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BANQUE PSA FINANCE

HALF-YEAR REPORT

17

BOARD OF DIRECTORS

Olivier Bourges
Chairman

Rémy Bayle
Director

Carlos Tavares
Director

Michel Philippin
Director
Chairman of the Audit & Risk Committee

François Pierson
Director
Member of the Audit & Risk Committee

PEUGEOT S.A.
Director
Permanent Representative:
Jean-Baptiste Chasseloup de Chatillon
Member of the Audit & Risk Committee

AUTOMOBILES PEUGEOT
Director
Permanent Representative:
Jean-Philippe Imparato

EXECUTIVE COMMITTEE

Rémy Bayle
Director
Chief Executive Officer

Arnaud de Teilhet de Lamothe
Executive Managing Officer

STATUTORY AUDITORS

Ernst & Young Audit
Mazars

SUBSTITUTE AUDITORS

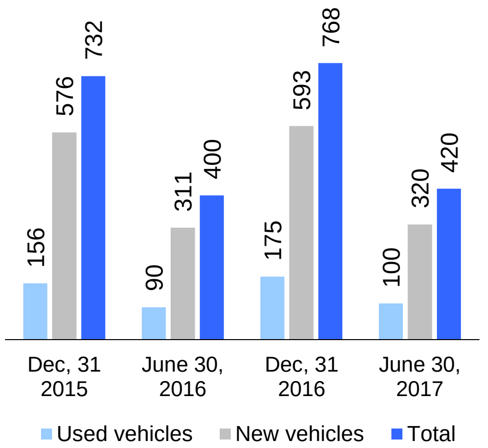
PICARLE et associés
Guillaume Potel

Position as at July 24, 2017

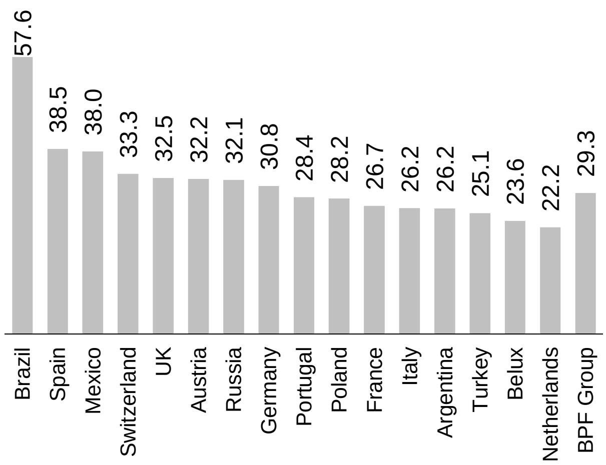
1 MANAGEMENT REPORT

1.1 Key figures

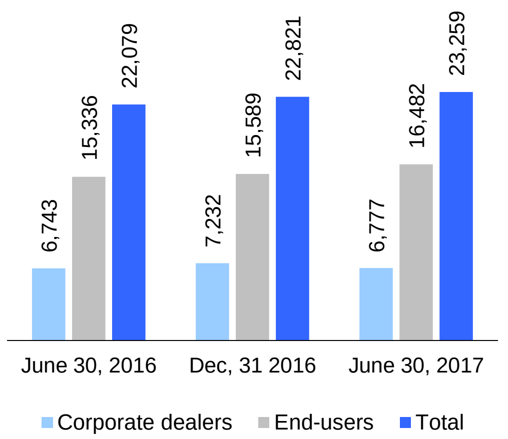
EVOLUTION OF VEHICLES FINANCED FOR END USERS *(in thousands of vehicles)*



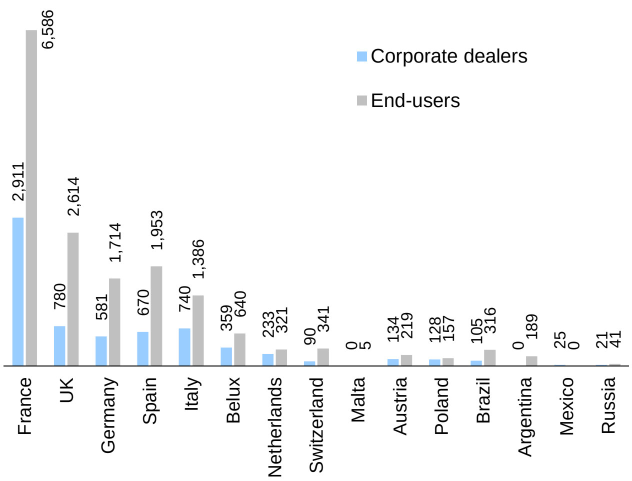
PENETRATION RATE BY COUNTRY (%) AT JUNE 30, 2017
(New vehicles financed / PSA Group new vehicles registered)



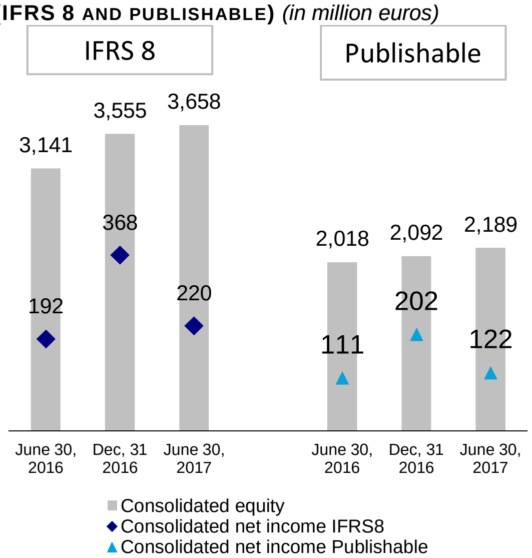
EVOLUTION OF LOANS OUTSTANDING BY CUSTOMER SEGMENT (IFRS 8) *(in million euros)*



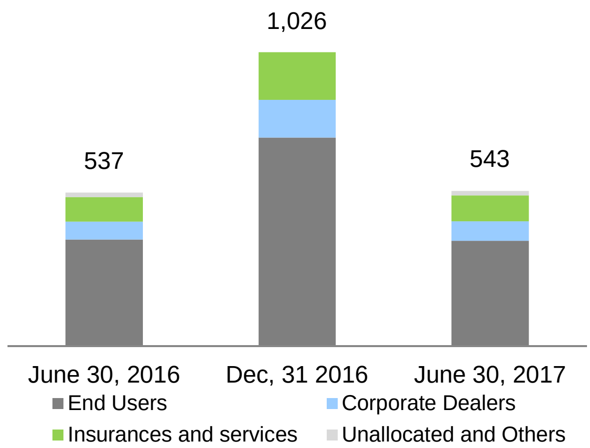
LOANS OUTSTANDING BY COUNTRY (IFRS 8) AT JUNE 30 2017 *(in million euros)*



EVOLUTION OF EQUITY AND NET INCOME (IFRS 8 AND PUBLISHABLE) *(in million euros)*



EVOLUTION OF NET BANKING REVENUE (IFRS 8) *(in million euros)*



1.2 Banque PSA Finance business activities and developments

1.2.1 Definition of concepts in the Management Report

The management report presents information in two fashions:

The first presents the **publishable financial results** corresponding to the consolidated financial statements within which the companies that fall under the scope of the partnership between Banque PSA Finance (hereafter referred to as "BPF") and Santander, as well as Dongfeng Peugeot Citroën Auto Finance Co. in China are accounted for using the equity method. The income statement data at June 30, 2016 consist of the publishable financial results per IFRS 5 since all the entities in partnership with Santander had not yet been created (the previous reports show the reclassifications associated with IFRS 5).

The second presents the financial results per **IFRS 8 – segment information with full consolidation** of the activities in partnership with Santander and the adjustment of some expenses and income such as the restatement in terms of equity of the purchase price allocation (-€8 million in equity at June 30, 2017 in the publishable financial statements). The information provided per IFRS 8 results in the presentation of the financial statements in a format identical to that which already existed prior to the implementation of the partnership with Santander; it represents a management point of view.

Note 22 to the consolidated financial statements goes into greater detail concerning the transition from the IFRS 8 format to the publishable financial statements.

Furthermore, an additional level of detail has been provided for operating data: these are still presented as a total, but a breakdown is given for those entities within the BPF / Santander partnership (11 European countries: France, United Kingdom, Spain, Switzerland, Italy, Belgium, Netherlands, Germany, Austria, Poland and Portugal; and Brazil).

Finally, the figures provided regarding operating data in the management report exclude activities in China, unless otherwise indicated.

1.2.2 Summary of financial information

The following historical consolidated financial overview is based on the consolidated financial statements of BPF included in this half-year report and prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Our consolidated financial statements were audited by our independent auditors Ernst & Young audit and Mazars for 2016 and 2017.

FINANCING GRANTED DURING THE PERIOD (PRODUCTION)

				Of which Santander partnership perimeter[1]		
	Jun. 30, 2017	**Jun. 30, 2016**	**% change**	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
End-users loans (new and used cars)						
Number of vehicles financed	419 500	400 338	+ 4.8	389 108	374 344	+ 3.9
Amount of financing *(in million euros, excluding interests)*	4 855	4 440	+ 9.3	4 688	4 329	+ 8.3
Corporate dealers loans						
Number of vehicles financed	855 788	881 745	- 2.9	848 098	858 373	- 1.2
Amount of vehicles financing *(in million euros)*	17 784	17 433	+ 2.0	17 656	16 988	+ 3.9
Amount of spare parts financing and other *(in million euros)*	1 375	1 583	- 13.1	1 353	1 529	- 11.6
Insurance and services activity						
Number of new contracts	835 357	824 827	+ 1.3	769 766	765 731	+ 0.5

[1] - Countries included in the Partnership with SCF (11 European countries: France, United Kingdom, Spain, Switzerland, Italy, Belgium, Netherlands, Germany, Austria, Poland and Portugal) and Brazil.

CONSOLIDATED BALANCE SHEET

(in million euros)	*Publishable*[1]			*IFRS 8*[1]		
Assets	**Jun. 30, 2017**	**Dec. 31, 2016**	**% change**	**Jun. 30, 2017**	**Dec. 31, 2016**	**% change**
Financial assets at fair value through profit or loss	474	389	+ 21.9	511	361	+ 41.6
Loans and advances to credit institutions	200	223	- 10.3	1,294	1,311	- 1.3
Customer loans and receivables	345	346	- 0.3	23,259	22,821	+ 1.9
Deferred tax assets	13	16	- 18.8	67	65	+ 3.1
Other assets	1,780	1,761	+ 1.1	1,641	1,520	+ 8.0
Total assets	**2,812**	**2,735**	**+ 2.8**	**26,772**	**26,078**	**+ 2.7**
Equity and liabilities	**Jun. 30, 2017**	**Dec. 31, 2016**	**% change**	**Jun. 30, 2017**	**Dec. 31, 2016**	**% change**
Deposits from credit institutions	146	126	+ 15.9	12,596	12,320	+ 2.2
Debt securities	258	286	- 9.8	5,662	5,675	- 0.2
Other liabilities	219	231	- 5.2	4,856	4,528	+ 7.3
Equity	2,189	2,092	+ 4.6	3,658	3,555	+ 2.9
Total equity and liabilities	**2,812**	**2,735**	**+ 2.8**	**26,772**	**26,078**	**+ 2.7**

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

CONSOLIDATED STATEMENT OF INCOME

(in million euros)	*Publishable*[1]			*IFRS 8*[1]		
	Jun. 30, 2017	**Jun. 30, 2016**	**% change**	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
Net banking revenue	31	40	- 22.5	543	537	+ 1.1
General operating expenses and equivalent[2]	-13	-33	- 60.6	-203	-224	- 9.4
Cost of risk	-3		+ 0.0	-28	-16	+ 75.0
Operating income	**15**	**7**	**+ 114.3**	**312**	**297**	**+ 5.1**
Share in net income of associates and joint ventures accounted for using the equity method[3]	113	87	+ 29.9	10	7	+ 42.9
Other Non operating income[4]		-12	- 100.0		-3	- 100.0
Pre-tax net income	**128**	**82**	**+ 56.1**	**322**	**301**	**+ 7.0**
Income taxes	-6	-6	+ 0.0	-102	-109	- 6.4
Net income from continuing operations	**122**	**76**	**+ 60.5**	**220**	**192**	**+ 14.6**
Net income from operations to be taken over by partnership or held for sale		**35**	**- 100.0**	0	0	
Net income	**122**	**111**	**+ 9.9**	**220**	**192**	**+ 14.6**

1 - The items on the income statement transitioning from IFRS 8 to Publishable format can be found in note 22.2 of the consolidated financial statements. For P&L data as of June, 30th 2016, Publishable format is including IFRS 5 format.

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

3 - Joint ventures with the Santander Group accounted for using the equity method in Publishable accounts: France, United Kingdom, Spain, Switzerland, Italy, Netherlands, Belgium, Germany, Austria, Brazil and Poland. 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 Publishable accounts and in IFRS 8 format.

4 - Including costs of the non-transferred liabilities of operations to be taken over by partnership in IFRS 5 for data as of June, 30th 2016.

NET BANKING REVENUE

(in million euros)	***Publishable***			***IFRS 8***		
	Jun. 30, 2017	**Jun. 30, 2016**	**% change**	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
End-users	8	10	- 20.0	368	373	- 1.3
of which Retail	[redacted]			345	347	- 0.6
of which Corporate and equivalent				23	26	- 11.5
Corporate dealers	1	1	+ 0.0	68	62	+ 9.7
Insurances and Services (including net refinancing costs)	15	28	- 46.4	91	87	+ 4.6
Unallocated and other[1]	7	1	+ 600.0	16	15	+ 6.7
Total	**31**	**40**	**- 22.5**	**543**	**537**	**+ 1.1**

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.

OUTSTANDING LOANS

BY CUSTOMER SEGMENT

(in million euros)	***Publishable***			***IFRS 8***		
	Jun. 30, 2017	**Dec. 31, 2016**	**% change**	**Jun. 30, 2017**	**Dec. 31, 2016**	**% change**
Corporate dealers	53	60	- 11.7	6,777	7,232	- 6.3
End-users	292	286	+ 2.1	16,482	15,589	+ 5.7
of which Retail	269	273	- 1.5	15,158	14,241	+ 6.4
of which Corporate and equivalent	23	13	+ 76.9	1,324	1,348	- 1.8
Total Customer Loans and Receivables	**345**	**346**	**- 0.3**	**23,259**	**22,821**	**+ 1.9**

BY REGION

(in million euros)	**Publishable**			**IFRS 8**		
	Jun. 30, 2017	**Dec. 31, 2016**	**% change**	**Jun. 30, 2017**	**Dec. 31, 2016**	**% change**
France[1]	-8	-8		9,497	9,216	+ 3.0
Western Europe (excluding France)	48	42	+ 1.4	12,780	12,589	+ 1.5
Poland	29	47	- 3.8	285	254	+ 12.2
Latin America	214	184	+ 1.6	635	680	- 6.6
Russia	62	81	- 2.3	62	82	- 24.4
Total	**345**	**346**	**- 0.0**	**23,259**	**22,821**	**+ 1.9**

1 - Negative outstandings in publishable accounts are linked to netting underwriting with PSAI current accounts.

1.2.3 Operations of the principal operational entities of the Banque PSA Finance Group

1.2.3.1 Presentation

Closely associated with the sales policies of the Peugeot, Citroën and DS brands and as an entity that is 100% directly controlled by companies in the PSA Group, Banque PSA Finance handles, in 18 countries, mainly through partnerships, the distribution of financing and service products in order to promote vehicle sales through the three brands' dealerships.

BPF, via its local operational entities:

- provides the brands' dealerships with financing for their inventories of new and used vehicles and spare parts, along with other financing such as for working capital;
- offers individual and business clients a complete range of financing, services and, in France and Germany, savings products.

Typically, BPF's commercial offering combines insurance and services with the financing, in order to best respond to individual and business clients' growing expectations for mobility solutions.

Through its organizational structure and the governance methods in place with its various partners, BPF can ensure that its finance approval process is totally independent from the three brands and the distribution network.

The BPF partnership policy has been accelerating since 2015, in particular with the implementation of the partnership with the Santander Group in 11 European countries and in Brazil. At June 30, 2017, 17 of the 18 local BPF establishments are structured in the form of a partnership with banking or industrial players.

As such, in its principal markets, Banque PSA Finance performs its operations:

In the form of joint ventures:

- with Santander Consumer Finance (SCF) in Europe (Germany, Austria, Belgium/Luxembourg, Spain, France, Italy, Netherlands, Poland, United Kingdom, Switzerland) and with Banco Santander Brasil in Brazil.
  The creation of these joint ventures began in February 2015 and ended at year-end 2016. The scope of these companies covers 98.5% of BPF's outstanding loans (per IFRS 8) at June 30, 2017. Since its launch, this operation has significantly enhanced commercial capabilities for PSA Group's brands enabling them to increase their penetration of the car finance market. It enabled the financing operations of the Group to be boosted and sustained, through the use of competitive offers reserved for the brands and their customers.
  Aside from financing activities, two joint subsidiaries between BPF and SCF were launched in Malta on May 1, 2015 as insurance companies.
  All companies in partnership with Santander are 50% owned by BPF and 50% owned by SCF, whether directly or indirectly, and are consolidated within BPF using the equity method;
- in China, with the automotive manufacturer Dongfeng Motor Group and with Dongfeng Peugeot Citroën Automotive (DPCA) through Dongfeng Peugeot Citroën Auto Finance Co. (DPCAFC), which was 25% owned by BPF, 50% by DPCA and 25% by Dongfeng Motor Group at June 30, 2017;
- in Argentina, with BBVA for retail banking and with BNP for the new insurance business launched in 2017.

In the form of partnerships with the leading banking groups:

- in Turkey with TEB/CETELEM;
- in Mexico with BNP PARIBAS;
- in Portugal, with Santander Consumer Finance (commercial partnership).

On its own:

- In Russia, whether involving banking activities or the new leasing business launched in 2017.

As part of the development of the business activities of the PSA Group and BPF in China, BPF continues to assist Changan PSA Automobiles (CAPSA), a 50/50 joint venture between Chang'An and the PSA Group and a manufacturer-distributor for the DS brand in China.

Lastly, in the Asia-Pacific region (mainly Japan, Korea and Australia), BPF is also continuing to provide assistance to the brands and to importers as part of the development of their operations.

1.2.3.2 Our Products and Services

Our financing products, insurance and services include the following:

- ***End-user financing (85% of outstanding customer loans and receivables per publishable accounts and 71% per IFRS 8 as at June 30**, **2017).*** We offer individuals, small and medium-sized businesses, and corporate and equivalent customers a range of solutions, including financing for the purchase of new and used vehicles, various leasing solutions with or without purchase options and now a range of mobility services.

- ***Financing the corporate dealership network (15% of outstanding customer loans per publishable accounts and 29% per IFRS 8 as at June 30, 2017).*** We provide Peugeot, Citroën and DS dealers with financing for inventories of new and used vehicles and spare parts, as well as other types of financing such as working capital.

- ***Insurance and services***. We provide end-user customers and corporate dealers with a wide range of insurance products and services, such as whole-life insurance, unemployment insurance, disability insurance, supplemental insurance to protect vehicles, automobile insurance, and vehicle-related services such as extended warranties, maintenance contracts or service provisions.

- ***Retail savings.*** The retail savings market is active in France and Germany and consists of savings passbooks and term deposit accounts. The proportion of outstanding amounts, for all countries combined, is at 85% for savings passbooks and 15% for term deposit accounts. The very satisfactory results from this business activity at the European level bear out the appropriateness of a plan built around the real economy. The commercial success achieved is also testament to the confidence of savers in the future development of the PSA Group and BPF. This business is fully consolidated within the scope of the SCF partnership in France and in Germany.

1.2.3.3 Geographical coverage

We provide financing to end-user customers in 18 countries (including China) which accounted for about 93% of Peugeot, Citroën and DS vehicle sales as of June 30, 2017 (excluding units sold in YTD June 2017 under Peugeot license by Iran Khodro following the final JV agreement signed by Iran Khodro on 21 June 2016). Our principal markets are France, China and other Western European countries (mainly the United Kingdom, Germany, Italy and Spain), Brazil and Argentina.

1.3 Analysis of operational results

1.3.1 Vehicle sales for Peugeot, Citroën and DS during the first half of 2017

Push to Pass product offensive launched, global sales up 2.3% at the end of June 2017 with 1 580,000 units sold in the first half of 2017.

The offensive will continue in the second half of 2017 with the commercial launch of the new PEUGEOT 308 from September and two new SUV models for CITROËN: C3 Aircross in Europe and C5 Aircross in China. The commercial launch of the DS 7 CROSSBACK SUV will start in October in the dedicated DS network in Europe.

In Europe, Groupe PSA recorded a 4% increase in registrations and a sales volume of 1,036,000 vehicles in the first half of 2017.

In the Middle East & Africa, Groupe PSA continued its profitable growth totalling 277,900 sales, with growth of sales in Morocco (+5%) and Turkey (+5%) in particular. Groupe PSA also consolidated its position in Iran with the creation of two JVs which are now operational.

In China and South East Asia, in a fiercely competitive context, Groupe PSA changed its economic and commercial business model with respect to the network and partners of the two joint ventures DPCA and CAPSA. As part of this change, on 7 June, Groupe PSA signed an agreement strengthening its collaboration with ChangAn Automobile to accelerate the development of the DS brand in China.

In Latin America, Group's sales grew by 8.5%, with 96,300 vehicles sold in an increasingly competitive environment.

In Eurasia, Groupe PSA sales increased by 26.4% thanks to the dynamism of the PEUGEOT (+41.1%) and CITROËN (+10.5%) brands, in particular in Ukraine where the market is experiencing a significant rebound. While waiting for the launch of the new generation PEUGEOT Expert and Traveller and the CITROËN Jumpy and SpaceTourer in Russia in the second half of the year, the Group's LCV sales increased by 18%.

The India-Pacific region was marked by Groupe PSA's good performance in Japan (+11.1%). Growth in the region is driven by the CITROËN brand (+52.8%), in particular thanks to the new C4 Picasso, and the C4 Cactus in Korea and Japan.

PSA GROUP REGISTRATIONS (BPF PERIMETER, EXCLUDING CHINA)

	PSA Group Registrations (passenger and utility vehicles)[1]		
By Geographical Region	**June, 30 2017**	**June, 30 2016**	**% change**
France	398,125	383,244	3.9%
Western Europe (excluding France)	559,604	541,460	3.4%
Central and Eastern Europe	18,211	31,748	-42.6%
Latin America	79,915	72,172	10.7%
Rest of the World	33,329	30,580	9.0%
Total	1,089,184	1,059,204	**2.8%**

[1] Passenger cars and light commercial vehicles.

1.3.2 Banque PSA Finance commercial activity

1.3.2.1 End-users Financing

Working in a strongly competitive climate during the first half of the year, BPF stabilized its penetration in comparison to the first half of 2016.

In terms of volumes, BPF recorded a 2.9% increase in the number of PSA new vehicle contracts on its eligible market, itself up by 2.8%.

The strong growth in loyalty-building offerings (balloon installment contracts, buyback contracts and long-term leases) observed over the last three years has continued. These types of offering now represent 53.6% of the B2C production in the scope of the partnership, up by 2.9 points over last year, thereby demonstrating BPF's desire to support the brands' strategy to promote faster renewal.

Registrations showed positive progress, except in China, for the first half of 2017: the G5 (France, United Kingdom, Germany, Spain and Italy) grew by 2.9%, stronger growth for the M5 (Belgium, Switzerland, Austria, Netherlands and Portugal) with a 7.6% increase (uptick in registrations in most countries). Latin America saw an increase of 10.7%

with notable results in Argentina (+23.1%) while Brazil saw registrations decline by 9.9%. Despite a still challenging climate in Russia, PSA's sales grew by 6% during the first half of the year.

The Chinese market experienced a 38% decline, which nevertheless represented 189,500 vehicles, making it PSA's second largest market after France.

Overall, BPF recorded a 4.8% increase in new vehicle/used vehicle financing. For 2017, the sales strategy places the emphasis on B2B with the gradual launch of Free2Move Lease and on used vehicles. Regarding this last point, volumes showed a significant growth of 11.3% over the first half of the year.

Production as an amount of new financing for individuals and small- and medium-sized businesses increased by 9.3% between the first half of 2016 and the first half of 2017. The amount of retail financing for new vehicles increased by 9.5% during the first half of 2017 and there was also a strong increase of 15.9% in financing for used vehicles. For the Corporate and equivalent segment, financing contracts for new and used vehicles fell by 4.1% due to fewer short-term leasers in Spain in particular, where the profitability of this type of contract is limited.

PRODUCTION OF NEW END-USER FINANCING FOR PSA NEW VEHICLES AND PENETRATION RATES

	New Vehicle Financing (passenger and utility vehicles)[1]			Banque PSA Finance Penetration rate (in %)		
By Geographical Region	**June, 30 2017**	**June, 30 2016**	**% change**	**June, 30 2017**	**June, 30 2016**	**change in % points**
France	106,276	106,161	0.1%	26.7	27.7	-1.0
Western Europe (excluding France)	170,926	167,767	1.9%	30.5	31.0	-0.4
Central and Eastern Europe	5,130	8,792	-41.7%	28.2	27.7	0.5
Latin America	28,665	18,915	51.5%	35.9	26.2	9.7
Rest of the World	8,671	9,048	-4.2%	26.0	29.6	-3.6
Total	319,668	310,683	**2.9%**	29.3	29.3	0.0

[1] Passenger cars and light commercial vehicles.

PRODUCTION OF NEW END-USER FINANCING, FOR NEW AND USED VEHICLES, BY CUSTOMER PORTFOLIO

(in number of contracts)	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
Retail financing	393,764	373,355	+ 5.5
of which new vehicles	294,387	283,974	+ 3.7
of which used vehicles	99,377	89,381	+ 11.2
Corporate and equivalent financing	25,736	26,983	- 4.6
of which new vehicles	25,420	26,810	- 5.2
of which used vehicles	316	173	+ 82.7
End-user financing	**419,500**	**400,338**	**+ 4.8**
of which new vehicles	319,807	310,784	+ 2.9
of which used vehicles	99,693	89,554	+ 11.3

(in million euros)	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**	***Of which Santander partnership perimeter*** **Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
Retail financing	4,482	4,051	+ 10.6	4,330	3,943	+ 9.8
of which new vehicles	3,628	3,314	+ 9.5	3,491	3,220	+ 8.4
of which used vehicles	854	737	+ 15.9	839	723	+ 16.0
Corporate and equivalent financing	373	389	- 4.1	360	386	- 6.7
End-user financing	**4,855**	**4,440**	**+ 9.3**	**4,690**	**4,329**	**+ 8.3**

PRODUCTION OF NEW END-USER FINANCING, FOR NEW AND USED VEHICLES, BY REGION

(in number of contracts)	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
France	147,159	146,078	+ 0.7
Western Europe (excluding France)	222,082	211,153	+ 5.2
Central and Eastern Europe	5,967	9,749	- 38.8
Latin America	33,224	21,922	+ 51.6
Rest of the World	11,068	11,436	- 3.2
Total	**419,500**	**400,338**	**+ 4.8**
Of which partnership perimeter	**389,108**	**374,344**	**+ 3.9**

A. New Vehicle Financing

In the first half of 2017, BPF financed 319,668 new PSA vehicles. For this period, the Bank's overall penetration rate stood at 29.3% at end-June 2017. A high performance level was maintained thanks to the improvement in competitiveness along with close collaboration with the PSA Group brands.

G5 performance fell by 0.9 point compared to the first half of 2016, with a particular decrease in performance in Great Britain due to a more restrained eligible market. The new sales policy implemented in Germany translated to a 1.3 point increase in penetration. Performance continued to improve in Spain and reached 38.5%.

Penetration was up by 1.1 point in the M5 countries with a net growth of +4.5 points in Austria, +2 points in Switzerland and +0.4 point in Belgium.

Latin America represents a strong growth market: in Argentina, penetration grew by 12.4 points reaching 26.2% as a result of the decrease in refinancing terms and conditions since the beginning of the year making a redefinition of promotional activities possible. In view of the concurrent strengthening of the savings plan, the overall penetration (loans + savings plan) for Argentina totaled 54.4%. In Brazil, the competitiveness of the proposed actions made it possible to achieve a historical high of 57.6%, i.e. +11.2 points despite an unfavorable economic climate.

B. Used Vehicle Financing

Volumes of used vehicle financing contracts grew sharply (+11.3%) versus the first half of 2016, confirming the positive trend observed in 2016. BPF's financing activities for used vehicles are concentrated in five countries: France, Germany, United Kingdom, Spain and Italy, which represent 85.4% of BPF's total production.

This increase is based on the 33.8% performance improvement in Great Britain with the business growth among the large distribution groups, as well as on the success of the used vehicle balloon product.

Ongoing competitive operations in Spain and Italy resulted in increases of 4.7% and 19.5% respectively. During the first half of 2017, a redesign of the sales plan was launched in Germany, involving new pricing and wages and salaries policies and Wholesale synergies that should translate to increased volumes during the second half of the year.

The following are the noteworthy highlights among the increases observed: +17.2% in Switzerland and +103% in Argentina with the implementation of more competitive offerings associated with the decrease in refinancing costs and specific promotions at the most important points of sale, in Brazil (+12.6%) and in Turkey (+62%).

This growth in volume is accomplished through risk management with a constantly selective use of the acceptance and profitability criteria.

1.3.2.2 Corporate Dealer Financing

BPF financed corporate dealers for a total of 855,788 vehicles as of the end of June 2017, a decline of 2.9% as compared to the situation at the end of June 2016. The amounts financed that correspond to these vehicles have increased by 2.0% due to the launch of new vehicles.

Amounts financed for spare parts declined sharply by -13.1% due to the new distribution plan for spare parts involving the creation of hubs.

The following table sets forth our new corporate dealer financing activity for end of June 2016 and end of June 2017.

PRODUCTION OF NEW FINANCING IN THE CORPORATE DEALER SEGMENT

				Of which Santander partnership perimeter		
	Jun. 30, 2017	**Jun. 30, 2016**	**% change**	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
Number of vehicles	**855,788**	**881,745**	**- 2.9**	**848,098**	**858,373**	**- 1.2**
Amount (in million euros)	**19,160**	**19,015**	**+ 0.8**	**19,009**	**18,517**	**+ 2.7**
of which vehicles	17,784	17,433	+ 2.0	17,656	16,988	+ 3.9
of which spare parts and other	1,375	1,583	- 13.1	1,353	1,529	- 11.5

The breakdown by geographic region of the volumes of vehicles financed for dealers shows a decline in the volumes financed in Great Britain that is not offset by the noteworthy increases in France, Italy and Spain. A decline in volumes financed was recorded in Brazil. The change in scope in Eastern Europe must also be taken into account.

1.3.2.3 Financing in China

BPF via DPCAFC (DPCA's captive finance company) initiated its transformation through its work as a supplier of mobility services in China to better meet the expectations of the Peugeot, Citroën and DS brands, the networks and customers. This transformation is part of a new product offensive for the brands in the very promising SUV segment in China (end-2016: 4008, June 2017: 5008, second half of 2017: C5 Aircross).

DPCAFC's total loans attained €1,914 million at the end of June 2017 versus €2,220 million at the end of 2016, i.e. a decline of -13.8% of which -4.9 points were due to the impact of foreign exchange. The decrease in outstanding loans is due to corporate dealers financing, which was impacted by the slowdown in the brands' invoicing; the end-user new vehicle outstanding loans nevertheless continued to grow at constant exchange rates (+5.5%).

End-user new vehicle penetration attained a record level during the first half of 2017 and totaled 35.8%, i.e. +8.6 points in comparison to 2016, thereby bearing witness to Chinese customers' increasing reliance on automobile loans and the appeal of the financing campaigns mainly organized with DPCA. This performance was also the result of offering innovative, loyalty-building new products such as the balloon loan with a purchasing or renewal option (8.8% of production in June 2017), which have bolstered the growth of new online distribution channels (partnership agreement signed at the end of 2015 between DPCAFC and Alibaba (Tmall)).

The following table sets forth information relating to our subsidiary's financing and outstanding loans in China.

FINANCING IN CHINA

	Jun. 30, 2017	Jun. 30, 2016	% change
End-user loans *(including leases)*			
Number of vehicles financed (new and used)	72,258	72,974	- 1.0
Amount of financing *(in million euros, excluding interests)*	702	630	+ 11.4
Corporate dealer loans			
Number of vehicles financed	92,345	191,359	- 51.7
Amount of financing *(in million euros, including spare parts)*	1,562	2,691	- 42.0

Outstanding loans *(in million euros)*	Jun. 30, 2017	Dec. 31, 2016	% change
End-user loans *(including leases)*	1,534	1,538	- 0.3
Corporate dealers loans	380	682	- 44.4
Total loans	**1,914**	**2,220**	**- 13.8**

BPF in China has continued to provide assistance to the DS brand since the end of 2015 as part of a tripartite sales agreement between PSA Wuhan Management (initially PSA Shanghai Management), CAPSA and Chang'An Auto Finance Co. (initially China South Group Finance). The penetration in end-user new vehicles resulting from this agreement reached 25.1% for the first half of 2017, i.e. +4.3 points compared to 2016.

The cooperation agreement signed at the end of 2016 between DPCAFC and CAPSA/DS covering financing and corporate dealer services and end-users of the DS brand completes these measures.

1.3.2.4 Insurance and Services activity

At the end of June 2017, the insurance and services margin (excluding net cost of refinancing) stood at €91 million as per IFRS 8, compared to €87 million as of June 30, 2016. This margin is made up of commissions on insurance product sales and renewals as well as PSA Insurance underwriting profits.

The margin on insurance services ("Make" products) contributed €71 million during the first half of 2017, up from €67 million in the first half of 2016. Earned premiums were €99 million, up €15 million compared to end of June 2016 per IFRS 8.

The margin on sales of other insurance products and services ("Buy" products) stood at €20 million at the end of June 2017, same as at the end of June 2016.

NET BANKING REVENUE ON SERVICES

	IFRS 8		
(in million euros)	Jun. 30, 2017	Jun. 30, 2016	% change
Margin on sales of insurance services	71	67	+ 6.0
Margin on sales of other services[1]	20	20	+ 0.0
Other	0	0	+ 0.0
Total	**91**	**87**	**+ 4.6**

1 - After elimination of intra-segment transactions, which are primarily commissions paid by PSA Insurance to other group entities.

1.3.2.5 Retail savings market

The retail savings business has enabled BPF to compete in the online savings market while at the same time diversifying our funding sources. Passbooks and Term Deposits are intended only for savers who are adult private individuals and tax-residents of the country.

France, whose retail savings activity was transferred from BPF to the French joint venture PSA Banque France in 2015, showed a strong propensity to attract new customers and to retain existing customers, particularly thanks to the success of the term deposit accounts and to a "Real Economy" positioning. In fact, outstanding loans at June 30, 2017 were clearly much higher than at December 31, 2016 (€1,771 million at June 30, 2017, including €342 million in Term Deposit Accounts, versus €1,570 million at the end of December 2016).

In Germany, which in the perimeter of Santander cooperation, outstanding loans for the retail savings activity showed a slight decline of €26 million since the beginning of the year and stood at €1,124 million at the end of June 2017 (versus €1,150 million at the end of December 2016). Term Deposit Accounts represented €102 million or 9% of the outstanding debt amount at the end of June 2017.

Finally, the savings business in Belgium was sold to Arkea Direct Bank in December 2016.

SAVINGS BUSINESS

	IFRS8		
	Jun. 30, 2017	**Dec. 31, 2016**	**% change**
Outstanding (in million euros)	**2,895**	**2,720**	+ 6.4
Of which France	1,771	1,570	+ 12.8
Of which Germany	1,124	1,150	- 2.3

	Jun. 30, 2017	**Dec. 31, 2016**	**% change**
Number of active contracts	105,695	105,635	+ 0.1
Average outstanding by contract (in K €)	27	26	+ 3.8

1.3.3 Results of operations

NET INCOME

(in million euros)	***Publishable*[1]**			***IFRS 8*[1]**		
	Jun. 30, 2017	**Jun. 30, 2016**	**% change**	**Jun. 30, 2017**	**Jun. 30, 2016**	**% change**
Net banking revenue	31	40	- 22.5	543	537	+ 1.1
General operating expenses and equivalent[2]	-13	-33	- 60.6	-203	-224	- 9.4
Cost of risk	-3		+ 0.0	-28	-16	+ 75.0
Operating income	**15**	**7**	**+ 114.3**	**312**	**297**	**+ 5.1**
Share in net income of associates and joint ventures accounted for using the equity method[3]	113	87	+ 29.9	10	7	+ 42.9
Other Non operating income[4]		-12	- 100.0		-3	- 100.0
Pre-tax net income	**128**	**82**	**+ 56.1**	**322**	**301**	**+ 7.0**
Income taxes	-6	-6	+ 0.0	-102	-109	- 6.4
Net income from continuing operations	**122**	**76**	**+ 60.5**	**220**	**192**	**+ 14.6**
Net income from operations to be taken over by partnership or held for sale		**35**	**- 100.0**	0	0	
Net income	**122**	**111**	**+ 9.9**	**220**	**192**	**+ 14.6**

1 - The items on the income statement transitioning from IFRS 8 to Publishable format can be found in note 22.2 of the consolidated financial statements. For P&L data as of June, 30th 2016, Publishable format is including IFRS 5 format.

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

3 - Joint ventures with the Santander Group accounted for using the equity method in Publishable accounts: France, United Kingdom, Spain, Switzerland, Italy, Netherlands, Belgium, Germany, Austria, Brazil and Poland. 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 Publishable accounts and in IFRS 8 format.

4 - Including costs of the non-transferred liabilities of operations to be taken over by partnership in IFRS 5 for data as of June, 30th 2016.

1.3.3.1 Net banking revenue

Net banking revenue, in publishable format, was €31 million at June 30, 2017 versus €40 million at June 30, 2016, equivalent to a decline of €9 million primarily explained by the cessation of business in Central Europe at the end of June 2016. The net banking revenue per IFRS 8 was slightly up at €543 million at June 30, 2017 versus €537 million at June 30, 2016.

1.3.3.2 General operating expenses

General operating expenses and equivalent, in publishable format, totaled €13 million at June 30, 2017 compared to €33 million at June 30, 2016. They stood at €203 million at June 30, 2017 compared to €224 million as of June 30, 2016 per IFRS 8. These changes are primarily due to the decrease in expenses in the central entity associated with the implementation of the cooperation with Santander, the reversal of a provision for a tax risk having become obsolete, and a decrease in the calculation basis for certain taxes.

1.3.3.3 Cost of risk

As of June 30, 2017, the cost of risk stood at €3 million, in publishable format, and €28 million per IFRS 8, or 0.25% of the average net outstanding loans, compared to €0 million per the publishable format and €16 million per IFRS 8 as of June 30, 2016, or 0.15% of the average net outstanding loans.

The cost of risk for BPF retail exposure (individuals and small- and medium-sized businesses) stood at €26 million as of June 30, 2017 per IFRS 8 (0.35% of the average net outstanding retail loans). Excluding the effects of the provision for the risk of voluntary terminations established in the United Kingdom, which has been included in the retail cost of risk since the end of 2016, it totals €18 million (0.24% of average net outstanding loans), and accordingly remains very close to the cost of risk for 2016 (€15 million per IFRS 8 for the first half of 2016, i.e. 0.22% of the average net outstanding retail loans). Portfolio quality has remained at a very low level in most countries with the selective risk policy having been maintained during the first half of 2017.

1.3.3.4 Operating income

The operating income stood at €15 million per the publishable format and €312 million per IFRS 8, an increase compared to €297 million per IFRS 8 as of June 30, 2016.

1.3.3.5 Consolidated net income

The consolidated net income stood at €122 million per the publishable format and at €220 million per IFRS 8 at the end of June 2017. The €98 million difference between these two numbers (see note 22.2 to the consolidated financial statements) is primarily due to the recognition, solely per the publishable format, of the restatement in shareholders' equity of the impairment loss of a purchase price allocation (+€5 million at end-June 2017 per publishable format) and of the joint ventures partnerships with Santander being accounted for using the equity method (-€103 million).

1.4 Financial situation

1.4.1 Assets

1.4.1.1 General

The assets as of June 30, 2017 amounted to a total of €2,812 million per publishable accounts and to a total of €26,772 million per IFRS 8, a 2.7% or €0.7 billion increase primarily due to the increase in customer loans and receivables (+€0.4 billion).

1.4.1.2 Outstanding loans

The outstanding loans (including installment and lease contracts) stood at €345 million per publishable accounts at June 30, 2017 and at €23,259 million per IFRS 8, up 1.9% or €0.4 billion compared to end 2016. End-user loans were up 5.7% per IFRS 8 but corporate dealer financing decreased by -6.3%.

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)	***Publishable***			***IFRS 8***		
	Jun. 30, 2017	**Dec. 31, 2016**	**% change**	**Jun. 30, 2017**	**Dec. 31, 2016**	**% change**
Corporate dealers	53	60	- 11.7	6,777	7,232	- 6.3
End-users	292	286	+ 2.1	16,482	15,589	+ 5.7
of which Retail	269	273	- 1.5	15,158	14,241	+ 6.4
of which Corporate and equivalent	23	13	+ 76.9	1,324	1,348	- 1.8
Total Customer Loans and Receivables	**345**	**346**	**- 0.3**	**23,259**	**22,821**	**+ 1.9**

OUTSTANDING LOANS BY REGION

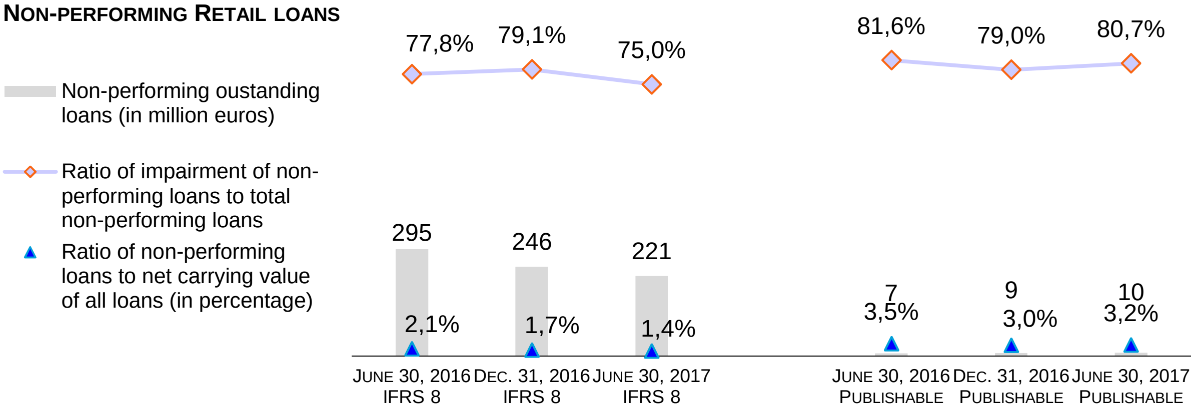
	Publishable						***IFRS 8***					
	Jun. 30, 2017			**Dec. 31, 2016**			**Jun. 30, 2017**			**Dec. 31, 2016**		
(in million euros)	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total
France[1]	0	-8	-8	0	-8	-8	2,911	6,586	9,497	3,016	6,200	9,216
Western Europe (excluding France)	2	46	48	5	37	42	3,587	9,193	12,780	3,901	8,688	12,589
Poland	5	24	29	8	39	47	128	157	285	124	130	254
Latin America	25	189	214	18	166	184	130	505	635	162	518	680
Russia	21	41	62	29	52	81	21	41	62	29	53	82
Total	**53**	**292**	**345**	**60**	**286**	**346**	**6,777**	**16,482**	**23,259**	**7,232**	**15,589**	**22,821**

1 - Negative outstandings in IFRS 5 are linked to the netting of current accounts with PSAI.

1.4.2 Provisions for non-performing loans

Outstanding non-performing loans continued to improve per IFRS 8 thanks to the loan portfolio generating few entries, which were more than offset by continuing collections on old non-performing loans and social credit losses that will take place in the nearer future.

NON-PERFORMING RETAIL LOANS



1.4.3 Refinancing

On July 10, 2014, BPF and Santander Consumer Finance (SCF and its affiliates) signed a partnership framework agreement between the two groups in 11 countries. This partnership takes the form of joint ventures or commercial agreements. In August 2016, the partnership between Banque PSA Finance and the Santander Group was also expanded to Brazil.

From the start dates onwards, BPF is no longer responsible for the financing of joint ventures. The last startup took place on October 1, 2016. Since then, BPF only handles the financing of continuing operations (countries outside the scope of the framework agreement with SCF and outside Brazil: mainly Argentina, Mexico and Russia).

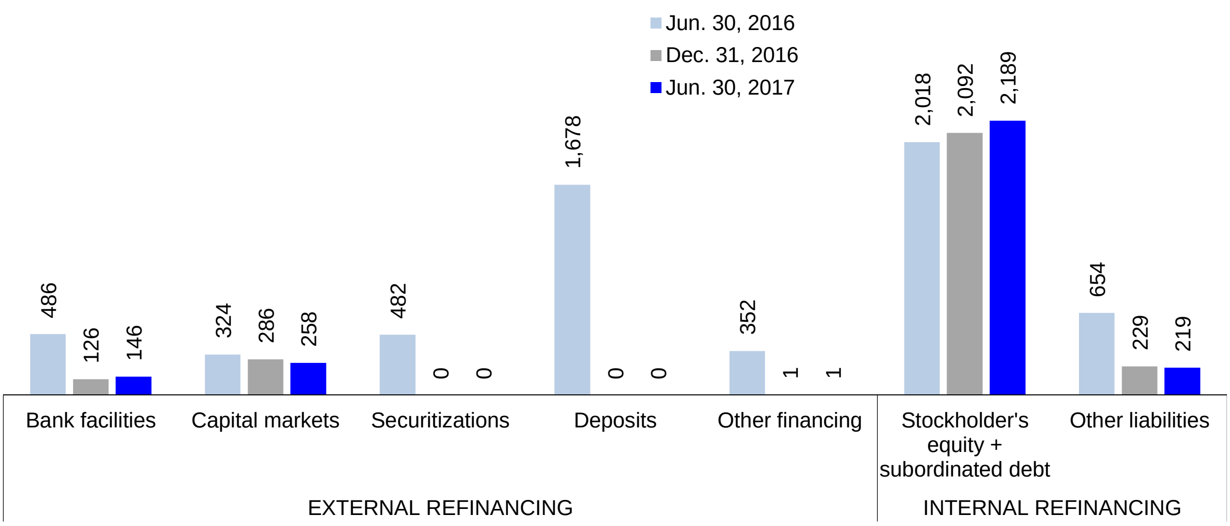
Banque PSA Finance relies on a capital structure and an equity ratio that is in compliance with the regulatory requirements, bolstered by the quality of the bank's assets.

Its financing is done with the greatest possible diversification in the sources of liquidity and a matching of the maturities of the sources of financing and those of its outstanding loans.

At June 30, 2017, mainly the sources of bond financing and a few bank credit lines outside the Euro zone remain on the balance sheet of Banque PSA Finance.

The following chart breaks down the financing arrangements by source of financing as of June 30, 2016, December 31, 2016 and June 30 2017.

SOURCES OF FINANCING *(in million euros)*
(EXCLUDING UNDRAWN CONFIRMED BANK CREDIT LINES)



1.4.4 Security of liquidity

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

At June 30, 2017, the liquidity reserve (available invested cash) represented €535 million (see note 17.2 to the consolidated financial statements) including €50 million of high-quality liquid assets, before weighting for the calculation of the liquidity coverage ratio (LCR).

Moreover, at June 30, 2017, BPF had undrawn committed credit facilities totaling €307 million (see note 17.2 to the consolidated financial statements).

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

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

1.4.5 Credit ratings

Given the gradual establishment of joint ventures with Santander Consumer Finance and the increased financing of businesses, Banque PSA Finance decided at the beginning of 2016 to no longer seek ratings from credit rating agencies.

1.4.6 Capital and capital requirements

On April 6, 2009, the French banking supervisor, Autorité de Contrôle Prudentiel et de Résolution or ACPR (formerly called the Commission Bancaire and now named "ACPR") authorized BPF to use the Internal Rating Based Advanced approaches (IRBA) to calculate the minimum capital requirement for the retail portfolio and the Internal Rating Based Foundation approaches (IRBF) for the corporate portfolio.

Nevertheless, the implementation of the cooperative agreement between Banque PSA Finance and Santander Group in 2015 and 2016 has had a significant impact on the scope and calculation of minimum capital requirements, and more generally, the CET1 ratio. Accordingly, since December 2016, Banque PSA Finance no longer uses the internal rating approach for the determination of weighted assets.

As part of the application of the new Basel III regulation, BPF confirms a strong financial position. At March 31, 2017, the Basel III solvency ratio stood at 47% for pillar I. Basel III regulatory capital amounted to €452 million and capital requirements stood at €78 million.

CAPITAL REQUIREMENTS

(in million euros)	**Mar 31, 2017**	**Dec 31, 2016**
Credit risk		
Standard approach	69	58
Of which Capital Requirement linked to shares of non consolidated entities and entities accounted for using the equity method	*20*	*15*
Foundation internal ratings-based approach (IRBF)	0	0
Advanced internal ratings-based approach (IRBA)	0	0
Subtotal	**69**	**58**
Operational risk - Capital Requirement (standard approach)	9	9
Currency risk - Capital Requirement (structural currency position)	0	0
Total Capital Requirement "Basel" (A)	**78**	**67**
Total Risk Weighted Assets (A)/0,08=(B)	975	838
Total regulatory capital "Basel" (C)	**452**	**310**
Of which expected impairment loss vs IFRS accounting impairment	**0**	**0**
Of which Capital Requirement linked to shares of non consolidated entities and entities accounted for using the equity method (unaccounted share to the Capital Requirement calculation)	**1 539**	**1 552**
Capital adequacy ratio "Basel" : (C)/(B)	**47%**	**37%**

All the data used to model and calculate credit risk is extracted from our management accounting systems. The latter, over the seven markets previously covered by internal approaches (for BPF or within the cooperative agreement with Santander), feed into the common risk databases that are used to homogeneously track all the risk parameters applicable to BPF.

The information from these two central risk management databases feed the central capital management tool. At the same time, some accounting data are also integrated with this central tool. After reconciling management and statutory accounting data, the minimum capital requirement is calculated and regulatory capital reports are produced.

1.5 Risk factors and risk management

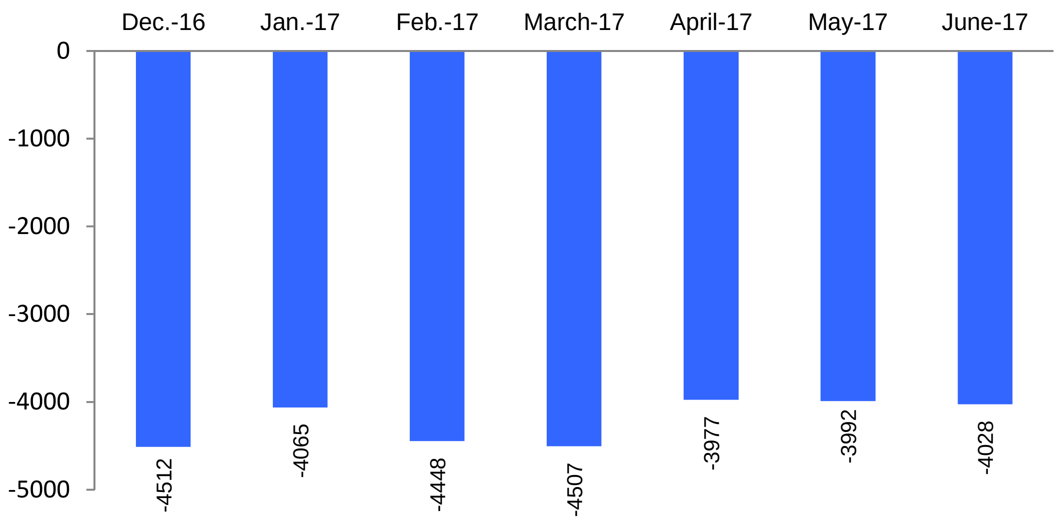
The main risk factors to which BPF may be exposed, as well as the methods used to assess, control and monitor risks, are presented in the 2016 Annual Report (section 1.6 “Risk Factors and Risk Management”) and include:

- Business Risk;
- Credit risk on the retail and corporate portfolios;
- Financial risks and market risk, comprising liquidity risk, the interest rate risk on the loan portfolio, counterparty risk and currency risk;
- Risks related to securitization operations;
- Concentration risk is approached under three angles: individual concentration of the credit portfolio, sector concentration related to corporate fleet and non-corporate fleet business customers, and concentration of bank refinancing granted to BPF;
- Operational, non-compliance and reputational risks;
- Specific risks related to the insurance business and services;
- Correlation between BPF and its shareholder.

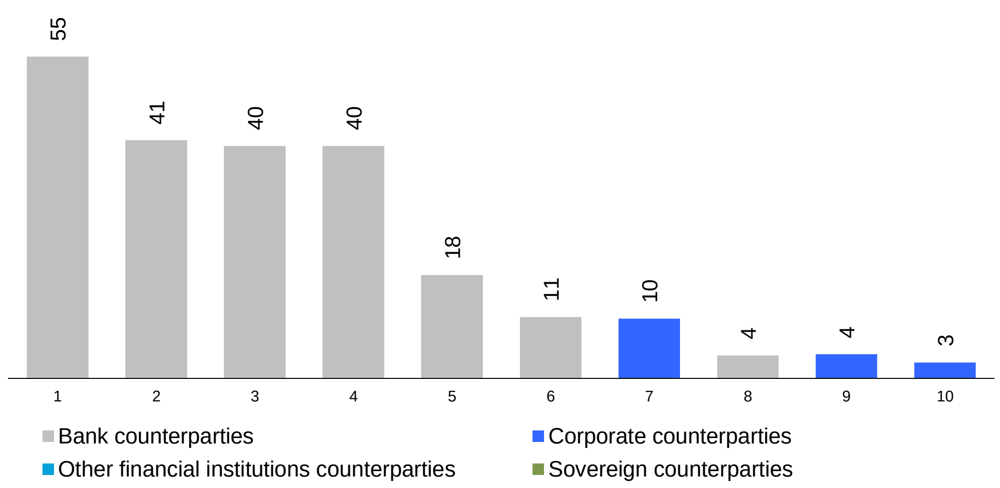
The risk factors and the ways in which they are managed are the same as those described in BPF 2016 annual report.

The BPF figures that are sensitive to a rate increase are presented below with a new approach to interest rate risk (exclusion of equity, and sensitivity to a 2% rate increase instead of 1%).

SENSITIVITY TO A 2% RATE INCREASE *(in million euros)*



THE TOP TEN RISK-WEIGHTED EXPOSURES TO CREDIT RISK AT JUNE 30, 2017
(in million euros, excluding financing extended to PSA Group entities)



1.6 Internal control

In accordance with the Order of November 3, 2014 regarding the internal controls for Banks and credit institutions, the internal control measures implemented by BPF, and maintained after the start of the partnership with Santander, focus on permanent and periodic control functions, and a first-tier of responsibility assumed by the operational units.

BPF has defined an internal control charter that establishes the organization, resources, scope, missions and processes of the Bank's control system.

1.6.1 Recurring controls

1.6.1.1 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 dedicated employees within the operating units. The first-tier controls are supervised by the units responsible for second-tier controls.

1.6.1.2 Second-tier controls

The various tasks of second-tier control are organized based on risk mapping that is maintained by the Bank's risk management department and involves three components:

- Compliance Control;
- Operational and IT Activities Control;
- Operational Accounting Risk, Refinancing and Cash Management.

They involve the operational entities, including insurance, and the central structures. It is specified that:

- the operational activities of the joint ventures within the partnership with Santander are controlled by the second-tier control entities of these joint ventures within the framework and subject to the monitoring of the central units of the two shareholders;
- a system for the self-certification of the first-tier controls by the operations officers is being gradually deployed.

1.6.2 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.

1.6.3 Oversight by Executive Management and the Board

Internal controls are monitored by the decision-making bodies and executive management: the Board of Directors (particularly through the work of the Audit & Risk Committee, which meets a minimum of four times per year) and BPF's Management Committee, particularly through dedicated committee meetings.

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.

1.6.4 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 & 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 at the level of the corporate departments or the operational entities.

These specific committees specifically monitor:

- credit risks, monitor changes in troubled loans and credit losses, and analyze the performance of the risk selection systems for retail and corporate (fleet and dealer) loan books;
- loan books of the financing dealers networks and company fleets depending on the delegation level;
- developments in the Basel II system;
- margins, income and processes;
- monitoring of refinancing, and the management of the Bank's liquidity, interest rate and foreign exchange risks;
- the IT Security Committee;
- the Compliance Committee.

1.7 Main events and subsequent events

The main events of the first half of 2017 are described in note 1 to the consolidated financial statements. Subsequent events are described in note 23 to the consolidated financial statements.

2

CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2017

2.1 Consolidated Balance Sheet

(in million euros)	*Notes*	**June 30, 2017**	**Dec. 31, 2016**
Assets			
Cash, central banks, post office banks	*3*	54	58
Financial assets at fair value through profit or loss	*4*	474	389
Hedging instruments	*5*	1	5
Available-for-sale financial assets		2	5
Loans and advances to credit institutions	*6*	200	223
Customer loans and receivables	*7, 20*	345	346
Fair value adjustments to finance receivables portfolios hedged against interest rate risks		-	-
Held-to-maturity investments		-	-
Current tax assets	*21.1*	15	13
Deferred tax assets	*21.1*	13	16
Accruals and other assets	*8*	102	89
Investments in associates and joint ventures accounted for using the equity method	*9*	1,544	1,527
Property and equipment		2	2
Intangible assets		59	61
Goodwill		1	1
Total assets of continuing operations		**2,812**	**2,735**
Total assets of operations to be taken over by partnership (or held for sale)		**-**	**-**
Total assets		**2,812**	**2,735**

(in million euros)	*Notes*	**June 30, 2017**	**Dec. 31, 2016**
Equity and liabilities			
Central banks, post office banks		-	-
Financial liabilities at fair value through profit or loss		-	-
Hedging instruments		1	1
Deposits from credit institutions	*10*	146	126
Due to customers	*11*	8	4
Debt securities	*12*	258	286
Fair value adjustments to debt portfolios hedged against interest rate risks		13	15
Current tax liabilities	*21.1*	7	-
Deferred tax liabilities	*21.1*	4	12
Accruals and other liabilities	*13*	81	73
Liabilities related to insurance contracts	*14.1*	89	88
Provisions		16	38
Subordinated debt		-	-
Total liabilities of continuing operations		**623**	**643**
Total transferred liabilities of operations to be taken over by partnership (or held for sale)		**-**	**-**
Equity		**2,189**	**2,092**
- Equity attributable to equity holders of the parent		2,173	2,071
- Share capital and other reserves		835	835
- Consolidated reserves		1,483	1,373
- *Of which Net income - equity holders of the parent*		*110*	*98*
- Income and expenses recognized directly in Equity		(145)	(137)
- *Of which Net income - equity holders of the parent (share of items recycled in profit or loss)*		*9*	*100*
- Minority interests		16	21
Total equity and liabilities		**2,812**	**2,735**

2.2 Consolidated Statement of Income

(in million euros)	*Notes*	**June 30, 2017**	**June 30, 2016**	**Dec. 31, 2016**
Net interest revenue on customer transactions		**41**	**32**	**41**
- Interest and other revenue on assets at amortized cost	*18*	37	36	72
- Fair value adjustments to finance receivables hedged against interest rate risks		-	-	1
- Interest on hedging instruments		-	(3)	(2)
- Fair value adjustments to hedging instruments		-	(1)	(2)
- Interest expense on customer transactions		-	(1)	(2)
- Other revenue and expense		4	1	(26)
Net investment revenue		**-**	**1**	**1**
- Interest and dividends on marketable securities		-	1	1
- Fair value adjustments to assets valued using the fair value option		-	-	-
- Gains and losses on sales of marketable securities		-	-	-
- Investment acquisition costs		-	-	-
Net refinancing cost		**(24)**	**(19)**	**(36)**
- Interest and other revenue from loans and advances to credit institutions		1	2	4
- Interest on deposits from credit institutions		(14)	(11)	(26)
- Interest on debt securities		(10)	(9)	(18)
- Interest on passbook savings accounts		-	-	-
- Expenses related to financing commitments received		(1)	(8)	(9)
- Fair value adjustments to financing liabilities hedged against interest rate risks		2	-	10
- Interest on hedging instruments		4	10	16
- Fair value adjustments to hedging instruments		(6)	-	(10)
- Fair value adjustments to financing liabilities valued using the fair value option		-	-	-
- Debt issuing costs		-	(3)	(3)
Net gains and losses on trading transactions		**(1)**	**(2)**	**(3)**
- Interest rate instruments		-	-	(1)
- Currency instruments		(1)	(2)	(2)
Net gains and losses on available-for-sale financial assets		**-**	**-**	**-**
Margin on sales of Insurance services	*14.2*	**13**	**22**	**28**
- Earned premiums		44	58	104
- Paid claims and change in liabilities related to insurance contracts		(31)	(36)	(76)
Margin on sales of services		**2**	**6**	**10**
- Revenues		2	6	10
- Expenses		-	-	-
Net banking revenue		**31**	**40**	**41**
General operating expenses	*19*	**(6)**	**(25)**	**(14)**
- Personnel costs		(4)	(4)	(9)
- Other general operating expenses		(2)	(21)	(5)
Depreciation and amortization of intangible and tangible assets		**(7)**	**(8)**	**(21)**
Gains and losses on investments in companies and other disposals of fixed assets		**-**	**-**	**-**
Gross operating income		**18**	**7**	**6**
Cost of risk	*20*	(3)	-	(5)
Operating income		**15**	**7**	**1**
Share in net income of associates and joint ventures accounted for using the equity method	*9*	113	87	195
Impairment on goodwill		-	-	-
Pension obligation - expense		-	-	-
Pension obligation - income		-	-	-
Other non-operating items		-	4	4
Costs of non-transferred debts of operations to be taken over by partnership		-	(16)	(16)
Pre-tax income		**128**	**82**	**184**
Income taxes	*21.2*	(6)	(6)	(13)
Net income of continuing operations		**122**	**76**	**171**
- of which attributable to equity holders of the parent		*119*	*70*	*163*
- of which minority interests		*3*	*6*	*8*
Gross income of operations to be taken over by partnership (or held for sale)		-	57	53
Income tax on operations to be taken over by partnership (or held for sale)	*21.2*	-	(22)	(22)
Net income of operations to be taken over by partnership (or held for sale)		**-**	**35**	**31**
- of which attributable to equity holders of the parent		*-*	*39*	*35*
- of which minority interests		*-*	*(4)*	*(4)*
Net income for the year		**122**	**111**	**202**
- of which attributable to equity holders of the parent		*119*	*109*	*198*
- of which minority interests		*3*	*2*	*4*
Net income of continuing operations - attributable to equity holders of the parent - per share (in €)		*10.7*	*6.3*	*14.6*
Net income - Earnings per share (in €)		*10.7*	*9.8*	*17.8*

2.3 Net Income and Income and Expenses Recognized Directly in Equity

	June 30, 2017			June 30, 2016			Dec. 31, 2016		
(in million euros)	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Net income	128	(6)	**122**	139	(28)	**111**	237	(35)	**202**
- of which minority interests			*3*			*2*			*4*
Recyclable in profit and loss items									
Fair value adjustments to hedging instruments (1)	(2)	1	**(1)**	2	-	**2**	1	-	**1**
- of which revaluation reversed in net income	-	-	**-**	-	-	**-**	-	-	**-**
- of which revaluation directly by equity	*(2)*	*1*	***(1)***	*2*	-	***2***	*1*	-	***1***
Exchange difference	(5)	-	**(5)**	31	-	**31**	35	-	**35**
- of which operations to be taken over by partnership	-	-	**-**	*32*	-	***32***	-	-	**-**
OCI of joint ventures	(13)	-	**(13)**	(26)	-	**(26)**	(29)	-	**(29)**
Total recyclable in profit and loss items	(20)	1	**(19)**	7	-	**7**	7	-	**7**
- of which minority interests			*(2)*			*(3)*			*(4)*
Not recyclable in profit and loss items									
Actuarial gains and losses on pension obligations	-	-	**-**	-	-	**-**	-	-	**-**
OCI of joint ventures	3	(1)	**2**	(2)	-	**(2)**	6	(1)	**5**
Total income and expenses recognized directly in Equity	(17)	-	**(17)**	5	-	**5**	13	(1)	**12**
- of which minority interests			*(2)*			*(3)*			*(4)*
Total net income and income and expenses recognized directly in Equity	111	(6)	**105**	144	(28)	**116**	250	(36)	**214**
- of which attributable to equity holders of the parent			*104*			*117*			*214*
- of which minority interests			*1*			*(1)*			-

(1) Including a €1,6 million loss due to hedging cross currency swaps' basis spread at June 30, 2017 (€1.4 million gain at June 30, 2016 and €1 million gain at December 31, 2016).

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	Legal reserve and other reserves	Consoli-dated reserves	Fair value adjustments to hedging instruments	Actuarial gains and losses on pension obligations	Exchange difference	OCI of joint ventures	Equity attributable to equity holders of the parent	Minority interests	Total equity
At December 31, 2015	**177**	**340**	**318**	**1,713**	**(3)**	**(4)**	**(259)**	**13**	**2,295**	**32**	**2,327**
Distribution of dividends by:											
- Banque PSA Finance				(419)					(419)		(419)
- Other companies									-	(6)	(6)
Net Income				105	-	6	-	(2)	109	2	111
Income and Expenses Recognized Directly in Equity				-	2	-	34	(28)	8	(3)	5
Other				(1)	-	-	-	-	(1)	1	-
At June 30, 2016	**177**	**340**	**318**	**1,398**	**(1)**	**2**	**(225)**	**(17)**	**1,992**	**26**	**2,018**
Distribution of dividends by:											
- Banque PSA Finance				(15)					(15)		(15)
- Other companies									-	-	-
Net Income				(7)	-	(2)	98	-	89	2	91
Income and Expenses Recognized Directly in Equity				-	(1)	-	5	4	8	(1)	7
Effect of a change in ownership interest (2)				(5)					(5)	(5)	(10)
Other				2	-	-	-	-	2	(1)	1
At December 31, 2016	**177**	**340**	**318**	**1,373**	**(2)**	**-**	**(122)**	**(13)**	**2,071**	**21**	**2,092**
Distribution of dividends by:											
- Banque PSA Finance				-					-		-
- Other companies									-	(6)	(6)
Net Income				110	-	-	9	-	119	3	122
Income and Expenses Recognized Directly in Equity				-	(1)	-	(5)	(11)	(17)	(2)	(19)
Other				-	-	-	-	-	-	-	-
At June 30, 2017	**177**	**340**	**318**	**1,483**	**(3)**	**-**	**(118)**	**(24)**	**2,173**	**16**	**2,189**

Share capital amounts to €177 million, made up of 11,088,000 common shares, all fully paid. There were no changes in capital during the period.

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

(2) *Acquisition by Banque PSA Finance of Peugeot S.A.'s shares of the PSA Assurance SAS subsidiary, resulting in the ownership interest attributable to the Group going from 94.12% to 100%.*

2.5 Consolidated Statement of Cash Flows

(in million euros)	June 30, 2017	June 30, 2016	Dec. 31, 2016
Net income of continuing operations attributable to equity holders of the parent	**119**	**70**	**163**
Restatement of costs of non-transferred debts of operations to be taken over by partnership, after taxes	-	11	11
Elimination of income without cash effect:			
- Minority interests in income of subsidiaries	3	6	8
- Net income of associates accounted for using the equity method, net of dividends received	(47)	(12)	(107)
- Change in depreciation, amortization and other provisions	(13)	(3)	(8)
- Change in deferred taxes	(5)	1	6
- (Profit)/loss on disposals of assets	(1)	(4)	(4)
Funds from operations	**56**	**69**	**69**
Increase/decrease in:			
- loans and advances to credit institutions	(6)	1,245	1,470
- deposits from credit institutions	32	(564)	(701)
Change in customer loans and receivables	(24)	34	(40)
Increase/decrease in:			
- amounts due to customers	5	71	(156)
- financial assets at fair value through profit or loss	10	18	262
- financial liabilities at fair value through profit or loss	-	(1)	(2)
- hedging instruments	3	1	9
- debt securities	(26)	-	239
Change in working capital: assets	2	56	58
Change in working capital: liabilities	9	(21)	148
Net cash provided by operating activities	**61**	**908**	**1,356**
Acquisitions of shares in subsidiaries	-	(17)	(71)
Proceeds from disposals of shares in subsidiaries	1	43	202
Capital (increase) / decrease	4	-	(5)
Investments in fixed assets	(11)	(5)	(19)
Proceeds from disposals of fixed assets	7	-	1
Effect of changes in scope of consolidation	2	-	-
Net cash used by investing activities	**3**	**21**	**108**
Dividends paid to PSA Group	-	(219)	(434)
Dividends paid to minority interests	-	(5)	(11)
Capital increase / (decrease)	-	-	-
Net dividends received from operations to be taken over by partnership	-	51	120
Net cash used by financing activities	**-**	**(173)**	**(325)**
Costs of non-transferred debts of operations to be taken over by partnership, after taxes	-	(11)	(11)
Changes in liabilities due to financing of operations to be taken over by partnership	-	(2,247)	(2,604)
Total net cash of financing operations to be taken over by partnership	**-**	**(2,258)**	**(2,615)**
Net income of operations to be taken over by partnership	-	35	31
Change in assets and liabilities of operations to be taken over by partnership	-	1,217	1,186
Net dividends paid by operations to be taken over by partnership	-	(51)	(120)
Total net cash from operations to be taken over by partnership	**-**	**1,201**	**1,097**
Effect of changes in exchange rates	(1)	9	16
Net change in cash and cash equivalents	**63**	**(292)**	**(363)**
Cash and cash equivalents at the beginning of the period	**530**	**893**	**893**
Cash, central banks, post office banks	58	182	182
- of which operations to be taken over by partnership	-	*28*	*28*
Marketable securities qualified as cash equivalents	249	340	340
Current account advances and loans and advances at overnight rates	223	347	347
- of which operations to be taken over by partnership	-	*280*	*280*
Time accounts qualified as cash equivalents	-	24	24
Cash and cash equivalents at the end of the period	**593**	**601**	**530**
Cash, central banks, post office banks	54	70	58
- of which operations to be taken over by partnership	-	60	-
Marketable securities qualified as cash equivalents	344	278	249
Current account advances and loans and advances at overnight rates	195	236	223
- of which operations to be taken over by partnership	-	155	-
Time accounts qualified as cash equivalents	-	17	-

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

Banque PSA Finance and BNP Paribas Personal Finance announce a strategic partnership around the joint acquisition of Opel/Vauxhall's financing activities

As part of the broader alliance between PSA Group and GM's Opel subsidiary announced on March 6, 2017, Banque PSA Finance and BNP Paribas have agreed to jointly acquire Opel / Vauxhall's captive financing activities and have entered into a long-term strategic partnership around the Opel and Vauxhall brands.

Both Boards of Directors unanimously approved this partnership agreement. The transaction is expected to close in the fourth quarter of 2017 and is subject to customary anti-trust and other regulatory approvals.

B. Changes in Group Structure

In January 2017, Banque PSA Finance carried out the dissolution of its fully owned subsidiary PSA Assurance SAS, through a complete transfer of assets and liabilities. The transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

Since January 2017, the fully owned insurance company PCA Compañía de Seguros S.A., operating in Argentina, has been fully consolidated in the financial statements of Banque PSA Finance Group.

In February 2017, the non-significant structure under liquidation proceedings PSA Financial Hungaria Zrt. was deconsolidated with no significant impact on the financial statements of Banque PSA Finance Group.

Since March 2017, the fully owned russian subsidiary Peugeot Citroën Leasing has been fully consolidated in the financial statements of Banque PSA Finance Group.

Note 2 Accounting Policies

The interim consolidated financial statements for the six months ended June 30, 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows to present a selection of explanatory notes. The condensed interim consolidated financial statements should be red and understood in conjunction with the 2016 consolidated financial statements.

The accounting principles applied to prepare the interim consolidated financial statements for the six months ended June 30, 2017, are identical to those used to prepare the 2016 consolidated financial statements, with the exception of the application of new compulsory standards and interpretations, see section: "New compulsory standards and interpretations applicable on January 1, 2017".

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, 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date.

The presentation of Banque PSA Finance's interim consolidated financial statements for the six months ended June 30, 2017 is prepared according to the recommendations of the French accounting standards setter, in particular the recommendation N°2013-04 of November 7, 2013 which will be replaced by the recommendation N°2017-02 of June 2, 2017 related to the presentation of the consolidated financial statements of banking institutions on January 1, 2018.

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

New IFRSs and IFRIC Interpretations applicable compulsorily in the fiscal year commencing on January 1, 2017

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2017 and applied by Banque PSA Finance Group are the following:

- Amendments to IAS 7 - Disclosure Initiative

These amendments concern proposals for the disclosure of a reconciliation of liabilities whose cash flows were, or future cash flows would be, classified as financing activities in the statement of cash flows; and restrictions that affect the decisions of an entity to use cash and cash equivalent balances.

- Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

These amendments are to clarify that a company should account for all income tax consequences of dividends in the same way, regardless of how the tax arises.

- Amendments to IFRS 12 - Disclosure of Interests in Other Entities

These amendments concern the clarification of the scope of the disclosure requirements and make part of Annual Improvements 2014–2016.

These 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, 2017

Potential impact of texts or projects published by IASB and IFRIC with compulsory application in the European Union from the period after January 1st, 2016, or not yet adopted by the European Union is currently being analyzed; such is especially the case for:

- IFRS 15 – Revenue from Contracts with Customers. The final version of this standard was published by the IASB in May 2014. This standard is effective for annual periods beginning on or after January 1, 2018 subject to the adoption by the European Union. IFRS 15 concerns requirements for the recognition of revenue from Contracts with Customers. Contracts that are within the scope of other standards are excluded of the scope of IFRS 15 : Contracts on Leases, Insurance Contracts and Financial Instruments. As a consequence, the major part of Banque PSA Finance's revenues is excluded from the scope of this new standard. Concerning other cases, no significant modifications concerning accounting methods are expected (fees of new business providers) for Banque PSA Finance.

- IFRS 9 – Financial Instruments which is intended to replace IAS 39 - Financial Instruments. The final version of this standard was published by the IASB in July 2014.

The final version of IFRS 9 groups together 3 phases:

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

The package of improvements introduced by IFRS 9 includes:

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

Information to be disclosed in the notes to the financial statements was also reinforced. The global objective is to improve the information of investors.

IFRS 9 comes into effect on 1 January 2018 subject to the adoption by the European Union. Early application will be permitted.

The analysis of the impacts of Phase 1 of IFRS 9 on Banque PSA Finance was started in June 2016. The project related to the analysis of the impacts of Phase 2 of IFRS 9 on Banque PSA Finance was launched in October 2016. The analysis of Phase 3 was started in 2017.

The analysis is carried out in cooperation with Santander concerning the scope of partnership of Banque PSA Finance and Santander.

- 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 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 expected for the financial statements of some clients of Banque PSA Finance, as lessees will need to disclose new information.

IFRS 17 - Insurance Contracts

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

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

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

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

Note 3 Cash, Central Banks, Post Office Banks

(in million euros)	June 30, 2017	Dec. 31, 2016
Cash and post office banks	-	-
Central banks (1)	54	58
- *of which compulsory reserves deposited with the Banque de France*	-	-
Total	**54**	**58**

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

Note 4 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	June 30, 2017	31.12.2016
Marketable securities	474	389
- Mutual funds	433	329
- Mutual funds qualified as cash equivalents (1)	344	249
- Units held by insurance companies	89	80
- Certificates of deposit and Treasury bills	-	-
- Bonds issued by the securitization funds in the Santander joint venture	41	60
- *of which held by insurance companies*	*23*	*23*
Fair value adjustments	-	-
Marketable securities booked at fair value through profit or loss	**474**	**389**
- *of which accrued interest*	-	*1*
Foreign exchange hedging instruments	**-**	**-**
Accrued interest on trading derivatives	**-**	**-**
Fair value of trading derivatives	**-**	**-**
Total	**474**	**389**

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

Note 5 Hedging Instruments - Assets

5.1 Analysis by Nature

(in million euros)	June 30, 2017	Dec. 31, 2016
Adjustment accounts - commitments in foreign currencies (1)	**42**	**60**
- of which related companies	*-*	*1*
Accrued income on swaps designated as hedges	**3**	**4**
- of which related companies	*-*	*-*
Positive fair value of instruments designated as hedges of:	**13**	**21**
- Borrowings	-	-
- EMTNs/BMTNs	13	21
- of which due to hedging cross currency swaps' basis spread	*(5)*	*(3)*
- Bonds	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	-	-
- Variable rate EMTN (Cash Flow Hedge)	-	-
Offsetting positive fair value and received margin calls	**(57)**	**(80)**
Total	**1**	**5**

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

(1) *Adjustment accounts are used to record fair value adjustments to currency swaps designated as hedges of foreign currency customer loans refinanced in euros and foreign currency financing liabilities. These fair value adjustments are offset by adjustments arising from the remeasurement of the underlying foreign currency customer loans and financing liabilities at period-end exchange rates (see "A. Operational Positions in Foreign Currencies" in Note 15).*

5.2 Offsetting swaps with margin call designated as hedges - Assets

For 2017

(in million euros)	Asset gross amount				
Positive valued swaps	Swap's winning leg	Swap's losing leg	**Asset net amount before offsetting**	**Offsetting with received margin calls**	**Balance sheet amount after offsetting**
Adjustment accounts - commitments in foreign currencies	**220**	**(178)**	**42**	**-**	**42**
- Cross currency swap with margin call	220	(178)	42	-	42
- Other instruments			-	-	-
Accrued income	**3**	**-**	**3**	**-**	**3**
- Swaps with margin call	3	-	3	-	3
- Swaps without margin call	-	-	-	-	-
Positive fair value	**206**	**(193)**	**13**	**-**	**13**
- Swaps with margin call	206	(193)	13	-	13
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-	-	(57)	**(57)**
Total assets	**429**	**(371)**	**58**	**(57)**	**1**
Margin calls received on swaps designated as hedges (deferred income - see Note 13)	-	-	57	(57)	**-**
Total liabilities	**-**	**-**	**57**	**(57)**	**-**

For 2016

(in million euros)	Asset gross amount				
Positive valued swaps	Swap's winning leg	Swap's losing leg	**Asset net amount before offsetting**	**Offsetting with received margin calls**	**Balance sheet amount after offsetting**
Adjustment accounts - commitments in foreign currencies	**238**	**(178)**	**60**	**-**	**60**
- Cross currency swap with margin call	237	(178)	59	-	59
- Other instruments	1	-	1	-	1
Accrued income	**4**	**-**	**4**	**-**	**4**
- Swaps with margin call	4	-	4	-	4
- Swaps without margin call	-	-	-	-	-
Positive fair value	**296**	**(275)**	**21**	**-**	**21**
- Swaps with margin call	296	(275)	21	-	21
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-	-	(80)	**(80)**
Total assets	**538**	**(453)**	**85**	**(80)**	**5**
Margin calls received on swaps designated as hedges (deferred income - see Note 13)	-	-	80	(80)	**-**
Total liabilities	**-**	**-**	**80**	**(80)**	**-**

Note 6 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	June 30, 2017	Dec. 31, 2016
Demand accounts	**195**	**223**
- Ordinary accounts in debit	195	223
- of which allocated to the liquidity reserve (1)	*137*	*167*
- of which held by insurance companies	*52*	*49*
- of which related companies	*44*	*40*
Time accounts	**5**	**-**
- Time accounts qualified as cash equivalents (1)	-	-
- Other	5	-
Accrued interest	**-**	**-**
Total	**200**	**223**

(1) *The part of ordinary accounts allocated to the liquidity reserve and time accounts qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 17.2).*

Note 7 Customer Loans and Receivables

7.1 Analysis by Type of Financing

(in million euros)	June 30, 2017	Dec. 31, 2016
Installment contracts	**274**	**272**
Buyback contracts (1)	**4**	**5**
Principal and interest	6	7
Unaccrued interest on buyback contracts	(2)	(2)
Long-term leases (1)	**40**	**33**
Principal and interest	44	37
- Related companies	-	-
- Non-group companies	44	37
Unaccrued interest on long-term leases	(3)	(3)
Leasing deposits	(1)	(1)
Wholesale financing	**46**	**47**
Principal and interest	46	47
- Related companies	-	-
- Non-group companies	46	47
Other finance receivables	**4**	**8**
- Related companies	-	-
- Non-group companies	4	8
Ordinary accounts in debit	**1**	**-**
- Related companies	1	-
- Cash pooling (2):		
- Before offsetting	9	8
- Offsetting of continuing operations	(8)	(8)
- Other	-	-
- Non-group companies	-	-
Deferred items included in amortized cost - Customers loans and receivables	**(24)**	**(19)**
- Deferred acquisition costs	2	2
- Deferred loan set-up costs	(14)	(9)
- Deferred manufacturer and dealer contributions	(12)	(12)
Total Loans and Receivables at Amortized Cost	**345**	**346**

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

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

7.2 Customer Loans and Receivables by Segment

For 2017

IFRS 8 Segment *(in million euros)*	Corporate Dealers (A - see B Note 20.1)	End user Retail (B - see A Note 20.1)	End user Corporate and equivalent (C - see C Note 20.1)	Total at June 30, 2017
Type of financing				
Installment contracts	-	272	2	274
Buyback contracts	-	2	2	4
Long-term leases	3	19	18	40
Wholesale financing	46	-	-	46
Other finance receivables	4	-	-	4
Ordinary accounts in debit	-	-	1	1
Deferred items included in amortized cost	-	(24)	-	(24)
Total customer loans by segment (based on IFRS 8)	**53**	**269**	**23**	**345**

For 2016

IFRS 8 Segment *(in million euros)*	Corporate Dealers (A - see B Note 20.1)	End user Retail (B - see A Note 20.1)	End user Corporate and equivalent (C - see C Note 20.1)	Total at December 31, 2016
Type of financing				
Installment contracts	-	270	2	272
Buyback contracts	-	3	2	5
Long-term leases	5	19	9	33
Wholesale financing	47	-	-	47
Other finance receivables	8	-	-	8
Ordinary accounts in debit	-	-	-	-
Deferred items included in amortized cost	-	(19)	-	(19)
Total customer loans by segment (based on IFRS 8)	**60**	**273**	**13**	**346**

Note 8 Accruals and Other Assets

(in million euros)	June 30, 2017	Dec. 31, 2016
Other receivables	**32**	**38**
- Related companies	21	28
- of which insurance activities	*10*	*14*
- Non-group companies	11	10
Dividends receivable from Joint Ventures with Santander	**19**	**3**
- of which insurance activities	*3*	*3*
Prepaid and recoverable taxes	**19**	**14**
Accrued income	**21**	**27**
- Related companies	9	9
- Non-group companies	12	18
- of which insurance activities	*12*	*13*
Prepaid expenses	**2**	**2**
Other	**9**	**5**
- Related companies	-	-
- Non-group companies	8	5
- of which insurance activities	*1*	*-*
Total	**102**	**89**

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

9.1 Investments

(in million euros)	June 30, 2017	Dec. 31, 2016
At the beginning of the period	**1,527**	**981**
Change in Group structure	-	448
Capital increase and contributions to reserves	-	20
Capital decrease	(4)	-
Share in net income	113	195
Distribution of dividends	(81)	(91)
Income and Expenses Recognized Directly in Equity	3	4
Exchange difference	(14)	(30)
At the end of the period	**1,544**	**1,527**
- of which goodwill (1)	*2*	*3*

Table of Changes by Geographical Area

	Europe	Brazil	China		
(in million euros) Partnership with	Santander CF	Santander	Dongfeng Peugeot Citroën	*of which goodwill (1)*	Total
At December 31, 2015	**916**		**65**	***3***	**981**
Change in Group structure	148		-	-	148
Capital increase and contributions to reserves	15		-	-	15
Share in net income	80		7	-	87
Distribution of dividends	(75)		-	-	(75)
Income and Expenses Recognized Directly in Equity	(3)		-	-	(3)
Exchange difference	(21)		(3)	-	(24)
At June 30, 2016	**1,060**		**69**	***3***	**1,129**
Change in Group structure	262	38	-	-	300
Capital increase and contributions to reserves	5	-	-	-	5
Share in net income	99	2	7	-	108
Distribution of dividends	(16)	-	-	-	(16)
Income and Expenses Recognized Directly in Equity	7	-	-	-	7
Exchange difference	(9)	2	1	-	(6)
At December 31, 2016	**1,408**	**42**	**77**	***3***	**1,527**
Capital decrease	(4)	-	-	-	(4)
Share in net income	101	2	10	-	113
Distribution of dividends	(80)	(1)	-	-	(81)
Income and Expenses Recognized Directly in Equity	3	-	-	-	3
Exchange difference	(5)	(4)	(5)	*(1)*	(14)
At June 30, 2017	**1,423**	**39**	**82**	***2***	**1,544**

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

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

On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY37.8 million and on March 2015, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY18.8 million (€2.4 million at June 30, 2017 versus €2.6 million at December 31, 2016).

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

9.2 Detailed information about Associates - Joint ventures

Most of the implemented joint ventures in the framework of the partnerships agreement with Santander CF 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 Santander in Brazil
9.2.3 Partnership with Dongfeng Peugeot Citroën in China

9.2.1 Partnership with Santander CF in Europe

The partnership in Europe concerns the following countries:

FR	France	since February 2015
UK	United Kingdom	since February 2015
MT	Malta	since May 2015
CH	Switzerland	since October 2015
ES	Spain	since October 2015
IT	Italy	since January 2016
NL	Netherlands	since February 2016
BE	Belgium	since May 2016
AT	Austria	since July 2016
DE	Germany	since July 2016
PL	Poland	since October 2016

Equity accounted percentage: 50%

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

Key Balance Sheet Items

(in million euros)	**June 30, 2017**	**Dec. 31, 2016**
Customer loans and receivables	22,483	21,954
Other assets	2,613	2,419
Total assets	**25,096**	**24,373**
Refinancing	17,514	17,174
Other liabilities	4,736	4,383
Equity	2,846	2,816
Total equity and liabilities	**25,096**	**24,373**

Key Income Statement Items

(in million euros)	**June 30, 2017**	**June 30, 2016**	**Dec. 31, 2016**
Net banking revenue	**503**	**402**	**882**
General operating expenses and equivalent	(182)	(151)	(323)
Gross operating income	**321**	**251**	**559**
Cost of risk (1)	(24)	(10)	(28)
Operating income	**297**	**241**	**531**
Income taxes	(95)	(81)	(174)
Net income for the year	**202**	**160**	**357**

(1) See the "Additional information on the cost of risk of joint ventures" section in Note 22.2.

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 December 31, 2015	**1,833**	**50%**	**916**	**(782)**	**-**	**134**	***4***
Change in Group structure	296		148	(186)		(38)	
Capital increase and contributions to reserves	30		15			15	
Net income of the period	160		80			80	
Distribution of dividends	(150)		(75)			(75)	
Income and Expenses Recognized Directly in Equity	(6)		(3)			(3)	
Exchange difference	(42)		(21)			(21)	*(21)*
At June 30, 2016	**2,121**	**50%**	**1,060**	**(968)**	**-**	**92**	***(17)***
Change in Group structure	523		262	(254)		8	
Capital increase and contributions to reserves	10		5	(15)		(10)	
Net income of the period	197		99			99	
Distribution of dividends	(32)		(16)			(16)	
Income and Expenses Recognized Directly in Equity	14		7			7	
Exchange difference	(17)		(9)			(9)	*(9)*
At December 31, 2016	**2,816**	**50%**	**1,408**	**(1,237)**	**-**	**171**	***(26)***
Capital decrease	(7)		(4)	4		-	
Net income of the period	202		101			101	
Distribution of dividends	(161)		(80)			(80)	
Income and Expenses Recognized Directly in Equity	5		3			3	
Exchange difference	(9)		(5)			(5)	*(5)*
At June 30, 2017	**2,846**	**50%**	**1,423**	**(1,233)**	**-**	**190**	***(31)***

(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)	**June 30, 2017**	**Dec. 31, 2016**
Investments in associates and joint ventures accounted for using the equity method	1,423	1,408
Total assets	**1,423**	**1,408**
Equity		
- Historical value of the shares owned (1)	1,233	1,237
- Consolidated reserves - equity holders of the parent	190	171
- of which share in net income accounted for using the equity method	*101*	*179*
Total equity and liabilities	**1,423**	**1,408**

(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 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)	June 30, 2017	Dec. 31, 2016
Customer loans and receivables	421	496
Other assets	52	62
Total assets	**473**	**558**
Refinancing	381	461
Other liabilities	15	13
Equity	77	84
Total equity and liabilities	**473**	**558**

Key Income Statement Items

(in million euros)	June 30, 2017	Dec. 31, 2016
Net banking revenue	**18**	**13**
General operating expenses and equivalent	(10)	(7)
Gross operating income	**8**	**6**
Cost of risk (1)	(1)	-
Operating income	**7**	**6**
Income taxes	(3)	(2)
Net income for the year	**4**	**4**

(1) *See the "Additional information on the cost of risk of joint ventures" section in Note 22.2.*

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 December 31, 2016	**84**	**50%**	**42**	**(27)**	**-**	**15**	***2***
Net income of the period	4		2			2	
Distribution of dividends	(3)		(1)			(1)	
Income and Expenses Recognized Directly in Equity	-		-			-	
Exchange difference	(8)		(4)			(4)	*(4)*
At June 30, 2017	**77**	**50%**	**39**	**(27)**	**-**	**12**	***(2)***

(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)	June 30, 2017	Dec. 31, 2016
Investments in associates and joint ventures accounted for using the equity method	39	42
Total assets	**39**	**42**
Equity		
- Historical value of the shares owned (1)	27	27
- Consolidated reserves - equity holders of the parent	12	15
- of which share in net income accounted for using the equity method	*2*	*2*
Total equity and liabilities	**39**	**42**

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

9.2.3 Partnership with Dongfeng Peugeot Citroën in China

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

Equity accounted percentage: 25%

Fully financial information

Key Balance Sheet Items

(in million euros)	**June 30, 2017**	**Dec. 31, 2016**
Customer loans and receivables	1,914	2,220
Other assets	133	101
Total assets	**2,047**	**2,321**
Refinancing	1,161	1,357
Other liabilities	566	665
Equity	320	299
Total equity and liabilities	**2,047**	**2,321**

Key Income Statement Items

(in million euros)	**June 30, 2017**	**June 30, 2016**	**Dec. 31, 2016**
Net banking revenue	**59**	**56**	**116**
General operating expenses and equivalent	(13)	(15)	(28)
Gross operating income	**46**	**41**	**88**
Cost of risk	2	(4)	(9)
Operating income	**48**	**37**	**79**
Income taxes	(9)	(8)	(20)
Net income for the year	**39**	**29**	**59**

Statement of changes from 100% Equity to equity method

(in million euros)	**Equity before equity method**	**Percentage of equity method**	**Share of profit of equity method**	**Elimination of shareholder's equity (1)**	**Goodwill (2)**	**Equity after equity method**	***of which exchange difference***
At December 31, 2015	**248**	**25%**	**62**	**(33)**	**3**	**32**	***9***
Net income of the period	29		7			7	
Exchange difference after disposal	(11)		(3)			(3)	*(3)*
At June 30, 2016	**266**	**25%**	**66**	**(33)**	**3**	**36**	***6***
Net income of the period	30		7			7	
Exchange difference after disposal	3		1			1	*1*
At December 31, 2016	**299**	**25%**	**74**	**(33)**	**3**	**44**	***7***
Net income of the period	39		10			10	
Exchange difference after disposal	(18)		(4)		(1)	(5)	*(5)*
At June 30, 2017	**320**	**25%**	**80**	**(33)**	**2**	**49**	***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)	**June 30, 2017**	**Dec. 31, 2016**
Investments in associates and joint ventures accounted for using the equity method (2)	82	77
Total assets	**82**	**77**
Equity		
- Historical value of the shares owned (1)	33	33
- Consolidated reserves - equity holders of the parent	49	44
- of which share in net income accounted for using the equity method	*10*	*14*
Total equity and liabilities	**82**	**77**

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

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

Note 10 Deposits from Credit Institutions

(in million euros)	June 30, 2017	Dec. 31, 2016
Demand deposits (non-group institutions)	**18**	**10**
- Ordinary accounts in credit	16	8
- Accounts and deposits at overnight rates	2	2
- Other amounts due to credit institutions	-	-
Accrued interest	**-**	**-**
Time deposits (non-group institutions)	**119**	**107**
- Conventional bank deposits	119	107
Accrued interest	**9**	**9**
Total deposits from credit institutions at amortized cost	**146**	**126**

Note 11 Due to Customers

(in million euros)	June 30, 2017	Dec. 31, 2016
Demand accounts	**1**	**1**
- Ordinary accounts in credit		
- Dealers' ordinary accounts in credit		
- Non-group companies	-	-
- Cash pooling (1):		
- Before offsetting	8	8
- Offsetting of continuing operations	(8)	(8)
- Other amounts due to Customers		
- Non-group companies	1	1
Accrued interest	**-**	**-**
Time deposits	**7**	**3**
- Corporate time deposit (2)		
- Related companies	1	2
- Other		
- Non-group companies	6	1
Accrued interest	**-**	**-**
Total	**8**	**4**

(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).*

(2) *In the segment information, "Corporate time deposit" is classified in "Refinancing" (see Note 22.1). The corresponding interest and expenses are classified in "Net refinancing cost" in the income statement.*

Note 12 Debt Securities

(in million euros)	June 30, 2017	Dec. 31, 2016
Interbank instruments and money-market securities (non-group institutions)	**254**	**281**
- EMTNs and BMTNs	254	281
- Certificates of deposit and "billets de trésorerie"	-	-
Accrued interest	**4**	**5**
Total debt securities at amortized cost	**258**	**286**

Note 13 Accruals and Other Liabilities

(in million euros)	June 30, 2017	Dec. 31, 2016
Trade payables	**30**	**25**
- Related companies (1)	27	21
- Non-group companies	3	4
Accrued payroll and other taxes	**8**	**6**
Accrued charges	**23**	**25**
- Related companies	9	12
- of which insurance activities	*2*	*2*
- Non-group companies	14	13
- of which insurance activities	*2*	*1*
Other payables	**16**	**10**
- Related companies	7	8
- of which insurance activities	*7*	*8*
- Non-group companies	9	2
- of which insurance activities	*1*	*1*
Deferred income	**3**	**7**
- Related companies	-	-
- Non-group companies	3	7
- of which margin calls received on swaps designated as hedges (2)	-	-
Other	**1**	**-**
- Non-group companies	1	-
Total	**81**	**73**

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

(2) *At June 30, 2017, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €57 million, compared to €80 million at December,31, 2016 (see Note 5.2).*

Note 14 Insurance Activities

14.1 Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2016	Written premiums	Earned premiums	Claims paid	Claims incurred	June 30, 2017
Unearned premium reserve (UPR)	9	41	(43)			7
Claims reserve						
- Claims reserve - reported claims	21			(6)	5	20
- Claims reserve - claims incurred but not reported (IBNR)	58			-	4	62
Total liabilities related to insurance contracts	**88**	**41**	**(43)**	**(6)**	**9**	**89**

14.2 Income from Activities

(in million euros)	June 30, 2017	June 30, 2016	Dec. 31, 2016
+ Earned premiums	**44**	**58**	**104**
Written premiums	42	56	101
Change in insurance liabilities (UPR)	2	2	3
- Cost	**(31)**	**(36)**	**(76)**
Claims expenses	(6)	(9)	(14)
Change in insurance liabilities (except for UPR)	(3)	1	(8)
Other income (expense)	(22)	(28)	(54)
- of which related companies	*(20)*	*(26)*	*(52)*
Margin on sales of Insurance activities	**13**	**22**	**28**

Note 15 Derivatives

Group Interest Rate Management Policy

(See the "Financial Risks and Market Risk" 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.

Excluding the $250 million cross currency swap hedging the issued $250 million EMTN, the interest rate swaps, with an amount of €4.4 million at June 30, 2017, are not significant.

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. Almost all the swaps (more than 99%) are swaps with weekly margin call. Customer credit risk is discussed in Note 20.

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

Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

These positions are hedged using currency swaps, cross currency swaps and forward foreign exchange contracts. The residual position at the end of June 2017 is not significant (€1 million at June 30, 2017) as at the end of 2016.

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

B. Structural Positions in Foreign Currencies

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

(in million euros)	ARS	CNY	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
Position at June 30, 2017	6	36	126	3	20	5	17	42		50	**305**
Note: December 2016	*1*	*38*	*129*	*3*	*20*	*5*	*22*	*44*	*-*	*54*	***316***

(1) On 2017, the structural position in US dollars arises from the financing in dollars of the bank's net investment in its Argentine and Russian subsidiaries.

Note 16 Fair Value of Financial Assets and Liabilities

(in million euros)	Fair value June 30, 2017	Fair value Dec. 31, 2016	Book value June 30, 2017	Book value Dec. 31, 2016	Difference June 30, 2017	Difference Dec. 31, 2016
Assets						
Cash, central banks, post office banks	54	58	54	58	-	-
Financial assets at fair value through profit or loss (1)	474	389	474	389	-	-
Hedging instruments (1)	1	5	1	5	-	-
Available-for-sale financial assets (2)	2	5	2	5	-	-
Loans and advances to credit institutions (3)	200	223	200	223	-	-
Customer loans and receivables	345	346	345	346	-	-
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	-	-	-	-	-	-
Hedging instruments (1)	1	1	1	1	-	-
Deposits from credit institutions	146	126	146	126	-	-
Due to customers (3)	8	4	8	4	-	-
Debt securities	271	301	271	301	-	-

With the exception of customer loans and receivables and debts, 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 "Available-for-sale financial assets", is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares.

(3) The fair value of Loans and advances to credit institutions and of Customer loans and receivables, mainly short-term operations at adjustable rate, are accordingly close to their amortized cost.

Since 2016 neither Customer Loans and Receivables nor Deposits was substantial. Book value is consequently maintained.

Note 17 Other Commitments

17.1 Other Commitments

(in million euros)	June 30, 2017	Dec. 31, 2016
Financing commitments		
Commitments received from credit institutions (1)	307	365
Commitments given to credit institutions	-	-
Commitments given to customers (2)	4	10
Guarantee commitments		
Commitments received from credit institutions	11	17
- guarantees received in respect of customer loans	11	17
- guarantees received in respect of securities held	-	-
- other guarantees received from credit institutions	-	-
Guarantees given to credit institutions	4	4
Commitments given to customers	40	42
- Banque PSA Finance	40	42
Other commitments received		
Securities received as collateral	-	-

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

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

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

17.2 Financial Security

Financial security refers to liquidity reserve and undrawn bank facilities

(in million euros)	June 30, 2017	Dec. 31, 2016
Liquidity Reserve	**535**	**474**
- Reserves deposited with the central banks (see Note 3)	54	58
- Mutual funds qualified as cash equivalents (see Note 4)	344	249
- Ordinary accounts in debit (see Note 6)	137	167
Undrawn bank facilities	**307**	**365**
- Revolving bilateral bank facilities (1)	280	360
- Other bank facilities	27	5
Total	**842**	**839**

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

17.3 Management of liquidity risk

(see "Refinancing Policy" section in the Management Report)

Following the partnership agreement between Banque PSA Finance and Santander and the launch of the last Joint Venture in Poland in October 2016, Banque PSA Finance only maintains the refinancing of the continuing operations (countries outside the framework agreement scope with Santander CF, and excluding Brazil).

Banque PSA Finance constantly endeavours to strike the best possible balance between security liquidity, which is an ungoing priority, and optimising its financing costs.

Its refinancing is carried out with the widest possible diversification of liquidity sources and the maturities of financing sources are matched with those of outstanding loans.

Note 18 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	June 30, 2017	June 30, 2016	Dec. 31, 2016
Installment contracts	**34**	**29**	**60**
- of which related companies	*9*	*4*	*10*
Buyback contracts	**1**	**3**	**4**
- of which related companies	-	-	-
Long-term leases	**1**	**2**	**4**
- of which related companies	-	-	-
Wholesale financing	**3**	**4**	**7**
- of which related companies	*2*	*3*	*5*
Other finance receivables	**-**	**1**	**1**
- of which related companies	-	*1*	*1*
Commissions paid to referral agents	**(1)**	**(3)**	**(4)**
- Installment contracts	(1)	(2)	(3)
- Buyback contracts	-	(1)	(1)
- Long-term leases	-	-	-
- of which related companies		-	-
Other business acquisition costs	**(1)**	**-**	**-**
Interest on ordinary accounts	**-**	**-**	**-**
Interest on guarantee commitments	**-**	**-**	**-**
Total	**37**	**36**	**72**

Note 19 General Operating Expenses

(in million euros)	June 30, 2017	June 30, 2016	Dec. 31, 2016
Personnel costs	**(4)**	**(4)**	**(9)**
- Wages and salaries	(3)	(3)	(7)
- Payroll taxes	(1)	(1)	(2)
- Employee profit sharing and profit-related bonuses	-	-	-
Other general operating expenses	**(2)**	**(21)**	**(5)**
- External expenses	(51)	(69)	(108)
- of which related companies	*(48)*	*(47)*	*(98)*
- Re-invoicing (1)	49	48	103
- of which operations to be taken over by partnership	-	*10*	*10*
- of which related companies	*49*	*41*	*91*
Total	**(6)**	**(25)**	**(14)**

(1) Re-invoicing continues after implementing the partnership with Santander. Since the end of 2016, all the Joint Ventures with Santander are operational.

Note 20 Cost of Risk

The tables below present the cost of risk by customer category, as no significant loss has been incurred on other financial assets.

20.1 Cost of Risk and changes in Loans

(in million euros)	Balance sheet at Dec. 31, 2016	Net new loans and exchange difference (1)(2)	Cost of risk for the period at June 30, 2017	Balance at June 30, 2017
Retail				
Sound loans with no past-due installments	277	1		278
Sound loans with past-due installments	14	-		14
Guarantee deposits (lease financing)	(1)	-		(1)
Non-performing loans	9	3	(2)	10
Total	**299**	**4**	**(2)**	**301**
Impairment of sound loans with past-due installments	(1)	-	-	(1)
Impairment of non-performing loans	(6)	-	(1)	(7)
Total impairment	**(7)**	**-**	**(1)**	**(8)**
Deferred items included in amortized cost	**(19)**	**(5)**		**(24)**
Net book value (A - see B Note 7.2)	**273**	**(1)**	**(3)**	**269**
Recoveries on loans written off in prior periods			-	-
Impairment of doubtful commitments			-	-
Retail cost of risk	**(1)**		**(3)**	**(4)**
Corporate dealers				-
Sound loans with no past-due installments	63	(7)		56
Sound loans with past-due installments	-	-		-
Non-performing loans	8	(6)	-	2
Total	**71**	**(13)**	**-**	**58**
Impairment of sound loans	(4)	-	-	(4)
Impairment of non-performing loans	(7)	6	-	(1)
Total impairment	**(11)**	**6**	-	**(5)**
Deferred items included in amortized cost	**-**	**-**		**-**
Net book value (B - see A Note 7.2)	**60**	**(7)**	**-**	**53**
Recoveries on loans written off in prior periods			-	-
Impairment of doubtful commitments			-	-
Corporate dealers cost of risk	**(4)**		**-**	**(4)**
Corporate and equivalent				-
Sound loans with no past-due installments	13	10		23
Sound loans with past-due installments	-	-		-
Non-performing loans	-	-	-	-
Total	**13**	**10**	**-**	**23**
Impairment of sound loans	-	-	-	-
Impairment of non-performing loans	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**
Deferred items included in amortized cost	**-**	**-**		**-**
Net book value (C - see C Note 7.2)	**13**	**10**	**-**	**23**
Recoveries on loans written off in prior periods			-	-
Impairment of doubtful commitments			-	-
Corporate and equivalent cost of risk			**-**	**-**
Total loans				-
Sound loans with no past-due installments	353	4		357
Sound loans with past-due installments	14	-		14
Guarantee deposits	(1)	-		(1)
Non-performing loans	17	(3)	(2)	12
Total (2)	**383**	**1**	**(2)**	**382**
Impairment of sound loans	(4)	-	-	(4)
Impairment of sound loans with past-due installments	(1)	-	-	(1)
Impairment of non-performing loans	(13)	6	(1)	(8)
Total impairment (2)	**(18)**	**6**	**(1)**	**(13)**
Deferred items included in amortized cost	**(19)**	**(5)**	**-**	**(24)**
Net book value	**346**	**2**	**(3)**	**345**
Recoveries on loans written off in prior periods			-	
Impairment of doubtful commitments			-	
Total cost of risk			**(3)**	

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.

(2) The deconsolidation of the subsidiary in Hungary resulted in a negative €6 million impact on gross outstandings and a positive €6 million impact on impairment.

20.2 Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	June 30, 2017	June 30, 2016	Dec. 31, 2016
Sound loans with past-due installments (1)						
Charges	-	-	-	-	-	(4)
Reversals	-	-	-	-	-	-
Non-performing loans						
Charges	(4)	-	-	(4)	(5)	(14)
Reversals	3	-	-	3	5	15
Doubtful commitments						
Charges	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Credit losses	(2)	-	-	(2)	-	(2)
Recoveries on loans written off in prior periods	-	-	-	-	-	-
Cost of risk	**(3)**	**-**	**-**	**(3)**	**-**	**(5)**

The Bank's credit management policy is described in the "Credit Risk" section of the Management Report.

(1) *- Regarding Retail, this refers to sound loans with past-due installments.*
- Regarding Corporate, this refers only to sound loans without any past due, all impaired statistically.

20.3 Information about Defaults with no Impairment

As regards Retail, sound loans in default are systematically impaired (see footnote (1) of Note 20.2).
As regards Corporate, given the statistical impairment applied to Corporate sound receivables (see footnote (1) of Note 20.2) there is not any such receivable in default that is not impaired.

Note 21 Income Taxes

21.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2016	Income	Equity	Payment	Exchange difference and other (1)	June 30, 2017
Current tax						
Assets	13					15
Liabilities	-					(7)
Total	**13**	**(11)**	**-**	**6**	**-**	**8**
Deferred tax						
Assets	16					13
Liabilities	(12)					(4)
Total	**4**	**5**	**-**	**-**	**-**	**9**

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

21.2 Income taxes of fully-consolidated companies

Income taxes currently payable represent the amounts paid or currently due to the tax authorities for the period, calculated in accordance with the tax rules and rates in effect in the various countries.
Deferred income taxes relate to timing differences between the recognition of certain items of income and expense for consolidated financial reporting and tax purposes. These differences relate principally to the accounting treatment of leasing and long-term rental transactions, and impairment of non-performing loans.
Deferred taxes are determined as described in Note 2.A, last paragraph dedicated to deferred taxes.

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

(in million euros)	**June 30, 2017**	**June 30, 2016**	**Dec. 31, 2016**
Income taxes on continuing operations			
Current tax	**(11)**	**(4)**	**(7)**
Deferred tax	**5**	**(2)**	**(6)**
Deferred taxes arising in the period	5	(2)	(6)
Unrecognized deferred tax assets and impairment losses	-	-	-
Income taxes on operations to be taken over by partnership			
Current and deferred tax	-	(22)	(22)
Total	**(6)**	**(28)**	**(35)**

21.3 Banque PSA Finance tax proof

(in million euros)	**June 30, 2017**	**June 30, 2016**	**Dec. 31, 2016**
Pre-tax income of continuing operations	128	82	184
Pre-tax income of operations to be taken over by partnership	-	57	53
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(113)	(87)	(195)
Permanent differences	2	(15)	32
Taxable Income	**17**	**37**	**74**
Legal tax rate in France for the period	*34.4%*	*34.4%*	*34.4%*
Theoretical tax	**(6)**	**(13)**	**(25)**
Impact of differences in foreign tax rates	-	2	2
Impact of changes in foreign tax rates	-	-	-
Impact of provisional surtax in France	-	-	-
Adjustment related to the previous year	-	-	-
Tax disputes and adjustments	-	-	-
Other	-	(1)	(6)
Income taxes before impairment of assets on tax loss carry fowards	**(6)**	**(12)**	**(29)**
Group effective tax rate	*35.8%*	*32.3%*	*38.6%*
Deferred tax assets on tax loss carry forwards:			
- Charges (1)	-	(16)	(6)
- Reversals	-	-	-
Income taxes	**(6)**	**(28)**	**(35)**

(1) See Note 21.4, footnote (2).

21.4 Deferred Tax Assets on Tax Loss Carry Forwards

(in million euros)	Dec. 31, 2016	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	June 30, 2017
Deferred tax assets on tax loss carry forwards	47	-	(3)		(1)	43
Allowances (2)	(34)			-	1	(33)
Total	**13**	**-**	**(3)**	**-**	**-**	**10**

(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 whereas their income statement items are translated on a month-by-month basis at the average monthly rate.*

(2) *Banque PSA Finance's deferred tax asset on the tax loss carry forward has been fully written down, for an amount of €32 million at end of June 2017.*

Note 22 Segment Information

22.1 Key Balance Sheet Items

For 2017

	Financing activities					
		End user				
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Insurance and services	Total at June 30, 2017
Assets						
Customers loans and receivables	6,777	15,158	1,319		5	23,259
Securities			422	-	89	511
Loans and advances to credit institutions			1,259	-	35	1,294
Other assets				1,666	42	1,708
Total Assets						**26,772**
Liabilities						
Refinancing (1)	6,164	13,788	1,200	-	1	21,153
Due to customers (1)	241	50	45	-		336
Liabilities related to insurance contracts					117	117
Other liabilities				1,478	30	1,508
Equity				3,556	102	3,658
Total Liabilities						**26,772**

For 2016

	Financing activities					
		End user				
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Insurance and services	Total at Dec. 31, 2016
Assets						
Customers loans and receivables	7,232	14,241	1,344		4	22,821
Securities			281	-	80	361
Loans and advances to credit institutions			1,299	-	12	1,311
Other assets				1,546	39	1,585
Total Assets						**26,078**
Liabilities						
Refinancing (1)	6,566	12,929	1,220	-	-	20,715
Due to customers (1)	237	44	43	-		324
Liabilities related to insurance contracts					105	105
Other liabilities				1,362	17	1,379
Equity				3,462	93	3,555
Total Liabilities						**26,078**

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

(1) *In the segment information, "Corporate time deposit" is classified in "Refinancing".*

Table showing conversion from the IFRS 8 segment information balance sheet to the publishable balance sheet

For 2017

(in million euros)	IFRS 8 segment information balance sheet as at June 30, 2017	Presentation differences IFRS 8 vs Publishable balance sheet	Equity-method accounting of JV with Santander (IFRS 3) (1)	Publishable balance sheet at June 30, 2017
Assets				
Customers loans and receivables	23,259	(11)	(22,903)	345
Securities	511	-	(37)	474
Loans and advances to credit institutions	1,294	-	(1,094)	200
Deferred tax assets		67	(54)	13
Investments in associates and joint ventures accounted for using the equity method		82	1,462	1,544
Other assets	1,708	(149)	(1,323)	236
Total Assets	**26,772**	**(11)**	**(23,949)**	**2,812**
Liabilities				
Refinancing	21,153	(21,153)		
Deposits from credit institutions		12,596	(12,450)	146
Due to customers	336	2,895	(3,223)	8
Debt securities		5,662	(5,404)	258
Liabilities related to insurance contracts	117	-	(28)	89
Deferred tax liabilities		265	(261)	4
Other liabilities	1,508	(268)	(1,122)	118
Equity	3,658	(8)	(1,461)	2,189
Total Liabilities	**26,772**	**(11)**	**(23,949)**	**2,812**

For 2016

(in million euros)	IFRS 8 segment information balance sheet as at Dec. 31, 2016	Presentation differences IFRS 8 vs Publishable balance sheet	Equity-method accounting of JV with Santander (IFRS 3) (1)	Publishable balance sheet at Dec. 31, 2016
Assets				
Customers loans and receivables	22,821	(24)	(22,451)	346
Securities	361	-	28	389
Loans and advances to credit institutions	1,311	-	(1,088)	223
Deferred tax assets		66	(50)	16
Investments in associates and joint ventures accounted for using the equity method		77	1,450	1,527
Other assets	1,585	(142)	(1,209)	234
Total Assets	**26,078**	**(23)**	**(23,320)**	**2,735**
Liabilities				
Refinancing	20,715	(20,715)		
Deposits from credit institutions		12,320	(12,194)	126
Due to customers	324	2,727	(3,047)	4
Debt securities		5,668	(5,382)	286
Liabilities related to insurance contracts	105	-	(17)	88
Deferred tax liabilities		264	(252)	12
Other liabilities	1,379	(274)	(978)	127
Equity	3,555	(13)	(1,450)	2,092
Total Liabilities	**26,078**	**(23)**	**(23,320)**	**2,735**

(1) See Notes 9.2.1 (in Europe) and 9.2.2 (in Brazil).

22.2 Key Income Statement Items

At June 30, 2017

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Financing activities: Financial derivative instruments (3)	Insurance and services	Total at June 30, 2017
Net interest revenue on customer transactions (at amortized cost) (1)	91	466	29	(4)	(11)	-	571
Net investment revenue	-	-	-	1		-	1
Net refinancing cost (2) (3)	(23)	(121)	(6)	23	11	-	(116)
Net gains or losses on trading transactions				(4)		-	(4)
Net gains or losses on available-for-sale financial assets				-			-
Margin on sales of insurance services						71	71
Margin on sales of other services						20	20
Net banking revenue	**68**	**345**	**23**	**16**	**-**	**91**	**543**
Cost of risk (A)	(3)	(26)	1				(28)
Net income after cost of risk	**65**	**319**	**24**	**16**	**-**	**91**	**515**
General operating expenses and equivalent				(199)		(4)	(203)
Operating Income	**65**	**319**	**24**	**(183)**	**-**	**87**	**312**

For the first 2016 half-year

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Financing activities: Financial derivative instruments (3)	Insurance and services	Total at June 30, 2016
Net interest revenue on customer transactions (at amortized cost) (1)	93	481	35	(12)	(14)	-	583
Net investment revenue	-	-	-	9		-	9
Net refinancing cost (2) (3)	(31)	(134)	(9)	20	14	-	(140)
Net gains or losses on trading transactions				(2)		-	(2)
Net gains or losses on available-for-sale financial assets				-			-
Margin on sales of insurance services						67	67
Margin on sales of other services						20	20
Net banking revenue	**62**	**347**	**26**	**15**	**-**	**87**	**537**
Cost of risk (A)	(1)	(15)	-				(16)
Net income after cost of risk	**61**	**332**	**26**	**15**	**-**	**87**	**521**
General operating expenses and equivalent				(221)		(3)	(224)
Operating Income	**61**	**332**	**26**	**(206)**	**-**	**84**	**297**
of which Insurance						*64*	64

(A) ***Additional information on the cost of risk of joint ventures:***
In addition to the accounting policies on the cost of risk set out in Note 2 of the annual report, separate probabilities of default are calculated for the joint ventures in partnership with Santander group for sound loans with and without past-due installments. This calculation is done in the manner indicated in the guidance for IAS 39 (sections AG89 and AG90), where the concept of "losses incurred but not yet reported" is defined.

Segment information is disclosed before the equity method accounting of the joint ventures with Santander and after elimination of intragroup transactions (and until the end of 2016 before IFRS 5 reclassifications).

(1) *Unallocated interest revenue on customer transactions corresponds to the ineffective portion of gains or losses on hedging instruments recognized in the income statement in accordance with IAS 39 for a positive €7.5 million at June 30, 2017 (compared to a negative €7,1 millions at June 30, 2016). The remaining corresponds to other revenue and expense on customer transactions.*

(2) *Unallocated net refinancing costs correspond to the difference between a) the "Net refinancing cost" recorded in the accounts, and b) the theorical refinancing cost used by the management controllers, corresponding to the cost of refinancing the total loans and receivables, without taking into account possible liabilities (Equity and other net liabilities) in order to show, for each segment, a comparative analysis of margins between the different companies of the perimeter.*

(3) *In line with the joint ventures' policy of hedging interest rate risks on fixed rate customer loans, the interest differential on the swaps used to hedge these loans is reported in the income statement under "Net interest revenue from hedging instruments" in "Net interest revenue on customer transactions" and is not analysed by segment. The management reporting system, on the other hand, is used internally to manage the joint ventures whose performance is assessed based on the the original fixed rate of interest granted to customers and the resulting interest margin, determined by reference to the net post-swap, fixed rate refinancing cost communicated by management. Interest differentials on these swaps are therefore included by the management controllers in the net refinancing cost analysed by segment. This explains the €11 million reclassification at June 30, 2017 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.*

Table showing conversion from the IFRS 8 segment information income statement to the publishable income statement

At June 30, 2017

(in million euros)	IFRS 8 Income statement at June 30, 2017	Presentation differences IFRS 8 vs Publishable income statement	Equity-method accounting of equity attributable to Group in JV (1)	Publishable income statement at June 30, 2017
Net interest revenue on customer transactions (at amortized cost)	571	7	(537)	41
Net investment revenue	1	-	(1)	-
Net refinancing cost	(116)	-	92	(24)
Net gains or losses on trading transactions	(4)	-	3	(1)
Net gains or losses on available-for-sale financial assets	-	-	-	-
Margin on sales of insurance services	71	-	(58)	13
Margin on sales of other services	20	-	(18)	2
Net banking revenue	**543**	**7**	**(519)**	**31**
General operating expenses	(194)	-	188	(6)
Depreciation and amortization of intangible and tangible assets	(9)	-	2	(7)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	-	-	-	-
Gross operating income	**340**	**7**	**(329)**	**18**
Cost of risk	(28)	-	25	(3)
Operating Income	**312**	**7**	**(304)**	**15**
Share in net income of associates and joint ventures accounted for using the equity method	10	-	103	113
Impairment on goodwill	-	-	-	-
Pension obligation - expense	-	-	-	-
Pension obligation - income	-	-	-	-
Other non-operating items	-	-	-	-
Costs of the non-transferred debts of operations to be taken over by partnership	-	-	-	-
Pre-tax income	**322**	**7**	**(201)**	**128**
Income taxes	(102)	(2)	98	(6)
Net income from continued operations	**220**	**5**	**(103)**	**122**
Gross income of operations to be taken over by partnership	-		-	-
Tax on the net income of operations to be taken over by partnership	-		-	-
Net income of operations to be taken over by partnership	**-**	**-**	**-**	**-**
Net income for the year	**220**	**5**	**(103)**	**122**

(1) See Notes 9.2.1 (in Europe) and 9.2.2 (in Brazil).

For the first 2016 half-year

(in million euros)	IFRS 8 Income statement at June 30, 2016	Reclassi-fications per IFRS 5	Reclassi-fication of costs of the non-transferred debts	Impact of the partnership with Santander: Cost of debt retired early	Impairment of disposal group	Equity-method accounting of equity attributable to Group in JV (1)	IFRS 5 Income statement published at June 30, 2016
Net interest revenue on customer transactions (at amortized cost)	583	(136)	-	-	-	(415)	32
Net investment revenue	9	(8)	-	-	-	-	1
Net refinancing cost	(140)	36	16	-	-	69	(19)
Net gains or losses on trading transactions	(2)	-	-	-	-	-	(2)
Net gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-
Margin on sales of insurance services	67	(2)	-	-	-	(43)	22
Margin on sales of other services	20	(2)	-	-	-	(12)	6
Net banking revenue	**537**	**(112)**	**16**	**-**	**-**	**(401)**	**40**
General operating expenses	(213)	40	-	-	-	148	(25)
Depreciation and amortization of intangible and tangible assets	(11)	1	-	-	-	2	(8)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	-	-	-	-	-	-	-
Gross operating income	**313**	**(71)**	**16**	**-**	**-**	**(251)**	**7**
Cost of risk	(16)	6	-	-	-	10	-
Operating Income	**297**	**(65)**	**16**	**-**	**-**	**(241)**	**7**
Share in net income of associates and joint ventures accounted for using the equity method	7	-	-	-	-	80	87
Impairment on goodwill	-	-	-	-	-	-	-
Pension obligation - expense	-	-	-	-	-	-	-
Pension obligation - income	-	-	-	-	-	-	-
Other non-operating items	(3)	7	-	-	-	-	4
Costs of the non-transferred debts of operations to be taken over by partnership	-	-	(16)	-	-	-	(16)
Pre-tax income	**301**	**(58)**	**-**	**-**	**-**	**(161)**	**82**
Income taxes	(109)	22	-	-	-	81	(6)
Net income from continued operations	**192**	**(36)**	**-**	**-**	**-**	**(80)**	**76**
Gross income of operations to be taken over by partnership	-	58	-		(1)	-	57
Tax on the net income of operations to be taken over by partnership	-	(22)	-		-	-	(22)
Net income of operations to be taken over by partnership	**-**	**36**	**-**	**-**	**(1)**	**-**	**35**
Net income for the year	**192**	**-**	**-**	**-**	**(1)**	**(80)**	**111**

(1) *See Notes 9.2.1 (in Europe) and 9.2.2 (in Brazil).*

Note 23 Subsequent Events

A €270 million capital increase in July 2017

In the framework of the partnership with BNP Paribas Personal Finance (see Note 1.A) Banque PSA Finance plans to acquire 50% of Opel/Vauxhall's financial activities. To partially finance this operation, Banque PSA Finance issued 1,388,246 shares on July 3, 2017 to realise a €22.2 million increase of the company's share capital with a share premium of €247.8 million.

No other event occurred between June 30, 2017 and the Board of Directors' meeting to review the financial statement on July 24, 2017 that could have a material impact on business decisions made on the basis of these financial statements.

2.7 Statutory auditors' review report on the half-yearly financial information

Six months ended June 30, 2017

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Banque PSA Finance, for the period from January 1 to June 30, 2017,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

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

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

Courbevoie and Paris-La Défense, July 25, 2017

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG Audit
Matthew Brown	Vincent Roty

Statement from the person responsible for the 2017 half-year report

Person responsible for the half-year report

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

Certification of the person responsible for the half-year report

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

I hereby certify, to my knowledge, that the financial statements for the first half of the year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the group's assets, financial situation and earnings and of all of the companies included in the consolidation, and that the management report in this document presents a true picture of the business, the earnings and the financial situation of the company and of all the companies included in the consolidation as well as a description of the main risks and uncertainties for the remaining six months of the year.

I have obtained from the Statutory Auditors the Review Report in which they indicate that they have verified the information on the financial situation and the financial statements presented in this document and in an overall reading of this document.

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

GROUPE

BANQUE PSA FINANCE

BANQUE PSA FINANCE

Société anonyme. Share capital: €177,408,000

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