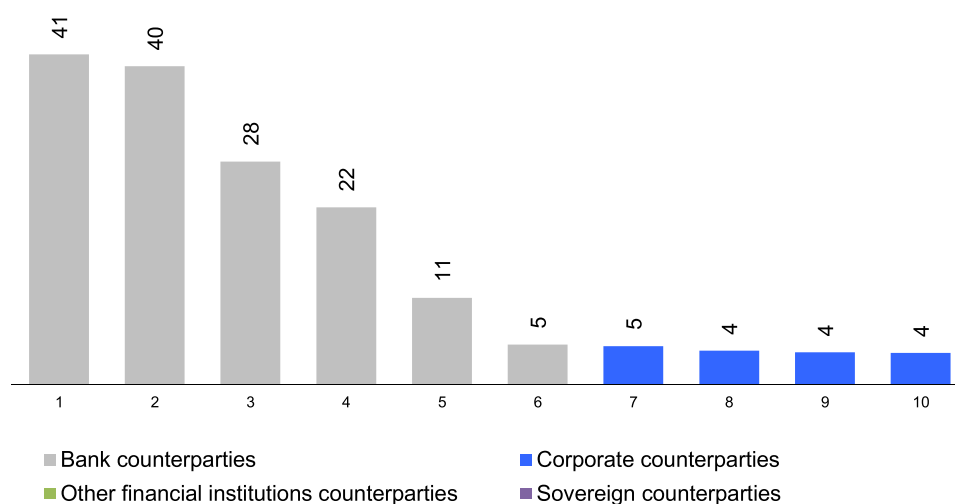
- business risk;
- credit risk on the retail and corporate portfolios;
- financial risks (comprising liquidity risk, interest-rate risk, counterparty risk, and currency risk) and market risk;
- risks related to securitization operations;
- concentration risk;
- operational risks including "cyber-risk," non-compliance risk, and reputational risk;
- specific risks related to the insurance business and services;
- the risk of correlation between BPF and its shareholder.

Risk management is defined in the context of risk governance, which notably includes identifying risk, setting the acceptable level of risk and managing these risks as formalized in the BPF Risk Appetite Dashboard, approving the measurement methods or models, and implementing stress tests and/or periodic risk mitigation measures.

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.

At June 30, 2019, sensitivity to a 2% increase across the rate curve would amount to negative income of -€4.0 million. During the first half of 2019, the income generated by this simulation fluctuated between -€3.4 million and -€4.3 million.

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





1.8 INTERNAL CONTROL

In line with the order dated November 3, 2014 on internal control levels of companies in the banking sector, BPF's internal control system is organized around the periodic control function, the risk management

function (see 1.7.2. of this management report) and dedicated permanent control functions, as well as a first-tier control performed by the operating units.

1.8.1 PERMANENT CONTROLS

1.8.1.1 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.

1.8.1.2 SECOND-TIER CONTROLS

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 latter defines the role of the operational lines, that of Risk Management and the permanent control functions, and that of the internal quality control system as a whole (Audit and Risk Committee and supervisory body in particular).

The permanent control functions, which cover the financial companies, Insurance entities, and central structures, are organized around the following divisions:

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

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

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, essentially include:

- recurring evaluation of the operational risk control level;
- 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 ;

These two departments, along with the Compliance function, employ an operational risk and compliance map that compares, within a dedicated tool, the risks, the operational or compliance incidents and any associated losses, the first-tier controls and the results of the second-tier controls.



On the scope of the Santander partnership

The fundamentals described above also apply across the scope of the partnership.

In addition, the adaptation of the compliance controls has given rise to the development of common procedures designed to be deployed in the operational entities (in particular: the "AML Manual" for combating money laundering and the "Corporate Defense Model" for the business code of conduct). The system implemented in the framework of the partnership is monitored by the Partnership Compliance Committee.

On the scope of the BNPP PF partnership

Internal control of the OVF entities, like that of BPF, is based on three lines of defense, including a second line that deploys dedicated controllers within the OVF entities, whose work is monitored by the central control body of BNPP PF and BPF, and a third line of defense provided by the audit of BNPP PF, in cooperation, where applicable, with the General Inspectorate of BNPP, whose results are shared with BPF.

1.8.2 PERIODIC CONTROLS

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

They are performed by the internal auditors, based on an Internal Audit plan that provides for all of our units

1.8.3 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.

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 by the risk management function and/or during permanent controls. The Audit and Risk

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" defines the target organization, the missions of the "Internal Control" and "Operational Risks" functions at the central (BPF and SCF) and local (JV) levels, and the system's governance which, at the central level, is exercised through a Global Risk Committee (GRC), which meets monthly.

Regarding the second tier, this system is supervised by the following special bodies created as part of the partnership:

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

and processes (including those that are outsourced) to be audited at least once every three years.

Lastly, regarding the cooperation with Santander and BNPP PF, an Audit Committee is part of the governance system in both cases.

Committee also ensures our compliance with regulatory requirements and our planning and implementation of measures required for that purpose. Finally, it reviews our consolidated financial statements and the individual financial statements of our subsidiaries and the accounting methods used. It meets at least four times a year.

Regular meetings are held between the Chairman of the Audit & Risk Committee and the representatives of the periodic and recurring control functions as well as the risk management function (without the participation of 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.



1.9 MAIN EVENTS AND SUBSEQUENT EVENTS

The main events of the first half of 2019 are described in Note 1 to the consolidated financial statement and hereunder.

There is no main event on the first half of 2019.

In March 2014, the Swiss Competition Commission (Comco) 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.

On July 11, 2019, the Comco handed down its decision with respect to the captive companies that had

Subsequent events are described in Note 23 to the consolidated financial statements and hereunder.

agreed to enter into an amicable settlement, and imposed a total fine of CHF30M. The amount of the fine against PSA Finance Suisse and Opel Finance SA - on the basis of an amicable settlement without acknowledgment of the facts or of the assessment by Comco - was, respectively, CHF2.4M and CHF2.16M. In the financial statements at June 30, 2019 of Banque PSA Finance, sufficient provisions in excess of those amounts had already been recorded.

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2.1 Consolidated Balance Sheet

<i>(in million euros)</i>	Notes	June 30, 2019	Dec. 31, 2018
Assets			
Cash, central banks	3	57	56
Financial assets at fair value through profit or loss	4	409	364
Hedging instruments	5	2	4
Financial assets at fair value through Equity		-	-
Debt securities at amortized cost		-	-
Loans and advances to credit institutions, at amortized cost	6	313	282
Customer loans and receivables, at amortized cost	7, 20	174	179
Fair value adjustments to finance receivables portfolios hedged against interest rate risks		-	-
Current tax assets	21.1	13	13
Deferred tax assets	21.1	3	5
Accruals and other assets	8	69	78
Investments in associates and joint ventures accounted for using the equity method	9	2 377	2 372
Property and equipment		5	2
Intangible assets		58	56
Goodwill		-	-
Total assets		3 480	3 411

<i>(in million euros)</i>	Notes	June 30, 2019	Dec. 31, 2018
Equity and liabilities			
Central banks		-	-
Financial liabilities at fair value through profit or loss		-	-
Hedging instruments		1	1
Deposits from credit institutions	10	79	72
Due to customers	11	4	3
Debt securities	12	248	249
Fair value adjustments to debt portfolios hedged against interest rate risks		6	4
Current tax liabilities	21.1	4	2
Deferred tax liabilities	21.1	3	3
Accruals and other liabilities	13	56	55
Liabilities related to insurance contracts	14.1	74	83
Provisions		22	61
Subordinated debt		-	-
Equity		2 983	2 878
- Equity attributable to equity holders of the parent		2 972	2 867
- Share capital and other reserves		1 160	1 160
- Consolidated reserves		2 003	1 898
- Of which Net income - equity holders of the parent		200	322
- Gains and losses recognized directly in Equity		(191)	(191)
- Of which Net income - equity holders of the parent (share of items recycled in profit or loss)		-	-
- Minority interests		11	11
Total equity and liabilities		3 480	3 411

2.2 Consolidated Statement of Income

<i>(in million euros)</i>	<i>Notes</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Net interest revenue on customer transactions		25	33	26
- Interest and other revenue on assets at amortized cost	18	20	29	46
- 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)	(1)
- Other revenue and expense		6	5	(19)
Net gains or losses on financial assets at fair value through profit or loss		-	-	-
- 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		-	-	-
Net gains or losses on securities valued at amortized cost		-	-	-
Net refinancing cost		(11)	(16)	(28)
- Interest and other revenue from loans and advances to credit institutions		-	-	1
- Interest on deposits from credit institutions		(6)	(11)	(19)
- Interest on debt securities		(11)	(11)	(20)
- Interest on passbook savings accounts		-	-	-
- Expenses related to financing commitments received		-	-	(1)
- Fair value adjustments to financing liabilities hedged against interest rate risks		(3)	5	4
- Interest on hedging instruments		7	5	12
- Fair value adjustments to hedging instruments		2	(4)	(5)
- 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		(5)	-	(9)
Margin on sales of Insurance services	14.2	19	7	12
- Earned premiums		14	26	43
- Paid claims and change in liabilities related to insurance contracts		5	(19)	(31)
Margin on sales of services		-	1	1
- Revenues		-	1	1
- Expenses		-	-	-
Net banking revenue		28	25	2
General operating expenses	19	(10)	(4)	(12)
- Personnel costs		(4)	(3)	(6)
- Other general operating expenses		(6)	(1)	(6)
Depreciation and amortization of intangible and tangible assets		(6)	(7)	(13)
Gains and losses on investments in companies and other disposals of fixed		-	-	-
Gross operating income		12	14	(23)
Credit Risk Cost	20	1	-	-
Operating income		13	14	(23)
Share in net income of associates and joint ventures accounted for using the equity method	9	193	174	336
Impairment on goodwill		-	-	(1)
Pension obligation - expense		-	-	-
Pension obligation - income		-	-	-
Other non-operating items		-	4	10
Pre-tax income		206	192	322
Income taxes	21.2	(7)	(4)	(2)
Net income for the year		199	188	320
- of which attributable to equity holders of the parent		200	186	(322)
- of which minority interests		(1)	2	(2)
Net income - Earnings per share (in €)		16,0	14,9	25,8

2.3 Net Income and Gains and Losses Recognized Directly in Equity

	June 30, 2019			June 30, 2018			Dec. 31, 2018		
	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
<i>(in million euros)</i>									
Net income	206	(7)	199	192	(4)	188	322	(2)	320
- of which minority interests			(1)			2			(2)
Recyclable in profit and loss items									
Fair value adjustments to hedging instruments	-	-	-	3	(1)	2	3	(1)	2
- of which revaluation reversed in net income	-	-	-	-	-	-	-	-	-
- of which revaluation directly by equity	-	-	-	3	(1)	2	3	(1)	2
Exchange difference	4	-	4	(16)	-	(16)	(25)	-	(25)
OCI of joint ventures	(1)	-	(1)	(4)	-	(4)	(5)	(1)	(6)
Total recyclable in profit and loss items	3	-	3	(17)	(1)	(18)	(27)	(2)	(29)
- of which minority interests			(1)			(4)			(7)
Not recyclable in profit and loss items									
Actuarial gains and losses on pension obligations	-	-	-	-	-	-	-	-	-
OCI of joint ventures	(6)	2	(4)	1	-	1	(4)	1	(3)
Total gains and losses recognized directly in Equity	(3)	2	(1)	(16)	(1)	(17)	(31)	(1)	(32)
- of which minority interests			(1)			(4)			(7)
Total net income and gains and losses recognized directly in Equity	203	(5)	198	176	(5)	171	291	(3)	288
- of which attributable to equity holders of the			200			173			297
- of which minority interests			(2)			(2)			(9)

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

(in million euros)	Share capital and other reserves (1)			Fair value adjustments - equity holders of the parent					Equity attributable to equity holders of the parent	Minority interests	Total equity
	Share capital	Issue, share and merger premiums and liquidation surplus	Legal reserve and other reserves	Consolidated reserves	Fair value adjustments to hedging instruments	Actuarial gains and losses on pension obligations	Exchange difference	OCI of joint ventures			
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				186	-	-	-	-	186	2	188
Gains and Losses Recognized											
Directly in Equity				-	1	-	(11)	(3)	(13)	(4)	(17)
Other				(2)	-	-	-	2	-	-	-
At June 30, 2018	199	643	318	1 757	(1)	-	(136)	(40)	2 740	14	2 754
Distribution of dividends by:											
- Banque PSA Finance				-					-		-
- Other companies				-					-		-
Net Income (2)				136	-	-	-	-	136	(4)	132
Gains and Losses Recognized											
Directly in Equity				-	-	-	(6)	(6)	(12)	(3)	(15)
Hyperinflation effects (2)				4	-	-	-	-	4	4	8
Other				1	-	-	-	(2)	(1)	-	(1)
At December 31, 2018	199	643	318	1 898	(1)	-	(142)	(48)	2 867	11	2 878
Distribution of dividends by:											
- Banque PSA Finance				(97)					(97)		(97)
- Other companies				-					-		-
Net Income (2)				200	-	-	-	-	200	(1)	199
Gains and Losses Recognized											
Directly in Equity				-	-	-	5	(5)	-	(1)	(1)
Hyperinflation effects (2)				2	-	-	-	-	2	2	4
Other				-	-	-	-	-	-	-	-
At June 30, 2019	199	643	318	2 003	(1)	-	(137)	(53)	2 972	11	2 983

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 implementation of IAS 29 led to a negative impact of €-4 million in Net Income fully covered by a positive change in Equity (Equity attributable to equity holders of the parent: €2 million and Minority interests: €2 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

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	
		Proforma	Dec. 31, 2018
Pre-tax income	206	192	322
Net depreciation of tangible and intangible assets	6	6	13
Net provisions and impairment	(49)	(2)	27
Share in net income of equity-accounted companies	(193)	(174)	(336)
Net loss/(net gain) on investing activities	-	(3)	(9)
(Income)/Charges of financing activities	-	-	-
Other movements	1	4	6
Total of non-monetary items included in pre-tax income and other adjustments	(235)	(169)	(299)
Change in credit institutions items	(37)	44	6
Change in customer items	4	(16)	21
Change in financial assets and liabilities	4	29	38
Change in non-financial assets and liabilities	6	(1)	(12)
Dividends received from equity-accounted entities	193	59	95
Tax paid	(3)	(9)	(5)
Net increase/(decrease) of assets and liabilities provided by operating	167	106	143
Net cash provided by operating activities (A)	138	129	166
Change in equity investments	1	1	(3)
- Outflows for the acquisitions of shares in subsidiaries, net of cash transferred	-	-	(10)
- Inflows from disposals of shares in subsidiaries, net of cash transferred	1	1	7
- Outflows for the acquisitions of shares in equity-accounted companies	-	-	-
- Inflows from disposals of shares in equity-accounted companies	-	-	-
- Other change in equity investments	-	-	-
Change in property and equipment and intangible assets	(8)	(6)	(15)
- Outflows for the acquisitions of property and equipment and intangible assets	(8)	(6)	(15)
- Inflows from disposals of property and equipment and intangible assets	-	-	-
Effect of changes in scope of consolidation	-	-	-
Net cash provided by investing activities (B)	(7)	(5)	(18)
Cash flows from or to shareholders	(97)	-	-
- Outflows for the dividends paid to:			
- PSA Group	(97)	-	-
- Minority shareholders	-	-	-
- Inflows from issuance of equity instruments	-	-	-
Other net cash from financing activities	-	-	-
Net cash provided by financing activities (C)	(97)	-	-
Effect of changes in exchange rates (D)	1	(2)	-
Net increase/(decrease) of cash and cash equivalents (A+B+C+D)	35	122	148
Cash and cash equivalents at the beginning of the period	462	314	314
Cash, central banks (assets and liabilities)	56	98	98
Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	406	216	216
Cash and cash equivalents at the end of the period	497	436	462
Cash, central banks (assets and liabilities)	57	82	56
Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	440	354	406

2.6 Notes to the Consolidated Financial Statements

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A. Main Events of the period

No main event to report during the first semester 2019

B. Changes in Group Structure**Partnership with Santander CF**

In June 2019, the joint venture PSA Bank Deutschland GmbH sold € 69 million worth of automobile loans to the FCT Auto ABS German Lease Master 2019. The fund issued €50 million worth of A bonds and €18 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 Lease Master 2019 has been accounted by the equity method since June 2019.

Partnership with BNP Paribas PF

In February 2019, the joint venture Vauxhall Finance plc sold €857 million worth of automobile loans to the E-carat 10 PLC. The fund issued €613 million worth of A bonds, €64 million worth of B bonds, €43 million worth of C bonds, €34 million worth of D bonds, €26 million worth of E bonds, €17 million worth of F bonds and €60 million worth of G 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 E-carat 10 PLC has been accounted by the equity method since February 2019.

Note 2 Accounting Policies

The interim consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows presenting a selection of explanatory notes. The condensed interim consolidated financial statements should be read and understood together with the 2018 consolidated financial statements.

The accounting principles applied to prepare the interim consolidated financial statements for the six months ended June 30, 2019, are identical to those used to prepare the 2018 consolidated financial statements, with the exception of the application of new compulsory standards and interpretations, see section: “New compulsory standards and interpretations applicable on January 1, 2019”.

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.

The presentation of Banque PSA Finance’s interim consolidated financial statements for the six months ended June 30, 2019 is prepared according to 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.

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).

New IFRSs and IFRIC Interpretations applicable compulsorily in the fiscal year commencing on January 1, 2019

The new texts, which application is compulsory in the fiscal year commencing January 1, 2019 and applied by Banque PSA Finance Group are the following:

- 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 be applied 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 is applicable since 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 mainly concern the real estate leases relating to 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 retained 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. The right-of-use asset for the first time application of the entities consolidated in global method amounts to 3,1 millions euros without impact on Equity.

Therefore, the first time application did not generate a significant 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.

This text does not impact significantly Banque PSA Finance Group.

Other texts do not present any significant impact for Banque PSA Finance Group.

New IFRSs and IFRIC Interpretations non applicable compulsorily in the European Union in the fiscal year commencing on January 1, 2019

Potential impact of texts or projects published by IASB and IFRIC with compulsory application in the European Union from the period after January 1st, 2019, or not yet adopted by the European Union is currently being analyzed; such is especially the case for:

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.

Other projects and standards do not have significant impacts on Banque PSA Finance Group.

Note 3 Cash, Central Banks

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Cash	-	-
Central banks (1)	57	56
- of which compulsory reserves deposited with the Banque de France	-	-
Total	57	56

(1) The reserves deposited with the central banks are included in Banque PSA Finance Group's liquidity reserve (see Note 17.2).

Note 4 Financial Assets at Fair Value Through Profit or Loss

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Marketable securities booked at fair value through profit or loss	397	352
- Marketable securities	398	352
- Mutual funds	368	317
- Mutual funds qualified as cash equivalents (1)	299	249
- Units held by insurance companies	69	68
- of which accrued interest	-	-
- Certificates of deposit and Treasury bills	-	-
- Bonds issued by the securitization funds in the Santander joint venture	30	35
- of which held by insurance companies	30	35
- 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	12
- Equity Securities, gross value	39	39
- PSA UK Number 1 P.L.C. (2)	2	2
- PSA Financial d.o.o. (3)	3	3
- PSA Finance Hungaria Zrt (4)	25	25
- Dongfeng Peugeot Citroën Financial Leasing Co., Ltd. (5)	9	9
- Equity Securities Impairment (3)(4)	(27)	(27)
Total	409	364

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) The mutual funds qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 17.2).

(2) 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.

(3) 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.

(4) 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.

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

Note 5 Hedging Instruments - Assets

5.1 Analysis by Nature

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Adjustment accounts - commitments in foreign currencies (1)	42	41
- of which related companies	-	-
Accrued income on swaps designated as hedges	3	4
- of which related companies	-	-
Positive fair value of instruments designated as hedges of:	8	7
- Borrowings	-	-
- EMTNs/BMTNs	7	5
- of which due to hedging cross currency swaps' basis spread	(1)	(2)
- Bonds	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	-	-
- Variable rate EMTN (Cash Flow Hedge)	1	2
Offsetting positive fair value and received margin calls	(51)	(48)
Total	2	4

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 15).

5.2 Offsetting swaps with margin call designated as hedges - Assets

For 2019

<i>(in million euros)</i>	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance Sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Positive valued swaps					
Adjustment accounts - commitments in foreign currencies	220	(178)	42	-	42
- Cross currency swap with margin call	220	(178)	42	-	42
- Other instruments	-	-	-	-	-
Accrued income	3	-	3	-	3
- Swaps with margin call	3	-	3	-	3
- Swaps without margin call	-	-	-	-	-
Positive fair value	193	(185)	8	-	8
- Swaps with margin call	193	(185)	8	-	8
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-	-	(51)	(51)
Total assets	416	(363)	53	(51)	2
Margin calls received on swaps designated as hedges (deferred income - see Note 13)	-	-	52	(51)	1
Total liabilities	-	-	52	(51)	1

For 2018

<i>(in million euros)</i>	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance Sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Positive valued swaps					
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 (deferred income - see Note 13)	-	-	48	(48)	-
Total liabilities	-	-	48	(48)	-

Note 6 Loans and Advances to Credit Institutions, at amortized cost

Analysis of Demand and Time Accounts

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Demand accounts	147	161
- Ordinary accounts in debit	147	161
- of which allocated to the liquidity reserve (1)	147	161
- of which held by insurance companies	36	49
- of which related companies	5	16
Time accounts	166	121
- Time accounts qualified as cash equivalents (1)	-	-
- Subordinated loans (2)	162	117
- of which related companies	162	117
- Other	4	4
- of which held by insurance companies	2	2
Accrued interest	-	-
- of which related companies	-	-
Total	313	282

(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 17.2).

(2) In June 2019, Banque PSA Finance provided the French joint venture in partnership with BNP Paribas PF with €45 million subordinated loans.

Note 7 Customer Loans and Receivables, at amortized cost

7.1 Analysis by Type of Financing

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Installment contracts	104	123
Buyback contracts (1)	10	6
Principal and interest	11	7
Unaccrued interest on buyback contracts	(1)	(1)
Long-term leases (1)	-	-
Principal and interest	-	-
- Related companies	-	-
- Non-group companies	-	-
Unaccrued interest on long-term leases	-	-
Leasing deposits	-	-
Wholesale financing	74	63
Principal and interest	74	63
- Related companies	-	-
- Non-group companies	74	63
Other finance receivables	-	1
- Related companies	-	-
- Non-group companies	-	1
Ordinary accounts in debit	-	-
- Related companies	-	-
- Cash pooling (2):	-	-
- Before offsetting	3	3
- Offsetting	(3)	(3)
- Other	-	-
- Non-group companies	-	-
Deferred items included in amortized cost - Customers loans and receivables	(14)	(14)
- Deferred acquisition costs	1	1
- Deferred loan set-up costs	(5)	(7)
- Deferred manufacturer and dealer contributions	(10)	(8)
Total Loans and Receivables at Amortized Cost	174	179

(1) 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.

(2) Under the cash pooling agreement with PSA International, the asset and liability amounts are offset in accordance with IAS 32 (see Note 11).

7.2 Customer Loans and Receivables by Segment

For 2019

	IFRS 8 Segment	Corporate Dealers	End user		Total at June 30, 2019
			Retail	Corporate and equivalent	
<i>(in million euros)</i>		(A - see B Note 20.1)	(B - see A Note 20.1)	(C - see C Note 20.1)	
Type of financing					
Installment contracts	-	-	104	-	104
Buyback contracts	-	-	9	1	10
Long-term leases	-	-	-	-	-
Wholesale financing	74	-	-	-	74
Other finance receivables	-	-	-	-	-
Ordinary accounts in debit	-	-	-	-	-
Deferred items included in amortized cost	-	-	(14)	-	(14)
Total customer loans by segment (based on IFRS 8)	74	74	99	1	174

For 2018

	IFRS 8 Segment	Corporate Dealers	End user		Total at December 31, 2018
			Retail	Corporate and equivalent	
<i>(in million euros)</i>		(A - see B Note 20.1)	(B - see A Note 20.1)	(C - see C Note 20.1)	
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	64	114	1	179

Note 8 Accruals and Other Assets

(in million euros)	June 30, 2019	Dec. 31, 2018
Other receivables	28	33
- Related companies	24	29
- of which insurance activities	2	3
- Non-group companies	4	4
- of which insurance activities	1	1
Dividends receivable from Joint Ventures	-	10
- of which insurance activities	-	10
Prepaid and recoverable taxes	19	18
- of which insurance activities	9	9
Accrued income	19	15
- Related companies	8	7
- Non-group companies	11	8
- of which insurance activities	11	7
Prepaid expenses	1	-
Other	2	2
- Related companies	-	-
- Non-group companies	2	2
- of which insurance activities	-	-
Total	69	78

Note 9 Investments in Associates and Joint Ventures Accounted for Using the Equity Method

9.1 Investments

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
At the beginning of the period	2 372	2 149
Change in Consolidation perimeter	-	-
Capital increase/(decrease) and contributions to reserves	-	-
Share in net income	193	336
Distribution of dividends	(183)	(104)
Gains and Losses Recognized Directly in Equity	(5)	(9)
At the end of the period	2 377	2 372
<i>- of which goodwill (1)</i>	3	3

Table of Changes by Geographical Area

<i>(in million euros)</i>	Partnership with	Europe		Brazil	China		Total
		Santander CF	BNP Paribas PF	Santander	Dongfeng Peugeot Citroën	of which goodwill (1)	
At January 1, 2018		1 512	508	39	90	3	2 149
Capital increase/(decrease) and contributions to reserves							-
Share in net income		118	48	1	7	-	174
Distribution of dividends		(67)	-	(2)	-	-	(69)
Gains and Losses Recognized Directly in Equity		1	1	(4)	1	-	(1)
At June 30, 2018		1 564	557	34	98	3	2 253
Capital increase/(decrease) and contributions to reserves							-
Share in net income		120	33	3	6	-	162
Distribution of dividends		(35)	-	-	-	-	(35)
Gains and Losses Recognized Directly in Equity		(4)	(2)	-	(2)	-	(8)
At December 31, 2018		1 645	588	37	102	3	2 372
Capital increase/(decrease) and contributions to reserves							-
Share in net income		139	43	2	9	-	193
Distribution of dividends		(101)	(74)	(8)	-	-	(183)
Gains and Losses Recognized Directly in Equity		(2)	(5)	1	1	-	(5)
At June 30, 2019		1 681	552	32	112	3	2 377

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 June 30, 2019 and €2.4 million at December 31, 2018).

9.2 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:

- 9.2.1 Partnership with Santander CF in Europe
- 9.2.2 Partnership with BNP Paribas PF in Europe
- 9.2.3 Partnership with Santander in Brazil
- 9.2.4 Partnership with Dongfeng Peugeot Citroën in China

9.2.1 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

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Customer loans and receivables	29 095	27 556
Other assets	3 305	2 877
Total assets	32 400	30 433
Refinancing	22 726	21 705
Other liabilities	6 311	5 438
Equity	3 363	3 290
Total equity and liabilities	32 400	30 433

Key Income Statement Items

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Net banking revenue	584	537	1 094
General operating expenses and equivalent	(191)	(184)	(371)
Gross operating income	393	353	723
Cost of risk (1)	(23)	(14)	(23)
Operating income	370	339	700
Non-operating items		(3)	(11)
Pre-tax income	370	336	689
Income taxes	(92)	(101)	(213)
Net income for the year	278	235	476

Statement of changes from 100% Equity to equity method

<i>(in million euros)</i>	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 January 1, 2018	3 025	50%	1 512	(1 273)	-	239	(34)
Net income of the period	235		118			118	
Distribution of dividends	(134)		(67)			(67)	
Gains and Losses Recognized Directly in Equity	2		1			1	-
At June 30, 2018	3 128	50%	1 564	(1 273)	-	291	(34)
Net income of the period	241		120			120	
Distribution of dividends	(70)		(35)			(35)	
Gains and Losses Recognized Directly in Equity	(9)		(4)			(4)	(1)
At December 31, 2018	3 290	50%	1 645	(1 273)	-	372	(35)
Net income of the period	278		139			139	
Distribution of dividends	(202)		(101)			(101)	
Gains and Losses Recognized Directly in Equity	(3)		(2)			(2)	
At June 30, 2019	3 363	50%	1 681	(1 273)	-	408	(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

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Investments in associates and joint ventures accounted for using the equity method	1 681	1 645
Total assets	1 681	1 645
Equity		
- Historical value of the shares owned (1)	1 273	1 273
- Consolidated reserves - equity holders of the parent	408	372
- of which share in net income accounted for using the equity method	139	238
Total equity and liabilities	1 681	1 645

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

9.2.2 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), Spain (ES), 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

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Customer loans and receivables	10 654	9 817
Other assets	692	551
Total assets	11 346	10 368
Refinancing	8 397	7 549
Other liabilities	1 845	1 641
Equity	1 104	1 178
Total equity and liabilities	11 346	10 368

Key Income Statement Items

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Net banking revenue (1)	244	257	490
General operating expenses and equivalent	(117)	(123)	(249)
Gross operating income	127	134	241
Cost of risk	(2)	(6)	(16)
Operating income	125	128	225
Non-operating items	(7)	(2)	-
Pre-tax income	118	126	225
Income taxes	(32)	(30)	(62)
Net income for the year	86	96	163

(1) Of which a positive impact of €45 million euros at June 30, 2019 (€117 million euros at December 31, 2018) related to the Price Purchase Allocation: see Note 22.2.

Statement of changes from 100% Equity to equity method

<i>(in million euros)</i>	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 January 1, 2018	1 017	50%	508	(489)	-	19	(1)
Net income of the period	96		48			48	
Distribution of dividends	-		-			-	
Gains and Losses Recognized Directly in Equity	1		1			1	1
At June 30, 2018	1 114	50%	557	(489)	-	68	-
Net income of the period	67		33			33	
Distribution of dividends	-		-			-	
Gains and Losses Recognized Directly in Equity	(3)		(2)			(2)	(3)
At December 31, 2018	1 178	50%	588	(489)	-	99	(3)
Net income of the period	86		43			43	
Distribution of dividends	(150)		(74)			(74)	
Gains and Losses Recognized Directly in Equity	(10)		(5)			(5)	(1)
At June 30, 2019	1 104	50%	552	(489)	-	63	(4)

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

Consolidated Balance Sheet items after equity method

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Investments in associates and joint ventures accounted for using the equity method	552	588
Total assets	552	588
Equity		
- Historical value of the shares owned (1)	489	489
- Consolidated reserves - equity holders of the parent	63	99
- of which share in net income accounted for using the equity method	43	81
Total equity and liabilities	552	588

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

9.2.3 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

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Customer loans and receivables	380	384
Other assets	37	39
Total assets	417	423
Refinancing	338	333
Other liabilities	16	17
Equity	63	73
Total equity and liabilities	417	423

Key Income Statement Items

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Net banking revenue	13	14	27
General operating expenses and equivalent	(7)	(7)	(13)
Gross operating income	6	7	14
Cost of risk	(1)	-	-
Operating income	5	7	14
Income taxes	(2)	(4)	(6)
Net income for the year	3	3	8

Statement of changes from 100% Equity to equity method

<i>(in million euros)</i>	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 January 1, 2018	79	50%	39	(27)	-	12	(4)
Net income of the period	3		1			1	
Distribution of dividends	(5)		(2)			(2)	
Gains and Losses Recognized Directly in Equity	(9)		(4)			(4)	(4)
At June 30, 2018	68	50%	34	(27)	-	7	(8)
Net income of the period	5		2			2	
Distribution of dividends	-		-			-	
Gains and Losses Recognized Directly in Equity	1		1			1	-
At December 31, 2018	74	50%	37	(27)	-	10	(8)
Net income of the period	3		2			2	
Distribution of dividends	(15)		(8)			(8)	
Gains and Losses Recognized Directly in Equity	1		1			1	1
At June 30, 2018	63	50%	32	(27)	-	5	(7)

(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

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Investments in associates and joint ventures accounted for using the equity method	32	37
Total assets	32	37
Equity		
- Historical value of the shares owned (1)	27	27
- Consolidated reserves - equity holders of the parent	5	10
- of which share in net income accounted for using the equity method	2	4
Total equity and liabilities	32	37

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

9.2.4 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

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Customer loans and receivables	1 523	1 976
Other assets	101	118
Total assets	1 624	2 094
Refinancing	911	1 266
Other liabilities	276	431
Equity	437	397
Total equity and liabilities	1 624	2 094

Key Income Statement Items

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Net banking revenue	56	65	123
General operating expenses and equivalent	(11)	(12)	(32)
Gross operating income	45	53	91
Cost of risk	5	(3)	(9)
Operating income	50	50	82
Non-operating items	1	-	-
Pre-tax income	51	50	82
Income taxes	(13)	(21)	(29)
Net income for the year	38	29	53

Statement of changes from 100% Equity to equity method

<i>(in million euros)</i>	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 January 1, 2018	348	25%	87	(33)	3	57	2
Net income of the period	29		7	-	-	7	
Distribution of dividends	-		-	-	-	-	
Gains and Losses Recognized Directly in Equity	4		1	-	-	1	1
At June 30, 2018	381	25%	95	(33)	3	65	3
Net income of the period	24		6	-	-	6	
Distribution of dividends	-		-	-	-	-	
Gains and Losses Recognized Directly in Equity	(8)		(2)	-	-	(2)	(2)
At December 31, 2018	397	25%	99	(33)	3	69	1
Net income of the period	38		9	-	-	9	
Distribution of dividends	-		-	-	-	-	
Gains and Losses Recognized Directly in Equity	2		1	-	-	1	
At June 30, 2018	437	25%	109	(33)	3	79	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

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Investments in associates and joint ventures accounted for using the equity method (2)	112	102
Total assets	112	102
Equity		
- Historical value of the shares owned (1)	33	33
- Consolidated reserves - equity holders of the parent	79	69
- of which share in net income accounted for using the equity method	9	13
Total equity and liabilities	112	102

(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 10 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Demand deposits (non-group institutions)	5	4
- Ordinary accounts in credit	3	2
- Accounts and deposits at overnight rates	2	2
- Other amounts due to credit institutions	-	-
Accrued interest	-	-
Time deposits (non-group institutions)	69	61
- Conventional bank deposits	69	61
Accrued interest	5	7
Total deposits from credit institutions at amortized cost	79	72

Note 11 Due to Customers

Analysis of Demand and Time Accounts

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Demand accounts	1	-
- 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	-	-
Accrued interest	-	-
Time deposits	3	3
- Corporate time deposit		
- Related companies	-	-
- Other		
- Non-group companies	3	3
Accrued interest	-	-
Total deposits from credit institutions at amortized cost	4	3

⁽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 7.1).

Note 12 Debt Securities

Analysis by Nature

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Interbank instruments and money-market securities (non-group institutions)	242	244
- EMTNs and BMTNs	242	244
- Certificates of deposit and "billets de trésorerie"	-	-
Accrued interest	6	5
Other debt securities	-	-
Total debt securities at amortized cost	248	249

Note 13 Accruals and Other Liabilities

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Trade payables	34	32
- Related companies (1)	30	29
- of which insurance activities	1	1
- Non-group companies	4	3
- of which insurance activities	-	-
Financial Debts (2)	3	-
- of which insurance activities	2	-
Accrued payroll and other taxes	5	5
Accrued charges	11	13
- Related companies	3	3
- of which insurance activities	2	1
- Non-group companies	8	10
- of which insurance activities	1	2
Other payables	3	4
- Related companies	2	3
- of which insurance activities	2	3
- Non-group companies	1	1
- of which insurance activities	-	1
Deferred income	-	-
- Related companies	-	-
- Non-group companies	-	-
- of which margin calls received on swaps designated as hedges (3)	-	-
Other	-	1
- Non-group companies	-	1
Total	56	55

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

(2) impact following the application of IFRS 16 at January 1, 2019, recognized as well in Property and equipment on the asset side.

(3) At June 30, 2019, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €51 million, compared to €48 million at December,31, 2018 (see Note 5.2).

Note 14 Insurance Activities

14.1 Liabilities Related to Insurance Contracts

<i>(in million euros)</i>	Dec. 31, 2018	Written premiums	Earned premiums	Claims paid	Claims incurred	June 30, 2019
Unearned premium reserve (UPR)	3	18	(14)			7
Claims reserve						
- Claims reserve - reported claims	20			(2)	1	19
- Claims reserve - claims incurred but not reported (IBNR)	60			-	(12)	48
Total liabilities related to insurance contracts	83	18	(14)	(2)	(11)	74

14.2 Income from Activities

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
+ Earned premiums	14	26	43
Written premiums	18	25	41
Change in insurance liabilities (UPR)	(4)	1	2
- Cost	5	(19)	(31)
Claims expenses	(2)	(4)	(6)
Change in insurance liabilities (except for UPR)	13	(2)	(4)
Other income (expense)	(6)	(13)	(21)
- of which related companies	(6)	(12)	(20)
Margin on sales of Insurance activities	19	7	12

Note 15 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 ARS687 million at June 30, 2019 vs ARS887 million at December 31, 2018.

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 20.

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 June 2019 is not significant (-€0.06 million at June 30, 2019 versus -€0.9 million at the end of 2018).

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 both labelled in foreign currencies) 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 June 30, 2019	-	45	124	3	19	5	15	39	1	50	301
<i>Note: December 2018</i>	1	45	124	3	19	5	15	35	-	49	296

(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 16 Fair Value of Financial Assets and Liabilities

(in million euros)	Fair value		Book value		Difference	
	June 30, 2019	Dec. 31, 2018	June 30, 2019	Dec. 31, 2018	June 30, 2019	Dec. 31, 2018
Assets						
Cash, central banks	57	56	57	56	-	-
Financial assets at fair value through profit or loss (1)(2)	409	364	409	364	-	-
Hedging instruments (1)	2	4	2	4	-	-
Financial assets at fair value through Equity	-	-	-	-	-	-
Debt securities at amortized cost	-	-	-	-	-	-
Loans and advances to credit institutions, at amortized cost (3)(4)	314	260	313	282	1	(22)
Customer loans and receivables, at amortized cost (5)	154	156	174	179	(20)	(23)
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)	79	72	79	72	-	-
Due to customers (3)	4	3	4	3	-	-
Debt securities (6)	259	259	254	253	(5)	(6)

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 added to or deducted from their amortized cost.

The fair value presented above has been estimated by discounting future cash flows at the average customer rate of the three last months. 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).

(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 17 Other Commitments

17.1 Other Commitments

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Financing commitments		
Commitments received from credit institutions (1)	192	235
Commitments given to credit institutions	-	-
Commitments given to customers	-	-
Guarantee commitments		
Commitments received from credit institutions	3	5
- guarantees received in respect of customer loans	3	5
- guarantees received in respect of securities held	-	-
- other guarantees received from credit institutions	-	-
Guarantees given to credit institutions	4	4
Commitments given to customers	15	19
- Banque PSA Finance	15	19
Other commitments received		
Securities received as collateral	-	-

(1) This refers to undrawn bank facilities (see Note 17.2)

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

17.2 Financial Security

Financial security refers to liquidity reserve and undrawn bank facilities

<i>(in million euros)</i>	June 30, 2019	Dec. 31, 2018
Liquidity Reserve	503	466
- Reserves deposited with the central banks (see Note 3)	57	56
- Mutual funds qualified as cash equivalents (see Note 4)	299	249
- Ordinary accounts in debit (see Note 6)	147	161
Undrawn bank facilities	192	235
- Revolving bilateral bank facilities (1)	150	200
- Other bank facilities	42	35
Total	695	701

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

Note 18 Interest and Other Revenue on Assets at Amortized Cost

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Installment contracts	16	27	41
- of which related companies	5	9	11
Buyback contracts	-	-	1
- of which related companies	-	-	-
Long-term leases	-	-	-
- of which related companies	-	-	-
Wholesale financing	4	4	7
- of which related companies	3	3	5
Other finance receivables	-	-	-
- of which related companies	-	-	-
Commissions paid to referral agents	-	(1)	(2)
- Installment contracts	-	(1)	(2)
- Buyback contracts	-	-	-
- Long-term leases	-	-	-
Other business acquisition costs	-	(1)	(1)
Interest on ordinary accounts	-	-	-
Interest on guarantee commitments	-	-	-
Total	20	29	46

Note 19 General Operating Expenses

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Personnel costs	(4)	(3)	(6)
- Wages and salaries	(4)	(3)	(5)
- Payroll taxes	-	-	(1)
- Employee profit sharing and profit-related bonuses	-	-	-
Other general operating expenses	(6)	(1)	(6)
- External expenses	(56)	(50)	(113)
- of which related companies	(48)	(45)	(100)
- Re-invoicing	50	49	107
- of which related companies	49	49	105
Total	(10)	(4)	(12)

Note 20 Credit Risk Costs

20.1 Credit Risk Costs and changes in Loans

<i>(in million euros)</i>	Dec. 31, 2018	Net new loans and exchange difference (1)	Effect of changes in scope of consolidation	Cost of risk for the period at June 30, 2019	Balance at June 30, 2019
Retail					
Stage 1 loans	125	(15)	-	-	110
Stage 2 loans	2	(1)	-	-	1
Stage 3 loans	3	-	-	-	3
Guarantee deposits (lease financing)	-	-	-	-	-
Total	130	(16)	-	-	114
Impairment of stage 1 loans	-	-	-	-	-
Impairment of stage 2 loans	-	-	-	-	-
Impairment of stage 3 loans	(2)	-	-	1	(1)
Total impairment	(2)	-	-	1	(1)
Deferred items included in amortized cost	(14)	-	-	-	(14)
Net book value (A - see B Note 7.2)	114	(16)	-	1	99
Recoveries on loans written off in prior periods	-	-	-	-	-
Retail cost of risk	-	-	-	1	-
Corporate dealers					
Stage 1 loans	62	10	-	-	72
Stage 2 loans	3	-	-	-	3
Stage 3 loans	1	-	-	-	1
Total	66	10	-	-	76
Impairment of stage 1 loans	(1)	-	-	-	(1)
Impairment of stage 2 loans	-	-	-	-	-
Impairment of stage 3 loans	(1)	-	-	-	(1)
Total impairment	(2)	-	-	-	(2)
Deferred items included in amortized cost	-	-	-	-	-
Net book value (B - see A Note 7.2)	64	10	-	-	74
Recoveries on loans written off in prior periods	-	-	-	-	-
Corporate dealers cost of risk	-	-	-	-	-
Corporate and equivalent					
Stage 1 loans	1	-	-	-	1
Stage 2 loans	-	-	-	-	-
Stage 3 loans	-	-	-	-	-
Total	1	-	-	-	1
Impairment of stage 1 loans	-	-	-	-	-
Impairment of stage 2 loans	-	-	-	-	-
Impairment of stage 3 loans	-	-	-	-	-
Total impairment	-	-	-	-	-
Deferred items included in amortized cost	-	-	-	-	-
Net book value (C - see C Note 7.2)	1	-	-	-	1
Recoveries on loans written off in prior periods	-	-	-	-	-
Corporate and equivalent cost of risk	-	-	-	-	-
Total loans					
Stage 1 loans	188	(5)	-	-	183
Stage 2 loans	5	(1)	-	-	4
Stage 3 loans	4	-	-	-	4
Guarantee deposits	-	-	-	-	-
Total	197	(6)	-	-	191
Impairment of stage 1 loans	(1)	-	-	-	(1)
Impairment of stage 2 loans	-	-	-	-	-
Impairment of stage 3 loans	(3)	-	-	1	(2)
Total impairment	(4)	-	-	1	(3)
Deferred items included in amortized cost	(14)	-	-	-	(14)
Net book value	179	(6)	-	1	174
Recoveries on loans written off in prior periods	-	-	-	-	-
Total cost of risk	-	-	-	1	-

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

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

20.2 Change in Credit Risk Costs

<i>(in million euros)</i>	Retail	Corporate dealers	Corporate and equivalent	June 30, 2019	June 30, 2018	Dec. 31, 2018
Stage 1 loans						
Allowances	-	-	-	-	-	-
Reversals	-	-	-	-	-	1
Stage 2 loans						
Allowances	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Stage 3 loans						
Allowances	-	-	-	-	-	-
Reversals	1	-	-	1	-	-
Credit losses	-	-	-	-	-	(1)
Recoveries on loans written off in prior	-	-	-	-	-	-
Cost of Risk	1	-	-	1	-	-

Note 21 Income Taxes

21.1 Evolution of Balance Sheet Items

<i>(in million euros)</i>	Dec. 31, 2018	Income	Equity	Payment	Exchange difference and other (1)	June 30, 2019
Current tax						
Assets	13					13
Liabilities	(2)					(4)
Total	11	(5)	-	3		9
Deferred tax						
Assets	5					3
Liabilities	(3)					(3)
Total	2	(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.

21.2 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.

Since January 1st, 2019, following the application of the 2017 finance law, the tax rate applied by Banque PSA Finance S.A in France has risen from 34,43%, in force since 2016, to 32,023%.

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Current tax	(5)	(2)	-
Deferred tax	(2)	(2)	(2)
Deferred taxes arising in the period	(2)	(2)	(2)
Unrecognized deferred tax assets and impairment losses	-	-	-
Total	(7)	(4)	(2)

21.3 Banque PSA Finance tax proof

<i>(in million euros)</i>	June 30, 2019	June 30, 2018	Dec. 31, 2018
Pre-tax income	197	192	322
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(184)	(174)	(336)
Permanent differences	13	(4)	48
Taxable Income	26	14	34
<i>Legal tax rate in France for the period</i>	<i>32,0%</i>	<i>34,4%</i>	<i>34,4%</i>
Theoretical tax	(8)	(5)	(11)
Impact of differences in foreign tax rates	-	1	-
Impact of changes in foreign tax rates	-	-	-
Impact of changes in France tax rates	-	-	-
Impact of provisional surtax in France	-	-	-
Adjustment related to the previous year	1	(1)	(1)
Tax disputes and adjustments	-	-	-
Other	-	-	9
Income taxes before impairment of assets on tax loss carry forwards	(7)	(5)	(3)
<i>Group effective tax rate</i>	<i>37,3%</i>	<i>39,0%</i>	<i>9,4%</i>
Deferred tax assets on tax loss carry forwards:			
- Allowances	-	-	-
- Reversals	-	1	1
Income taxes	(7)	(4)	(2)

21.4 Deferred Tax Assets on Tax Loss Carry Forwards

<i>(in million euros)</i>	Dec. 31, 2018	New tax losses	Tax losses utilized in the year (3)	Charges / Reversals	Exchange difference and other (1)	June 30, 2019
Deferred tax assets on tax loss carry forwards	32	-	(3)		(2)	27
Allowances (2)	(29)			-	2	(27)
Total	3	-	(3)	-	-	-

(1) The impact of €-2 million is linked to the adjustment after the decrease of the tax rate in France since 1st January 2019, this impact is written down taken in the depreciation.

(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 June 2019.

(3) The use of the deficit is linked to the PSA Life Insurance Ltd following the release of IBNR across previous underwriting years.

Note 22 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.

22.1 Key Balance Sheet Items

At June 30, 2019

<i>(in million euros)</i>	IFRS 8 segment information Balance Sheet as at June 30, 2019	Equity-method accounting of equity attributable to Group in JV	Consolidated Balance Sheet at June 30, 2019
Assets			
Customer loans and receivables, at amortized cost	40 303	(40 129)	174
- Corporate dealers	12 167	(12 093)	74
- End user	28 136	(28 036)	100
Financial assets at fair value through profit or loss	412	(3)	409
Financial assets at fair value through Equity	-	-	-
Debt securities at amortized cost	76	(76)	-
Loans and advances to credit institutions, at amortized cost	1 773	(1 460)	313
Deferred tax assets	113	(110)	3
Investments in associates and joint ventures accounted for using the equity method (1)	112	2 265	2 377
Other assets	2 345	(2 141)	204
Total Assets	45 134	(41 654)	3 480
Liabilities			
Deposits from credit institutions	20 079	(20 000)	79
Due to customers	5 462	(5 458)	4
Debt securities	11 633	(11 385)	248
Liabilities related to insurance contracts	160	(86)	74
Deferred tax liabilities	357	(354)	3
Other liabilities	2 196	(2 107)	89
Equity	5 247	(2 264)	2 983
Total Liabilities	45 134	(41 654)	3 480

(1) See Note 9 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.

At December 31, 2018

<i>(in million euros)</i>	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 9 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.

22.2 Key Income Statement Items

At June 30, 2019

(in million euros)	IFRS 8 Income statement excl. PPA at June 30, 2019	OVF PPA impact at June 30, 2019	IFRS 8 Income statement at June 30, 2019	Presentation differences IFRS 8 vs Publishable Income Statement	Equity-method accounting of equity attributable to Group in JV	Publishable Income Statement at June 30, 2019
Net banking revenue	825	45	870	-	(842)	28
- Financing activities	680	45	725	-	(716)	9
- Corporate dealers	147	-	147	-	(146)	1
- End user	515	38	553	-	(550)	3
- Unallocated	18	7	25	-	(20)	5
- Insurance and services	145	-	145	-	(126)	19
Credit Cost of risk	(28)	2	(26)	-	27	1
- Financing activities	(28)	2	(26)	-	27	1
- Corporate dealers	-	2	2	-	(2)	-
- End user	(28)	-	(28)	-	29	1
Net income after cost of risk	797	47	844	-	(815)	29
- Financing activities	652	47	699	-	(689)	10
- Corporate dealers	147	2	149	-	(148)	1
- End user	487	38	525	-	(521)	4
- Unallocated	18	7	25	-	(20)	5
- Insurance and services	145	-	145	-	(126)	19
General operating expenses and equivalent	(331)	-	(331)	-	315	(16)
Operating income	466	47	513	-	(500)	13
Share in net income of associates and joint ventures accounted for using the equity method (1)	10	-	10	-	183	193
Other items	(7)	-	(7)	-	7	-
Pre-tax income	469	47	516	-	(310)	206
Income taxes	(123)	(11)	(134)	-	127	(7)
Net income	346	36	382	-	(183)	199

(1) See Note 9 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.

At June 30, 2018

(in million euros)	IFRS 8 Income statement excl. PPA at June 30, 2018	OVF PPA impact at June 30, 2018	IFRS 8 Income statement at May 30, 2018	Presentation differences IFRS 8 vs Publishable Income Statement	Equity-method accounting of equity attributable to Group in JV	Publishable Income Statement at May 30, 2018
Net banking revenue	773	57	830	2	(807)	25
- Financing activities	656	57	713	2	(698)	17
- Corporate dealers	131	1	132	-	(131)	1
- End user	512	48	560	-	(556)	4
- Unallocated	13	8	21	2	(11)	12
- Insurance and services	117	-	117	-	(109)	8
Credit Cost of risk	(25)	5	(20)	-	20	-
- Financing activities	(25)	5	(20)	-	20	-
- Corporate dealers	4	5	9	-	(9)	-
- End user	(29)	-	(29)	-	29	-
Net income after cost of risk	748	62	810	2	(787)	25
- Financing activities	631	62	693	2	(678)	17
- Corporate dealers	135	6	141	-	(140)	1
- End user	483	48	531	-	(527)	4
- Unallocated	13	8	21	2	(11)	12
- Insurance and services	117	-	117	-	(109)	8
General operating expenses and equivalent	(325)	-	(325)	-	314	(11)
Operating income	423	62	485	2	(473)	14
Share in net income of associates and joint ventures accounted for using the equity method (1)	7	-	7	-	167	174
Other items	-	-	-	-	4	4
Pre-tax income	430	62	492	2	(302)	192
Income taxes	(125)	(15)	(140)	-	136	(4)
Net income	305	47	352	2	(166)	188

(1) See Note 9 Investments in Associates and Joint Ventures Accounted for Using the Equity Method.

Note 23 Subsequent Events

In March 2014, the Swiss Competition Commission, Comco, made an investigation towards captive financial institutions based in Switzerland, of which PSA Finance Suisse S.A. and Opel Finance S.A. about potential information sharing on interest rates, contractual conditions, and fees paid to dealers. In July 11th 2019, the Comco released its decision to the captives that accepted to enter into an amical settlement mode and inflicted a global fine for CHF30 million. The fine for PSA Finance Suisse S.A. and Opel Finance S.A. , based on the ongoing settlement process and prior to any acknowledgment of facts and appreciation made by the Comco amounts respectively for CHF2,4 million and CHF2,16 million. Banque PSA Finance has booked sufficient and superior amount of provision to cover the fine in its financials as of June 30th 2019.

2.7 Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2019

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Banque PSA Finance, for the period from January 1 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

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

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

Courbevoie and Paris-La Défense, July 23, 2019

The statutory auditors
French original signed by

MAZARS

Matthew Brown

ERNST & YOUNG Audit

Vincent Roty

Statement from the person responsible for the 2019 half-year report

Person responsible for the half-year report

Rémy Bayle

Chief Executive Officer of Banque PSA Finance S.A.

Certification of the person responsible for the half-year report

I hereby certify, after having taken all reasonable steps to this effect that the information contained in this document is, to my knowledge, consistent with the truth and do not include any omission that could lead to a false interpretation.

I hereby certify, to my knowledge, that the financial statements for the first half of the year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the group's assets, financial situation and earnings and of all of the companies included in the consolidation, and that the management report in this document presents a true picture of the important events that have occurred during the first six months of the year and their impacts on the accounts, for the company and of all the companies included in the consolidation, and that it describes the main risks and uncertainties for the remaining six months of the year.

I have obtained from the Statutory Auditors the Review Report in which they indicate that they have verified the information on the financial situation and the financial statements presented 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

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