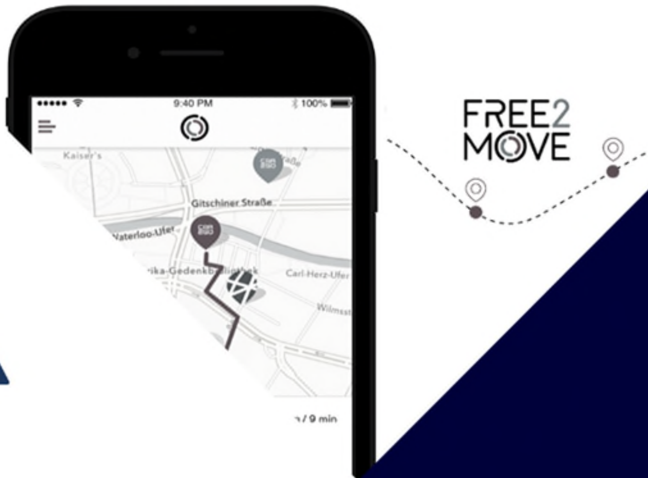


PSA GROUPE

BANQUE PSA FINANCE

ANNUAL REPORT
2019

"LIFETIME MOBILITY FINANCE & SERVICES PROVIDER"

PSA GROUPE

BANQUE PSA FINANCE

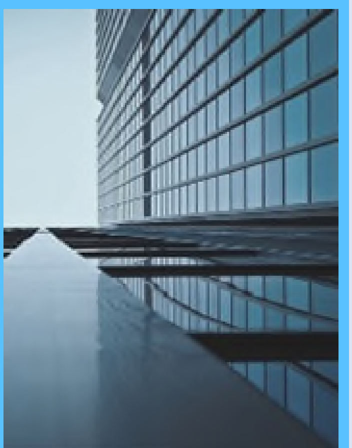


TABLE OF CONTENT MANAGEMENT REPORT

1.1 Message from Rémy Bayle

CHIEF EXECUTIVE OFFICER OF BANQUE PSA FINANCE

2019 was a year of preparation for the great Energy Transition, which will go into effect immediately in 2020 when the electric product line takes off.

And along with that, new challenges and new opportunities are arising from the implementation of connected services, the evolution of mobility products and services towards greater flexibility and diversity (such as car-sharing, inter-modal transportation or on-demand services), changing customer behavior and the emergence of new industry participants

In this fluid environment Banque PSA Finance has continued its own transformation by offering new mobility solutions (Mobility Pass and Flex and Free) and e-payment solutions to every customer, present and future, of Groupe PSA.

A shift to electric solutions

Banque PSA Finance supports the new PSA models with tailored and top-quality-service financing solutions (insurance, packages integrating a wallbox, complementary solutions like Mobility Pass).

Digital acceleration

In 2020, we will continue our digital transformation, and accelerate it. This transformation is user-oriented and aims to make the entire customer experience digital up to and including e-signatures, and to facilitate contracts over time with enhanced personal web spaces, where anyone can find a broad array of transactions and carry out almost any request online at any time.

As a further illustration of this digital know-how, last November, Banque PSA Finance received the BFM Business "First Prize of Digital Acceleration" (in the Banking & Insurance category) for our **EFFIGAME** application. This software trains sales advisers using video simulators with artificial intelligence. It enables them to receive training on multiple sales situations in a highly realistic, game-like but professional manner.

Strong performance

2019 was another year of top performance by BPF, with 30.8% of new Peugeot, Citroën and DS vehicle sales financed by BPF (down 0.8 point from 2018) and 27% of new Opel and Vauxhall vehicle sales financed by BPF, up 5 points. A total of 1,150,132 financing contracts on new and used vehicles were written, posting an increase of 5.7% over 2018 for the PSA Brands, representing a global penetration of 29.7%. To that can be added the 2% growth in Insurance and Services with 1,981,141 policies written on all PSA brands.

This performance was possible because of the success of our partnership-based business model. Our partnership with Santander Consumer Finance for Peugeot, Citroën and DS is going into its sixth year, and the one with BNP Paribas Personal Finance for Opel Vauxhall is now in its third year.

More than ever, our performance will be the result of our ability to confront the changing behaviors of customers and markets, to adapt to their needs and to stay innovative, using the potential that lies in digitization and the professionalism of our teams. This is how we can serve the brands and meet Groupe PSA's challenges.

RÉMY BAYLE
CHIEF EXECUTIVE OFFICER

1.2 BPF GOVERNANCE

BOARD OF DIRECTORS

Chairman
Member of the Appointments Committee
Member of the Wages and Salaries Committee
OLIVIER BOURGES

Director
Chief Executive Officer
RÉMY BAYLE

Director
BRIGITTE COURTEHOUX

Director
Chairman of the Appointments Committee
Chairman of Wages and Salaries Committee
Member of the Audit & Risk Committee
CATHERINE PARISET

Director
Chairman of the Audit & Risk Committee
Member of the Appointments Committee
Member of Wages and Salaries 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 COMMITEE

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

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

1.3. MAIN EVENTS

DIGITAL

Banque PSA Finance **winner** of the BFM Business first prize in digital innovation for **Effigame**, a new digital training platform for the sales teams.

MOBILITY

Flex & Free :
A new leasing solution **with no set length**, for changing vehicles more often, as one's wants and needs change.

SERVICES

Mobility Pass : An innovative service for the occasional long-distance trip, in support of the energy transition.

OPEL VAUXHALL FINANCE

Opel Vauxhall Finance has expanded its operations into Portugal and Poland.

INSURANCE

Enrichment of the range of PCD and OV insurance in all countries.

1.4. KEY DATES

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

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

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

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

The Opel and Vauxhall Brands join Groupe PSA, which has now become the second largest automobile manufacturer in Europe.

With the acquisition of the financing activities of Opel Vauxhall, BPF strengthens its cooperative business-model, creating a new organization: Opel Vauxhall Finance, in cooperation with BNPP PF.

1.5 KEY FIGURES

18

COUNTRIES

3500

EMPLOYEES IN THE WORLD

1 150 100

FINANCED VEHICLES

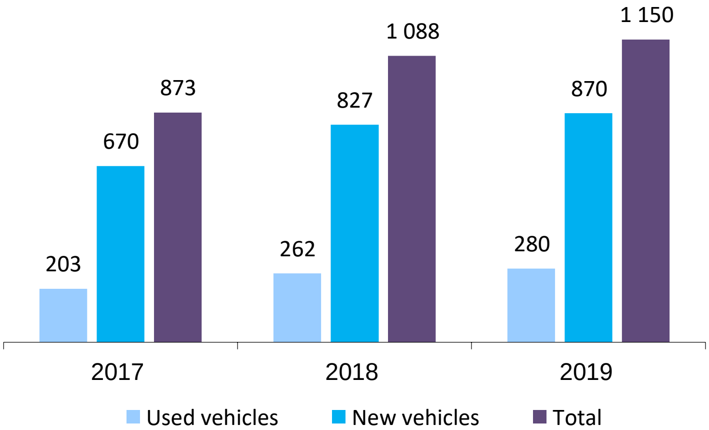
1 981 150

INSURANCE AND SERVICES CONTRACTS SOLD

KEY FIGURES BPF (OUT OF CHINA)

End-user financed vehicles*,

(in thousands of vehicles)



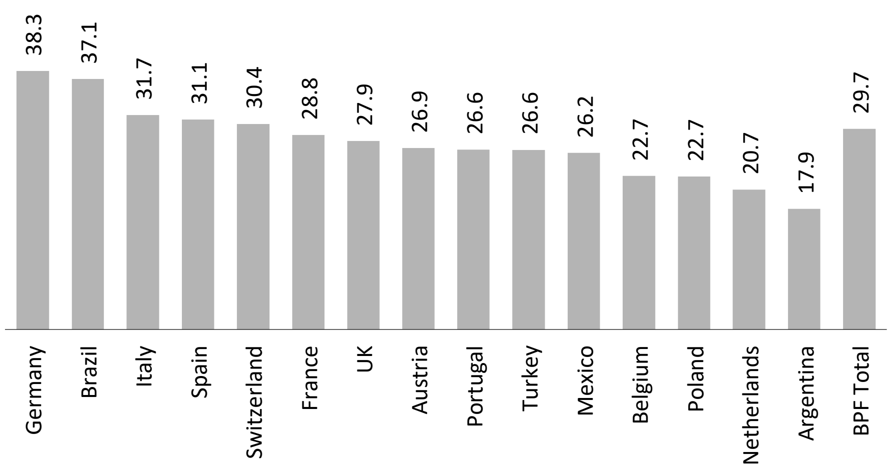
(*) integration of Retail financing (sale on credit/operational lease and financial lease) to dealers' network ; impact on volumes is +13 374 loans in 2018 and +15 286 loans in 2019

1.5 KEY FIGURES

BPF KEY FIGURES (OUT OF CHINA)

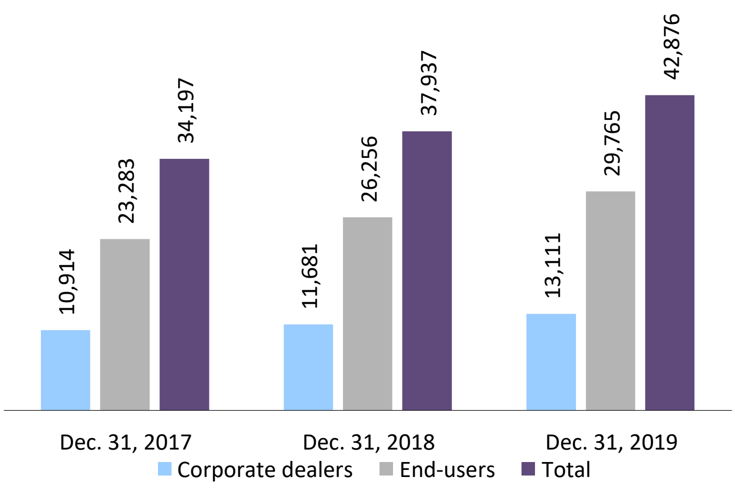
Penetration rates by country (in %) at December 31, 2019

(Financed new vehicles */ Registered new vehicles for PSA brands)



(*) integration of Retail financing (sale on credit/operational lease and financial lease) to dealers' network ; impact on penetration rate is +0.5 point in 2018 and in 2019

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



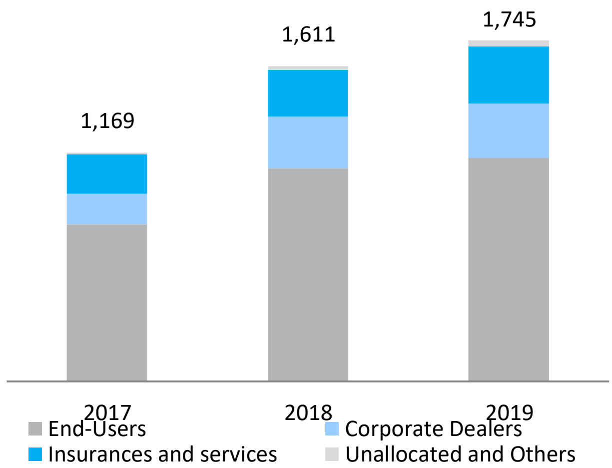
(*) in 2017, there were only 2 months of activity for Opel Vauxhall Finance
(**) Explanation about IFRS 8 format is available in paragraph 1.10 « Analysis of financial results» of this annual report

1.5 KEY FIGURES

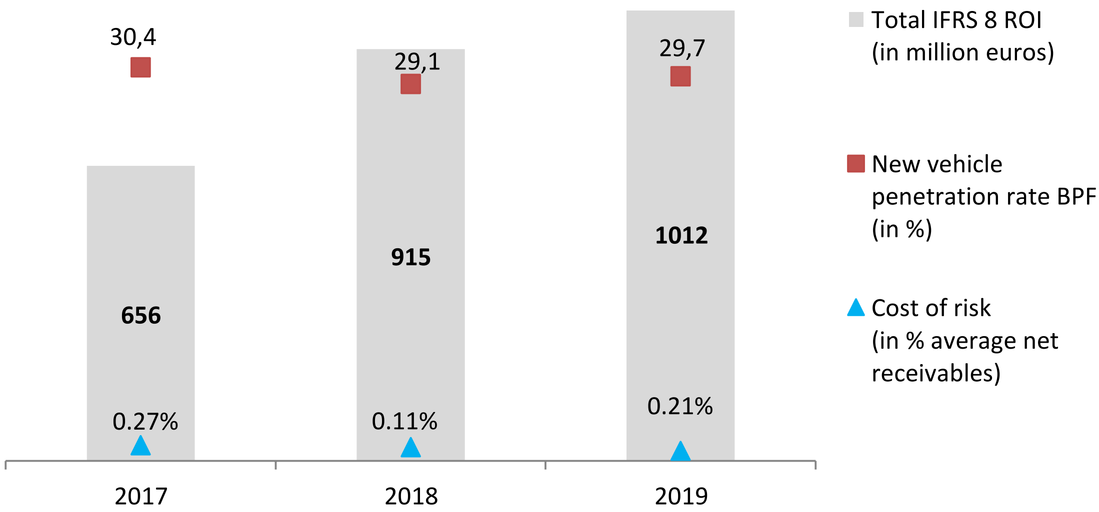
BPF KEY FIGURES (OUT OF CHINA)

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

(in millions euros)

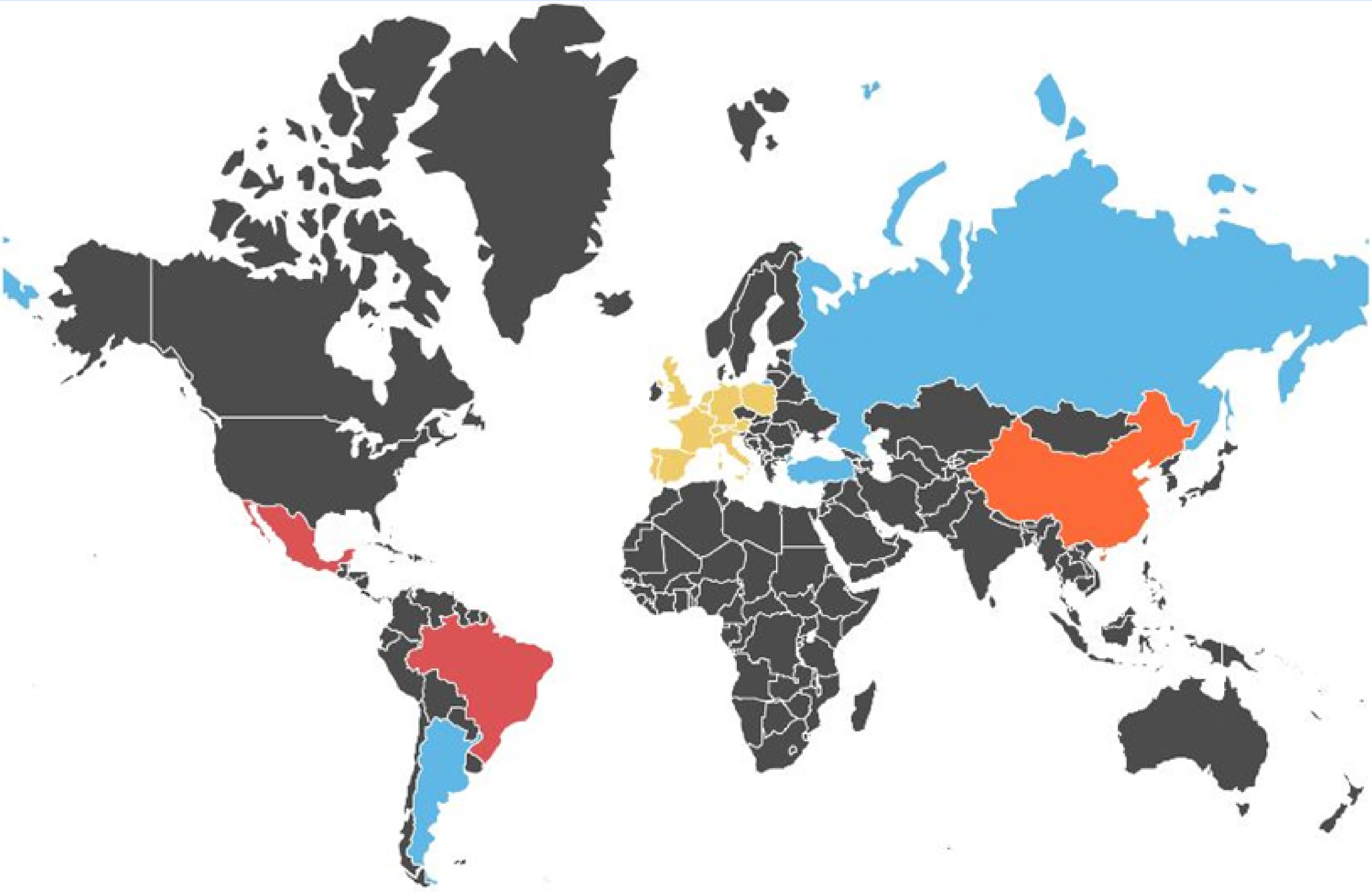


Recurring Operating Incomes (**), New vehicles financing penetrations, Cost of risk, In IFRS 8



(*) Explanation about IFRS 8 format is available in paragraph 1.10 « Analysis of financial results» of this annual report
(**) in 2017, there were only 2 months of activity for Opel Vauxhall Finance, and 2017 result has been restated and takes into account the final allocation of the Opel Vauxhall Finance first consolidation difference.

1.6 LOCATIONS & PARTNERSHIPS



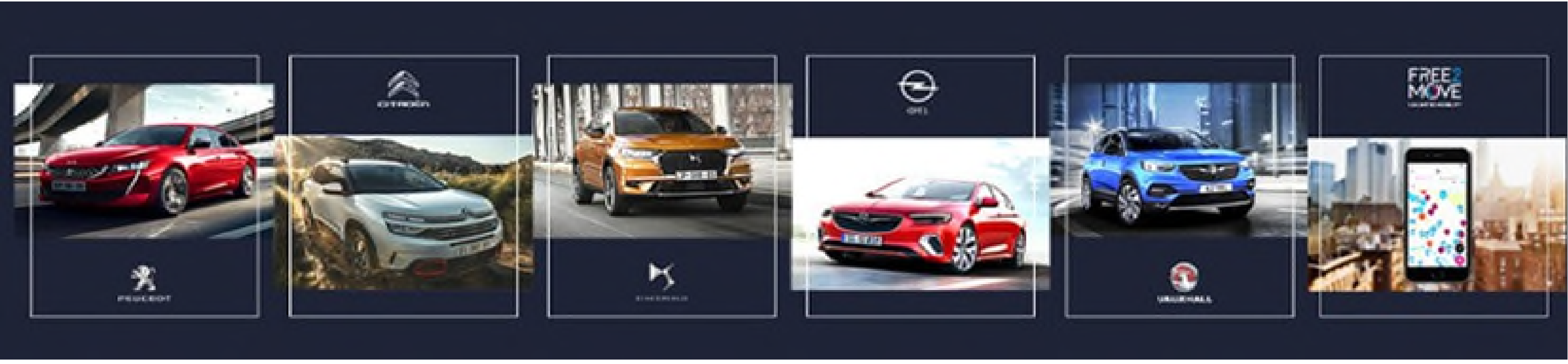
Cooperation with:

Other partners for commercial agreement or outsourced management · BNPP PF & Santander · Santander

Dongfeng Peugeot Citroën Automobiles and Dongfeng Motor Group

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



1.7 STRATEGY & VISION

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

1. A business model based on cooperation

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

2. A mobility player and payment facilitator

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

3. New frontiers

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

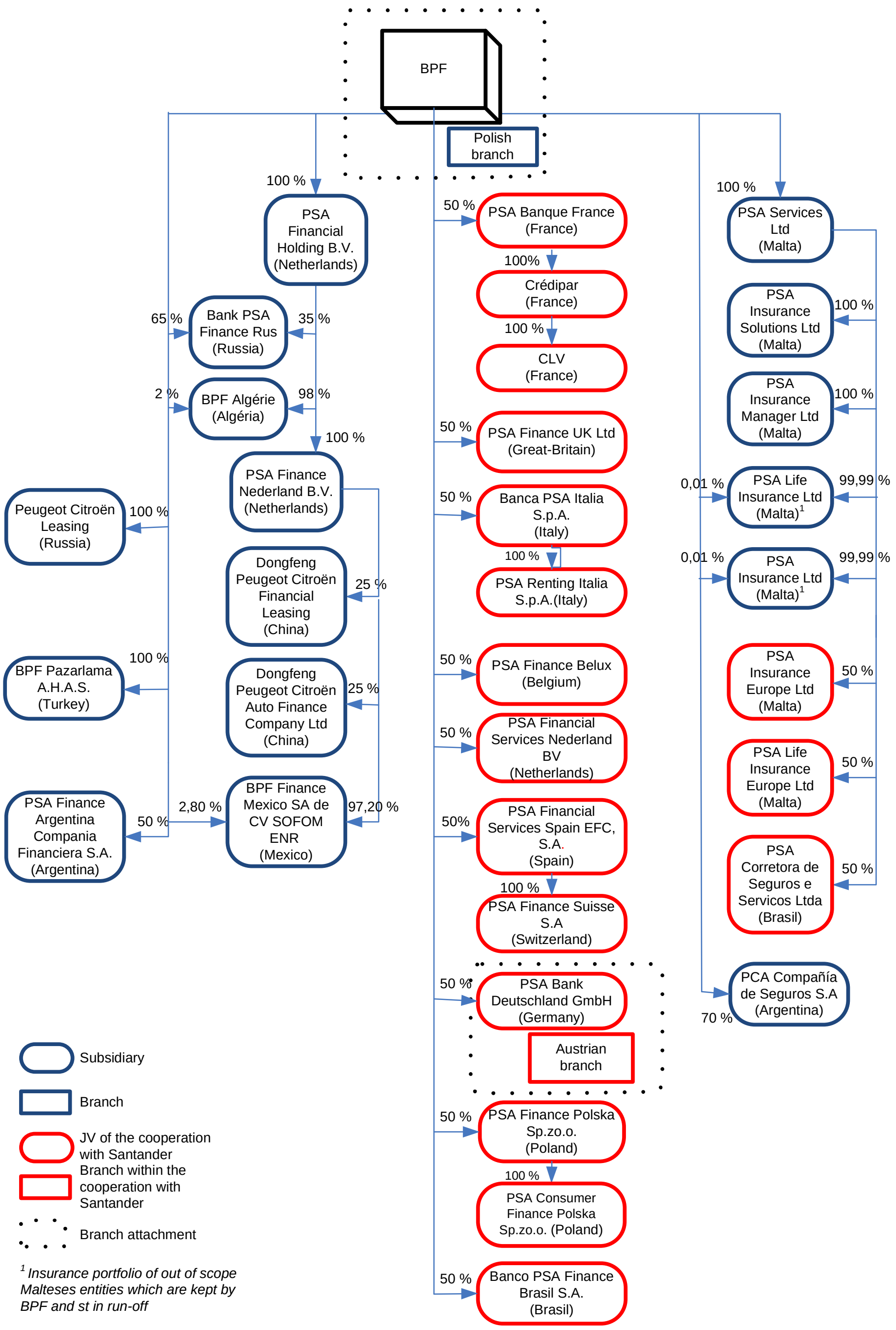
4. Digital transformation

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

1.8 ORGANIZATIONAL CHARTS

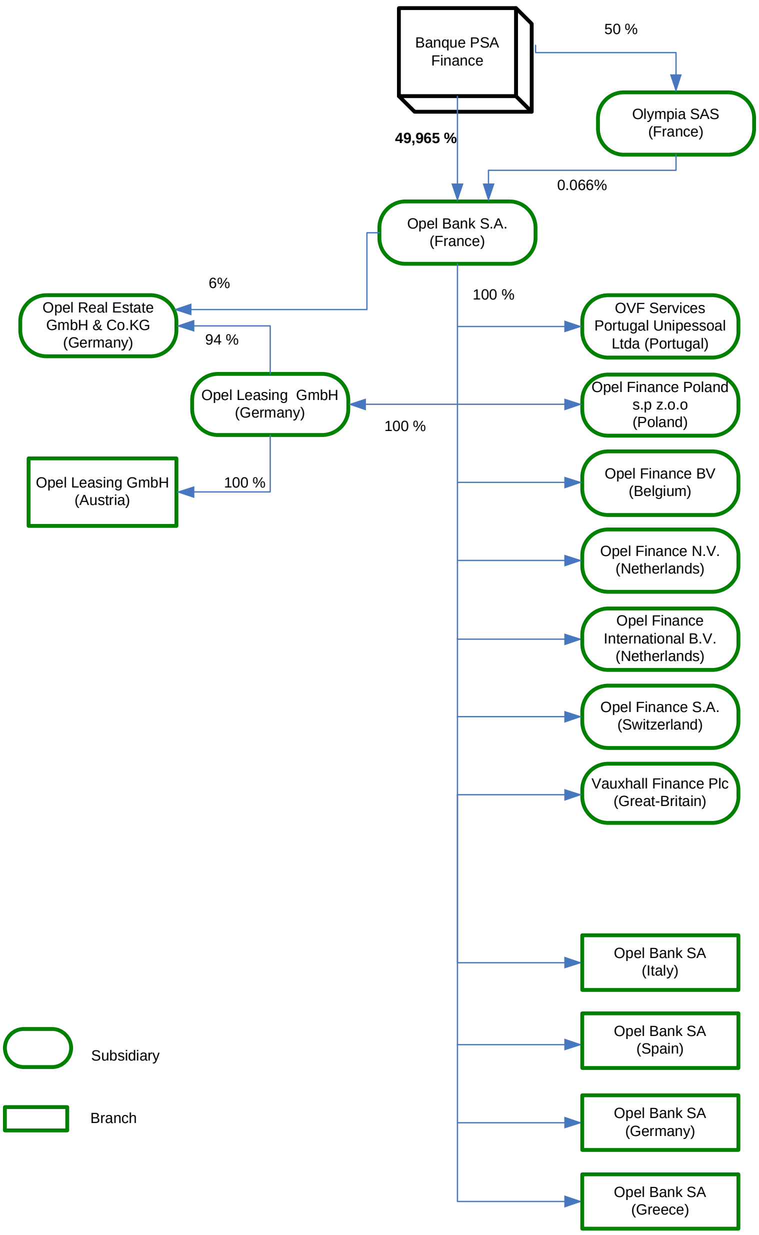
The following organizational charts only show the BPF entities with significant operations.

Organizational chart for Peugeot Citroën DS Finance perimeter



[1] Insurance portfolio of out of scope Malteses entities which are kept by BPF and st in run-off

<u>**Organizational chart for Opel Vauxhall Finance perimeter**</u>



1.9 BUSINESS ANALYSIS

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

Worldwide sales at 3.5m units in 2019

- Electrification on track: 10 new models launched as a first milestone toward a 100% electrified range by 2025
- Solid position in Europe: 16.8% market share
- International businesses focused on profitable growth and manufacturing footprint development

Becoming a major player in electrified mobility

Groupe PSA has already launched 10 new plug-in hybrid or all-electric models, in line with its roadmap to offer a 100% electrified range from 2025, of which 50% will be electrified by the end of 2021 with 13 additional electrified models.

Since 2019, all new models launched by Groupe PSA come with either an all-electric or a plug-in hybrid powertrain. LEV orders are promising and in line with Group objectives to be compliant with European 2020 CO_2 target from Day 1.

The company mobilizes its recognized expertise and works with its partners and dealers to meet customer expectations by producing and offering a competitive line-up, with easy and state-of-the-art services for day-to-day life.

Growing LCV sales

Groupe PSA has historically offered best-in-class products to cover the full diversity of customer needs. In 2019, the Group sold 765,000 units (of which 554,000 light commercial vehicles (LCVs) and 211 derivative passenger cars (PCs)), and consolidated its position with a 25.1%.

Europe: focused on performance

Leveraging disciplined management to meet CO_2 targets, the Group maintained its position by achieving a 16.8% market share in a market that was up a slight 1.3%, by growing in main markets, particularly in Italy (+0.5pt) and Spain (+0.2pt), and by maintaining its market share in France and the United Kingdom while slightly declining in Germany (-0.6pt).

2019 was a year of consolidation for Peugeot. The brand completely renewed its B segment offering to support its sales growth in 2020. The new electrified range, driven by the Peugeot e-208 and e-2008, as well as the plug-in hybrid versions of the Peugeot 3008 Hybrid and 508 Hybrid sedan & SW, are fully available for B2B and B2C customers and feature among the lowest CO_2 emissions of the market.

Citroën had the strongest growth among the top 12 best-selling brands in Europe, increasing its market shares in the main markets. Its performance was notably driven by the C5 Aircross SUV, launched in January 2019, which will be available in a plug-in hybrid version in 2020.

DS Automobiles sales surged globally, especially in the second half of the year (+56%) driven by the success of its renewed range.

Opel Vauxhall focused its strategy on profitable sales channels and market segments. Through the consistent implementation of the core model strategy, Opel Vauxhall have taken steps toward ambitious future CO_2 targets.

Middle East – Africa: market share increase in major markets

Groupe PSA’s market share increased by 0.4 pt in the region with registrations up 9,100 units compared to 2018, despite markets declining by 100,000 units. Strong breakthroughs were made in Turkey (+2.1pts), Egypt (+6.1pts) and Morocco (+2.1pts). 2019 regional performance versus 2018 remained impacted by the wind down in Iran (May 2018).

The production started mid-September 2019 in the Kenitra plant, in Morocco. The production capacity will be doubled to reach 200,000 vehicles as early as Mid-2020.

China & Southeast Asia: reshaping the business model

DPCA has set out its priorities in a six-year strategic plan presented last September, based on profitable sales, a lower breakeven point and a progressive increase in volumes for the Peugeot and Citroën brands. The DS brand is committed to the Chinese market and finalizes a new strategic plan. The sale of Groupe PSA shares in the CAPSA joint venture is part of this plan. 2020 will be the first year of Groupe PSA’s NEV offensive in China, with five NEV models to be launched and sold in China.

In ASEAN, the Group’s Malaysian hub NAM started production with the Peugeot 3008 and 5008.

Latin America: contracting markets

Markets were hard hit in Argentina (-43%) and Chile (-11%) by the economic and political situations. Driven by the success of the new SUV C4 Cactus and the LCV offering, Groupe PSA sales remained brisk in Mexico (+13%), Brazil (+2%) and in smaller markets (Colombia, Cuba, Ecuador and Uruguay).

India-Pacific: sales growth in Japan

Sales grew slightly in the region despite declining markets. The recurring success in Japan continued with sales up 20%. Groupe PSA started the production of transmissions in India (Hosur plant), with its partner AVTEC Ltd (a CK Birla Group Co.) and is on track to launch the C5 Aircross SUV in India in 2020.

Eurasia: relaunch of the Opel brand

Sales increased in the region in H2 2019, especially in Ukraine and Russia. The Group improves faster than the market in Ukraine, thanks to all four brands. The Opel brand strengthened its presence in the Ukrainian market at the beginning of 2019 and the DS brand was launched in H2 2019.

Whereas the Russian market was down -2.3%, Group LCV sales increased with the Peugeot Traveller/Expert and the Citroën SpaceTourer/Jumpy. The Group recently relaunched the Opel brand in Russia, starting with the Zafira Life and Grandland X models.

1.9.2 COMMERCIAL PERFORMANCE FOR PEUGEOT, CITROËN, DS AUTOMOBILES FINANCE (PCDF) AND OPEL AND VAUXHALL FINANCE (OVF)

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

The figures for China are presented separately.

PENETRATION RATE BY COUNTRY (NOT INCLUDING CHINA)

	New Vehicle Financing Peugeot Citroën DS Opel Vauxhall (passenger and utility vehicles)[1]				Penetration rate PCDF + OVF (in %)			
Countries	2019 PCD+OV	2019 PCD	2019 OV	2018 PCD+OV	2019 PCD+OV	2019 PCD	2019 OV	2018 PCD+OV
France	252,182	237,003	15,179	246,414	28.8	29.6	20.4	28.8
United Kingdom	110,092	61,944	48,148	118,127	27.9	31.2	24.6	29.3
Germany	148,852	61,907	86,945	118,057	38.3	38.9	37.9	30.1
Italy	106,208	75,969	30,239	98,457	31.7	33.1	28.8	30.5
Spain	98,842	79,964	18,878	87,770	31.1	33.5	23.9	36.4
Belgium	30,966	23,525	7,441	26,394	22.7	23.9	19.7	19.6
Netherlands	19,567	14,908	4,659	18,971	20.7	26.8	12.0	18.8
Austria	11,745	8,140	3,605	12,327	26.9	33.7	18.4	26.7
Switzerland	9,413	6,023	3,390	11,556	30.4	31.7	28.4	33.5
Poland	14,371	12,121	2,250	11,420	22.7	33.6	8.2	30.7
Portugal	16,809	14,388	2,421	14,034	26.6	28.4	19.5	28.4
Europe	**819,047**	**595,892**	**223,155**	**763,527**	**29.9**	**31.2**	**26.8**	**29.2**
Brazil	17,717	17,717		21,367	37.1	37.1		48.7
Argentina	7,952	7,952		17,537	17.9	17.9		19.5
Mexico	2,825	2,825		2,362	26.2	26.2		24.7
Latin America	**28,494**	**28,494**		**41,266**	**27.6**	**27.6**		**28.8**
Russia	1,520	1,520		1,514	27.1	27.1		16.4
Turkey	14,161	9,435	4,726	13,028	26.6	23.6	35.9	30.5
Rest of the World	**15,681**	**10,955**	**4,726**	**14,542**	**26.7**	**24.0**	**35.9**	**28.0**
Total	**863,222**	**635,341**	**227,881**	**819,335**	**29.7**	**30.8**	**27.0**	**29.1**
China [(2)]	**56 981**	**56 981**		**132 765**	**45,1**	**45,1**		**50,7**

[1] Passenger cars and light commercial vehicles loans,taken into account sale on crédit, financial lease and operational lease financed to dealers'network

[2] New vehicle penetratrion rate of DPCAFC and et DPCFLC on Peugeot and Citroën perimeter .

In 2019, 863 222 new vehicle contracts were written for Peugeot, Citroën, DS, Opel and Vauxhall, up 5.4% from 2018.

Development of loyalty products (Balloon installment contracts, BuyBack Contracts (BBC), and Long-Term Leases (LTL)) continued, accounting for 66.3% 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 32% of used vehicle financing. For Opel and Vauxhall (OV), loyalty offers amount to 71.1% of the production of financing of new vehicles. These products bolster renewal rates for the Group's Brands.

A. MARKETING POLICY AND PERFORMANCE

In 2019 Banque PSA Finance (BPF) financed 30.8% of Groupe PSA's new vehicle sales on the Peugeot, Citroën and DS Automobiles (PCD) scope and 27% for Opel Vauxhall (OV).

BPF's penetration of the PCD scope fell 0.9 point and rose 5 points on the OV scope with continued renewal work with the Brands through the PACE plan.

Against a general market decline in the BPF scope of 2.3%, the new-car registrations for Peugeot, Citroën and DS on the BPF scope (excluding China) fell 0.4%. PCD registrations rose in France (+3%), Germany (+6%), Italy (+3%) and Belgium (+5%) and stayed virtually level in Great Britain (+1%) and Spain (-1%). There were drops of 2% in Austria and 4% in the Netherlands With respect to markets outside of Europe, volumes grew 9% in Brazil but were affected by the economic situation in Argentina, where volumes fell by 50%.

In the BPF scope, 844,306 Opel and Vauxhall units were registered.

In this context, total new vehicles and used vehicles' financing fell 2.2% for the PCD scope.

As regards PCD, the continued improvement in used vehicles should be noted, with a volume of contracts of 191,519 financing packages. Major increase in production in Germany (+41%), continued growth in France, where production exceeded 90,000 units. Level production in Great Britain, which represents the second largest market by volume, with 35,483 units. With regard to OV, a renewal of the products and services line led to increased production in every country, with the exception of France, where a plan to regain market share was launched. In OVF, used vehicle volume grew by over 23% to 88,491 contracts.

In terms of both new vehicles and used vehicles, the large portion of loyalty products led to a significant increase in the BPF average-unit-financed amount, from €14,381 in 2018 to €15,287 in 2019 for new vehicles. As to used vehicles, the average amount financed was €10,806 versus €10,140 in 2018.

B. NEW VEHICLE FINANCING

In 2019, BPF financed 863,222 new vehicles through the PSA dealerships. Of these 635,341 were for PCD and 227,881 new vehicles for OV.

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

Europe

In Europe, the number of new vehicle financing contracts for Peugeot, Citroën and DS dropped 0.6%. In terms of volume, the number of contracts was 595,892 units for PCD and 223,155 units for Opel and Vauxhall.

- In France: +1.62% with 237,003 PCD contracts, representing penetration of 29.6% and 15,179 OV contracts, representing penetration of 20.4%. The main reasons for this growth with PCD were improved B2C performance, with 48.3 % penetration of this segment. As to OV, enhanced leasing products attracted a growing number of individual customers.

- In Germany, PCD continued to turn in impressive performances with penetration of 38.9% or 61,907 contracts. OV penetration was 37.9%, or 86,945 contacts.

Renewed marketing programs and the success of flat rate products with the Peugeot brand and the good B2B performance (60.1% penetration) were the main drivers of these good results. Regarding OV, products targeted on Grandland X and the new Combo Life & Combo Cargo contributed to an increase of penetration of 15.2 points.

- In Spain, after a difficult first half-year due to changes required by legislation concerning certain promotional activities, performance bounced back in the last four months of the year for PCD and wound up with penetration of 33.5%. With regard to OV, the new OVF organization grew rapidly, primarily thanks to the new FlexiOpel balloon loan product, with penetration of 23.9%.

- In Great Britain, in a tight market with a drop in B2C registrations and a larger uneligible market, penetration for PCD was down 1.7 points to 31.2%. A more forceful action plan for B2B was devised and should bring improved performance in the first half of 2020. With regard to OV, penetration was 24.6%, driven by communications centered on balloon products. B2B business will be the backbone of growth plans in 2020.

- In Italy, improved performance with PCD penetration of 33.1%, which was up 1.8 points. Note that the fraction of loyalty products continued to grow, from 48.9% in 2018 to 61.6% in 2019. With regard to OV, 2019 saw revived performance with a 28.8% penetration rate on 30,239 contracts.

- In Belgium and Luxembourg, in a price-competitive market, performances were off slightly for PCD with a penetration of 23.9%. For OVF, the broadening of the product line into private leasing starting in November 2018 bolstered production in 2019. Penetration there was 19.7%.

- Poland (PCD only) continued to increase penetration, up +2.9 points to 33.6%. Renewed efforts with the Brands and strengthened positions in B2B were the keys to improved performance

Latin America (PCD only)

In Argentina the auto market was heavily impacted by the economic situation involving high inflation and very high interest rates. Against this turmoil, financing penetration fell 1.6 points to 17.9%.

In Brazil, the penetration rate was 37.1%, and the downturn from 2018 was due to a smaller eligible market.

In Mexico, a new partnership with Santander was formed in late 2018. Penetration rose 1.5 points with a renewal of sales initiatives while maintaining a policy of risk control

Other countries (PCD only)

Turkey: in a difficult economic environment and a market in recession, penetration for PCD was 23.6%. Last June 1, Opel financing was incorporated into the existing partnership.

In this country, outstanding loans are recognized by the partner, and BPF receives a sales commission.

In China (PCD only)

Against a decline of nearly 4% in the automobile market, the registration of the Peugeot, Citroën and DS Brands fell to 129,144 new vehicles from 266,877 in 2018 (-51.6%), with the market being heavily impacted by the introduction of a new environmental standard, "China 6".

In this adverse market, penetration rate is maintained at high level of 44.1% as opposed to 50.7% the year before. BPF and its partners supplemented their program in 2019 with the effective launch in April of a financial leasing company, DPCFLC, with the same shareholding structure, whose start-up rounded out the offers available to customers. Since August, DPCFLC has processed the B2B contracts; it also launched a B2C line and a direct lease formula which is still in its infancy in China.

Moreover, 2019 saw a successful used vehicle offensive by DPCAFC, bringing the volume of new contracts to 24,984 versus 3,559 in 2018. DPCAFC also introduced a white label product for other brands, having attracted 7,078 customers versus 654 the previous year.

These efforts limited the dip in volume in contracts underwritten by DPCAFC, resulting in 86,710 versus 137,055 in 2018 (-36.7%). DPCFLC for its own part produced 2,388 new contracts though it has not yet been rolled out over the whole territory.

The DPCAFC APP (mobile application) continued to grow and was used with 44% of the new and used vehicle contracts.

The total loans outstanding of the two entities thus reached €1.4 billion by the end of the period, vs. 2 billion the preceding year (-30.4%) due to the lower volume of DPCA, offset partly by the used vehicle business and other brands.

As to the DS volume produced under the agreement between PSA/BPF, CAPSA and Chang'An Auto Finance Co., the new vehicle penetration was maintained at 15% despite a redefined DS strategy; to this were added 2% produced by DPCAFC.

C. USED VEHICLE FINANCING

In the PCD scope, 191,519 used vehicle financing contracts were written in 2019, up 0.9% from 2018. In the G11 scope, which represents 95.2% of production, the volume of financing contracts increased 0.9% while "labeled" sales rose 0.4%.

Since 2018, action plans for PCD have been launched in practically all European countries: customer loyalty products, redesigned marketing programs, redefined compensation and other initiatives led to significant improvements in a number of countries. For the first time the goal of 90,000 financing contracts was reached in France; volume increased 41% in Germany (17,319 contracts), and in Austria and Switzerland, volume increased respectively 28% and 11%. There was good growth in Brazil as well, where the number of contracts rose 7.4% to 6,650. Production in Great Britain stayed even, due to reduced activity with certain groups of dealers with a view to optimizing profitability. In Spain, with the slowdown in sales of the brands in used vehicles, the volume of financing contracts fell 10%.

With regard to OV, 88,491 used vehicle financing contracts were written in 2019, up more than 23%.

This good performance in used vehicles was achieved by increasing the number of balloon products for customer loyalty and sticking to a policy of risk limitation.

D. FREE2MOVE LEASE

In order to develop B2B Long-Term Lease business, particularly with key clients, a purpose-designed organization has been rolled out in Europe since 2016 between BPF and PSA. It operates under the name Free2Move Lease (F2ML). In 2019, F2ML business expanded to all the European countries where the Peugeot, Citroën and DS brands operate a subsidiary. For Opel and Vauxhall, F2ML is also offered in the ten major European countries, with Austria being the last one to launch in December 2019.

During the past year (scope enlarged from G6 to G10: France, Great Britain, Germany, Spain, Italy, Belgium, Netherlands, Portugal, Poland and Austria), for Peugeot, Citroën and DS, Free2Move Lease saw its volume rise 14.1% in vehicle registrations, with 118,900 units financed across the G10, or market share for B2B sales of the brands of 14.2%. Regarding Opel and Vauxhall, the number of units financed was 23,211, for a penetration of 8%.

The launch of Free2Move Lease has helped expand the range of services to businesses, particularly the extension of the connected services offering (Connect Fleet and Car Sharing) across the full European scope of operations. Sales of new services, the rapid development of proactive contract management, greater efficiency for the vehicle return process at the end of each contract, and robust used-vehicle markets, especially in the UK and France, have opened the way for F2ML to prove the efficiency of its business model for PSA and BPF.

In 2020, F2ML is looking to speed up growth with the deployment of operations for Opel and Vauxhall, and to actively support the marketing of the new LEV vehicles from Groupe PSA with the launch of innovative service offerings specific to this type of vehicle. A roll-out to new countries, in Europe and on the South American and Asian continents, is under study.

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

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

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

A. NEW VEHICULE FINANCING AND USED VEHICULE FINANCING

Apart from China, total end-user financing was 1,134,846 contracts in 2019 (excluding the 15,286 loans made to the dealer network.)

PCDF wrote 812,051 contracts, and OVF continued its growth (+33.1%) with 322,795 loans.countries

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

(in number of contracts)	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	% change PCDF	% change OVF
Installment contracts	460,882	207,339	505,060	185,646	- 8.7	+ 11.7
Leasing activity and other financing	351,169	115,456	327,246	56,886	+ 7.3	+ 103.0
TOTAL	**812,051**	**322,795**	**832,306**	**242,532**	**- 2.4**	**+ 33.1**

(in million euros, excluding accrued interests)	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	% change PCDF	% change OVF
Installment contracts	5,338	2,831	5,350	2,608	- 0.2	+ 8.6
Leasing activity and other financing	5,787	1,628	5,084	861	+ 13.8	+ 89.1
TOTAL	**11,125**	**4,459**	**10,434**	**3,469**	**+ 6.6**	**+ 28.5**

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

(in number of contracts)	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	% change PCDF	% change OVF
End-user financing	**812,051**	**322,795**	**832,306**	**242,532**	**- 2.4**	**+ 33.1**
of which new vehicles	620,992	234,304	642,643	170,882	- 3.4	+ 37.1
of which used vehicles	191,059	88,491	189,663	71,650	+ 0.7	+ 23.5

(in million euros)	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	% change PCDF	% change OVF
End-user financing	**11,124**	**4,459**	**10,434**	**3,469**	**+ 6.6**	**+ 28.5**
of which new vehicles	9,168	3,431	8,681	2,648	+ 5.6	+ 29.6
of which used vehicles	1,956	1,028	1,753	821	+ 11.6	+ 25.2

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

(in number of contracts)	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	% change PCDF	% change OVF
France	320,791	18,560	314,639	16,527	+ 2.0	+ 12.3
United Kingdom	93,829	95,361	96,849	86,042	- 3.1	+ 10.8
Germany	79,002	115,758	75,441	85,734	+ 4.7	+ 35.0
Italy	83,501	33,723	77,644	31,261	+ 7.5	+ 7.9
Spain	90,731	20,753	100,407		- 9.6	
Belux	26,392	9,283	26,107	4,300	+ 1.1	+ 115.9
Portugal	15,924	2,903	15,599		+ 2.1	
Netherlands	17,268	6,319	19,082	4,891	- 9.5	+ 29.2
Switzerland	9,646	6,712	9,742	8,132	- 1.0	- 17.5
Austria	12,923	6,299	13,169	5,645	- 1.9	+ 11.6
Poland	13,796	2,349	13,859		- 0.5	
Europe	**763,803**	**318,020**	**762,538**	**242,532**	**+ 0.2**	**+ 31.1**
Brazil	23,982		26,990		- 11.1	
Argentina	8,695		19,785		- 56.1	
Mexico	2,859		2,414		+ 18.4	
Latin America	**35,536**		**49,189**		**- 27.8**	
Russia	1,765		1,536		+ 14.9	
Turkey	10,947	4,775	19,043		- 42.5	
Rest of the World	**12,712**	**4,775**	**20,579**		**- 38.2**	
Total	**812,051**	**322,795**	**832,306**	**242,532**	**- 2.4**	**+ 33.1**

END-USER FINANCING ACTIVITY IN CHINA AND OUTSTANDING IN CHINA

	2019	2 018	% change
End-user loans *(including leases)*			
Number of vehicles financed (new and used)	89,098	137,055	- 35.0
Amount of financing *(in million euros, excluding interests)*	826	1,298	- 36.4

Outstanding loans *(in million euros)*	Dec. 31, 2019	Dec. 31, 2018	% change
End-user loans *(including leases)*	1,249	1,733	- 27.9
Corporate dealers loans	126	243	- 47.9
Total loans	**1,375**	**1,976**	**- 30.4**

B. RETAIL SAVING BUSINESS

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

The retail savings product in France and Germany consists of savings passbooks and term deposits. The proportion of outstanding amounts, for all countries combined, is 87% for savings passbooks and 13% for term deposit accounts.

In France, the results have been very satisfactory, with deposit volume up from €2 251 million at December 31, 2018 to €2,585 million at December 31, 2019. The increase was attributable to a variety of marketing campaigns and very high levels of customer satisfaction (9/10).

In Germany, retail savings deposits increased compared to December 31, 2018. Outstanding loans represented €1,572 million at end-December 2019 (of which €110 million in term deposit accounts).

With regard to OVF, to diversify its funding strategy, the Germany branch of Opel Bank S.A. (France) is offering deposit accounts through a fully online platform to consumers in Germany. The bank is offering overnight deposits and term deposits (1, 2, 3 years). Total volume of deposits at December 31, 2019 rose to €1,527 million as despite decreases in offered rates the position in the market remained stable. The deposit balance increase is in line with the significantly growing earning assets in Germany.

SAVINGS BUSINESS

	IFRS8		
	31 déc 2019	31 déc. 2018	Variation en %
Outstanding (Due to customers) *(in million euros)*	**5 684**	**4 638**	+ 22,6
Of which France ("Distingo", PCDF perimeter)	2 585	2 251	+ 14,8
Of which Germany (PCDF perimeter)	1 572	1 057	+ 48,7
Of which Germany ("Opel Bank Deposits", OVF perimeter)	1 527	1 329	+ 14,8

1.9.4 CORPORATE DEALER LOANS

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

	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	% change PCDF	% change OVF
Number of vehicles	**1,755,419**	**842,583**	**1,726,495**	**778,331**	**+ 1.7**	**+ 8.3**
Amount *(in million euros)*	**44,270**	**18,143**	**40,692**	**16,345**	**+ 8.8**	**+ 11.0**
of which vehicles	41,430	18,143	38,067	16,335	+ 8.8	+ 11.1
of which spare parts and other financing	2,840	0	2,625	10	+ 8.2	- 100.0

PRODUCTION OF NEW FINANCING FOR CORPORATE DEALERS CUSTOMERS IN CHINA

Corporate dealer loans	**2019**	**2 018**	**% change**
Number of vehicles financed	69,756	167,087	- 58.3
Amount of financing *(in million euros, including spare parts)*	948	2,552	- 62.9

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

In 2019, out of China, in the Peugeot, Citroën and DS networks, 2,598,002 vehicles were financed in dealerships, representing an increase (+3.72%) compared to 2018, stemming from the increased sales by the distribution networks in Europe, as well as from the start of financing of Opel inventory in Spain. The amount of new financing offered to dealers of the Group's brands increased +9.43%, largely because of the higher unit price of the vehicles financed and to the new Opel financing in Spain.

In China, the number of vehicles financed and the amount of financing given by DPCAFC (the captive finance company of DPCA) were impacted by the decline in Peugeot and Citroën invoicing and hit 69,756 vehicles versus 167,087 a year before in 2019 (-58%).

1.9.5 INSURANCE AND SERVICES

PRODUCTION OF NEW INSURANCE AND SERVICE CONTRACTS

(in number of contracts)	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	% change PCDF	% change OVF
Financial services	664,970	145,917	700,025	108,129	- 5.0	+ 34.9
Car insurance	217,205	51,621	229,756	41,078	- 5.5	+ 25.7
Vehicle-related services	741,441	159,987	748,031	114,552	- 0.9	+ 39.7
Total	**1,623,616**	**357,525**	**1,677,812**	**263,759**	**- 3.2**	**+ 35.5**

PENETRATION RATE ON FINANCING

(In %)	2019 PCDF	2019 OVF	2018 PCDF	2018 OVF	Pts change PCDF	Pts change OVF
Financial services	80.4	45.2	82.8	44.6	- 2.4	+ 0,6
Car insurance	26.3	16.0	27.2	16.9	- 0.9	- 0,9
Vehicle-related services	89.6	49.6	88.5	47.2	+ 1.1	+ 2,4
Total	**196.2**	**110.8**	**198.4**	**108.7**	**- 2.2**	**+ 2,1**

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

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

The characteristics of this business prompted PSA and BPF to anticipate a trend in the automotive sector, and with that in mind to set up the Insurance business unit in 2009 with Insurance companies owned by PSA, either wholly or as associates, in Europe, Argentina and Brazil. Its mission is to define a strategy for each brand and deal with insurance topics

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

Total penetration is nearly 2 contracts per each customer financed for PCDF and also a slight increase vs. last year for OVF with an average of more than 1 contract per customer financed. These increases have not consumed its growth potential, which remains significant for both PCDF and OVF, and has led the Brands, BPF and the Insurance Business Unit to launch 26 New or Product Modifications for PCDF in 2019 and 33 Product Assimilation for OVF in 2019

Lastly, as a major component of an automotive or mobility line, Car Insurance continues to be the service with great growth potential. In 2019, 10.5% of Peugeot, Citroën and DS vehicles sold and 6.1% of Opel and Vauxhall vehicles sold were sold with Car Insurance, and the product is offered in every market where BPF operates. The coming of autonomous vehicles, electric vehicles, car-sharing presents changes that should have a very significant impact on this product. The experience garnered from several years of putting this product into the Brands gives PSA and BPF a definitive advantage in keeping up with changes in this product.

After eight straight years of setting sales records, the insurance and services strategy has proven itself to be effective and well thought out. The insurance business has been developed in all markets where BPF operates and thus incrementally makes a significant contribution to the production of Groupe PSA. In 2019, the BPF insurance margin was €294 million, up +23.5% compared to 2018.

1.9.6 OTHER INFORMATION

1.9.6.1 EMPLOYEES

At December 31, 2019, the number of employees of BPF subsidiaries and branches on a full time equivalent basis was 153.

Additionally there were 348 employees in the automotive segment, on site or seconded throughout BPF, whose employees are managed through the Group's Human Resources policy, the details of which are provided in Groupe PSA's Registration Document.

The 2,022 FTE employees of the joint ventures created under the BPF/Santander partnership are not counted in the BPF headcount but under a joint BPF/Santander HR department.

The 982 FTE employees of the joint ventures created under the BPF/BNPP PF partnership are not counted in the BPF headcount but under a joint BPF/BNPP PF HR department.

The situation was similar for the three FTE employees of the companies common to BPF and the Chinese partnerships.

1.9.6.2 REAL ESTATE HOLDINGS

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

1.9.6.3 LEGAL PROCEEDINGS AND INVESTIGATIONS

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

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

It should be noted that in March 2014 the Swiss Competition Commission (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. At the start of the second half of 2019, Comco rendered its decision and, after agreeing to a negotiation process, fined the captives CHF 130 million in total.

In this context, PSA Finance Suisse S.A. and Opel Finance S.A., which worked closely with Comco and signed a non-judicial settlement without acknowledgment as to the fact or liability, were fined respectively CHF 2.4 million and CHF 2.16 million plus hearing costs.

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

The Italian antitrust authority handed down its decision in January 2019 sanctioning all the captives, along with their parent companies, and the professional associations for a cumulative amount in excess of €678 million. BPF, Banca PSA Italia S.p.A. and Opel Finance S.p.A. were fined respectively about €38.5 million, €6 million and €10 million have appealed. (It should be noted that Opel Finance S.p.A. was sanctioned jointly and severally with General Motors, which was its parent company when the proceedings began.) The arguments in defense will be filed and debated in early 2020 with the decision expected sometime in 2020. These matters are taken into consideration in the BPF group's financial statements.

1.9.7 OUTLOOK

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

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

1.10 ANALYSIS OF FINANCIAL RESULTS

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

- **Consolidated** information corresponding to the consolidated financial statements including Banque PSA Finance (BPF) and its fully-consolidated subsidiaries, and the equity method is used for companies in the scope of cooperation of BPF and Santander, companies in the scope of cooperation of BPF and BNP Paribas Personal Finance (BNPP PF) and the Chinese company Dongfeng Peugeot Citroën Auto Finance Co. Lastly, as of July 1, 2019 and consistent with the analysis of level of control on the other partnerships, the Argentine entity PSA Finance Argentina Compania Financiera SA, owned in partnership with Banco Bilbao Vizcaya Argentina, is consolidated according to the equity method.

- **IFRS8 format segment** information covering BPF with its fully consolidated companies and the full consolidation of the activities of the partnership with Banco Bilbao Vizcaya, those 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 25.2 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]		
	2019	**2018**	**% change**	**2019**	**2018**	**% change**
Net banking revenue without OVF PPA[2]	*50*	*2*	*+ 2400.0*	*1,663*	*1,494*	*+ 11.3*
Net banking revenue including OVF PPA[2]	50	2	+ 2400.0	1,745	1,611	+ 8.3
General operating expenses and equivalent[3]	-27	-25	+ 8.0	-651	-658	- 1.1
Cost of risk	1		+ 0.0	-82	-38	+ 115.8
Recurring Operating income	**24**	**-23**	**- 204.3**	**1,012**	**915**	**+ 10.6**
Share in net income of associates and joint ventures accounted for using the equity method[4]	372	336	+ 10.7	16	13	+ 23.1
Other Non operating income	2	9	- 77.8	-18	-2	+ 800.0
Pre-tax net income	**398**	**322**	**+ 23.6**	**1,010**	**926**	**+ 9.1**
Income taxes	-1	-2	- 50.0	-255	-284	- 10.2
Net income	**397**	**320**	**+ 24.1**	**755**	**642**	**+ 17.6**

[1] - The items on the income statement transitioning from IFRS 8 to Consolidated format can be found in note 25.2 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 Revnue of €82 million at the end of December 2019, vs €117 million at the end of December 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 , with BNPP PF and since july 2019 the argentinian entity PSA Argentina Compania Financiera S.A with Banco Viscaya Argentina 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. the branch Dongfenf Peugoet Citroën Financial leasing Co, Ltd settled November 2018 is part of the consolidated perimeter since 2019

1.10.1 NET BANKING REVENUE

NET BANKING REVENUE (« NBR ») BY PORTFOLIO

(in million euros)	*Consolidated*			*IFRS 8*		
	2019	**2018**	**% change**	**2019**	**2018**	**% change**
End-users	5	11	- 54.5	1 141	1 088	+ 4,9
Corporate dealers	3	2	+ 50.0	279	266	+ 4,9
Insurances and Services (including net refinancing costs)	42	13	+ 223.1	294	238	+ 23,5
Unallocated and other[1]	1	-24	- 104.2	31	19	+ 63,2
Total NBR including OVF PPA[2]	**50**	**2**	**+ 2400.0**	**1 745**	**1 611**	**+ 8,3**
Total NBR without OVF PPA[2]	***50***	***2***	***+ 2400.0***	***1 663***	***1 494***	***+ 11,3***

[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 Revnue of €82 million at the end of December 2019, vs €117 million at the end of December 2018, in IFRS 8 format. This effect is mainly allocated to End-user activities.

Net banking revenue in consolidated format was €50 million at December 31, 2019. In 2019, the impact of the hyperinflation accounting in Argentina was -€9,8 million on the NBR versus -€11,5 million in 2018.

Net banking revenue per IFRS 8 increased by +8.3% to €1,745 million at December 31, 2019, compared to €1,611 million at December 31, 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. In 2019 the NBR per IFRS 8 also included a €82 million reversal of the Purchase Price Allocation from the Opel Vauxhall Finance acquisition allocated to the "End-User" business. Net of this effect, the NBR of operating activities was €1,663 million

1.10.2 GENERAL OPERATING EXPENSES AND EQUIVALENT

In 2019, general operating expenses and equivalent amounted to €27 million in consolidated format.

Per IFRS8, general operating expenses fell to €651 million in 2019 compared to €658 million in 2018. This trend remains controlled in view of the growth in business and particularly the success of the action plans at Opel Vauxhall Finance

1.10.3 COST OF RISK

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

Per IFRS8, the cost of risk was -€82 million, or 0.21% of average net outstanding loans, as compared to -€38 million and 0.11% of net outstanding loans in 2018.

The cost of risk for the end-user business per IFRS8 (individuals and small and medium businesses) was -€83 million or 0.30% of average net outstanding loans.

This managed cost of risk includes the income from the disposal of receivables in Spain, Great Britain, France and Benelux. The very conservative management of risk and stringent collections policies undertaken by all entities explain these results.

The cost of risk for the Corporate Dealer business per IFRS8 was a positive €1 million or 0.01% of average net outstanding loans.

1.10.4 RECURRING OPERATING INCOME

Recurring Operating income in consolidated format amounted to €24 million.

Recurring operating income per IFRS8 came to €1,012 million, up +10.6% compared to €915 million in 2018. This increase mainly stemmed from a growth in business, from a well-managed cost of risk and lower operating costs. OVF operating earnings were €222 million, including a positive €86 million effect linked to the reversal of the PPA (purchase price allocation). Net of this effect, 2019 OVF operating income was €137 million.

1.10.5 CONSOLIDATED NET INCOME

Net income in consolidated format amounted to €397 million, up +24.1%.

1.11 FINANCIAL POSITION

1.11.1 BALANCE SHEET

Assets at December 31, 2019 totaled €48,950 million in IFRS8 format, up 16.2% primarily because of the 13% increase in customer loans and receivables (up €4.9 billion).

BALANCE SHEET

(in million euros)	*Consolidated*[1]			*IFRS8*[1]		
Assets	**Dec. 31, 2019**	**Dec. 31, 2018**	**% change**	**Dec. 31, 2019**	**Dec. 31, 2018**	**% change**
Financial assets at fair value through profit or loss	328	364	- 9,9	348	356	- 2,2
Loans and advances to credit institutions, at amortized costs	366	282	+ 29,8	2 876	1 617	+ 77,9
Customer loans and receivables, at amortized costs	85	179	- 52,5	42 876	37 937	+ 13,0
Deferred tax assets	3	5	- 40,0	108	115	- 6,1
Investments in associates and joint ventures accounted for using the equity method	2 604	2 372	+ 9,8	127	102	+ 24,5
Other assets	226	209	+ 8,1	2 615	2 013	+ 29,9
Total assets	**3 612**	**3 411**	**+ 5,9**	**48 950**	**42 140**	**+ 16,2**
Equity and liabilities	**Dec. 31, 2019**	**Dec. 31, 2018**	**% change**	**Dec. 31, 2019**	**Dec. 31, 2018**	**% change**
Deposits from credit institutions	40	72	- 44,4	22 438	19 608	+ 14,4
Due to customers	1	3	- 66,7	6 089	4 978	+ 22,3
Debt securities	226	249	- 9,2	12 010	10 265	+ 17,0
Deferred tax liabilities	4	3	+ 33,3	396	343	+ 15,5
Other liabilities	152	206	- 26,2	2 351	1 798	+ 30,8
Equity	3 189	2 878	+ 10,8	5 666	5 148	+ 10,1
Total equity and liabilities	**3 612**	**3 411**	**+ 5,9**	**48 950**	**42 140**	**+ 16,2**

[1] The items on the balance sheet transitioning from IFRS 8 to Consolidated accounts can be found in note 25.1 of the consolidated financial statements.

1.11.2 OUTSTANDING LOANS

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)	*Consolidated*			*IFRS 8*		
	Dec. 31, 2019	**Dec. 31, 2018**	**% change**	**Dec. 31, 2019**	**Dec. 31, 2018**	**% change**
Corporate dealers	75	64	+ 17.2	13,111	11,681	+ 12.3
End-users	10	115	- 91.4	29,765	26,256	+ 13.4
Total Customer Loans and Receivables	**85**	**179**	**- 52.4**	**42,876**	**37,937**	**+ 13.0**

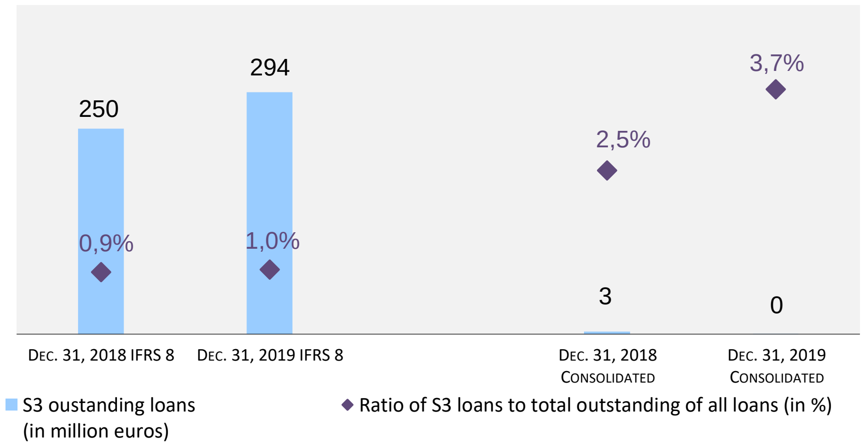
OUTSTANDING LOANS BY REGION

(in million euros)	*Consolidated*			*IFRS 8*		
	Dec. 31, 2019	**Dec. 31, 2018**	**% change**	**Dec. 31, 2019**	**Dec. 31, 2018**	**% change**
G5 countries[1]	0	-3	- 118.4	38,142	33,185	+ 14.9
Rest of Europe	3	11	- 72.9	4,230	4,197	+ 0.8
Latin America	32	116	- 72.6	453	500	- 9.2
Rest of the world	50	55	- 9.3	50	55	- 9.3
Total	**85**	**179**	**- 52.4**	**42,876**	**37,937**	**+ 13.0**

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

1.11.3 IMPAIRMENT OF OUTSTANDING LOANS

NON PERFORMING ("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 1%. This is the result of managed risk, whereas IFRS9 has led to a widening of the non-performing loan basis (S3 loans), especially by taking into account restructured contracts in probationary period.

The ratio of impairment of non-performing loans to total non-performing loans per IFRS9 was 64.9% across the IFRS8 scope, and was somewhat higher than in 2018 (63.7%).

Application of the IFRS 9 norm

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

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

The statistical risk models were reviewed by an independent validation entity and the entire process was audited with the implementation of the new norm. The models are back-tested on a regular basis to ensure their stability and performance.

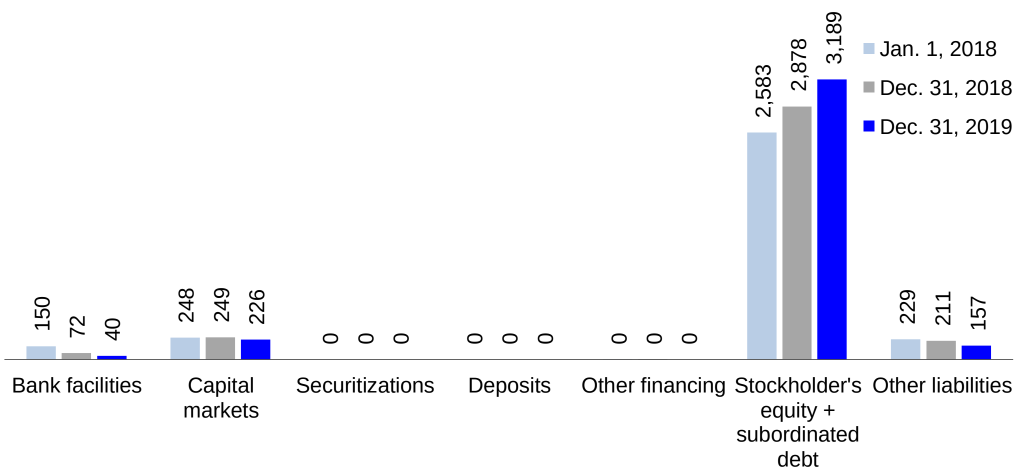
1.11.4 REFINANCING

FINANCING ARRANGEMENTS BY SOURCE

(in million euros)	Dec. 31, 2019	Dec. 31, 2018	Jan. 01, 2018
Bank facilities	**40**	**72**	**150**
Bonds + BMTN	0	26	35
EMTN	223	218	208
Other	3	5	5
Long-Term	***226***	***249***	***248***
CD	0	0	0
CP	0	0	0
Other	0	0	0
Short-Term	*0*	*0*	*0*
Capital markets	**226**	**249**	**298**
Securitizations	**0**	**0**	**0**
Deposits	**0**	**0**	**0**
Other financing	**0**	**0**	**0**
Total external refinancing	**266**	**321**	**398**
Stockholder's equity + subordinated debt	3,189	2,878	2,583
Other liabilities	157	211	229
Total assets	**3,612**	**3,411**	**3,210**

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, with BBVA in Argentina, the partner is in charge of refinancing.

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

1.11.5 SECURITY OF LIQUIDITY

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

At December 31, 2019, the liquidity reserve (available invested cash) represented €453 million (see Note 20.2 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 233% at December 31, 2019.

Moreover, at December 31, 2019, BPF had undrawn committed credit facilities totaling €150 million (see Note 20.2 to the consolidated financial statements).

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

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

1.11.6 CREDIT RATINGS

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

1.12 EQUITY, RISKS, PILAR 3

1.12.1 CAPITAL MANAGEMENT

At December 31, 2019, consolidated equity totaled €3,189 million, up €311 million compared to €2,878 million at December 31, 2018. The difference of €311 million is mainly due to consolidation of the 2019 earnings in the amount of €397 million, a dividend distribution of €97 million and the income and expenses recognized directly in equity for €13 million in 2019 (see part 2.4 of the consolidated financial statements "Consolidated Statement of Changes in Equity Attributable to Equity Holders of the Parent and Minority Interests").

1.12.1.1 THE BANK'S EQUITY

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

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

(in million euros)	**Consolidated Balance Sheet**	**Regulatory Restatements[1]**	**Regulatory Balance Sheet**
Assets at Dec. 31, 2019	**3,612**	**-96**	**3,516**
Cash, central banks, post office banks	50		50
Financial assets at fair value through profit or loss	328	-90	238
Hedging instruments	1		1
Available-for-sale financial assets			
Loans and advances to credit institutions	366	-51	315
Customer loans and receivables	85	4	89
Tax assets	12		12
Accruals and other assets	3	-1	2
Investments in associates and joint ventures accounted for using the equity method	94	-6	88
Fixed assets	2,607	61	2,668
Goodwill	66	-13	53
Liabilities at Dec. 31, 2019	**3,612**	**-96**	**3,516**
Hedging instruments	1		1
Deposits from credit institutions	40		40
Due to customers	1	3	4
Debt Securities	226		226
Fair value adjustments to debt portfolios hedged against interest rate risks	5		5
Tax liabilities	13	-10	3
Accruals and other liabilities	54	-11	43
Liabilities related to insurance contracts	68	-68	
Provisions	15	-9	6
Equity	3,189	-1	3,188

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

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

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

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

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

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

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

The reserve capital of BPF reached €232 million at the end of 2019, compared to €236 million at the end of 2018.

TRANSITION TABLE FROM ACCOUNTING EQUITY TO CAPITAL

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Accounting equity	**3,189**	**2,877**
Adjustment related to the difference between the consolidated regulatory and accounting scopes	-1	0
Regulatory equity	**3,188**	**2,877**
Investments in associates and joint ventures accounted for using the equity method or not consolidated	-2,594	-2,365
Dividend distribution plan	-112	-97
Minority interests	0	-10
Goodwill and other intangible assets	-53	-51
Securitization positions	0	0
Deferred tax assets on tax loss carryforwards	-1	0
Cash flow hedge reserve	0	0
Negative amounts resulting from the calculation of the expected loss amounts	0	0
Subornated loans to entities using the equity method	-196	-117
Other regulatory deductions	0	0
Tier 1 regulatory capital	**232**	**236**

1.12.1.2 CAPITAL REQUIREMENTS

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

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

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

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

As part of the application of the new Basel III regulation, BPF confirms a strong financial position. At December 31, 2019, the Basel III solvency ratio in respect of pillar I thereby amounted to 24.6%, compared with 30.8% at December 31, 2018. Basel III regulatory capital amounted to €232 million and capital requirements stood at €76 million.

CAPITAL REQUIREMENTS AND RISK WEIGHTED ASSETS

	December 31, 2019		December 31, 2018	
(in million euros)	Weighted assets	Capital requirements	Weighted assets	Capital requirements
Credit risk	**677**	**54**	**732**	**59**
Standard approach	**677**	**54**	**732**	**59**
Sovereign	2	0	9	1
Credit institutions	66	5	32	3
Companies	368	29	370	30
Retail customers	7	1	94	8
Other Assets	235	19	227	18
Operational risk (standard method)	**36**	**3**	**35**	**3**
Market risk	**231**	**18**	**0**	**0**
Totals	**944**	**76**	**767**	**62**
Total regulatory capital		**232**		**236**
Solvency ratio		**24,6%**		**30,8%**

Leverage ratio

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

The leverage ratio is calculated according to the terms of Regulation (EU) No. 575/2013 Article 429, and, for Banque PSA Finance, it remained stable amounting to 33% at December 31, 2019, compared to 29.3% at December 31, 2018.

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

LEVERAGE RATIO AND DETAILS OF LEVERAGE EXPOSURE

LEVERAGE RATIO AND DETAILS OF LEVERAGE EXPOSURE *(in million euros)*	Dec. 31, 2019	Dec. 31, 2018
Tier 1 regulatory capital	**232**	**236**
Total assets according to the consolidated financial statements	**3 612**	**3 411**
Adjustment related to the difference between the consolidated regulatory and accounting scopes	-96	-105
Regulatory deductions on CET1 equity	-2 845	-2 534
Exclusion of hedging derivatives non taken into account in the balance sheet exposure	-1	-4
Total exposure on balance sheet	**670**	**768**
Application of mark-to-market derivatives increase	11	11
Replacement cost of derivatives transactions after clearing on margin calls	0	3
Total exposure on derivatives	**11**	**14**
Exposure related to commitments given	57	54
Application of regulatory conversion factors	-36	-30
Total exposure to off-balance sheet items	**21**	**24**
Total leverage exposure	**702**	**806**
LEVERAGE RATIO	**33%**	**29,3%**

1.12.2 OVERVIEW OF ENCUMBERED ASSETS

BPF had no encumbered assets at December 31, 2019.

1.12.3 RISK FACTORS AND RISK MANAGEMENT

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

Risk governance notably includes:

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

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

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

1.12.3.1 BUSINESS RISK

Risk factors

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

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

Risk measurement, control and monitoring

These risk factors are assessed at least on an annual basis as part of the process of preparing the budget and medium-term plan. BPF reviews its budget forecasts twice during the fiscal year. Business risk is also monitored through stress tests, notably those of ICAAP, ILAAP and the Prevention & Recovery Plan.

1.12.3.2 CREDIT RISK

Risk factors

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

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

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

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

Risk measurement, control and monitoring

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

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

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

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

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

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

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

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

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

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

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

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

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

Monthly risk monitoring in the retail segment mainly concerns:

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

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

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

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

BY PORTFOLIO GEOGRAPHIC BREAKDOWN OF THE GROUP'S GROSS EXPOSURE AT DECEMBER 31, 2019

(in million euros)	Banks and Administra-tions	Companies	*Of which SME*	Retail	*Of which SME*	Other categories	Total gross exposure	Distribution in %
France	182	292	0	0	0	116	**590**	74%
Europe (excl. France)	66	2	0	2	0	0	**70**	9%
Latin America	1	47	0	0	0	2	**50**	6%
Rest of the World	6	70	44	7	0	3	**85**	11%
Overall total	**255**	**411**	**44**	**9**	**0**	**121**	**795**	100%
Distribution in %	32%	52%	6%	1%	0%	15%	100%	

BREAKDOWN BY RESIDUAL MATURITY OF THE GROUP'S BALANCE SHEET EXPOSURE AT DECEMBER 31, 2019

(in million euros)	Banks and Administrations	Companies	Retail	Other categories	Total balance sheet exposure
Residual value lower than 3 months	169	300	0	2 828	**3 297**
3 months to 1 year	0	15	1	0	**16**
1 to 5 years	0	0	8	0	**8**
More than 5 years	0	0	0	196	**196**
Overall total	**169**	**315**	**9**	**3 023**	**3 516**

BREAKDOWN BY PORTFOLIO OF THE GROUP'S NET EXPOSURE AT DECEMBER 31, 2019

(in million euros)	Gross exposure	*Of which Exposure in default*	General risk adjustments	Specific risk adjustments	Exposure net of provisions
Banks and Administrations	255	0	0	0	**255**
Companies	411	1	0	1	**409**
Retail	9	0	0	0	**9**
Other categories	121	0	0	0	**121**
Overall total	**795**	**1**	**0**	**1**	**793**

GEOGRAPHIC BREAKDOWN OF THE GROUP'S NET EXPOSURE AT DECEMBER 31, 2019

(in million euros)	Gross exposure	*Of which Exposure in default*	General risk adjustments	Specific risk adjustments	Exposure net of provisions
France	590	0	0	0	590
Europe (excluding France)	70	1	0	1	70
Latin America	50	1	0	0	49
Rest of the World	85	0	0	1	84
Overall total	**795**	**1**	**0**	**1**	**793**

DETAILS OF ADJUSTMENTS FOR CREDIT RISK AT DECEMBER 31, 2019

(in million euros)	Banks and Administrations	Companies	Retail	Other categories	Overall total
Gross exposure	255	411	9	121	**795**
Balance sheet exposure	254	355	9	121	**738**
Off-balance sheet exposure	1	56	0	0	**57**
Provisions	0	-1	0	0	**-1**
Collateral	-56	-1	0	0	**-57**
Off-balance sheet average CCF	100%	28%	-	-	**29%**
Value exposed to risk	255	370	9	121	**754**
RWA	68	368	7	235	**677**
Average RW	27%	100%	74%	194%	**90%**

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

1.12.3.3 FINANCIAL AND MARKET RISKS

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

Liquidity risk

Risk factors

The liquidity risk to which BPF is exposed depends on:

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

Risk measurement, control and monitoring

There are two aspects to measuring liquidity risk:

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

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

Interest rate risk

Risk factors

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

Risk measurement, control and monitoring

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

At December 31, 2019, sensitivity to a 2% increase across the rate curve would amount to a negative result of -€4 million. During the full year, in 2019, the result from this simulation fluctuated between -€3.1 million and -€4.3 million.

There are several aspects to rate risk control:

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

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

Counterparty risk

Risk factors

BPF is exposed to counterparty risk primarily in connection with its investment transactions.

Risk measurement, control and monitoring

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

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

Currency risk

Risk factors

BPF is exposed to two types of currency risk:

- structural currency risk (the Bank's structural currency position amounted to €232 million at December 31, 2019);
- operational currency risk (the bank's operational currency position amounted to -€0.5 million at December 31, 2019).

Risk measurement, control and monitoring

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

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

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

Market risk

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

1.12.3.4 CONCENTRATION RISK

Risk factors

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

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

Risk measurement, control and monitoring

The Bank has set limits for concentration risks related to individuals and to investment transactions.

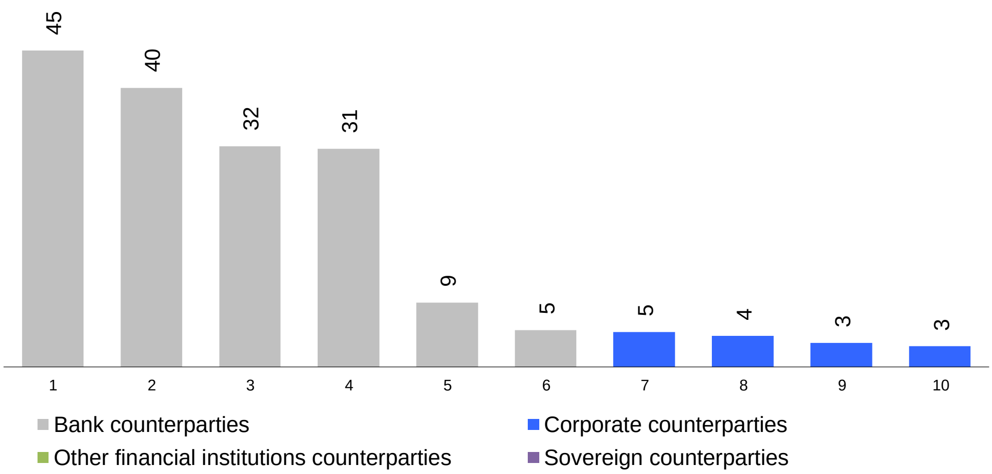
Oversight of these limits is presented twice a month to the Risk Management Committee of Banque PSA Finance.

At December 31, 2019, BPF's commitments to Groupe PSA stood at €15 million or 6.7% of the regulatory capital.

On the same date, the Bank's top ten commitments, excluding those to Groupe PSA, amounted to €178 million or 76.9% of the regulatory capital. By counterparty category, the top ten commitments break down as follows

- Banks: €162 million / 70.0% of the regulatory equity;
- Corporate dealers (excl. PSA): €16.0 million / 6.9% of the regulatory equity;
- Other counterparty institutions: €0 million;
- Sovereign counterparties: €0 million.

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



1.12.3.5 OPERATIONAL RISK

Definition of risk and risk factors

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

Risk identification, assessment, control and monitoring

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

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

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

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

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

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

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

1.12.3.6 NON-COMPLIANCE RISK

Definition of risk and risk factors

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

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

Risk measurement, control and monitoring

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

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

Non-compliance risk is primarily monitored locally. Every quarter each BPF subsidiary and each entity of the Santander JV assesses the effectiveness of its prevention and control measures as well as its level of residual risk using a certificate of compliance presented to unit management and forwarded to headquarters. Cross-analyses carried out at headquarters confirm the level of risk, and a consolidated picture is presented at the quarterly meetings of the BPF Compliance Committee. Furthermore, in the framework of the partnership with Santander, the risk of on-compliance of joint entities is monitored once a month by the BPF/SCF Partnership Committees.

A special procedure for keeping track of non-compliance risk for activities in partnership with BNPP PF is reviewed every three months by the OVF Compliance Committee, whose members include the senior management of those activities and each of the partners. Monthly Compliance meetings during the quarterly committee meetings provide further close oversight of the actions agreed upon

1.12.3.7 REPUTATIONAL RISK

Definition of reputational risk and risk factors

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

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

Reputational risk measurement, control and monitoring

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

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

- compliance with banking secrecy and professional reserve;

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

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

1.12.3.8 INSURANCE AND SERVICES BUSINESS RISK

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

Risk factors

The PSA Insurance companies are exposed to four types of risk:

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

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

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

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

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

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

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

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

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

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

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

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

1.12.3.9 CORRELATION BETWEEN BPF AND ITS SHAREHOLDER

Definition of correlation risk and risk factors

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

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

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

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

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

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

Working with its supervisory authorities, since 2016 BPF has had in place a "Recovery Plan" updated annually that projects theoretical stress scenarios with strict assumptions on automotive manufacturers and the economic environment. The plan, which incorporates theoretical stress scenarios and tough assumptions for the automotive manufacturer, underscores the solidity of the bank's business model, in particular thanks to its matching policy in relation to asset-liability maturities.

1.13 INTERNAL CONTROL

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

1.13.1 PERMANENT CONTROLS

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

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

1.13.1.2 PERMANENT CONTROL

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

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

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

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

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

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

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

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

On the scope of the Santander partnership

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

The compliance control system also includes joint procedures: "Code of Conduct", "Whistleblowing Policy", "Monitoring Inspections and other communications with SCF- PSA JVs' supervisory authorities " (which defines how the JVs should manage their exchanges with regulators and supervisors);

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

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

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

On the scope of the BNPP PF partnership

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

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

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

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

1.13.2 PERIODIC CONTROLS

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

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

Pursuant to the order dated November 3, 2014 on internal control of credit institutions, the Audit and Risk Committee meets at least four times a year

1.13.3 OVERSIGHT BY EXECUTIVE MANAGEMENT AND THE BOARD

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

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

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

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

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

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

1.13.4 ORGANIZATION OF INTERNAL CONTROL

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

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

The committee also reviews and makes decisions concerning:

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

1.14 SHARE OWNERSHIP

1.14.1 SHARE CAPITAL

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

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

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

1.14.2 INTRA-GROUP AGREEMENTS

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

PSA is paid a service fee for these services, in addition to fees for specific transactions or operations. The total amount paid by the BPF Group to Groupe PSA in 2019 was €98 million.

1.14.3 PROPOSED APPROPRIATION OF INCOME TO THE ORDINARY GENERAL MEETING OF JUNE 26, 2020

The Assembly General Meeting, voting under the conditions of quorum and majority required for Annual General Meetings, notes that the distributable earnings, which consist of the profit for fiscal year 2019 of €209,730,551.97 plus the retained earnings from the previous fiscal year of €1,077,301,814.46, amount to €1,287,032,366.43.

The Assembly General Meeting, on the proposal of the Board of Directors, resolves to appropriate the distributable earnings as follows:

- To the legal reserve: €2,221,193.60
- To shares: €111,537,639.24
- To retained profit: €1,173,273,533.59.

Accordingly, the dividend amounts to €8.94 per share and will be paid at the end of this Assembly General Meeting and no later than the end of June 2020.

The Assembly General Meeting takes note that for fiscal years 2016, 2017, and 2018 the dividends paid were, respectively, €0, €0, and €7.74 per share.

1.14.4 INFORMATION ABOUT THE ADMINISTRATIVE AND MANAGEMENT BODIES

1.14.4.1 BOARD OF DIRECTORS

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

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

List of the corporate positions held during the 2019 financial year and list of the corporate positions expired during the 2018 financial year, by the Directors of Banque PSA Finance and the permanent representatives of Directors

Olivier BOURGES **Chairman of the Board of Directors and Director** Since September 29, 2016 Current term expires in 2020 Born on December 24, 1966	**Other positions held during FY 2019** ***Member of the Managing Board*** • Peugeot S.A. ***Member of the Supervisory Board*** • PSA (Wuhan) Management Company Co. Ltd. (China) ***Director*** • PCMA Holding B.V. (Netherlands) **Director** • Dongfeng Peugeot Citroën Automobiles Company Ltd ***Member of the Supervisory Board and Director*** • Dongfeng Peugeot Citroën Automobiles Company Ltd (Chine) **Positions that ended during FY 2019** ***Member of the Supervisory Board*** • Opel Automobile GmbH

Rémy BAYLE	**Other positions held during the year 2019**
Chief Executive Officer and Director	***Chairman of the Board of Directors and Director***
First appointed to the Board on April 23, 2015	• Compagnie pour la location de véhicules - CLV
Current term expires in 2021	• PSA Banque France (formerly SOFIB)
Born on December 26, 1961	
	Vice-Chairmant and Director
	• Opel Bank S.A. (France)

Carlos TAVARES	**Other positions held during FY 2019**
Director	***Chairman of the Managing Board***
First appointed to the Board on April 2, 2014	• Peugeot S.A.
Current term expired on February 22d, 2019	
Born on August 14, 1958	***Chairman of the Board of Directors and Director***
	• PSA Automobiles S.A.
	Director
	• Airbus Holding
	• Total S.A.
	Positions that ended during FY 2019
	Director
	• Banque PSA Finance

Brigitte COURTEHOUX	**Other positions held during FY 2019**
Director	***Chairman and Director***
First appointed to the Board on February 22, 2019	• Mobility Services Free2move S.A. (Madrid)
Current term expires in 2021	
Born July 10, 1971	***Member of the Supervisory Board***
	•Opel Automobile GmbH
	Director of mobility services
	• Peugeot S.A.
	Director
	• Fengbiao Carsharing Service Co
	• GHM Mobile Development GmbH
	• PSA North America Car Sharing
	• Communauto Inc. S.A.
	• Mhiri Innovation (Travelcar)

Michel PHILIPPIN	**Positions that ended during FY 2019**
Director and Chairman of the Audit and Risk Committee	***Director***
First appointed to the Board on April 17, 2018	• Banque PSA Finance
Current term expired on February 22d, 2019	
Born on June 26, 1948	

Catherine PARISET

Director - Chairman of the Appointments and Compensation Committees - Member of the Audit and Risk Committee

First appointed to the Board on February 22, 2019
Current term expires in 2024
Born August 22, 1953

Other positions held during FY 2019

Independent Director

• **Natixis**

Laurent GARIN

Director - Chairman of the Audit and Risk Committee - Member of the Appointments and Compensation Committees

First appointed to the Board on April 17, 2018
Current term expires in 2024
Born on April 7, 1955

Other positions held during FY 2019

No other position.

Peugeot S.A.

Director

First appointed to the Board on December 15, 1982
Current term expires in 2024

Other positions held during FY 2019

Director

• Automobiles Citroën
• Automobiles Peugeot
• GIE PSA Trésorerie
• ANSA

Founding member

• GIE PSA Peugeot Citroën

Philippe DE ROVIRA

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

First appointed to the Board on July 16, 2018
Current term expires in 2024
Born on June 08, 1973

Other positions held during FY 2019

Director

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

Permanent Representative of Peugeot S.A.

• Board of Directors of Automobiles Peugeot
• Board of Directors of Banque PSA Finance

Chairman and Member of the Supervisory Board

• Autobiz

Member of the Supervisory Board

• Opel Automobile GmbH (Germany)

Automobiles Peugeot

Director

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

Other positions held during FY 2019

Director

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

Associate Manager

• Peugeot Média Production SNC

Positions that ended during FY 2019

Director

• SOMACA (Morocco)

Jean-Philippe IMPARATO	Other positions held during FY 2019
Permanent Representative of Automobiles Peugeot Since September 29, 2016 Born on August 27, 1966	***Chief Executive Officer, Chairman of the Board*** • Automobiles Peugeot ***Chairman and Director*** • Peugeot Distribution Service – PDS • Peugeot Automobili Italia S.P.A. • Peugeot Citroën Retail Italia S.P.A. ***Member of the Supervisory Board*** • Citroën Nederland B.V. ***Director*** • Banque PSA Finance • PSAG Automoviles Comercial Espana S.A. • Peugeot Citroën Retail UK Limited • Dongfeng Peugeot Citroën Automobile Sales Company Ltd • Dongfeng Peugeot Citroën Automobiles Company Ltd • Peugeot Motor Company PLC • PSAR Portugal S.A.
	Positions that ended during FY 2019
	Member of the Supervisory Board • Peugeot Motocycles

List of the corporate positions held in 2019 by the Deputy Chief Executive Officer, non Director of Banque PSA Finance

Arnaud de LAMOTHE	Other positions held during FY 2019
Executive Managing Deputy Director First appointed to the Board on February 1st, 2017 Current term expires in 2021 Duration of term of office aligned with that of the Chief Executive Officer Born on September 24, 1966	***Chairman and Director*** • Bank PSA Finance Rus (Russia) • Compagnie Générale de Crédit aux Particuliers - CREDIPAR • PSA Financial Services Spain EFC SA ***Member of the Supervisory Board*** • PSA Bank Deutschland GmbH (Germany) ***Director*** • Opel Bank S.A. • PSA Banque France (formerly SOFIB) • Banca PSA Italia S.p.A. • Peugeot Citroën Leasing (Russia) • PSA Finance UK Ltd (United Kingdom)

1.14.4.2 COMMITTEES

A. THE AUDIT AND RISK COMMITTEE

At **January, 1st 2020**, the Audit and Risk Committee is comprised of the following members:

Name	Position within Groupe PSA
Laurent GARIN, Chairman	Board Member of Banque PSA Finance
Catherine Pariset	Board Member of Banque PSA Finance
Philippe DE ROVIRA	Permanent Representative of PEUGEOT SA on the Board of Directors of Banque PSA Finance and Chief Financial Officer of Groupe PSA

B. THE APPOINTMENTS COMMITTEE

Name	Position within Groupe PSA
Catherine PARISET, Chairman	Board Member of Banque PSA Finance
Laurent GARIN	Board Member of Banque PSA Finance
Olivier BOURGES	Chairman of the Board of Directors of Banque PSA Finance and Director of Programs and Strategy of Groupe PSA

C. WAGES AND SALARIES COMMITTEE

Name	Position within Groupe PSA
Catherine PARISET, Chairman	Board Member of Banque PSA Finance
LAURENT GARIN	Board Member of Banque PSA Finance
Olivier BOURGES	Chairman of the Board of Directors of Banque PSA Finance and Director of Programs and Strategy of Groupe PSA

D. THE EXECUTIVE COMMITTEE

At **January, 1st 2020**, the executive committee consists of the following members:

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

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

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

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

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CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

2.1 Consolidated Balance Sheet

(in million euros)	*Notes*	**Dec. 31, 2019**	**Dec. 31, 2018**
Assets			
Cash, central banks	*3*	50	56
Financial assets at fair value through profit or loss	*4*	328	364
Hedging instruments	*5*	1	4
Financial assets at fair value through Equity		-	-
Debt securities at amortized cost		-	-
Loans and advances to credit institutions, at amortized cost	*6*	366	282
Customer loans and receivables, at amortized cost	*7, 23*	85	179
Fair value adjustments to finance receivables portfolios hedged against interest rate risks		-	-
Current tax assets	*24.1*	12	13
Deferred tax assets	*24.1*	3	5
Accruals and other assets	*8*	94	78
Investments in associates and joint ventures accounted for using the equity method	*9*	2 604	2 372
Property and equipment	*10*	3	2
Intangible assets	*10*	66	56
Goodwill		-	-
Total assets		**3 612**	**3 411**

(in million euros)	*Notes*	**Dec. 31, 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	*11*	40	72
Due to customers	*12*	1	3
Debt securities	*13*	226	249
Fair value adjustments to debt portfolios hedged against interest rate risks		5	4
Current tax liabilities	*24.1*	9	2
Deferred tax liabilities	*24.1*	4	3
Accruals and other liabilities	*14*	54	55
Liabilities related to insurance contracts	*15.1*	68	83
Provisions	*16*	15	61
Subordinated debt		-	-
Equity		**3 189**	**2 878**
- Equity attributable to equity holders of the parent		3 188	2 867
- Share capital and other reserves		1 160	1 160
- Consolidated reserves		2 203	1 898
- *Of which Net income - equity holders of the parent*		398	*322*
- Gains and losses recognized directly in Equity		(175)	(191)
- *Of which Net income - equity holders of the parent (share of items recycled in profit or loss)*		-	-
- Minority interests		1	11
Total equity and liabilities		**3 612**	**3 411**

2.2 Consolidated Statement of Income

(in million euros)	*Notes*	**Dec. 31, 2019**	**Dec. 31, 2018**
Net interest revenue on customer transactions		**28**	**26**
- Interest and other revenue on assets at amortized cost	*21*	26	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)
- Other revenue and expense		3	(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		**(14)**	**(28)**
- Interest and other revenue from loans and advances to credit institutions		1	1
- Interest on deposits from credit institutions		(8)	(19)
- Interest on debt securities		(16)	(20)
- Interest on passbook savings accounts		-	-
- Expenses related to financing commitments received		(1)	(1)
- Fair value adjustments to financing liabilities hedged against interest rate risks		(1)	4
- Interest on hedging instruments		12	12
- Fair value adjustments to hedging instruments		(1)	(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		**(6)**	**(9)**
Margin on sales of Insurance services	*15.2*	**41**	**12**
- Earned premiums		30	43
- Paid claims and change in liabilities related to insurance contracts		11	(31)
Margin on sales of services		**1**	**1**
- Revenues		1	1
- Expenses		-	-
Net banking revenue		**50**	**2**
General operating expenses	*22*	**(14)**	**(12)**
- Personnel costs		(7)	(6)
- Other general operating expenses		(7)	(6)
Depreciation and amortization of intangible and tangible assets	*10*	**(13)**	**(13)**
Gains and losses on investments in companies and other disposals of fixed		**-**	**-**
Gross operating income		**23**	**(23)**
Credit Risk Cost	*23*	1	-
Operating income		**24**	**(23)**
Share in net income of associates and joint ventures accounted for	*9*	372	336
Impairment on goodwill			(1)
Pension obligation - expense		-	-
Pension obligation - income		-	-
Other non-operating items		2	10
Pre-tax income		**398**	**322**
Income taxes	*24.2*	(1)	(2)
Net income for the year		**397**	**320**
- of which attributable to equity holders of the parent		398	*322*
- of which minority interests		*(1)*	*(2)*
Net income - Earnings per share (in €)		*31,9*	*25,8*

2.3 Net Income and Gains and Losses Recognized Directly in Equity

(in million euros)	Dec. 31, 2019 Before tax	Dec. 31, 2019 Tax	Dec. 31, 2019 After tax	Dec. 31, 2018 Before tax	Dec. 31, 2018 Tax	Dec. 31, 2018 After tax
Net income	398	(1)	***397***	322	(2)	**320**
- of which minority interests			*(1)*			*(2)*
Recyclable in profit and loss items						
Fair value adjustments to hedging instruments	-	-	**-**	3	(1)	**2**
- of which revaluation reversed in net income	-	-	**-**	-	-	**-**
- of which revaluation directly by equity	-	-	**-**	*3*	*(1)*	***2***
Exchange difference	14	-	**14**	(25)	-	**(25)**
OCI of joint ventures	*(1)*	-	***(1)***	(5)	(1)	**(6)**
Total recyclable in profit and loss items	13	-	**13**	(27)	(2)	**(29)**
- of which minority interests			*(2)*			*(7)*
Not recyclable in profit and loss items						
Actuarial gains and losses on pension obligations	-	-	**-**	-	-	**-**
OCI of joint ventures	(1)	1	**-**	(4)	1	**(3)**
Total gains and losses recognized directly in Equity	12	1	**13**	(31)	(1)	**(32)**
- of which minority interests			*(2)*			*(7)*
Total net income and gains and losses recognized directly in Equity	410	-	**410**	291	(3)	**288**
- of which attributable to equity holders of the parent			*413*			*297*
- of which minority interests			*(3)*			*(9)*

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

	Share capital and other reserves (1)				Fair value adjustments - equity holders of the parent						
(in million euros)	Share capital	Issue, share and merger premiums and liquidation surplus	Legal reserve and other reserves	Consoli-dated reserves	Fair value adjustments to hedging instruments	Actuarial gains and losses on pension obligations	Exchange difference	OCI of joint ventures	Equity attributable to equity holders of the parent	Minority interests	Total equity
At 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				322	-	-	-	-	**322**	(2)	**320**
Gains and Losses Recognized Directly in Equity				-	1	-	(17)	(9)	**(25)**	(7)	**(32)**
Hyperinflation effects				4	-	-	-	-	**4**	4	**8**
Other				(1)	-	-	-	-	**(1)**	-	**(1)**
At December 31, 2018	**199**	**643**	**318**	**1 898**	**(1)**	**-**	**(142)**	**(48)**	**2 867**	**11**	**2 878**
Distribution of dividends by:											
- Banque PSA Finance				(97)					**(97)**		**(97)**
- Other companies				-					**-**	-	**-**
Net Income (2)				347	-	-	51	-	**398**	(1)	**397**
Gains and Losses Recognized Directly in Equity				-	-	-	6	8	**14**	(1)	**13**
Hyperinflation effects (2)				5	-	-	-	-	**5**	2	**7**
Other				50	-	-	-	(49)	**1**	(10)	**(9)**
At December 31, 2019	**199**	**643**	**318**	**2 203**	**(1)**	**-**	**(85)**	**(89)**	**3 188**	**1**	**3 189**

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 €-7 million in Net Income fully covered by a positive change in Equity (Equity attributable to equity holders of the parent: €5 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

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Pre-tax income	**398**	**322**
Net depreciation of tangible and intangible assets	17	13
Net provisions and impairment	(60)	27
Share in net income of equity-accounted companies	(372)	(336)
Net loss/(net gain) on investing activities	(3)	(9)
(Income)/Charges of financing activities	-	-
Other movements	7	6
Total of non-monetary items included in pre-tax income and other adjustments	**(411)**	**(299)**
Change in credit institutions items	(92)	6
Change in customer items	32	21
Change in financial assets and liabilities	14	38
Change in non-financial assets and liabilities	(14)	(12)
Dividends received from equity-accounted entities	211	95
Tax paid	9	(5)
Net increase/(decrease) of assets and liabilities provided by operating activities	**160**	**143**
Net cash provided by operating activities (A)	**147**	**166**
Change in equity investments	**(43)**	**(3)**
- Outflows for the acquisitions of shares in subsidiaries, net of cash transferred	(47)	(10)
- Inflows from disposals of shares in subsidiaries, net of cash transferred	4	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	**(25)**	**(15)**
- Outflows for the acquisitions of property and equipment and intangible assets	(25)	(15)
- Inflows from disposals of property and equipment and intangible assets	-	-
Effect of changes in scope of consolidation	**5**	**-**
Net cash provided by investing activities (B)	**(63)**	**(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)	-	-
Net increase/(decrease) of cash and cash equivalents (A+B+C+D)	**(13)**	**148**
Cash and cash equivalents at the beginning of the period	**462**	**314**
Cash, central banks (assets and liabilities)	56	98
Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	406	216
Cash and cash equivalents at the end of the period	**449**	**462**
Cash, central banks (assets and liabilities)	50	56
Demand accounts (assets and liabilities) and loans/borrowings with credit institutions	399	406

2.6 Notes to the Consolidated Financial Statements

Notes

Note 1 Main Events of the period and Group Structure

A. Main Events of the period

Groupe PSA and Rosbank Group are extending their cooperation in Russia

To support Groupe PSA's ambition and offensive in Russia, Banque PSA finance decided to adapt its own strategy there in order to offer more competitive interest rates to Russians dealers and customers, with an agile & efficient setup. Reason why, BPF decided to change its Russian financial activities for retail and wholesale, from a fully-fledge structure to a white label agreement with a prominent local player.
On september 11th, 2019, Groupe PSA and Rosbank Group announced the extention of their cooperation in Russia with a new partnership between the two groups in order to boost the development of their commercial and financial activities. Rusfinance Bank, as a part of Rosbank Group is a leader in car financing in Russian market.
In October 2019, Banque PSA Finance retail credit outstanding in Russia have been sold to Rusfinance Bank. Rusfinance Bank now provides, including with RB Leasing, retail credit and leasing financing offers to Peugeot, Citroen and Opel customers. From 2020, Rusfinance Bank will also finance Peugeot, Citroen and Opel dealers in Russia.

Binding combination agreement between Peugeot SA and Fiat Chrysler Automobiles N.V.

On December 18, 2019, Peugeot S.A. ("Groupe PSA" – as Banque PSA Finance parent company), and Fiat Chrysler Automobiles N.V. ("FCA") signed a binding Combination Agreement providing for a 50/50 merger of their businesses to create the 4th largest global automotive OEM by volume and 3rd largest by revenue (the "Merger"). The new group's Dutch-domiciled parent company will be listed on Euronext (Paris), the Borsa Italiana (Milan) and the New York Stock Exchange.
Preparation of the PSA – FCA Merger is progressing as expected and completion of the proposed combination continues to be expected to take place in 10-13 months, subject to customary closing conditions, including approval by both companies' shareholders at their respective Extraordinary General Meetings and the compliance with regulatory requirements of which antitrust ones.
The proposed PSA –FCA Merger has no significant impact on the Banque PSA Finance consolidated financial statements at 31 December 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 fund 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.

In July 2019, the joint venture Banca Italia S.p.A sold €660 million worth of automobile loans to the fund Auto ABS Italian Loans 2019. The fund issued €554.4 million worth of A bonds and €105.6 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 Italian Loans 2019 has been accounted by the equity method since July 2019.

In October 2019, the joint venture PSA Finance Belux sold €549.4 million worth of automobile loans to the fund Auto ABS Belgium Loans 2019 SA. The fund issued €400 million worth of senior loans and €145.4 million worth of junior loans. 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 Belgium Loans 2019 SA has been accounted by the equity method since October 2019.

In November 2019, the joint venture PSA Finance UK Ltd sold £251,6 million (€295,2 million) worth of automobile loans to the fund Auto ABS UK Loans 2019 – Fonds 4. The fund issued £200 million (€235 million) worth of A bonds and £51,6 million (€60,5 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 UK Loans 2019 – Fonds 4 has been accounted by the equity method since November 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.

In July 2019, Opel Bank GmbH's Irish Branch has been liquidated.

In September 2019, the joint venture Opel Bank GmbH sold €900 million worth of automobile loans to the E-carat 10 Germany. The fund issued €797.4 million worth of A bonds, €21.6 million worth of B bonds, €18 million worth of C bonds, €18 million worth of D bonds, €18 million worth of E bonds, €9 million worth of F bonds, €9 million worth of G bonds and €9 million worth of H 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 Germany has been accounted by the equity method since September 2019.

In November 2019, German subsidiary Opel Bank GmbH and Italian subsidiary Opel Finance S.p.A have transferred their activity to respectively Opel Bank S.A., German Branch and Opel Bank S.A., Italian Branch.
The Greek and Spanish branches of Opel Bank GmbH are now branches of Opel Bank S.A.

In December 2019, the Swedish Subsidiary Opel Finance AB has been sold to Expres Bank A/S.

Partnership with Dongfeng Peugeot Citroën Automobiles and Dongfeng Motor Group

In November 2019, a new Chinese Leasing subsidiary, Dongfeng Peugeot Citroën Financial Leasing Co., 25% owned by PSA Finance Nederland B.V., has been consolidated under the equity method in Banque PSA Finance's consolidated financial statements.

Partnership with BBVA in Argentina

In 2019, it was decided that Wholesale activities will be taken over by PFAR, BPF entity in partnership with BBVA in Argentina. At this occassion, all pre-existing agreements between the two partners have been fully reviewed. This review has been made by observing the way this partnership works and by applying the same control criteria as in the other BPF partnerships. This analysis has concluded that PFAR should be consolidated under the equity method in BPF current and past financial statements. If PFAR had been consolidated under the equity method in BPF 2018 financial statements, the impact would have been -€87.3 million on the total balance sheet and -€2.3 million on the net income attributable to minority interests. In the first semester, the impact would have been -€65.4 million on the total balance sheet and -€1.1 million on the net income attributable to minority interests. There would have been no impact on the net income attributable to equity holders of the parent. Given that these impacts were considered not significants on BPF past financial statements, PFAR has been consolidated under the equity method starting from July, 1st 2019.

C. List of Consolidated Companies

Companies	Country ISO code	% Direct	Indirect %	Indirect Held by	Dec. 31, 2019 Consolidation method	Dec. 31, 2019 % interest	Dec. 31, 2018 Consolidation method	Dec. 31, 2018 % interest
Branches								
Polish branch	PL	-	-		FC	100	FC	100
Subsidiaries								
Sales financing in Europe								
Sales financing outside Europe								
BPF Algérie	DZ	2	98	PSA Financial Holding B.V.	FC	100	IG	100
Banque PSA Finance Mexico SA de CV SOFOM ENR	MX	2,80	97,20	PSA Finance Nederland B.V.	FC	100	IG	100
Bank PSA Finance Rus	RU	65	35	PSA Financial Holding B.V.	FC	100	IG	100
BPF Pazarlama A.H.A.S.	TR	100	-		FC	100	IG	100
Peugeot Citroën Leasing Russie	RU	100	-		FC	100	IG	100
Insurance								
PSA Services Ltd	MT	100	-		FC	100	IG	100
PSA Insurance Ltd	MT	0,01	99,99	PSA Services Ltd	FC	100	IG	100
PSA Life Insurance Ltd	MT	0,01	99,99	PSA Services Ltd	FC	100	IG	100
PSA Insurance Manager Ltd	MT	-	100	PSA Services Ltd	FC	100	IG	100
PSA Insurance Solutions Ltd	MT	-	100	PSA Services Ltd	FC	100	IG	100
PCA Compañía de Seguros S.A	AR	70	-		FC	70	IG	70
Other companies								
Economy Drive Cars Ltd	GB	100	-		FC	100	IG	100
Vernon Wholesale Investments Company Ltd	GB	-	100	Economy Drive Cars Ltd	FC	100	IG	100
PSA Recupero S.R.L.	IT	94,54	-		FC	94,54	IG	94,54
PSA Finance Nederland B.V.	NL	-	100	PSA Financial Holding B.V.	FC	100	IG	100
PSA Financial Holding B.V.	NL	100	-		FC	100	IG	100
Joint ventures (1)								
Joint ventures in Europe :								
- with Santander Consumer Finance								
PSA Finance Belux	BE	50	-		EM	50	MEE	50
PSA Finance Suisse S.A.	CH	-	50	PSA Financial Services Spain E.F.C. S.A.	EM	50	MEE	50
PSA Bank Deutschland GmbH	DE	50	-		EM	50	MEE	50
PSA Bank Österreich GmbH, Austria Branch	*AT*	-	-		*EM*	50	*MEE*	*50*
PSA Financial Services Spain E.F.C. S.A.	ES	50	-		EM	50	MEE	50
PSA Banque France	FR	50	-		EM	50	MEE	50
Crédipar	FR	-	50	PSA Banque France	EM	50	MEE	50
CLV	FR	-	50	Crédipar	EM	50	MEE	50
PSA Finance UK Ltd	GB	50	-		EM	50	MEE	50
Banca PSA Italia S.p.A.	IT	50	-		EM	50	MEE	50
PSA Renting Italia S.p.A.	IT	-	50	Banca PSA Italia S.p.A.	EM	50	MEE	50
PSA Insurance Europe Ltd	MT	-	50	PSA Services Ltd	EM	50	MEE	50
PSA Life Insurance Europe Ltd	MT	-	50	PSA Services Ltd	EM	50	MEE	50
PSA Financial Services Nederland B.V.	NL	50	-		EM	50	MEE	50
PSA Finance Polska Sp.zo.o.	PL	50	-		EM	50	MEE	50
PSA Consumer Finance Polska Sp. z o.o	PL	-	50	PSA Finance Polska Sp.zo.o.	EM	50	MEE	50
- with BNP Paribas PF								
Opel Finance BVBA	BE	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance SA	CH	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Bank GmbH (2)	DE	-	-		-	-	MEE	50
Opel Bank GmbH, Spanish Branch	*ES*	-	-		-	-	MEE	50
Opel Bank GmbH, Greece Branch	*GR*	-	-		-	-	*MEE*	*50*
Opel Bank GmbH, Ireland Branch	*IE*	-	-		-	-	*MEE*	*50*
Opel Leasing GmbH	DE	-	50	Opel Bank GmbH	EM	50	MEE	50
Opel Leasing GmbH, Austria Branch	*AT*	-	-		EM	50	*MEE*	*50*
Opel Bank S.A	FR	50	-		EM	50	MEE	50
OPEL Bank SA, Germany Branch	DE	-	-		EM	50	-	-
OPEL Bank SA, Spain Branch	*ES*	-	-		EM	50	-	-
OPEL Bank SA, Greece Branch	*GR*	-	-		EM	50	-	-
OPEL Bank SA, Italy Branch	IT	-	-		EM	50	-	-
Vauxhall Finance plc (3)	GB	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance SpA	IT	-	-		-	-	MEE	50
Opel Finance International B.V.	NL	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance N.V.	NL	-	50	Opel Bank S.A	EM	50	MEE	50
Opel Finance AB	SE	-	-		-	-	MEE	50
Joint ventures in Brazil, with Santander								
Banco PSA Finance Brasil S.A.	BR	50	-		EM	50	MEE	50
PSA Corretora de Seguros e Serviços Ltda	BR	-	50	PSA Services Ltd	EM	50	MEE	50
Joint venture in China, with Dongfeng Peugeot Citroën								
Dongfeng Peugeot Citroën Auto Finance Company	CN	-	25	PSA Finance Nederland B.V.	EM	25	MEE	25
Dongfeng Peugeot Citroën Financial Leasing Co.	CN	-	25	PSA Finance Nederland B.V.	EM	25	-	-
Joint venture in Argnetina, with Banco Bilbao Vizcaya Argentaria								
PSA Finance Argentina Compania Financiera S.A.	AR	50	-		EM	50	IG	50
Special purpose entities (1)								
- with Santander Consumer Finance								
Auto ABS Belgium Loans 2019 SA	BE	-	-		EM	50	-	-
Auto ABS German Lease Master 2019	DE	-	-		EM	50	-	-
Auto ABS Spanish Loans 2016	ES	-	-		EM	50	MEE	50
Auto ABS Spanish Loans 2018	ES	-	-		EM	50	MEE	50
Auto ABS DFP Master Compartment France 2013	FR	-	-		EM	50	MEE	50
Auto ABS French Loans Master	FR	-	-		EM	50	MEE	50
Auto ABS French Leases Master	FR	-	-		EM	50	MEE	50
FCT Auto ABS LT Leases Master	FR	-	-		EM	50	MEE	50
Auto ABS German Loans Master	FR	-	-		EM	50	MEE	50
Auto ABS French Leases 2018 - Fonds E	FR	-	-		EM	50	MEE	50
Auto ABS UK Loans plc	GB	-	-		EM	50	MEE	50
Auto ABS UK Loans 2017 plc	GB	-	-		EM	50	MEE	50
Auto ABS UK Loans 2019 - Fonds 4	GB	-	-		EM	50		
Auto ABS Italian 2018.1 S.r.l.	IT	-	-		EM	50	MEE	50
Auto ABS Italian Loans 2019	IT	-	-		EM	50	-	-
- with BNP Paribas PF								
Ecarat 10 Germany	FR	-	-		EM	50	-	-
Ecarat 10 plc	GB	-	-		EM	50	-	-

(1) see Note 9.2 Detailed information about Associates - Joint ventures.
(2) Including the ad hoc entity Ecarat 9 SA.
(3) Including the ad hoc entities Ecarat 6 plc, Ecarat 7 plc, Ecarat 8 plc and Ecarat 9 plc.

Note 2 Accounting Policies

In accordance with European Council Regulation 1606/2002/EC dated July 19, 2002 on the application of international accounting standards from January 1, 2005, Banque PSA Finance's consolidated financial statements for the year ended December 31, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date. No significant difference can be observed within BPF Group between the IFRS as published by the IASB and as endorsed by the European Union, including regarding the application date.

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

The presentation of Banque PSA Finance's consolidated financial statements for the year ended December 31, 2019 are prepared according to the recommendation of the French accounting standards setter, in particular the recommendation N°2017-02 of June 2, 2017 related to the presentation of the consolidated financial statements of banking institutions on January 1, 2018.

The standards and interpretations applied at December 31, 2019 were unchanged compared with December 31, 2018 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2019.

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

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2019 and applied by Banque PSA Finance 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 apply in relation to leases. On January 13, 2016, the IASB published the IFRS 16 definitive text. This standard was adopted by the European Union on November 9, 2017 and will be applicable starting from January 1, 2019.

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

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

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

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

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

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

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

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

- IFRIC 23 - Uncertainty over income tax treatments

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

Banque PSA Finance does not expect significant impacts of this standard.

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Other texts do not impact significantly Banque PSA Finance Group.

New IFRSs and IFRIC Interpretations non applicable compulsorily in the European Union in the fiscal year commencing on January 1, 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 analysed; 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. 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 IASB issued an exposure draft on June 26, 2019 containing a number of amendments to IFRS 17 "Insurance Contracts". The modifications are intended to facilitate the implementation of the standard. In particular, it is proposed to delay the first date of application by one year, thus postponed to financial years beginning on or after January 1, 2022.

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

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

Format of the Financial Statements:

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

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

The individual statutory financial statements of Banque PSA Finance and its subsidiaries are prepared in accordance with the accounting principles in force in the countries where they do business. These statements are adjusted to comply with Group accounting policies for inclusion in the consolidated financial statements.

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

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

The annual consolidated financial statements and notes for Banque PSA Finance Group were approved by the Board of Directors on February 24th , 2020.

A. Basis of Consolidation

A.1 Consolidation Methods

Companies in which Banque PSA Finance directly or indirectly holds a majority interest are fully consolidated. The same method is applied to companies owned jointly with a partner on a 50:50 basis, when Banque PSA Finance is in a position to control strategic financial and operating decisions relating to the business.

All material intragroup transactions and balances between the entities of the Group are eliminated in consolidation.

Companies that are between 20% and 50% owned, directly or indirectly, over which Banque PSA Finance has significant influence are accounted for by the equity method.

A.2 Translation of Financial Statements of Foreign Subsidiaries

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

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

A.3 Foreign Currency Transactions

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

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

A.4 Use of Estimates

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

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

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

Estimates and assumptions are used in particular to measure the following:
- measurement of the investments in equity method consolidated entities, usually based on the value in use resulting from the Medium Term Plans prepared in the framework of partnership governance (Santander and BNPP),
- fair value of financial assets and liabilities at fair value through profit or loss,
- recoverable amount of customer loans and receivables,
- fair value adjustments to finance receivables and debt portfolios hedged against interest rate risks,
- deferred tax assets,
- value in use and useful lives of intangible assets and property and equipment,
- provisions,
- pension obligations.

A.5 Main Consolidation Adjustments

Recognition and Measurement of Derivative Instruments, Hedge Accounting IFRS 9

Measurement at fair value of derivative instruments, financial assets and certain financial liabilities at fair value through profit or loss, and application of hedge accounting in accordance with IFRS 9 therefore give rise to certain consolidation adjustments. The underlying principles are described in section C "Financial assets and liabilities", below. The principles of valuation at fair value are applied in accordance with the IFRS 13 standard.

Deferred Taxes

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

No provision is recognized for deferred taxes on the undistributed earnings of subsidiaries, associates or joint-ventures as the Group could not be forced to materialize any temporary difference on unremitted earnings and as such reversal is not foreseen to happen in a foreseeable future. In addition, current taxation is recognized when dividends to be received from these are certain and voted by the general shareholders meeting.

B. Fixed Assets

B.1. Property and Equipment

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

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

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

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

Following the entry into force of IFRS 16 – Leases - as of January 1, 2019, any lease agreement is analyzed by the lessee as the acquisition of a right to use an asset, during the duration of the contract, in return for the obligation to pay the rents.

As a result, from the outset, Banque PSA Finance as lessee recognizes this right of use, which is amortized over the term of the contract. In return, a lease debt is recognized in other financial liabilities. The rents paid are presented as repayment dates, incorporating a share of capital and a share of interest in the income statement. Thus, the annual rental charge (depreciation and interest for the period) is decreasing over the duration of the contract.

B.2. Intangible Assets

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

B.3. Goodwill

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

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

B.4. Impairment of Long-lived Assets

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

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

C. Financial Assets and Liabilities

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

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

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

C.1 Derivatives – Application of Hedge Accounting

C.1.1 Recognition and Measurement

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

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

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

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

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

C.1.2 Derivatives – Financial Statement Presentation

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

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

IFRS 13 requires to present the valuation methods of the financial assets and liabilities at fair value as well as their hierarchy (level 1, 2 or 3).
The valuation methods have to maximize the use of observable market data. These methods are classified according to the same three levels hierarchy (in descending order of priority) as IFRS 7 for financial instruments:
- level 1: quoted price (without adjustment) for similar instruments on an active market;
An active market is a market in which there are sufficiently frequent and large volumes on assets or liabilities to provide price information in a continuous way.
- level 2: valuation using only observable data for a similar instrument on an active market;
- level 3: valuation making significant use of at least one non-observable item of data.
In the balance sheet, the valuations are of level 1 or 2, presented in the related notes. Only the specific note “Fair Value of Financial Assets and Liabilities” uses valuation methods of level 3, detailed in note 17.

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

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

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

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

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

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in Banque PSA Finance’s issuer spread. At December 31, 2019, no liabilities were measured using the fair value option.

This caption also includes the negative fair value of other derivatives that do not qualify for hedge accounting under

IFRS 9, including interest rate derivatives intended to hedge financial assets or liabilities at fair value through profit or loss.

C.4 Loans and Receivables

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

Customer loans and receivables are analysed by type of financing:

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

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

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

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

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

C.4.1 Loans and Receivables Measured at Amortized Cost

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

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

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

C.4.2 Lease Financing

In accordance with IFRS 16 – Leases and IFRS 9, vehicles leased to customers are treated as in-substance loans because the risks and rewards of ownership of the vehicle do not lie with Banque PSA Finance.

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

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

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

C.4.4 Impairment Losses

Impairment losses are identified separately under specific line items.

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

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

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

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

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

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

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

Classification in loss / Write off

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

C.7 Financing Liabilities

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

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

C.7.1 Hedges of Interest Rate Risks on Financing Liabilities

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

C.7.2 Debt Securities

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

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

D. Liabilities Related to Insurance Contracts

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

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

E. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recorded when the Group has a present obligation towards a third party as a result of a past event, it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources representing an equivalent amount is expected.

Restructuring provisions are recorded only when the restructuring has been announced and the Group has drawn up or started to implement a detailed formal plan.

Provisions are discounted only when the impact is material.

F. Segment Information

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

Final customer:

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

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

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

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

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

G. Pension Obligations

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

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

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

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

Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred - give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These gains and losses are recorded in the "Income and expenses recognized directly in equity" statement, and will not be recycled in the income statement.

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

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

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

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

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:
- The service cost (recognized in "Operating income" in "Other general operating expenses");
- The finance cost less the expected yield on plan assets (recognized in "Non-operating income" in "Pension obligation expense or income"). These two items (finance cost and expected yield on assets) are measured based on the rate used to discount the obligations.
- Any adjustment to the IFRIC 14 minimum funding requirement liability (recognized in "Non-operating income in "Pension obligation expense or income").

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

Employee benefits relate to joint ventures.

H. Signature Commitments

Irrevocable commitments given or received by Group companies (irrevocable customer financing commitments, corresponding to the period between the loan offer and the date when the funds are released, guarantees; other commitments received or given…) are recognized in the balance sheet at fair value in accordance with IFRS 9. As these commitments are made on market terms, they have a zero fair value.

Provisions are taken for impairment of financing or guarantee commitments in accordance with IAS 37. These signature commitments are reported at their nominal amount in note 20 – Other commitments.

Derivative financial instrument commitments (rate or currency instruments) are described in note C.1 above and are reported at their nominal amount in note 17 – Derivatives.

Note 3 Cash, Central Banks

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Cash	-	-
Central banks (1)	50	56
- *of which compulsory reserves deposited with the Banque de France*	-	-
Total	**50**	**56**

(1) *The reserves deposited with the central banks are included in Banque PSA Finance Group's liquidity reserve (see Note 20.2).*

Note 4 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Marketable securities booked at fair value through profit or loss	**325**	**352**
- Marketable securities	325	352
- Mutual funds	302	317
- Mutual funds qualified as cash equivalents (1)	235	249
- Units held by insurance companies	67	68
- *of which accrued interest*	(1)	-
- Certificates of deposit and Treasury bills	-	-
- Bonds issued by the securitization funds in the Santander joint venture	23	35
- *of which held by insurance companies*	*23*	*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	**3**	**12**
- Equity Securities, gross value	30	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
- Equity Securities Impairment (3)(4)	(27)	(27)
Total	**328**	**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 20.2).*

(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 and is consolidated fom 2019.*

Note 5 Hedging Instruments - Assets

5.1 Analysis by Nature

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Adjustment accounts - commitments in foreign currencies (1)	**45**	**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:	**6**	**7**
- Borrowings	-	-
- EMTNs/BMTNs	6	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)	-	2
Offsetting positive fair value and received margin calls	**(53)**	**(48)**
Total	**1**	**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 17).*

5.2 Offsetting swaps with margin call designated as hedges - Assets

For 2019

(in million euros)	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance Sheet amount after offsetting
Positive valued swaps	Swap's winning leg	Swap's losing leg			
Adjustment accounts - commitments in foreign currencies	**223**	**(178)**	**45**	**-**	**45**
- Cross currency swap with margin call	223	(178)	45	-	45
- Other instruments			-	-	-
Accrued income	**3**	**-**	**3**	**-**	**3**
- Swaps with margin call	3	-	3	-	3
- Swaps without margin call	-	-	-	-	-
Positive fair value	**189**	**(183)**	**6**	**-**	**6**
- Swaps with margin call	189	(183)	6	-	6
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-		(53)	**(53)**
Total assets	**415**	**(361)**	**54**	**(53)**	**1**
Margin calls received on swaps designated as hedges	-	-	56	(53)	**3**
Total liabilities	**-**	**-**	**56**	**(53)**	**3**

For 2018

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

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

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Demand accounts	**168**	**161**
- Ordinary accounts in debit	168	161
- of which allocated to the liquidity reserve (1)	*168*	*161*
- of which held by insurance companies	*49*	*49*
- of which related companies	*8*	*16*
Time accounts	**198**	**121**
- Time accounts qualified as cash equivalents (1)	-	-
- Subordinated loans (2)	196	117
- of which related companies	*196*	*117*
- Other	2	4
- of which held by insurance companies	*2*	*2*
Accrued interest	**-**	**-**
- of which related companies	*-*	*-*
Total	**366**	**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 20.2).*

(2) *In 2019, Banque PSA Finance provided subordinated loans:*

- In June 2019, to the French joint venture in partnership with BNP Paribas PF for €45 million;

- In October 2019, to the German and Austrian joint ventures in partnership with Santander Consumer Finance for €23 million.

- In November 2019, to the Italian joint ventures in partnership with Santander Consumer Finance for €11 million.

Note 7 Customer Loans and Receivables, at amortized cost

7.1 Analysis by Type of Financing

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Installment contracts (1)	**3**	**123**
Buyback contracts (2)	**7**	**6**
Principal and interest	7	7
Unaccrued interest on buyback contracts	-	(1)
Long-term leases (2)	**-**	**-**
Principal and interest	-	-
- Related companies	-	-
- Non-group companies	-	-
Unaccrued interest on long-term leases	-	-
Leasing deposits	-	-
Wholesale financing	**75**	**63**
Principal and interest	75	63
- Related companies	-	-
- Non-group companies	75	63
Other finance receivables	**-**	**1**
- Related companies	-	-
- Non-group companies	-	1
Ordinary accounts in debit	**-**	**-**
- Related companies	-	-
- Cash pooling (3):		
- Before offsetting	2	3
- Offsetting	(2)	(3)
- Other	-	-
- Non-group companies	-	-
Deferred items included in amortized cost - Customers loans and receivables	**-**	**(14)**
- Deferred acquisition costs	-	1
- Deferred loan set-up costs	-	(7)
- Deferred manufacturer and dealer contributions	-	(8)
Total Loans and Receivables at Amortized Cost	**85**	**179**

(1) *The decrease of intallment contracts mainly results from the transfer of portfolios in Russia for €18 million and the change in consolidation method of Argentina under equity method for €99 million.*

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

(3) *Under the cash pooling agreement with PSA International, the asset and liability amounts are offset in accordance with IAS 32 (see Note 12).*

7.2 Customer Loans and Receivables by Segment

For 2019

(in million euros) IFRS 8 Segment	Corporate Dealers (A - see B Note 23.1)	End user: Retail (B - see A Note 23.1)	End user: Corporate and equivalent (C - see C Note 23.1)	Total at Dec. 31, 2019
Type of financing				
Installment contracts	-	3	-	3
Buyback contracts	-	7	-	7
Long-term leases	-	-	-	-
Wholesale financing	75	-	-	75
Other finance receivables		-	-	-
Ordinary accounts in debit	-	-	-	-
Deferred items included in amortized cost	-	-	-	-
Total customer loans by segment (based on IFRS 8)	**75**	**10**	**-**	**85**

For 2018

(in million euros) IFRS 8 Segment	Corporate Dealers (A - see B Note 23.1)	End user: Retail (B - see A Note 23.1)	End user: Corporate and equivalent (C - see C Note 23.1)	Total at Dec. 31, 2018
Type of financing				
Installment contracts	-	123	-	123
Buyback contracts	-	5	1	6
Long-term leases	-	-	-	-
Wholesale financing	63	-	-	63
Other finance receivables	1	-	-	1
Ordinary accounts in debit	-	-	-	-
Deferred items included in amortized cost	-	(14)	-	(14)
Total customer loans by segment (based on IFRS 8)	**64**	**114**	**1**	**179**

7.3 Analysis by Currency

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Net loans and receivables		
ARS	-	87
EUR	-	-
GBP	-	-
MXN	32	29
PLN	3	8
RUB	50	55
Total	**85**	**179**

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

7.4 Analysis by Maturity

For 2019

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total at Dec. 31, 2019
Installment contracts	**-**	**1**	**-**	**1**	**1**	**-**	**3**
Gross	-	1	-	1	1	-	3
Impairment	-	-	-	-	-	-	-
Buyback contracts	**-**	**-**	**-**	**2**	**5**	**-**	**7**
Gross	-	-	-	2	5	-	7
Impairment	-	-	-	-	-	-	-
Long-term leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross	-	-	-	-	-	-	-
Guarantee deposits	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Wholesale financing	**-**	**61**	**13**	**1**	**-**	**-**	**75**
Gross	-	61	13	1	-	-	75
Guarantee deposits	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Other finance receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross	-	-		-	-	-	-
Impairment	-	-	-	-	-	-	-
Ordinary accounts in debit	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Deferred items included in amortized cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total net loans and receivables	**-**	**62**	**13**	**4**	**6**	**-**	**85**
Gross	-	62	13	4	6	-	85
Guarantee deposits	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Deferred items included in amortized cost	-	-	-	-	-	-	-

For 2018

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

Note 8 Accruals and Other Assets

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Other receivables	**38**	**33**
- Related companies	35	29
- of which insurance activities	*6*	*3*
- Non-group companies	3	4
- of which insurance activities	*1*	*1*
Dividends receivable from Joint Ventures	**9**	**10**
- of which insurance activities	*9*	*10*
Prepaid and recoverable taxes	**22**	**18**
- of which insurance activities	*15*	*9*
Accrued income	**23**	**15**
- Related companies	9	7
- Non-group companies	14	8
- of which insurance activities	*13*	*7*
Prepaid expenses	**2**	**-**
Other	**-**	**2**
- Related companies	-	-
- Non-group companies	-	2
- of which insurance activities	-	-
Total	**94**	**78**

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

9.1 Investments

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
At the beginning of the period	**2 372**	**2 149**
Change in Consolidation perimeter	9	-
Capital increase/(decrease) and contributions to reserves	47	-
Share in net income	372	336
Distribution of dividends	(210)	(104)
Gains and Losses Recognized Directly in Equity	12	(9)
Hyperinflation effects (1)	2	-
At the end of the period	**2 604**	**2 372**
- of which goodwill (2)	*3*	*3*

Table of Changes by Geographical Area

	Europe		Brazil	China		Argentina	
(in million euros) Partnership with	Santander CF	BNP Paribas PF	Santander	Dongfeng Peugeot Citroën	*of which goodwill (2)*	Banco Bilbao Vizcaya Argentaria (3)	**Total**
At January 1, 2018	**1 512**	**508**	**39**	**90**	***3***	**-**	**2 149**
Capital increase/(decrease) and							-
Share in net income	238	81	4	13	-	-	336
Distribution of dividends	(102)	-	(2)	-	-	-	(104)
Gains and Losses Recognized Directly in Equity	(3)	(1)	(4)	(1)	-	-	(9)
At December 31, 2018	**1 645**	**588**	**37**	**102**	***3***	**-**	**2 372**
Variation de périmètre				9			9
Capital increase/(decrease) and	41					6	47
Share in net income	276	76	4	16	-	-	372
Distribution of dividends	(128)	(74)	(8)	-	-	-	(210)
Gains and Losses Recognized Directly in Equity	12	-	(1)	1	-	-	12
Hyperinflation effects (1)	-	-	-	-	-	2	2
At December 31, 2019	**1 846**	**590**	**32**	**128**	***3***	**8**	**2 604**

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) *The implementation of IAS 29 led a negative impact of €4 million in Net Income, of which €4 million fully covered by a positive change in Equity (Minority interests: €2 million).*

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

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).

(3) *The Argentina subsidiary PSA Finance Argentina Compania Financiera S.A. in the partnership with Banco Bilbao Vizcaya Argentina is consolidated under equity method from July 1st 2019, consistently with other partnership control analysis (see note 1).*

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 in China
9.2.5 Partnership with Banco Bilbao Vizcaya Argentaria in Argentina

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

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Customer loans and receivables	31 305	27 556
Other assets	3 652	2 877
Total assets	**34 957**	**30 433**
Refinancing	24 421	21 705
Other liabilities	6 844	5 438
Equity	3 692	3 290
Total equity and liabilities	**34 957**	**30 433**

Key Income Statement Items

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Gross revenues of banking activities, insurance activities and other services	2 122	1 914
Expenses of banking activities, insurance activities and other services	(921)	(820)
Net banking revenue (1)	**1 201**	**1 094**
General operating expenses and equivalent	(382)	(371)
Gross operating income	**819**	**723**
Cost of risk	(62)	(23)
Operating income	**757**	**700**
Non-operating items	(6)	(11)
Pre-tax income	**751**	**689**
Income taxes	(198)	(213)
Net income for the year	**553**	**476**

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At January 1, 2018	**3 025**	**50%**	**1 512**	**(1 273)**	**-**	**239**	*(34)*
Net income of the period	476		238			238	
Distribution of dividends	(204)		(102)			(102)	
Gains and Losses Recognized Directly in Equity	(7)		(3)			(3)	*(1)*
At December 31, 2018	**3 290**	**50%**	**1 645**	**(1 273)**	**-**	**372**	**(35)**
Capital increase/(decrease) and contributions to reserves	81		41	(41)		-	
Net income of the period	553		276			276	
Distribution of dividends	(255)		(128)			(128)	
Gains and Losses Recognized Directly in Equity	23		12			12	*10*
At December 31, 2019	**3 692**	**50%**	**1 846**	**(1 314)**	**-**	**532**	**(25)**

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

Consolidated Balance Sheet items after equity method

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Investments in associates and joint ventures accounted for using the equity method	1 846	1 645
Total assets	**1 846**	**1 645**
Equity		
- Historical value of the shares owned (1)	1 314	1 273
- Consolidated reserves - equity holders of the parent	532	372
- of which share in net income accounted for using the equity method	*276*	*238*
Total equity and liabilities	**1 846**	**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

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Customer loans and receivables	11 064	9 817
Other assets	1 593	551
Total assets	**12 657**	**10 368**
Refinancing	9 444	7 549
Other liabilities	2 033	1 641
Equity	1 180	1 178
Total equity and liabilities	**12 657**	**10 368**

Key Income Statement Items

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Gross revenues of banking activities, insurance activities and other services	743	680
Expenses of banking activities, insurance activities and other services	(277)	(190)
Net banking revenue (1)	**466**	**490**
General operating expenses and equivalent	(225)	(249)
Gross operating income	**241**	**241**
Cost of risk	(19)	(16)
Operating income	**222**	**225**
Non-operating items	(13)	-
Pre-tax income	**209**	**225**
Income taxes	(57)	(62)
Net income for the year	**152**	**163**

(1) *Of which a positive impact of €82 million euros at December 31, 2019 (€117 million euros at December 31, 2018) related to the Price Purchase Allocation: see Note 25.2.*

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At January 1, 2018	**1 017**	**50%**	**508**	**(489)**	**-**	**19**	**(1)**
Net income of the period	163		81			81	
Distribution of dividends	-		-			-	
Gains and Losses Recognized Directly in Equity	(2)		(1)			(1)	*(2)*
At December 31, 2018	**1 178**	**50%**	**588**	**(489)**	**-**	**99**	**(3)**
Net income of the period	152		76			76	
Distribution of dividends	(150)		(74)			(74)	
Gains and Losses Recognized Directly in Equity	-		-			-	*2*
At Decmber 31, 2019	**1 180**	**50%**	**590**	**(489)**	**-**	**101**	**(1)**

(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

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Investments in associates and joint ventures accounted for using the equity method	590	588
Total assets	**590**	**588**
Equity		
- Historical value of the shares owned (1)	489	489
- Consolidated reserves - equity holders of the parent	101	99
- of which share in net income accounted for using the equity method	*76*	*81*
Total equity and liabilities	**590**	**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

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Customer loans and receivables	383	384
Other assets	36	39
Total assets	**419**	**423**
Refinancing	344	333
Other liabilities	11	17
Equity	64	73
Total equity and liabilities	**419**	**423**

Key Income Statement Items

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Gross revenues of banking activities, insurance activities and other services	56	61
Expenses of banking activities, insurance activities and other services	(30)	(34)
Net banking revenue	**26**	**27**
General operating expenses and equivalent	(15)	(13)
Gross operating income	**11**	**14**
Cost of risk	(2)	-
Operating income	**9**	**14**
Income taxes	(1)	(6)
Net income for the year	**8**	**8**

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At January 1, 2018	**79**	**50%**	**39**	**(27)**	**-**	**12**	**(4)**
Net income of the period	8		4			4	
Distribution of dividends	(5)		(2)			(2)	
Gains and Losses Recognized Directly in Equity	(8)		(4)			(4)	*(4)*
At December 31, 2018	**74**	**50%**	**37**	**(27)**	**-**	**10**	**(8)**
Net income of the period	8		4			4	
Distribution of dividends	(15)		(8)			(8)	
Gains and Losses Recognized Directly in Equity	(1)		(1)			(1)	*(1)*
At Decmber 31, 2019	**66**	**50%**	**32**	**(27)**	**-**	**5**	**(9)**

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

Consolidated Balance Sheet items after equity method

(in million euros)	Dec. 31, 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*	*4*	*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 in China

The partnership in China concerns the subsidiariesDongfeng Peugeot Citroën Auto Finance Company Ltd et Dongfeng Peugeot Citroën Financial Leasing consolidated from november 2019 (see note 1).

Equity accounted percentage: 25%

Fully financial information

Key Balance Sheet Items

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Customer loans and receivables	1 376	1 976
Other assets	144	118
Total assets	**1 520**	**2 094**
Refinancing	926	1 266
Other liabilities	94	431
Equity	500	397
Total equity and liabilities	**1 520**	**2 094**

Key Income Statement Items

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Gross revenues of banking activities, insurance activities and other services	172	234
Expenses of banking activities, insurance activities and other services	(64)	(111)
Net banking revenue	**108**	**123**
General operating expenses and equivalent	(24)	(32)
Gross operating income	**84**	**91**
Cost of risk	-	(9)
Operating income	**84**	**82**
Non-operating items	(1)	-
Pre-tax income	**83**	**82**
Income taxes	(21)	(29)
Net income for the year	**62**	**53**

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill (2)	Equity after equity method	*of which exchange difference*
At January 1, 2018	**348**	**25%**	**87**	**(33)**	**3**	**57**	***2***
Net income of the period	53		13	-	-	13	
Distribution of dividends	-		-	-	-	-	
Gains and Losses Recognized Directly in Equity	(4)		(1)	-	-	(1)	*(1)*
At December 31, 2018	**397**	**25%**	**99**	**(33)**	**3**	**69**	**1**
Variation de périmètre	38		9	(9)	-	-	
Net income of the period	62		16	-	-	16	
Distribution of dividends	-		-	-	-	-	
Gains and Losses Recognized Directly in Equity	1		1		-	1	*1*
At December 31, 2019	**498**	**25%**	**125**	**(42)**	**3**	**86**	**2**

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

Consolidated Balance Sheet items after equity method

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Investments in associates and joint ventures accounted for using the equity method (2)	128	102
Total assets	**128**	**102**
Equity		
- Historical value of the shares owned (1)	42	33
- Consolidated reserves - equity holders of the parent	86	69
- of which share in net income accounted for using the equity method	*16*	*13*
Total equity and liabilities	**128**	**102**

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

(2) *The goodwill for 3 millions euros was added to the carrying amount of the investment presented in "Investments in Associates and Joint Ventures Accounted for using the Equity Method".*

9.2.5 Partnership with Banco Bilbao Vizcaya Argentaria in Argentina

The Argentina subsidiary PSA Finance Argentina Compania Financiera S.A. in the partnership with Banco Bilbao Vizcaya Argentina is consolidated under equity method from July 1st 2019, consistently with other partnership control analysis

Equity accounted percentage: 50%

Fully financial information

Key Balance Sheet Items

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Customer loans and receivables	39	86
Other assets	16	18
Total assets	**55**	**104**
Refinancing	25	68
Other liabilities	13	12
Equity	17	24
Total equity and liabilities	**55**	**104**

Key Income Statement Items

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Gross revenues of banking activities, insurance activities and other services	28	45
Expenses of banking activities, insurance activities and other services	(27)	(40)
Net banking revenue	**1**	**5**
General operating expenses and equivalent	(4)	(4)
Gross operating income	**(3)**	**1**
Cost of risk	-	(1)
Operating income	**(3)**	**-**
Non-operating items	-	-
Pre-tax income	**(3)**	**-**
Income taxes	1	(2)
Net income for the year	**(2)**	**(2)**

Statement of changes from 100% Equity to equity method

(in million euros)	**Equity before equity method**	**Percentage of equity method**	**Share of profit of equity method**	**Elimination of shareholder's equity (3)**	**Goodwill**	**Equity after equity method**	***of which exchange difference***
At December 31, 2018	**-**	**50%**	**-**	**-**	**-**	**-**	**-**
Capital increase/(decrease) and contributions to reserves	13		6	(13)	-	(7)	*(3)*
Net income of the period (1)	-		-	-	-	-	
Distribution of dividends	-		-	-	-	-	
Gains and Losses Recognized Directly in Equity	-		-	-	-	-	-
Hyperinflation effects (2)	4		2	-	-	2	-
At Decmber 31, 2019	**17**	**50%**	**8**	**(13)**	**-**	**(5)**	**(3)**

(1) The net income of the period corresponds to the second semester of 2019.

(2) The implementation of IAS 29 led a negative impact of €4 million in Net Income, of which €4 million fully covered by a positive change in Equity (Minority interests: €2 million).

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

Consolidated Balance Sheet items after equity method

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Investments in associates and joint ventures accounted for using the equity method	8	-
Total assets	**8**	**-**
Equity		
- Historical value of the shares owned (1)	13	-
- Consolidated reserves - equity holders of the parent	(5)	-
- *of which share in net income accounted for using the equity method*	-	-
Total equity and liabilities	**8**	**-**

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

Note 10 Property and equipment and intangible assets

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

	Dec. 31, 2019			Dec. 31, 2018		
(in million euros)	Cost	Depreciation/	Net	Cost	Depreciation/	Net
Property and equipment	**6**	**(3)**	**3**	**3**	**(1)**	**2**
- Buildings - Right of use (1)	3	(1)	2	-	-	-
- Vehicules	-	-	-	-	-	-
- Other	3	(2)	1	3	(1)	2
Intangible assets	**271**	**(205)**	**66**	**245**	**(189)**	**56**
- Softwares	267	(201)	66	241	(185)	56
- Other	4	(4)	-	4	(4)	-
Total	**277**	**(208)**	**69**	**248**	**(190)**	**58**

Table of changes in gross values

	Dec. 31, 2018				Dec. 31, 2019
(in million euros)	Gross value Fixed Assets	Additions	Disposals	Other movements	Gross value Fixed Assets
	3				
Property and equipment	**3**	**3**	**-**	**-**	**6**
- Buildings - Right of use (1)	-	3	-	-	3
- Vehicules	-	-	-	-	-
- Other	3	-	-	-	3
Intangible assets	**245**	**26**	**-**	**-**	**271**
- Softwares	241	26	-	-	267
- Other	4	-	-	-	4
Total	**248**	**29**	**-**	**-**	**277**

Table of changes in amortization

	Dec. 31, 2018				Dec. 31, 2019
(in million euros)	Amortization Fixed Assets	Charges	Reversals	Other movements	Amortization Fixed Assets
Property and equipment	**(1)**	**(2)**	**-**	**-**	**(3)**
- Buildings - Right of use (1)	-	(1)	-	-	(1)
- Vehicules	-	-	-	-	-
- Other	(1)	(1)	-	-	(2)
Intangible assets	**(189)**	**(16)**	**-**	**-**	**(205)**
- Softwares	(185)	(16)	-	-	(201)
- Other	(4)	-	-	-	(4)
Total	**(190)**	**(18)**	**-**	**-**	**(208)**

(1) *Buildings are assessed in accordance with IFRS 16 standard and are only including right of use.*

Note 11 Deposits from Credit Institutions

11.1 Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Demand deposits (non-group institutions)	**4**	**4**
- Ordinary accounts in credit	2	2
- Accounts and deposits at overnight rates	2	2
- Other amounts due to credit institutions	-	-
Accrued interest	**-**	**-**
Time deposits (non-group institutions)	**36**	**61**
- Conventional bank deposits	36	61
Accrued interest	**-**	**7**
Total deposits from credit institutions at amortized cost	**40**	**72**

11.2 Analysis by Currency

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

	Dec. 31, 2019		Dec. 31, 2018	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
ARS	-	-	-	34
EUR	-	-	-	-
GBP	2	-	2	-
MXN	-	27	-	24
PLN	2	-	2	-
RUB	-	9	-	3
Total	**4**	**36**	**4**	**61**

11.3 Analysis by Maturity of Deposits from Credit Institutions

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

	Dec. 31, 2019	Dec. 31, 2018
(in million euros)	Time deposits	Time deposits
0 to 3 months	35	41
3 to 6 months	1	13
6 months to 1 year	-	7
1 to 5 years	-	-
Over 5 years	-	-
Total	**36**	**61**

Note 12 Due to Customers

12.1 Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Demand accounts	**-**	**-**
- Ordinary accounts in credit		
- Dealers' ordinary accounts in credit		
- Non-group companies	-	-
- Cash pooling (1):		
- Before offsetting	2	3
- Offsetting	(2)	(3)
- Other amounts due to Customers		
- Non-group companies	-	-
Accrued interest	**-**	**-**
Time deposits	**1**	**3**
- Corporate time deposit		
- Related companies	-	-
- Other		
- Non-group companies	1	3
Accrued interest	**-**	**-**
Total deposits from credit institutions at amortized cost	**1**	**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).*

12.2 Analysis by Currency

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

	Dec. 31, 2019		Dec. 31, 2018	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
ARS	-	-	-	2
EUR	-	-	-	-
GBP	-	-	-	-
MXN	-	-	-	-
PLN	-	-	-	-
RUB	-	1	-	1
Total	**-**	**1**	**-**	**3**

Note 13 Debt Securities

13.1 Analysis by Nature

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Interbank instruments and money-market securities (non-group institutions)	**223**	**244**
- EMTNs and BMTNs	223	244
- Certificates of deposit and "billets de trésorerie"	-	-
Accrued interest	**3**	**5**
Other debt securities	**-**	**-**
Total debt securities at amortized cost	**226**	**249**

13.2 Analysis by Repayment Currency (1)

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

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
ARS	-	26
EUR	-	-
USD (1)	223	218
Total	**223**	**244**

(1) *Adjustments arising from the remeasurement of hedged foreign currency financing liabilities (including €4 million due to USD issued debt at December 31, 2019) at period-end exchange rates are offset by fair value adjustments to the corresponding currency swaps (see Note 5).*

Banque PSA Finance's residual currency position is presented in Note 17.

13.3 Analysis by Maturity of Debt Securities

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

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
0 to 3 months	-	11
3 to 6 months	-	5
6 months to 1 year	-	7
1 to 5 years	223	221
Over 5 years	-	-
Total	**223**	**244**

Note 14 Accruals and Other Liabilities

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Trade payables	**28**	**32**
- Related companies (1)	24	29
- of which insurance activities	*-*	*1*
- Non-group companies	4	3
- of which insurance activities	*-*	*-*
Financial Debts (2)	**2**	**-**
- of which insurance activities	*2*	*-*
Accrued payroll and other taxes	**1**	**5**
Accrued charges	**17**	**13**
- Related companies	4	3
- of which insurance activities	*1*	*1*
- Non-group companies	13	10
- of which insurance activities	*6*	*2*
Other payables	**3**	**4**
- Related companies	1	3
- of which insurance activities	*1*	*3*
- Non-group companies	2	1
- of which insurance activities	*1*	*1*
Deferred income	**3**	**-**
- Related companies	-	-
- Non-group companies	3	-
- of which margin calls received on swaps designated as hedges (3)	*3*	*-*
Other	**-**	**1**
- Non-group companies	-	1
Total	**54**	**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 December 31, 2019, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €56 million, compared to €48 million at December,31, 2018 (see Note 5.2).*

Note 15 Insurance Activities

15.1 Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2018	Written premiums	Earned premiums	Claims paid	Claims incurred	Dec. 31, 2019
Unearned premium reserve (UPR)	3	41	(29)			**15**
Claims reserve						
- Claims reserve - reported claims	20			(1)	(5)	**14**
- Claims reserve - claims incurred but not reported (IBNR)	60			-	(21)	**39**
Total liabilities related to insurance contracts	**83**	**41**	**(29)**	**(1)**	**(26)**	**68**

15.2 Income from Activities

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
+ Earned premiums	**30**	**43**
Written premiums	41	41
Change in insurance liabilities (UPR)	(11)	2
- Cost	**11**	**(31)**
Claims expenses	(4)	(6)
Change in insurance liabilities (except for UPR)	25	(4)
Other income (expense)	(10)	(21)
- of which related companies	*(9)*	*(20)*
Margin on sales of Insurance activities	**41**	**12**

Note 16 Provisions

(in million euros)	Dec. 31, 2018	Changes	Exchange difference	Dec. 31, 2019
Provisions for pensions and other post-retirement benefits	-	-	-	-
Provisions for doubtful commitments:				
- Corporate dealers	-	-	-	-
- Corporate and equivalent	-	-	-	-
Provisions for fiscal risks	1	-	-	1
Provisions for commercial and tax disputes	58	(48)	-	10
Other	2	2	-	4
Total	61	**(46)**	-	**15**

Note 17 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 Banque PSA Finance, the $250 million cross currency swap is hedging the issued $250 million EMTN.

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. Customer credit risk is discussed in Note 23.

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

Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

These positions are hedged using currency swaps, cross currency swaps and forward foreign exchange contracts. The residual position at the end of December 2019 is not significant (-€0.5 million at December 31, 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 after deduction of the provisions for depreciation 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	HUF	MXN	PLN	RUB	BRL	TOTAL
Position at Dec. 31, 2019	2	43	130	-	2	15	27	13	**232**
Note: December 2018	*2*	*43*	*124*	*1*	*2*	*15*	*37*	*13*	***237***

(1) The structural position of the investments in the argentina,russian and brazilian subsidiaries is based on the fluctuation of the currencies of each countries.

Note 18 Analysis by Maturity and Liquidity Risks

The Liquidity Risk Management is described in the "Security of Liquidity" section of the Management Report.
The scheduled maturities of the three items involved are given in Note 7.4 with respect to Customer Loans and Receivables, in Note 11.3 with respect to Deposits from Credit Institutions and in Note 13.3 with respect to Debt Securities.

Covenants

The agreements of bilateral revolving credit facilities (for a €150 million commitment) signed by Banque PSA Finance include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

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

In addition to these covenants consistent with market standards, such agreements maintain the statute of bank, and consequently the need to retain a Common Equity Tier One ratio of at least 11%.

All applicable clauses were complied with in 2019.

Note 19 Fair Value of Financial Assets and Liabilities

	Fair value		Book value		Difference	
(in million euros)	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Assets	-					
Cash, central banks	50	56	50	56	-	-
Financial assets at fair value through profit or loss (1)(2)	328	364	328	364	-	-
Hedging instruments (1)	1	4	1	4	-	-
Financial assets at fair value through Equity	-	-	-	-	-	-
Debt securities at amortized cost	-	-	-	-	-	-
Loans and advances to credit institutions, at amortized cost (3)(4)	364	260	366	282	(2)	(22)
Customer loans and receivables, at amortized cost (5)	85	156	85	179	-	(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)	40	72	40	72	-	-
Due to customers (3)	1	3	1	3	-	-
Debt securities (6)	235	259	231	253	(4)	(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 20 Other Commitments

20.1 Other Commitments

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Financing commitments		
Commitments received from credit institutions (1)	150	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	1	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 20.2)*

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

20.2 Financial Security

Financial security refers to liquidity reserve and undrawn bank facilities

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Liquidity Reserve	**453**	**466**
- Reserves deposited with the central banks (see Note 3)	50	56
- Mutual funds qualified as cash equivalents (see Note 4)	235	249
- Ordinary accounts in debit (see Note 6)	168	161
Undrawn bank facilities	**150**	**235**
- Revolving bilateral bank facilities (1)	150	200
- Other bank facilities	-	35
Total	**603**	**701**

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

Note 21 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Installment contracts	**18**	**41**
- *of which related companies*	*5*	*11*
Buyback contracts	**1**	**1**
- *of which related companies*	-	-
Long-term leases	**1**	**-**
- *of which related companies*	-	-
Wholesale financing	**8**	**7**
- *of which related companies*	*5*	*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	**26**	**46**

Note 22 General Operating Expenses

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Personnel costs	**(7)**	**(6)**
- Wages and salaries	(6)	(5)
- Payroll taxes	(1)	(1)
- Employee profit sharing and profit-related bonuses	-	-
Other general operating expenses	**(7)**	**(6)**
- External expenses	(119)	(113)
- *of which related companies*	*(102)*	*(100)*
- Re-invoicing	112	107
- *of which related companies*	*111*	*105*
Total	**(14)**	**(12)**

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

General Operating Expenses by Geographical Area

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Country ISO code:		
AR	(3)	(5)
FR	1	5
GB	-	-
IT	-	-
MT	(4)	(3)
MX	(1)	(1)
NL	-	(1)
PL	-	(1)
RU	(6)	(5)
TR	(1)	(1)
Total	**(14)**	**(12)**

Note 23 Credit Risk Costs

23.1 Credit Risk Costs and changes in Loans

(in million euros)	Dec. 31, 2018	Net new loans and exchange difference (1)	Effect of changes in scope of consolidation	Cost of risk for the period at Dec. 31, 2019	Balance at Dec. 31, 2019
Retail					
Stage 1 loans	125	(116)	-	-	9
Stage 2 loans	2	(2)	-	-	-
Stage 3 loans	3	(2)	-	-	1
Guarantee deposits (lease financing)	-	-	-	-	-
Total	**130**	**(120)**	**-**	**-**	**10**
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**	**(105)**	**-**	**1**	**10**
Recoveries on loans written off in prior periods				-	
Retail cost of risk				**1**	
Corporate dealers					
Stage 1 loans	62	12	-	-	74
Stage 2 loans	3	(1)	-	-	2
Stage 3 loans	1	-	-	-	1
Total	**66**	**11**	**-**	**-**	**77**
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**	**11**	**-**	**-**	**75**
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	(105)	-	-	83
Stage 2 loans	5	(3)	-	-	2
Stage 3 loans	4	(2)	-	-	2
Guarantee deposits	-	-	-	-	-
Total	**197**	**(110)**	**-**	**-**	**87**
Impairment of stage 1 loans	(1)	-	-	-	(1)
Impairment of stage 2 loans	-	-	-	-	-
Impairment of stage 3 loans	(3)	1	-	1	(1)
Total impairment	**(4)**	**1**	**-**	**1**	**(2)**
Deferred items included in amortized cost	**(14)**	**14**	**-**	**-**	**-**
Net book value	**179**	**(95)**	**-**	**1**	**85**
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.*

23.2 Change in Credit Risk Costs

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	Dec. 31, 2019	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 24 Income Taxes

24.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2018	Income	Equity	Payment	Exchange difference and other (1)	Dec. 31, 2019
Current tax						
Assets	13					12
Liabilities	(2)					(9)
Total	**11**	**1**	**-**	**(9)**	**-**	**3**
Deferred tax						
Assets	5					3
Liabilities	(3)					(4)
Total	**2**	**(2)**	**-**	**-**	**(1)**	**(1)**

(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.

24.2 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 2019 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%.

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Current tax	**1**	**-**
Deferred tax	**(2)**	**(2)**
Deferred taxes arising in the year	(2)	(2)
Unrecognized deferred tax assets and impairment losses	-	-
Total	**(1)**	**(2)**

24.3 Banque PSA Finance tax proof

(in million euros)	Dec. 31, 2019	Dec. 31, 2018
Pre-tax income	398	322
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(372)	(336)
Permanent differences	14	48
Taxable Income	**40**	**34**
Legal tax rate in France for the period	*32,0%*	*34,4%*
Theoretical tax	**(13)**	**(11)**
Impact of differences in foreign tax rates	-	-
Impact of changes in foreign tax rates	-	-
Impact of changes in France tax rates	(2)	-
Impact of provisional surtax in France	-	-
Adjustment related to the previous year	-	(1)
Tax disputes and adjustments	-	-
Other	12	9
Income taxes before impairment of assets on tax loss carry forwards	**(3)**	**(3)**
Group effective tax rate	*9.2%*	*9,4%*
Deferred tax assets on tax loss carry forwards:		
- Allowances	-	-
- Reversals	2	1
Income taxes	**(1)**	**(2)**

24.4 Deferred Tax Assets on Tax Loss Carry Forwards

(in million euros)	Dec. 31, 2018	New tax losses	Tax losses utilized in the year (3)	Charges / Reversals	Exchange difference and other (1)	Dec. 31, 2019
Deferred tax assets on tax loss carry forwards	32	-	(2)		(2)	28
Allowances (2)	(29)			2	-	(27)
Total	**3**	**-**	**(2)**	**2**	**(2)**	**1**

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

(2) Banque PSA Finance's deferred tax asset on the tax loss carry forward has been fully written down, for an amount of €26.5 million at end of December 2019.

(3) The use of the deficit is mainly linked to the PSA Life Insurance Ltd following the release of IBNR across previous underwriting years and Bank PSA Finance following the positive tax result.

Note 25 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.

25.1 Key Balance Sheet Items

At December 31, 2019

(in million euros)	IFRS 8 segment information Balance Sheet as at Dec. 31, 2019	Equity-method accounting of equity attributable to Group in JV	Consolidated Balance Sheet at Dec. 31, 2019
Assets			
Customer loans and receivables, at amortized cost	42 876	(42 791)	85
- *Corporate dealers*	*13 111*	*(13 036)*	*75*
- *End user*	*29 765*	*(29 755)*	*10*
Financial assets at fair value through profit or loss	348	(20)	328
Financial assets at fair value through Equity	-	-	-
Debt securities at amortized cost	100	(100)	-
Loans and advances to credit institutions, at amortized cost	2 876	(2 510)	366
Deferred tax assets	108	(105)	3
Investments in associates and joint ventures accounted for using the equity method (1)	127	2 477	2 604
Other assets	2 515	(2 289)	226
Total Assets	**48 950**	**(45 338)**	**3 612**
Liabilities			
Deposits from credit institutions	22 438	(22 398)	40
Due to customers	6 089	(6 088)	1
Debt securities	12 010	(11 784)	226
Liabilities related to insurance contracts	172	(104)	68
Deferred tax liabilities	396	(392)	4
Other liabilities	2 179	(2 095)	84
Equity	5 666	(2 477)	3 189
Total Liabilities	**48 950**	**(45 338)**	**3 612**

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

At December 31, 2018

(in million euros)	IFRS 8 segment information Balance Sheet as at Dec. 31, 2018	Equity-method accounting of equity attributable to Group in JV	Consolidated Balance Sheet at Dec. 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.*

25.2 Key Income Statement Items

At December 31, 2019

(in million euros)	IFRS 8 Income statement excl. PPA at Dec. 31, 2019	OVF PPA impact at Dec. 31, 2019	IFRS 8 Income statement at Dec. 31, 2019	Presentation differences IFRS 8 vs Publishable Income Statement	Equity-method accounting of equity attributable to Group in JV	Publishable Income Statement at Dec. 31, 2019
Net banking revenue	**1 663**	**82**	**1 745**	**(1)**	**(1 694)**	**50**
- Financing activities	***1 369***	***82***	***1 451***	***(1)***	***(1 441)***	***9***
- Corporate dealers	*277*	*2*	*279*	*-*	*(276)*	*3*
- End user	*1 073*	*68*	*1 141*	*-*	*(1 136)*	*5*
- Unallocated	*19*	*12*	*31*	*(1)*	*(29)*	*1*
- Insurance and services	***294***	***-***	***294***	***-***	***(253)***	***41***
Credit Cost of risk	**(86)**	**4**	**(82)**	**-**	**83**	**1**
- Financing activities	***(86)***	***4***	***(82)***	***-***	***83***	***1***
- Corporate dealers	*(3)*	*4*	*1*	*-*	*(1)*	*-*
- End user	*(83)*	*-*	*(83)*	*-*	*84*	*1*
Net income after cost of risk	**1 577**	**86**	**1 663**	**(1)**	**(1 611)**	**51**
- Financing activities	***1 283***	***86***	***1 369***	***(1)***	***(1 358)***	***10***
- Corporate dealers	*274*	*6*	*280*	*-*	*(277)*	*3*
- End user	*990*	*68*	*1 058*	*-*	*(1 052)*	*6*
- Unallocated	*19*	*12*	*31*	*(1)*	*(29)*	*1*
- Insurance and services	***294***	***-***	***294***	***-***	***(253)***	***41***
General operating expenses and equivalent	**(651)**	**-**	**(651)**	**-**	**624**	**(27)**
Operating income	**926**	**86**	**1 012**	**(1)**	**(987)**	**24**
Share in net income of associates and joint ventures accounted for using the equity method (1)	*16*	-	16	-	356	372
Other items	*(18)*	-	(18)	-	20	2
Pre-tax income	**924**	**86**	**1 010**	**(1)**	**(611)**	**398**
Income taxes	(235)	(20)	(255)	-	254	(1)
Net income	**689**	**66**	**755**	**(1)**	**(357)**	**397**

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

At Dec. 30, 2018

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

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

Note 26 Information on establishments

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

Note 26.1 Locations by country

Country ISO code	Entity	Consolidation method Dec. 2019	Consolidation method Dec. 2018	Localization	Type of activity (NACE code)
AR	PSA Finance Argentina Compania Financiera S.A.	MEE	FC	Buenos Aires	K64
	PCA Compañía de Seguros S.A	FC	FC	Buenos Aires	K65
AT	PSA Bank Österreich GmbH, Austria Branch	EM	EM	Vienna	K64
	Opel Leasing GmbH, Austria Branch	EM	EM	Vienna	K64
BE	PSA Finance Belux	EM	EM	Brussels	K64
	Auto ABS Belgium Loans 2019 SA	EM	-	Bruxelles	K64
	Opel Finance BVBA	EM	EM	Kontich	K64
BR	Banco PSA Finance Brasil S.A.	EM	EM	Sao Paulo	K64
	PSA Corretora de Seguros e Serviços Ltda	EM	EM	Sao Paulo	K65
CH	PSA Finance Suisse S.A.	EM	EM	Schlieren	K64
	Opel Finance SA	EM	EM	Studen	K64
CN	Dongfeng Peugeot Citroën Auto Finance Company Ltd	EM	EM	Beijing	K64
	Dongfeng Peugeot Citroën Financial Leasing Co.	EM	-	Beijing	N77
DE	PSA Bank Deutschland GmbH	EM	EM	Neu-Isenburg	K64
	Auto ABS German Lease Master 2019	EM	-	Luxembourg	K64
	OPEL Bank SA, Germany Branch	EM	-	Russelsheim	K64
	Opel Leasing Gmbh	EM	EM	Russelsheim	K64
DZ	BPF Algérie	FC	FC	Algiers	K64
ES	PSA Financial Services Spain E.F.C. S.A.	EM	EM	Madrid	K64
	Auto ABS Spanish Loans 2016	EM	EM	Madrid	K64
	Auto ABS Spanish Loans 2018	EM	EM	Madrid	K64
	OPEL Bank SA, Spain Branch	EM	-	Madrid	K64
FR	Banque PSA Finance	FC	FC	Gennevilliers	K64
	Crédipar	EM	EM	Gennevilliers	K64
	CLV	EM	EM	Gennevilliers	N77
	PSA Banque France	EM	EM	Gennevilliers	K64
	Auto ABS French Loans Master	EM	EM	Paris	K64
	Auto ABS DFP Master Compartment France 2013	EM	EM	Paris	K64
	Auto ABS French Leases Master	EM	EM	Paris	K64
	FCT Auto ABS LT Leases Master	EM	EM	Paris	K64
	Opel Bank S.A	EM	EM	Rueil Malmaison	K64
	Auto ABS German Loans Master	EM	EM	Paris	K64
	Auto ABS French Leases 2018 - Fonds E	EM	EM	Paris	K64
	Ecarat 10 Germany	EM	-	Paris	K64
GB	PSA Finance UK Ltd	EM	EM	Redhill	K64
	Vernon Wholesale Investments Company Ltd	FC	FC	Redhill	K64
	Auto ABS UK Loans plc	EM	EM	London	K64
	Economy Drive Cars Ltd	FC	FC	West Midland	G45
	FCT Auto ABS UK Loans 2017 plc	EM	EM	London	K64
	Auto ABS UK Loans 2019 - Fonds 4	EM	-	London	K64
	Vauxhall Finance plc	EM	EM	Cardiff	K64
	Ecarat 10 PLC	EM	-	London	K64
GR	OPEL Bank SA, Greece Branch	EM	-	Maroussi - Athens	K64
IE	Opel Bank GmbH, Ireland Branch	-	EM	Dublin	K64
IT	PSA Renting Italia S.p.A.	MEE	MEE	Milan	N77
	PSA Recupero S.R.L.	FC	FC	Milan	K64
	Banca PSA Italia S.p.A.	EM	EM	Milan	K64
	OPEL Bank SA, Italy Branch	EM	-	Rome	K64
	Auto ABS Italian 2018.1 S.r.l.	EM	EM	Conegliano	K64
	Auto ABS Italian Loans 2019	EM	-	Conegliano	K64
MT	PSA Services Ltd	FC	FC	Ta' Xbiex	K64
	PSA Insurance Ltd	FC	FC	Ta' Xbiex	K65
	PSA Life Insurance Ltd	FC	FC	Ta' Xbiex	K65
	PSA Insurance Manager Ltd	FC	FC	Ta' Xbiex	K65
	PSA Insurance Solutions Ltd	FC	FC	Ta' Xbiex	K65
	PSA Insurance Europe Ltd	EM	EM	Ta' Xbiex	K65
	PSA Life Insurance Europe Ltd	EM	EM	Ta' Xbiex	K65
MX	Banque PSA Finance Mexico SA de CV SOFOM ENR	FC	FC	Mexico	K64
NL	PSA Finance Nederland B.V.	FC	FC	Amsterdam	K64
	PSA Financial Holding B.V.	FC	FC	Amsterdam	K64
	PSA Financial Services Nederland B.V.	EM	EM	Amsterdam	K64
	Opel Finance International B.V.	EM	EM	The Hague	K64
	Opel Finance N.V.	EM	EM	Breda	K64
PL	Banque PSA Finance, Polish branch	FC	FC	Warsaw	K64
	PSA Consumer Finance Polska Sp. z o.o	EM	EM	Warsaw	K64
	PSA Finance Polska Sp.zo.o.	EM	EM	Warsaw	K64
RU	Bank PSA Finance Rus	FC	FC	Moscow	K64
	Peugeot Citroën Leasing Russie	FC	FC	Moscow	K64
SE	Opel Finance AB	-	EM	Stockholm	K64
TR	BPF Pazarlama A.H.A.S.	FC	FC	Atasehir - Istanbul	K64

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

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

Note 26.2 Income statement items and employees by country

At December 31, 2019

Country	Public investment subsidies received	Sales and revenue (1)	Net banking revenue	Pre-tax income: Total	Pre-tax income: *o/w share in net income of associates and joint ventures accounted for using the equity method*	Current tax	Deferred tax	Number of employees (2)
(in million euros)	Income statement items							
AR	-	21	3	-		(1)	-	7
AT	-			4	*4*			
BE	-			9	*9*			
BR	-			4	*4*			
CH	-			10	*10*			
CN	-			16	*16*			
DE	-			34	*34*			
DZ	-	-	-	-		-	-	1
ES	-			31	*31*			
FR	-	97	2	151	*157*	(2)	1	-
GB	-	3	-	46	*46*	-	-	-
GR	-			-	*-*			
IR	-			-	*-*			
IT	-	-	-	35	*35*	-	-	-
MT	-	13	35	44	*14*	5	(3)	58
MX	-	5	2	1		-	-	-
NL	-	2	1	9	*9*	(1)	-	-
PL	-	-	-	3	*3*	-	-	9
RU	-	10	5	-		-	-	33
SE	-			-	*-*			
TR	-	2	2	1		-	-	10
Total	**-**	**153**	**50**	**398**	***372***	**1**	**(2)**	**118**

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

(2) Corresponds to full-time legal staff directly employed by the Banque PSA Finance's subsidiaries and branches which are fully consolidated at December 31, 2019.

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

Note 27 Information on subsidiaries held by significant minority interests

This information is given according to IFRS 12 and relates to the subsidiary PCA Compania de Seguros S.A.
Minority interests in the other subsidiaries are not significant.

PCA Compania de Seguros S.A. *70% owned by Banque PSA Finance*

Minority interest: 30%

Key Balance Sheet Items

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Customer loans and receivables	-	-
Other assets	6	6
Total assets	**6**	**6**
Refinancing	-	-
Other liabilities	3	3
Equity		
- Elimination (1)	-	-
- Consolidated reserves - equity holders of the parent	2	2
- Minority interests	1	1
Total equity and liabilities	**6**	**6**

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

Key Income Statement Items

(in million euros)	**Dec. 31, 2019**	**Dec. 31, 2018**
Net banking revenue	**2**	**4**
General operating expenses	(1)	(1)
Gross operating income	**1**	**3**
Cost of risk	-	-
Operating income	**1**	**3**
Income taxes	(1)	(1)
Net income for the year	**-**	**2**
- of which minority interests	-	1
- of which attributable to equity holders of the parent	-	1

PCA Compañía de Seguros S.A.

(in million euros)	**Total net equity**	**Minority interest percentage**	**Minority interests**	***of which exchange difference***
At December 31, 2017	3	**30%**	1	-
Net income of the period	2		1	
Dividends	(1)		-	
Gains and Losses Recognized Directly in Equity	(2)		(1)	*(1)*
At December 31, 2018	**2**	**30%**	**1**	***(1)***
Net income of the period (1)	-		-	-
Dividends	(1)		-	-
Gains and Losses Recognized Directly in Equity	-		-	-
Hyperinflation effects (1)	1		-	-
At Dec 31, 2019	**2**	**30%**	**1**	***(1)***

(1) The implementation of IAS 29 led a negative impact of €1 million in Net Income, of which €1 million fully covered by a positive change in Equity.

Note 28 Auditors fees

(in million euros)	Ernst & Young Dec. 31, 2019	Ernst & Young Dec. 31, 2018	Mazars Dec. 31, 2019	Mazars Dec. 31, 2018
Audit				
- Statutory and contractual audit services				
- Banque PSA Finance	0,1	0,2	0,2	0,2
- Fully-consolidated companies	0,2	0,2	-	-
- *of which France*	-	-	-	-
- Audit-related services				
- Banque PSA Finance	-	-	-	-
- Fully-consolidated companies	-	-	-	-
- *of which France*	-	-	-	-
Other services provided to fully-consolidated subsidiaries				
- Legal and tax services	-	-	-	-
- Other	-	-	-	-
Total	**0,3**	**0,4**	**0,2**	**0,2**

Note 29 Subsequent Events

No other event occurred between December 31, 2019 and the Board of Directors' meeting to review the financial statement on February 24, 2020 that could have a material impact on business decisions made on the basis of these financial statements.

2.7 Statutory auditors' report on the consolidated financial statements

For the year ended December, 31 2019

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

To the General Assembly of the company Banque PSA Finance,

1. Opinion

In compliance with the engagement entrusted to us by your General Assembly annual general meeting, we have audited the accompanying consolidated financial statements of the company Banque PSA Finance for the year ended 31/12/2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31/12/2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

2. Basis for opinion

- Audit Framework

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

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

- Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

3. Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- Value of the shares carried under the equity method

Risk identified	Our response
As presented in Notes 2 and 9 of the consolidated financial statements, the partnerships formed by the Banque PSA Finance group with Santander Consumer Finance and BNP Paribas Personal Finance result in the equity method for the majority of the Group's equity investments. These investments in associates correspond to the share held (percentage of interest) in the equity of the corresponding companies, plus any goodwill. At 31 December 2019, they represent a total of €2,604 million, for a total balance sheet total of €3,612 million, and a share of profit of €372 million, for a net profit attributable to the Group of €398 million. As part of the preparation of Banque PSA Finance's consolidated financial statements, subsidiaries prepare consolidation packages in accordance with IFRS and the Group accounting principles. These reporting statements are subject to limited review or audit by the auditors of the entities concerned. In this context, we considered that the equity method of accounting for these investments was a key point of the audit because of: • their relative materiality in the financial statements, • the multiplicity of entities' locations, • the presentation in the financial statements of Banque PSA Finance of the financial performance as monitored by management, • the presence of local auditors outside the networks of members of the college of auditors.	In detail, our work consisted in: • Review the process for preparing the consolidated financial statements and the related control system, • Prepare and send audit instructions adapted to partnership entities including specific requests related to the organization of the group and normative changes (in particular first-time application of IFRS9), allowing an opinion to be obtained from the local auditors of the group's entities, • Facilitate audit coordination throughout the year, • Perform procedures centrally including: (i) the review of the equity method entries of the investments (ii) the detailed analytical review of the result as monitored by the bank's management (iii) the review of the reversal of the PPP related to the acquisition of Opel Vauxhall Finance booked in 2019, • Conduct coordination visits to local auditors of significant entities.

4. Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report.

We have no matter to report as to its fair presentation and its consistency with the consolidated financial statements.

5. Report on Other Legal and Regulatory Requirements

- Appointment of the Statutory Auditors

We were appointed as statutory auditors of the company Banque PSA Finance by the General Assembly held on April 18th, 2005 for the Audit Firm MAZARS and the General Assembly held on April 19th, 2011 for the Audit Firm ERNST & YOUNG Audit.

As at 31/12/2019, Audit Firm MAZARS and Audit Firm ERNST & YOUNG Audit were in the 15th year and 9th year of total uninterrupted engagement respectively.

6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

7. Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

- Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

- Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 25th of February 2020

The Statutory Auditors
French original signed by

MAZARS

Matthew Brown

ERNST & YOUNG Audit

Vincent Roty

Statement from the person responsible for the 2019 annual report

Person responsible for the annual report

Rémy Bayle
Chief Executive Officer of Banque PSA Finance S.A.

Certification of the person responsible for the annual report

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

I hereby certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true image of the company's assets, financial situation and earning and of all of the companies included in the consolidation, and that the management report of this document presents a true picture of the business, the earnings and of the financial situation of the company and of all of the companies included in the consolidation as well as a description of the main risks and uncertainties that they face.

I have obtained an end of mission report from the statutory auditors in which they indicate that they have verified the information on the financial situation and the financial statements provided in this document and in an overall reading of this document.

Rémy Bayle
Chief Executive Officer of Banque PSA Finance S.A.

BANQUE PSA FINANCE

BANQUE PSA FINANCE
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