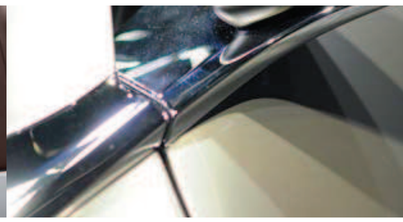
BANQUE PSA FINANCE

HALF-YEAR REPORT



2016

BOARD OF DIRECTORS

Jean-Baptiste Chasseloup de Chatillon
Chairman

Rémy Bayle
Director

Carlos Tavares
Director

Michel Philippin
Director
Chairman of the Audit and Risk Committee

François Pierson
Director
Member of the Audit and Risk Committee

PEUGEOT S.A.
Director
Permanent representative:
Olivier Bourges
Member of the Audit and Risk Committee

AUTOMOBILES PEUGEOT
Director
Permanent representative:
Maxime Picat

EXECUTIVE COMMITTEE

Rémy Bayle
Chief Executive Officer

Alain Martinez
Executive Managing Officer

STATUTORY AUDITORS

Ernst & Young audit
Mazars

SUBSTITUTE AUDITORS

PICARLE et associés
Guillaume Potel

Position as of July 22, 2016

Société anonyme (limited company). Share capital: €177,408,000

Registered office: 75, avenue de la Grande Armée – 75116 Paris
R.C.S. (Trade and Companies Register number): Paris 325 952 224 - Siret 325 952 224 00013
APE business identifier code: 6419Z
Interbank code: 13168N

www.banquepsafinance.com
Tel.: + 33 (1) 46 39 66 33
Registered with the Register of Insurance Intermediaries (ORIAS) under No. 07 008 501,
which may be consulted at www.orias.fr.

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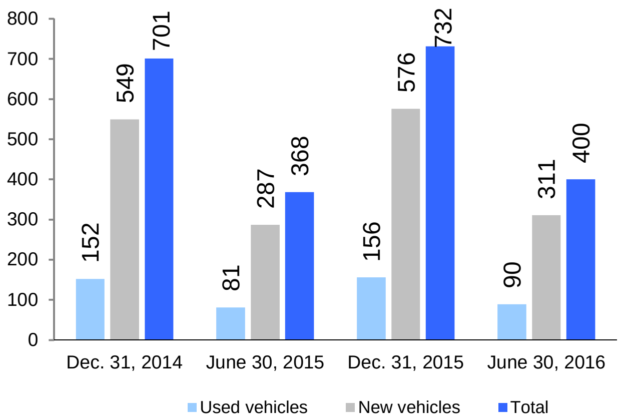
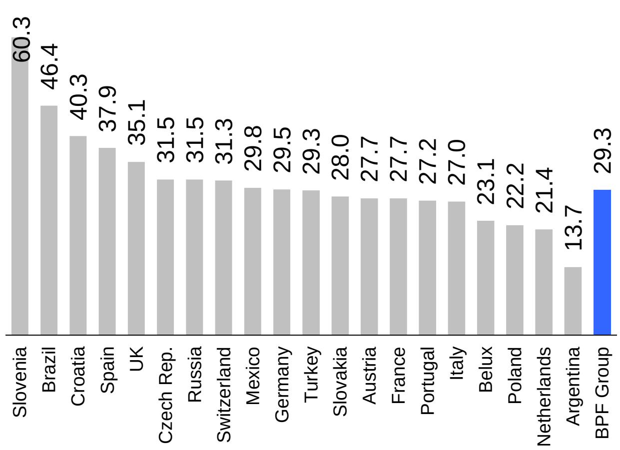
MANAGEMENT REPORT

1.1 Key figures

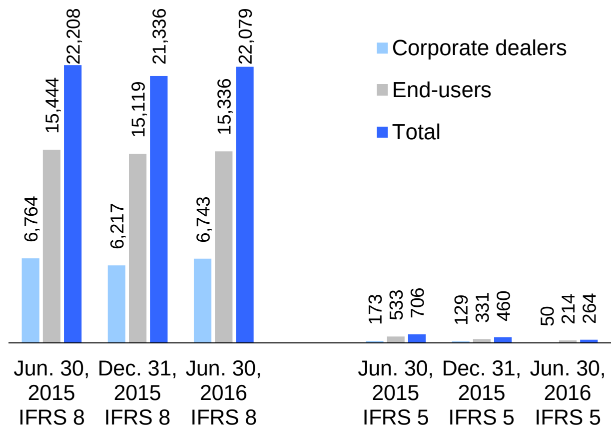
NUMBER OF VEHICLES FINANCED, END-USER LOANS *(in thousand vehicles)*



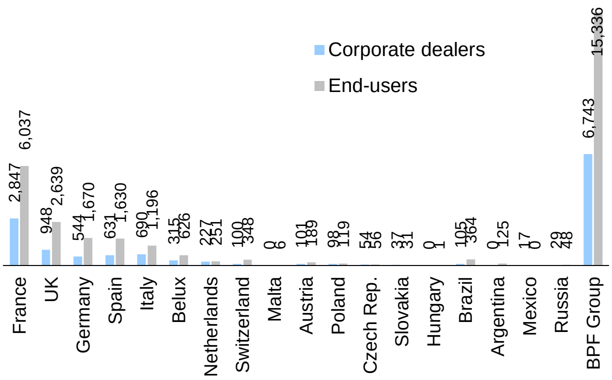
PENETRATION RATE BY COUNTRY (%) AT JUNE 30, 2016
(PSA group new vehicles financed/new vehicles registered)



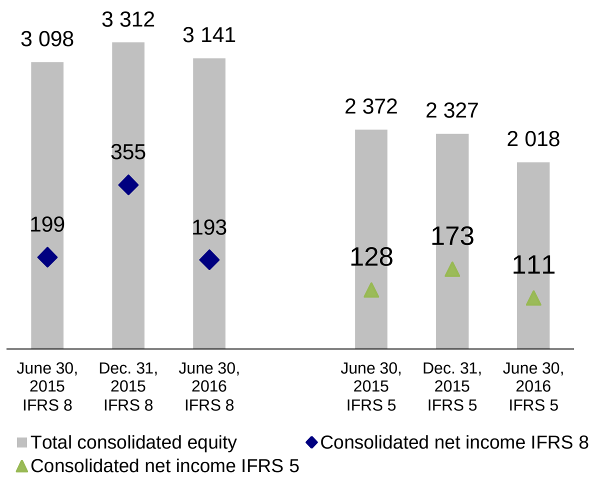
END-USERS AND CORPORATE DEALERS LOANS AT JUNE 30, 2016 *(in million euros)*



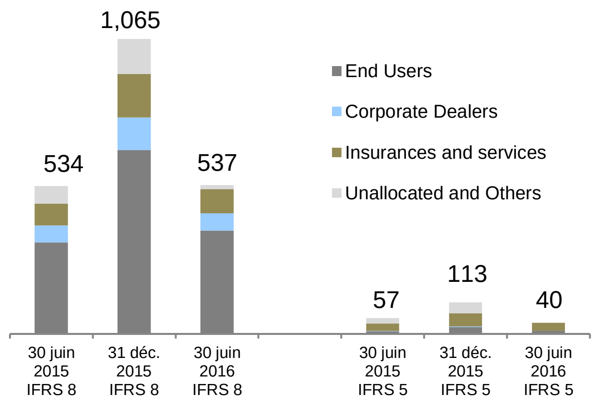
OUTSTANDING BY COUNTRY- IFRS 8 AT JUNE 30, 2016 *(in million euros)*



EQUITY AND NET INCOME AT JUNE 30, 2016 *(in million euros)*



NET BANKING REVENUE *(in million euros)*



1.2 Banque PSA Finance business activities and developments

1.2.1 Definition of concepts in the Management Report

The half-year 2016 Management report presents information in two fashions:

The first fashion is to present financial performance in the format of IFRS 5, which is the method for presenting the financial statements in light of the highly probable disposal of business activities under the cooperative agreement between Banque PSA Finance (hereafter called "BPF") and Santander. IFRS 5 calls for reclassifying the portions to do with the entities involved in the cooperation into specific headings on the balance sheet and income statement. In addition, certain liabilities used to finance assets held for sale are also reclassified.

Note 2 to the consolidated financial statements goes into more detail concerning the accounting treatments employed to comply with IFRS 5.

The second fashion presents financial performance in the format of IFRS 8, which does not reflect the aforementioned reclassifications and neutralizes certain expenses recognized in the IFRS 5 format, specifically:

- The impairment loss in the Disposal group (€1 million expense at end-June 2016);
- Equity-method accounting of equity attributable to Group in JV partnerships (€80 million at end-June 2016).

Note 25 to the consolidated financial statements goes into greater detail concerning the transition from the IFRS 8 format to that of IFRS 5.

An additional level of detail has also been provided to operating data: the data is always presented in total, although detail is presented for data from the entities within the BPF and Santander cooperation.

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 2015 and 2016.

NEW CONTRACTS AND NEW FINANCING

				Of which Santander partnership perimeter[1]		
	Jun. 30, 2016	**Jun. 30, 2015**	**% change**	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**
End-users loans						
Number of vehicles financed	400 338	368 126	+ 8.8	374 344	340 479	+ 9.9
Amount of financing *(in million euros, excluding interests)*	4 440	4 148	+ 7.0	4 329	4 006	+ 8.1
Corporate dealers loans						
Number of vehicles financed	881 745	853 973	+ 3.3	858 373	828 826	+ 3.6
Amount of vehicles financing *(in million euros)*	17 433	16 992	+ 2.6	16 988	16 519	+ 2.8
Amount of spare parts financing and other *(in million euros)*	1 583	1 652	- 4.2	1 529	1 585	- 3.6
Insurance and services activity						
Number of new contracts	824 827	745 324	+ 10.7	765 731	693 084	+ 10.5

[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)	*IFRS 5*			*IFRS 8*[1]		
Assets	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**
Financial assets at fair value through profit or loss	364	383	- 5.0	464	446	+ 4.0
Loans and advances to credit institutions	199	87	+ 128.7	1,248	1,282	- 2.7
Customer loans and receivables	264	460	- 42.6	22,079	21,336	+ 3.5
Deferred tax assets	19	27	- 29.6	98	96	+ 2.1
Other assets	5,148	8,410	- 38.8	1,302	1,234	+ 5.5
Total assets	**5,994**	**9,367**	**- 36.0**	**25,191**	**24,394**	**+ 3.3**
Equity and liabilities	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**
Deposits from credit institutions	94	848	- 88.9	11,821	9,836	+ 20.2
Debt securities	258	1,786	- 85.6	4,375	6,396	- 31.6
Other liabilities	3,624	4,406	- 17.7	5,854	4,850	+ 20.7
Equity	2,018	2,327	- 13.3	3,141	3,312	- 5.1
Total equity and liabilities	**5,994**	**9,367**	**- 36.0**	**25,191**	**24,394**	**+ 3.3**

1- The items for the transition from IFRS 8 to IFRS 5 format for the balance sheet are found in Note 25.1 in the consolidated accounts.

CONSOLIDATED STATEMENT OF INCOME

	IFRS 5			*IFRS 8*[1]		
(in million euros)	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**
Net banking revenue	40	57	- 29.8	537	534	+ 0.6
General operating expenses and equivalent[2]	-33	-37	- 10.8	-224	-213	+ 5.2
Cost of risk		-1	- 100.0	-16	-27	- 40.7
Operating income	**7**	**19**	**- 63.2**	**297**	**294**	**+ 1.0**
Share in net income of associates and joint ventures accounted for using the equity method[3]	87	59	+ 47.5	7	7	+ 0.0
Other Non operating income[4]	-12	-120	- 90.0	-3	-15	- 80.0
Pre-tax net income	**82**	**-42**	**- 295.2**	**301**	**286**	**+ 5.2**
Income taxes	-6	29	- 120.7	-109	-87	+ 25.3
Net income from continuing operations	**76**	**-13**	**- 684.6**	**192**	**199**	**- 3.5**
Profit/(loss) of operations to be taken over by partnership	**35**	**141**	**- 75.2**			
Net income for the year	**111**	**128**	**- 13.3**	**192**	**199**	**- 3.5**

[1] - The items for the transition from IFRS 8 to IFRS 5 format for statement of income are found in Note 25.2 in the consolidated accounts.

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

[3] - Joint ventures with Santander accounted for using the equity method in IFRS 5: France and UK since February 2015, Spain and Switzerland since October 2015, Italy since January 2016, Netherlands since February 2016 and Belgium since May 2016. China, within BPF partnership with Dongfeng Peugeot Citroën is accounted for using the equity method since 2006 (IFRS 5 and IFRS 8 formats).

[4] - Including costs of the non-transferred liabilities of operations to be taken over by partnership in IFRS 5.

Customers Loans and Receivables
By costumer Segment

(In million euros)	*IFRS 5*			*IFRS 8*		
	Jun. 30, 2016	**Dec. 31, 2015**	**% change**	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**
Corporate dealers	50	129	- 61.2	6,743	6,217	+ 8.5
End-users	214	331	- 35.3	15,336	15,119	+ 1.4
of which Retail	199	303	- 34.3	13,897	13,662	+ 1.7
of which Corporate and equivalent	15	28	- 46.4	1,439	1,457	- 1.2
Total Customer Loans and Receivables	**264**	**460**	**- 42.6**	**22,079**	**21,336**	**+ 3.5**

By region

	IFRS 5			**IFRS 8**		
(in million euros)	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**
France	-5	-2	+ 15.0	8,884	8,251	+ 7.7
Western Europe (excluding France)	49	60	- 1.8	12,111	11,881	+ 1.9
Central and Eastern Europe	1	170	- 9.9	396	539	- 26.5
Latin America	142	162	- 1.2	611	595	+ 2.7
Rest of the World	77	70	+ 1.0	77	70	+ 10.0
Total	**264**	**460**	**- 4.3**	**22,079**	**21,336**	**+ 3.5**

Net banking revenue

	IFRS 5			*IFRS 8*		
(in million euros)	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**
End-users	10	9	+ 11.1	373	330	+ 13.0
of which Retail				347	304	+ 14.1
of which Corporate and equivalent				26	26	+ 0.0
Corporate dealers	1	2	- 50.0	62	61	+ 1.6
Insurances and Services (including net refinancing costs)	28	26	+ 7.7	87	79	+ 10.1
Unallocated and other[1]	1	20	- 95.0	15	64	- 76.6
Total	**40**	**57**	**- 29.8**	**537**	**534**	**+ 0.6**

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.

1.2.3 Operations of the principal subsidiaries and branches of Banque PSA Finance

1.2.3.1 Presentation

100% directly controlled by companies in the PSA group and closely associated with the sales policies of the Peugeot, Citroën and DS brands, Banque PSA Finance (BPF) handles, in 20 countries, directly or with partners, the distribution of financing and service products in order to promote vehicle sales through the three brands' dealerships.

It also provides the brand dealerships with financing for their inventories of new and used vehicles and spare parts, along with other financing such as for working capital, and offers individual and business clients a complete range of financing, services, and savings products.

Depending upon the country, BPF conducts its operations by steering them directly, or through joint companies (50/50 except China with 25%) with banking or industrial partners, or through other forms of partnerships.

Through BPF's organizational structure, its loan approval process is totally independent of the three brands and of the dealer network, and dealers are unable to exert any influence on the approval decision.

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.

In February 2014, PSA Group and BPF announced their entry into exclusive negotiations with Santander Consumer Finance (SCF) in order to form a 50/50 partnership for developing BPF's operations in Europe. A framework agreement was signed on July 10, 2014, to create a partnership involving 11 European countries. Subject to the approval of the competition and regulatory authorities in the principal countries, transactions started in early 2015 and continue in 2016. The newly operational companies are consolidated by BPF using the equity accounting method.

The scope of the companies already operational at June 30, 2016 covered 83.8% of BPF's outstanding loans as of that date.

In 2015 and 2016, this transaction had already significantly reinforced the competitiveness of the PSA Group brands, making better penetration of the automobile financing market possible. 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.

The cooperation is or will be set up in each country through the legal steps described below:

SCF'S investment through existing entities:

- In France, the entity has been operational since February 2, 2015. SCF made a 50% equity investment in SOFIB, which now holds 100% of Crédipar. CLV continues to be wholly owned by Crédipar.
- In the United Kingdom, the entity has been operational since February 3, 2015. SCF made a 50% equity investment in the existing BPF subsidiary following the transfer of the operations of existing BPF branches to this subsidiary.
- In Switzerland, the entity has been operational since October 1, 2015. The equity of BPF's existing subsidiary was sold to the newly created Spanish JV, owned 50/50 by BPF and SCF.
- In the Netherlands, the equity of BPF's Dutch subsidiary is 50% held by BPF and 50% by SCF since February 1, 2016.
- In Belgium, the entity has been operational since May 2, 2016. SCF made a 50% equity investment in the subsidiary.

Investment by SCF through newly created organizations:

- In Spain, the new entity has been operational since October 1, 2015, and has received, through contribution, the business of BPF's existing Spanish branch. This new Spanish subsidiary is held 50/50 by BPF and SCF.
- In Italy, the new entity has been operational since January 1, 2016, and is held 50/50 by BPF and SCF. It received through contribution the business of BPF's existing Italian branch.
- In Germany, the new entity, held 50/50 by BPF and SCF, has received approval from the competition authorities and from the ECB. It has been operational since July 1, 2016 and received though contribution the business of BPF's existing German branch.
- In Austria, the new entity has received approval from the competition authorities and the ECB. It has been operational since July 1, 2016 and has received through contribution the business of BPF's existing Austrian branch. This entity is a branch of the new German entity.
- Excluding financing operations, two subsidiaries started up in Malta on May 1, 2015 as insurance companies, held 50/50 by BPF and SCF.

Commercial cooperation:

- In Portugal, BPF's existing branch and subsidiary were transferred on August 1, 2015 to SCF. A contract for commercial cooperation was also entered into on the same date between BPF and SCF.

Investment by SCF in Poland:

- In Poland, SCF will invest in 50% of the capital of the existing subsidiary and 50% in the capital of a newly created Polish subsidiary. The cooperation between BPF and SCF will begin during the course of the second half of 2016.

Santander's investment in Brazil:

- In Brazil, a framework agreement was signed on July 24, 2015 between BPF and Banco Santander Brasil, aimed at developing a partnership between the two groups. The new entity will become operational on August 1, 2016. For this transaction, Banco Santander Brasil will buy back the shares of BPF's finance companies in Brazil. This partnership will thus take the form of a financial institution held in equal parts by BPF and Banco Santander Brasil.

In its other markets:

- In Turkey, Banque PSA markets its financing and insurance product offerings in cooperation with its partner TEB/CETELEM, who carries the outstanding loans.
- In Croatia, on November 18, 2015, Banque PSA Finance signed the deed of assignment of its portfolio of dealership and end-user receivables to Splitska Banka, a local subsidiary of Société Générale. This disposal became effective on January 31, 2016. Banque PSA Finance initiated on that date a procedure for the liquidation of its local subsidiary.
- In Slovenia, on November 18, 2015, Banque PSA Finance signed the deed of assignment of its local subsidiary to SKB Leasing, a subsidiary of Société Générale. This disposal took place on March 1, 2016.
- The financing of dealerships and end users for the three brands, Peugeot, Citroën and DS, will be handled in Croatia and in Slovenia by Société Générale starting at the disposal date.
- In the Czech Republic and in Slovakia, Banque PSA Finance signed the deed of assignment of its local subsidiaries to ESSOX, a subsidiary of Société Générale, on April 11, 2016. This disposal took place on July 1, 2016.
- In China, DPCA (a 50/50 Joint-Venture between Dongfeng and PSA, manufacturer and distributor of the Peugeot and Citroën brands in China) owns 50% of the shares of DPCAFC, the local JV, since March 2015, while BFP owns 25% and the Dongfeng group owns 25%. The management of the JV is assumed jointly by the three partners.
  As part of PSA and BPF's expansion in China, BPF is continuing to assist CAPSA (50/50 joint venture between Chang'An and PSA, manufacturer and distributor of the DS brand in China) with a view to helping to develop and finance a dealership network as well as offering loans and services to CAPSA's customers thanks to the financial support of local financial institutions
- Finally, In Asia and Pacific areas (mainly in Japan, South Korea and Australia) BPF also continue its assistance to the brands and importers in the development of their activities.

Unless otherwise mentioned, the results presented in this half-year report exclude operations in China.

1.2.3.2 Our Products and Services

Our financing products, insurance and services include the following:

- ***End-user Financing (81% of outstanding customer loans and receivables per IFRS 5 and 69% per IFRS 8 as of June 30, 2016)***. We offer individuals, small- and medium-sized businesses, and corporate and equivalent customers a range of solutions, including installment loans for the purchase of new and used vehicles, as well as various leasing solutions with or without purchase options.

- ***Financing the corporate dealership network (19% of outstanding customer loans per IFRS 5 and 31% per IFRS 8 as of June 30, 2016)***. 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 present in France, Germany and Belgium and consists of Passbook savings accounts and Term deposit accounts (only in France and Germany). The proportion of outstanding amounts, all countries taken together, is respectively approximately 84% for savings passbooks and 16% for Term Deposit Accounts, with a certain benefit for the Term Deposit Accounts in terms of building customer loyalty. The growth in results from this business activity at the European level bears out the appropriateness of a plan built around the real economy. The marketing success met with also proves the confidence of savers in the growth outlook for the PSA Group and for BPF. This business is fully consolidated into 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 20 countries (including China) which accounted for about 88% of Peugeot, Citroën and DS vehicle sales as of June 30, 2016. Our principal markets are France, China and other Western European countries (notably the United Kingdom, Spain, Germany and Italy), Argentina and Brazil.

1.3 Analysis of operational results

1.3.1 Vehicle sales for Peugeot, Citroën and DS during the first half of 2016

In Europe, the Group's sales reached 1,056,000 units, an increase of 7.4% in comparison to the first half of 2015.

A product push has been launched in Europe with the new Peugeot Expert, Citroën Jumpy, Peugeot 3008 and Citroën C3. The Group's positions in Latin America have been strengthened with growth of 16.4%. The Group is back in Iran with the agreements signed for Peugeot and DS.

Over the first half of the year, PSA Group has faced adverse economic conditions in the Middle East and Africa: stoppage and then quota limits for imports in Algeria and restrictions on foreign currency access in certain countries (Egypt, Tunisia). This situation has placed significant constraints on the Group's sales in the region (-13.3%).

The Group has taken the necessary steps for its return to Iran with the signature of a joint venture agreement in June with Iran Khodro, a long-term partner of the Peugeot brand, and the DS brand was launched in Iran at the beginning of the year in cooperation with a private investor.

In Latin America, the PSA Group reinforced its position with 88,800 sales representing a growth of 16.4% in a market that was down by 8.2%. It achieved a record market share of over 7% in Chile in particular.

In Eurasia, despite significant economic deterioration and a downward trend in the market, particularly in Russia (-14.7%), the PSA Group saw its sales stabilize (-0.1%) and continues to focus on its profitability.

In the India/Pacific region, the PSA Group is buoyed by the Japanese market, which represents 49% of its sales in the region. The launch of the CITROËN C4 Cactus and diesel motorization in Japan will be major assets in strengthening the Group's position in the region.

PSA GROUP REGISTRATIONS (BPF PERIMETER, EXCLUDING CHINA)

By Geographical Region	June 30, 2016	June 30, 2015	% change
France	383,244	358,953	7%
Western Europe (excluding France)	541,460	512,377	6%
Central and Eastern Europe	31,748	36,587	-13%
Latin America	72,172	70,870	2%
Rest of the World	30,580	37,123	-18%
Total	1,059,204	1,015,910	**4%**

1.3.2 Banque PSA Finance commercial activity

1.3.2.1 End-users Financing

Given the more dynamic automobile market, particularly in Europe, BFP increased its penetration by 1 point in relation to the first half of 2015 thanks to stronger competitiveness and to the renewal of its sales operations associated with better refinancing terms.

In terms of volume, BPF reported a higher number of new vehicle contracts (+8.1%) in its available market, which itself was up 4.3%.

The share of products creating customer loyalty has risen by 13%, thereby demonstrating BPF's desire to develop products that promote faster renewal and support of customer expectations.

In the first half of 2016, vehicle registration numbers changed in varying ways according to region: the Big 5 (France, United Kingdom, Germany, Spain and Italy) increased by +7.4% and the Middle 5 (Belgium, Switzerland, Austria, Netherlands and Portugal) dropped by -1.3% (decrease in registrations in the Netherlands and in Switzerland). Latin America experienced an increase of +1.8%, including +9.2% for Argentina and a -9.6% decline for Brazil. Due to the harsh economic climate in Russia, PSA's sales decreased by 29.5% during the first half of the year.

Finally, although the Chinese market experienced a drop of -7.6%, it nevertheless represents 330,596 vehicles and is therefore the second largest market after France for PSA.

Overall, despite these significant disparities between markets, BPF experienced an increase in New vehicle/Used vehicle financing of +8.8%, particularly in the Big 10. The trend is continuing its reversal with strong growth of 11% in the used vehicles business over the first half of the year, thanks to the renewal of the sales operations (new campaigns, launch of new products, etc.).

The table below provides information relating to BPF's end-user financing activity in the first half of 2015 and in the first half of 2016.

Production of End-User financing for New and Used Vehicles

				Of which Santander partnership perimeter		
in number of contracts	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**
Installment sales	260,202	242,362	+ 7.4	238,153	220,185	+ 8.2
Leasing activity and other financing	140,136	125,764	+ 11.4	136,191	120,294	+ 13.2
TOTAL	**400,338**	**368,126**	**+ 8.8**	**374,344**	**340,479**	**+ 9.9**

				Of which Santander partnership perimeter		
in million euros (excluding accrued interests)	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**
Installment sales	2,463	2,329	+ 5.8	2,375	2,226	+ 6.7
Leasing activity and other financing	1,977	1,819	+ 8.7	1,954	1,780	+ 9.8
TOTAL	**4,440**	**4,148**	**+ 7.0**	**4,329**	**4,006**	**+ 8.1**

The following table illustrates the amount of new financing granted in the first half of 2015 and in the first half of 2016 by customer segment.

End-User Financing of new and used vehicles by client portfolio

				Of which Santander partnership perimeter		
in million euros	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**
Retail financing	4,051	3,698	+ 9.5	3,943	3,559	+ 10.8
of which new vehicles	3,314	3,045	+ 8.8	3,220	2,924	+ 10.1
of which used vehicles and other	737	653	+ 12.9	723	635	+ 13.9
Corporate and equivalent financing	389	450	- 13.6	386	447	- 13.6
End-user financing	**4,440**	**4,148**	**+ 7.0**	**4,329**	**4,006**	**+ 8.1**

Production as an amount of new financing for individuals and small- and medium-sized businesses increased by +9.5% between the first half of 2015 and the first half of 2016. The amount of new vehicle financing for this segment also increased by +8.8% during the first half of 2016 and there was also a strong increase of +12.9% in financing for used vehicles. In the Corporate and equivalent segment, the production as an amount of new and used vehicles fell by -13.6% due to the lower volume in Short-Term Leases (STL), particularly in Spain where the profitability of this type of operation is limited.

The following table shows the breakdown by region of the number of loans granted to end-users during the first halves of 2015 and 2016.

END-USER FINANCING OF NEW AND USED VEHICLES BY REGION

in number of contracts	Jun. 30, 2016	Jun. 30, 2015	% change
France	146,078	137,090	+ 6.6
Western Europe (excluding France)	211,153	184,985	+ 14.1
Central and Eastern Europe	9,749	11,167	- 12.7
Latin America	21,922	23,521	- 6.8
Rest of the World	11,436	11,363	+ 0.6
Total	**400,338**	**368,126**	**+ 8.8**
Of which partnership perimeter	**374,344**	**340,479**	**+ 9.9**

A. New Vehicle Financing

In the first half of 2016, BPF financed 310,783 new vehicles via installment contracts or leases, representing an increase of 8.1% compared to the first half of 2015. It should be noted that the volume of leasing contracts has grown by +12%, demonstrating PBF's intent to emphasize products creating customer loyalty.

The Bank's overall rate of penetration was 29.3% at the end of June 2016, thanks to the improvement in competitiveness associated with better refinancing terms (spread, benchmark rate) as well as the launch of a partnership with Santander Consumer Finance (SCF). At the end of June 2016, 7 joint ventures were launched in partnership with SCF.

At the same time, the close collaboration with the PSA Group Peugeot Citroën brands made it possible to renew some joint operations.

Big 5 performance increased by 1.1 points, in comparison to the first half of 2015 with strong growth in Spain at +4.5 points, in Italy at +2.4 points and in Great Britain at +2.7 points. There was slight penetration growth in France of 0.5 point.

Among the Middle 5 countries, penetration has grown by 1.9 points with a net increase in Austria of +5.7 points, +1.5 points in Belgium and +3.6 points in the Netherlands. The Austria JV became operational on July 1, 2016.

In Latin America, despite an unfavorable economic climate (Brazil and Argentina) and strong disruptions in the automobile markets, penetration remains very high in Brazil at 46.4%. In Argentina, given the extremely high refinancing terms, priority was given to the savings plan, and taken together, the savings plan and financing options represent a penetration of 48.9%, equivalent to an increase of 8.1 points.

B. Used Vehicle Financing

The volume of used vehicle finance contracts increased significantly by 11% compared with the data from June 30, 2015, thereby confirming the positive trend observed in 2015. BPF's financing activities for used vehicles focus on five countries: France, Germany, United Kingdom, Spain and Italy, which represent 85.3% of total BPF production.

This growth relies on the improvement in performance in Great Britain of +22.6% with the launch of new products (balloon loans for used vehicles).

The continuation of very competitive operations in Spain and Italy (additional customer bonus in case of financing) facilitated increases of 34.9% and 26.6% respectively. Finally, the plan was completely renewed in Germany with a new policy for pricing, initiatives and Wholesale synergies thus paving the way for an increase of +11.5% in used vehicle volumes.

Of note among the various increases: the net increases in Switzerland of +33.4%, Brazil of +47.8% and Turkey of +47.8%.

Finally, the Russian subsidiary reaped the benefits of the strong growth in the used vehicle market and nearly tripled its contract production.

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 881,745 vehicles as of the end of June 2016, a progression of 3.3% as compared to the first half of 2015. The amounts financed that correspond to these vehicles have increased by 2.6%.

Amounts financed for spare parts continue to drop with a contraction of 4.2% on a very competitive market. In total, the amounts financed increased by 2%.

The following table sets forth the new corporate dealer financing activity for end-June 2015 and 2016.

NEW CORPORATE DEALERS FINANCING

				Of which Santander partnership perimeter		
	Jun. 30, 2016	**Jun. 30, 2015**	**% change**	**Jun. 30, 2016**	**Jun. 30, 2015**	**% change**
Number of vehicles	881,745	853,973	+ 3.3	858,373	828,826	+ 3.6
Amount (in million euros)	**19,015**	**18,644**	**+ 2.0**	**18,517**	**18,104**	**+ 2.3**
of which vehicles	17,433	16,992	+ 2.6	16,988	16,519	+ 2.8
of which spare parts and other	1,583	1,652	- 4.2	1,529	1,585	- 3.5

The breakdown by geographical region of the vehicle volumes financed for dealers highlights the increase in financed volumes in France and, to a lesser extent, in Western Europe from an overall perspective.

In contrast, volumes have dropped in Latin America (drop due to Brazil) and, to a lesser extent, in Central and Eastern Europe.

1.3.2.3 Financing in China

DPCA sales slowed in the Chinese automobile market, whose growth in 2016 has been marked by Chinese brands pushing into the moderate price market and by the strong growth of the SUV market and in a lesser extent of the MPV segment. In this context, BPF was able to offset this effect during the first half of the year, via its joint venture DPCAFC, through increased sales and by maintaining its corporate and end-user loans.

In addition, the success of DPCAFC's first securitization transaction in May 2016 must be taken into account. For DPCAFC, this deconsolidation transaction involved the sale of outstanding installment contracts of an initial amount of €135 million to the Shenrong I fund, which facilitated the issue of class A, B senior tranches and subordinated securities for the respective amounts of €113, €15 and €6 million. At the end of June, the balance of the deconsolidated receivables corresponding to this transaction was €98 million. Total loans therefore reached €1,925 million at the end of June 2016 versus €2,039 million at year-end 2015, maintaining relative stability in loans excluding the deconsolidation of the securitized receivables.

The DPCAFC outstanding are not reflected in the figures relating to the Bank's consolidated end-user loans and receivables, because the Chinese subsidiary is accounted for by the equity method.

New vehicle retail loan penetration, which had attained 21.1% at year-end 2015 following 16.2% for 2014, has increased subsequently in the first half of 2016 and stands at 23.9%, demonstrating the increasing use of car loans by Chinese end-users and the attractiveness of the financing campaigns organized by DPCA. The penetration of dealer loans is also growing.

It should be recalled that in order to strengthen the synergies between the car manufacturer DPCA and its captive vehicle financing, DPCA holds 50% of DPCAFC's shares since March 2015, BPF 25% and the Dongfeng Group 25%. The management of the JV is assumed jointly by the three partners.

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

FINANCING IN CHINA

	Jun. 30, 2016	Jun. 30, 2015	% change
End-user loans *(including leases)*			
Number of vehicles *(new and used)* financed	72,974	61,582	+ 18.5
Amount of financing *(in million euros, excluding interests)*	630	535	+ 17.8
Corporate dealer loans			
Number of vehicles financed	191,359	199,516	- 4.1
Amount of financing *(in million euros, including spare parts)*	2,691	3,261	- 17.5

Outstanding loans *(in million euros)*	Jun. 30, 2016	Dec. 31, 2015	% change
End-user loans *(including leases)*	1,270	1,329	- 4.4
Corporate dealers loans	655	709	- 7.8
Total loans	**1,925**	**2,039**	**- 5.5**

As part of PSA and BPF's expansion in China, BPF is continuing to assist CAPSA (50/50 joint venture between Chang'An and PSA, manufacturer and distributor of the DS brand in China) with a view to helping to develop and finance a dealership network as well as offering loans and services to CAPSA's customers thanks to the financial support of local financial institutions.

An initial partnership agreement between BPF, CAPSA, the Alibaba group, and the leasing company GCFL was signed on June 6, 2015 aimed at allowing DS to become the first luxury vehicle brand to be offered in China with online financing.

GCFL was signed on June 6, 2015 aimed at allowing DS to become the first luxury vehicle brand to be offered in China with online financing. Subsequently, at BPF's initiative, a second tripartite sales agreement was signed on November 23, 2015 between PSA Shanghai Management, CAPSA and China South Group Finance (CSGF – Finance Group Company of Chang'An). In just a few months, the penetration of new vehicle retail loans resulting from this most recent agreement has reached 15.7% for the first half of 2016.

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1.3.2.4 Insurance and Services activity

At the end of June 2016, the insurance and services margin (excluding net cost of refinancing) stood at €28 million per IFRS 5 and €87 million per IFRS 8, compared to €79 million per IFRS 8 as of June 30, 2015. 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 €67 million per IFRS 8 during the first half of 2016, up from €54 million in the first half of 2015. Earned premiums per IFRS 8 were €84 million, up €7 million compared to end of June 2015.

The margin on sales of other insurance products and services ("Buy" products) stood at €4 million per IFRS 5 and at €20 million per IFRS 8 at the end of June 2016, down from €25 million per IFRS 8 at the end of June 2015, primarily due to a negative foreign exchange impact of over €3 million.

NET BANKING REVENUE FROM INSURANCE AND SERVICES

	IFRS 5			*IFRS 8*		
(In million euros)	Jun. 30, 2016	30 juin 2015	% change	Jun. 30, 2016	30 juin 2015	% change
Margin on sales of insurance services	24	16	+ 50.0	67	54	+ 24.1
Margin on sales of other services[1]	4	10	- 60.0	20	25	- 20.0
Total	**28**	**26**	**+ 7.7**	**87**	**79**	**+ 10.1**

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 its 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 SOFIB 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, 2016 were clearly much higher than at December 31, 2015 (€1,380 million at June 30, 2016, including €293 million in Term Deposit Accounts, versus €1,112 million at the end of December 2015).

Following a significant increase in outstanding loans in Belgium over the course of 2015, activities slowed in 2016 with a drop in loans of €21 million (at €409 million).

As for Germany, the growth in activity noted in 2015 strengthened over the first half of 2016 with outstanding loans attaining €1,269 million at the end of June 2016 (versus €1,194 million at year-end 2015). Term Deposit Accounts represented €196 million or 15% of the amount outstanding debt at the end of June 2016.

Savings Business

	Jun. 30, 2016	Dec. 31, 2015	% change
Outstanding (In M€)	**3,058**	**2,736**	+ 11.8
Of which France	1,380	1,112	+ 24.1
Of which Germany	1,269	1,194	+ 6.3
Of which Belgium	409	430	- 5.1

	Jun. 30, 2016	Dec. 31, 2015	% change
Number of active contracts	110,263	101,172	+ 9.0
Average outstanding by contract (in K€)	28	27	+ 3.7

1.3.3 Results of operations

Consolidated Statement of Income

	IFRS 5			IFRS 8[1]		
(in million euros)	Jun. 30, 2016	Jun. 30, 2015	% change	Jun. 30, 2016	Jun. 30, 2015	% change
Net banking revenue	40	57	- 29.8	537	534	+ 0.6
General operating expenses and equivalent[2]	-33	-37	- 10.8	-224	-213	+ 5.2
Cost of risk		-1	- 100.0	-16	-27	- 40.7
Operating income	**7**	**19**	**- 63.2**	**297**	**294**	**+ 1.0**
Share in net income of associates and joint ventures accounted for using the equity method[3]	87	59	+ 47.5	7	7	+ 0.0
Other Non operating income[4]	-12	-120	- 90.0	-3	-15	- 80.0
Pre-tax net income	**82**	**-42**	**- 295.2**	**301**	**286**	**+ 5.2**
Income taxes	-6	29	- 120.7	-109	-87	+ 25.3
Net income from continuing operations	**76**	**-13**	**- 684.6**	**192**	**199**	**- 3.5**
Profit/(loss) of operations to be taken over by partnership	**35**	**141**	**- 75.2**			
Net income for the year	**111**	**128**	**- 13.3**	**192**	**199**	**- 3.5**

[1] - The items for the transition from IFRS 8 to IFRS 5 format for statement of income are found in Note 25.2 in the consolidated accounts.

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

[3] - Joint ventures with Santander accounted for using the equity method in IFRS 5: France and UK since February 2015, Spain and Switzerland since October 2015, Italy since January 2016, Netherlands since February 2016 and Belgium since May 2016. China, within BPF partnership with Dongfeng Peugeot Citroën is accounted for using the equity method since 2006 (IFRS 5 and IFRS 8 formats).

[4] - Including costs of the non-transferred liabilities of operations to be taken over by partnership in IFRS 5.

1.3.3.1 Net Banking Revenues

The net banking revenue per IFRS 5 stood at €40 million at June 30, 2016 versus €57 million at June 30, 2015. This €17 million decline is primarily due to the lack of re-invoicing of security costs to the subsidiaries over the half-year. The net banking revenue per IFRS 8 remains stable at €537 million at June 30, 2016 versus €534 million at June 30, 2015.

1.3.3.2 General Operating Expenses

General operating expenses and equivalent per IFRS 5 attained €33 million at June 30, 2016 versus €37 million at June 30, 2015, a change explained by the reduction in the partnership project costs paid by BPF. They stood at €224 million at June 30, 2016 compared to €213 million as of June 30, 2015 per IFRS 8. This increase is the result of various unfavorable effects, including the strengthening of the structure of the joint ventures with SCF.

1.3.3.3 Cost of Risk

As of June 30, 2016, the cost of risk stood at €0 million per IFRS 5 and €16 million per IFRS 8, or 0.15% of the average net outstanding loans, compared to €1 million per IFRS 5 and €27 million per IFRS 8 as of June 30, 2015, or 0.25% of the average net outstanding loans.

The cost of risk for BPF retail exposure (individuals and small- and medium-sized businesses) stood at €15 million as of June 30, 2016 per IFRS 8 (0.22% of the average net outstanding retail loans). This number has continuously improved over the past few years and shows a clear increase in relation to 2015 (€24 million per IFRS 8 during the first half of 2015, i.e. 0.34% of the average net outstanding retail loans).

The Bank continued to follow its cautious policy on credit risk management over the first half of 2016. The positive trends in the changes in default rates and the main risk indicators remained stable. For some countries, the very low default rates may indicate that a floor is in the process of being attained.

1.3.3.4 Operating Income

The operating income stood at €7 million per IFRS 5 and €297 million per IFRS 8, a very slight increase compared to €294 million per IFRS 8 as of June 30, 2015

1.3.3.5 Consolidated Net Income

The consolidated net income stood at €111 million per IFRS 5. The consolidated net income stood at €192 million per IFRS 8 at the end of June 2016 compared with €199 million at the end of June 2015. The decline in net income per IFRS 8 can specifically be explained by the recognition of an additional tax on dividends of €5 million recorded for the France joint venture.

Per IFRS 5, the share of the net income of associates and joint ventures accounted for using the equity method went from €59 million at June 30, 2015 to €87 million at June 30, 2016 due to the application of the equity method to the joint ventures in Spain, Switzerland, Italy, the Netherlands and Belgium between the two half-years.

1.4 Financial Situation

1.4.1 Assets

1.4.1.1 General

The assets as of June 30, 2016 amount to a total of €5,994 million per IFRS 5. Assets at June 30, 2016 amounted to a total of €25,191 million per IFRS 8, a 3.3% increase equivalent to €0.8 billion, primarily due to the increase in loans and advances to clients (+€0.7 billion).

1.4.1.2 Outstanding Loans

The outstanding loans (including installment and lease contracts) stood at €264 million per IFRS 5 at June 30, 2016, and €22,079 million per IFRS 8, a 3.5% increase equivalent to €0.7 billion compared to year-end 2015. End-user loans were up 1.4% per IFRS 8 and Corporate dealer financing increased by 8.5%. The table below shows the outstanding loans by customer segment at June 30, 2016 and at year-end 2015.

OUTSTANDING BY TYPE OF LOAN

(In million euros)	***IFRS 5***			***IFRS 8***		
	Jun. 30, 2016	**Dec. 31, 2015**	**% change**	**Jun. 30, 2016**	**Dec. 31, 2015**	**% change**
Corporate dealers	50	129	- 61.2	6,743	6,217	+ 8.5
End-users	214	331	- 35.3	15,336	15,119	+ 1.4
of which Retail	199	303	- 34.3	13,897	13,662	+ 1.7
of which Corporate and equivalent	15	28	- 46.4	1,439	1,457	- 1.2
Total Customer Loans and Receivables	**264**	**460**	**- 42.6**	**22,079**	**21,336**	**+ 3.5**

The following table shows the geographic distribution of outstanding loans:

OUTSTANDING BY REGION

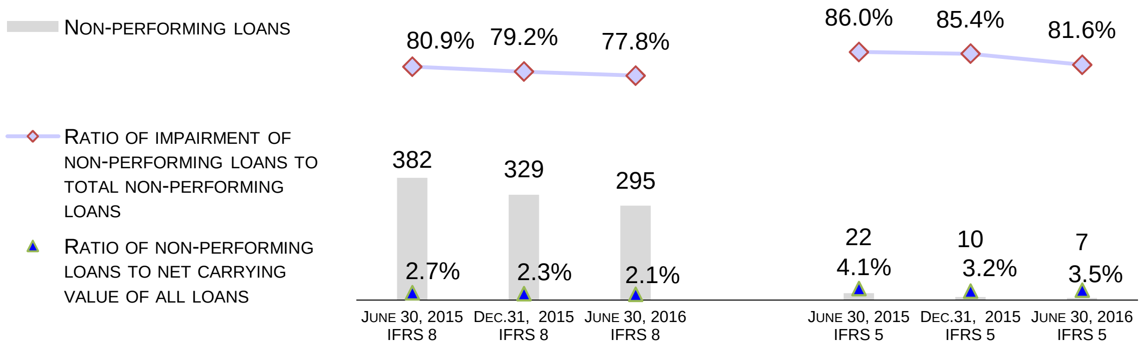
	IFRS 5					
	Jun. 30, 2016			**Dec. 31, 2015**		
in million euros	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total
France[1]	0	-5	-5	0	-2	-2
Western Europe (excluding France)	3	46	49	1	59	60
Central and Eastern Europe	0	1	1	88	82	170
Latin America	17	125	142	18	144	162
Rest of the World	30	47	77	22	48	70
Total	**50**	**214**	**264**	**129**	**331**	**460**

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

in million euros	IFRS 8					
	Jun. 30, 2016			Dec. 31, 2015		
	Corp. Dealers	End-users	Total	Corp. Dealers	End-users	Total
France	2,847	6,037	8,884	2,462	5,789	8,251
Western Europe (excluding France)	3,556	8,555	12,111	3,414	8,467	11,881
Central and Eastern Europe	189	207	396	212	327	539
Latin America	122	489	611	107	488	595
Rest of the World	29	48	77	22	48	70
Total	**6,743**	**15,336**	**22,079**	**6,217**	**15,119**	**21,336**

1.4.2 Provisions for Non-performing loans

RETAIL NON-PERFORMING LOANS (IN MILLION EUROS, EXCEPT PERCENTAGES)



The percentage of non-performing loans continued to improve during the first half of 2016 to reach a rate of 2.1% per IFRS 8, which represents a historically very low level reflecting the continued improvement of the portfolio from a risk perspective.

The impairment provisions for non-performing loans remain high at 77.8% per IFRS 8, the slight decrease observed during the first half of the year shows the improvement in risk that is reflected in the improving provisions percentage.

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.

From the start dates onwards, BPF is no longer responsible for the financing of joint ventures. BPF thus finances continuing operations (countries outside the scope of the framework agreement with SCF) as well as the activities transferred until the operational start date of the latest joint ventures.

BPF's strong capital base, coupled with a quality asset portfolio, provides equity for obtaining financing. Accordingly, BPF's financing strategy is to diversify liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging exposure to currency and interest rate risk.

During the first half of 2016, BPF made use of a number of different sources of financing: deposits (passbook savings accounts and deposit accounts), bonds, securitizations, as well as syndicated backup and revolving bilateral lines.

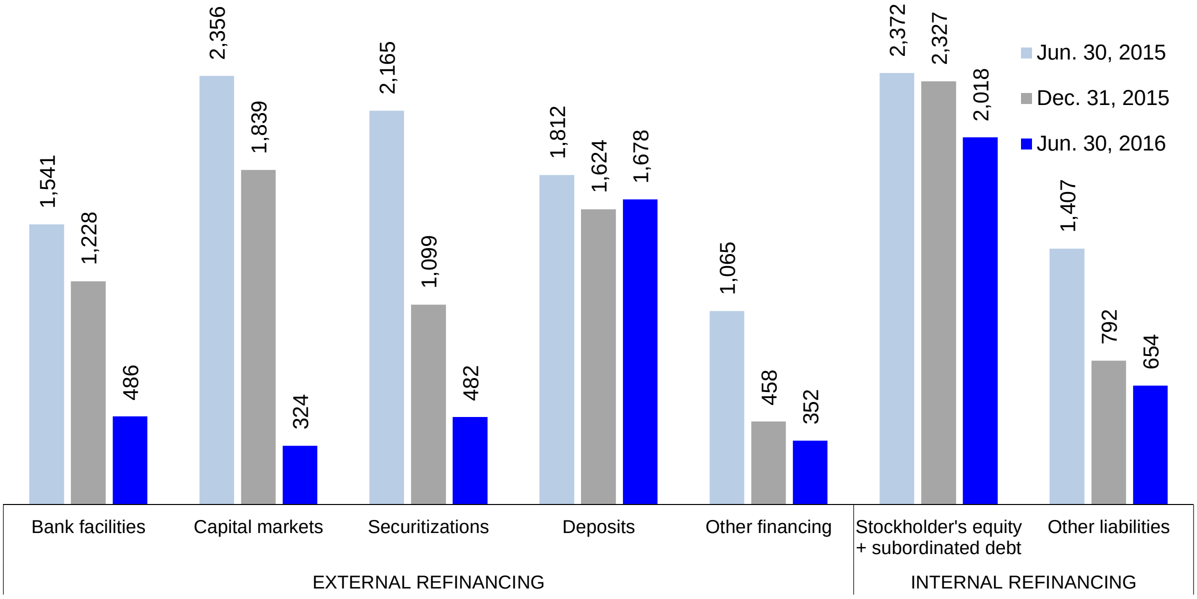
At June 30, 2016, BPF was in a financially secure position based on a liquidity reserve and undrawn revolving bilateral lines (see Note 20.3 to the consolidated financial statements).

In addition, 15% of financing came from drawn bank loans, 10% from the capital market, 14% from securitization operations on the markets, 11% from "other" financing (including 0% of public origin such as the ECB) and 50% from the deposit bank business. At December 31, 2015, these sources provided 20%, 29%, 18%, 7% (including 0% of public origin) and 26% of BPF's financing, respectively.

The following chart breaks down the Bank's financing by source at June 30, 2015, December 31, 2015 and June 30, 2016.

SOURCES OF FINANCING *(in millions of euros)*

(EXCLUDING UNDRAWN CONFIRMED BANK CREDIT LINES)



Following the repayment of the tranche with an April 2016 maturity, BPF no longer has any bond issues guaranteed by the French government. It should be noted that in February 2015, BPF had announced that it would no longer use the French State guarantee for new bond issues. The Bank's outstanding short- and medium-term capital market financing stood at €324 million at June 30, 2016, compared with €1,839 million at December 31, 2015.

During the first half of 2016, BPF (i) reimbursed and canceled the banking lines of credit drawn for a total amount of €185 million, (ii) canceled the bilateral revolving lines of credit amounting to a total of €1.03 billion and (iii) canceled the syndicated loan of €700 million signed on February 5, 2015. At the same time, BPF set up several new bilateral revolving lines of credit for a total loan amount of €380 million. These transactions were made as part of the partnership between BPF and SCF, and led to a sharp reduction in BPF's financing needs and associated financial guarantees.

Furthermore, the outstanding amount of external financing through securitization (including the Brazilian FIDC) fell from €1,099 million at December 31, 2015 to €482 million at June 30, 2016. All securitization transactions are fully consolidated and carried on the BPF balance sheet. The total amount of receivables sold to securitization vehicles was €718 million at June 30, 2016 compared to €1,358 million at December 31, 2015 (see Note 8.3 to the consolidated financial statements). The fall in outstanding loans and sold receivables reflects the deconsolidation of operations in France, the UK, Spain, Switzerland and Italy in 2015 and in the first half of 2016, due to the launch of joint ventures with SCF in these countries.

Finally, at June 30, 2016, no structured financing has been sought from the ECB (see Note 13 to the consolidated financial statements). This source of financing had not been used by BPF at December 31, 2015. No assets had been deposited with the ECB as of June 30, 2016 or December 31, 2015 (see Note 20.1 to the consolidated financial statements).

1.4.4 Security of liquidity

We seek to maintain an appropriate balance between safeguarding our liquidity position, which is our first priority, and optimization of financing costs.

The establishment of joint ventures between BPF and SCF in the various countries includes their financing by BPF, until business is up and running. In order to verify BPF's ability to continue this financing in the event of planning delays, stress scenarios are performed every month using delays of between three and six months.

At June 30, 2016, the liquidity reserve (available invested cash) represented €373 million (see Note 20.3 to the consolidated financial statements) including €251 million of high-quality liquid assets, before weighting for the calculation of the liquidity coverage ratio (LCR).

In addition, at June 30, 2016, BPF has unused credit facilities of some €515 million (see Note 20.2 to the consolidated financial statements).

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

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

Lastly, at June 30, 2016, BPF has customer financing commitments in the amount of €147 million compared with €208 million at December 31, 2015. In addition, the amount of guarantee commitments given in favor of customers increased to €56 million, compared to €27 million at the end of December 2015 (see Note 20.1 to the consolidated financial statements).

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. This measure took effect on January 1, 2009 in France, Germany, United Kingdom, Spain and Portugal. In 2010, the IRBF and IRBA approaches were also authorized for Italy, and in 2011 for Belgium and the Netherlands.

In this context, Regulation 575/2013/EU and Directive 2013/36/EU of the European Parliament and the Council introduced a new banking legislative package since January 1, 2014 for banks of EU countries, called "CRD4 package".

This reform called Basel III, which constitutes the Basel Committee's response to the financial crisis, aims mainly to:

- reinforce the level and quality of Tier 1 capital ("Core tier 1");
- reinforce regulatory requirements concerning counterparty risk;
- implement a leverage ratio;
- improve liquidity risk management by creating two liquidity ratios (one-month liquidity ratio, LCR, applicable from October 1, 2015 and one-year liquidity ratio "Net Stable Funding Ratio – NSFR", applicable from 2018).

BPF's consolidated regulatory capital is now calculated according to this new regulation. Therefore, the negative difference between the recognized impairment and expected impairment losses (calculated using statistical methods) is deducted from the Core Tier One Capital.

The implementation of the cooperative agreement between Banque PSA Finance and Santander Consumer Finance (SCF) has had a significant impact on the scope and calculation of minimum capital requirements, and more generally, the CET1 ratio. The French, British, Spanish, Italian, Dutch and Belgian entities in which the internal ratings approach was applied, as well as the Swiss entity that used the standard approach, have become joint ventures with SCF and are therefore excluded from the BPF regulatory scope of consolidation for the calculation of risk-weighted assets (RWA). In return, the amount of BPF's interest in these joint ventures, in accordance with the CRR and up to certain thresholds, is deducted from the regulatory capital which forms the numerator of the solvency ratio calculation. With regard to Portugal, a country that formerly applied the internal ratings approach, the entire portfolio was sold to the Santander Group and a commercial agreement was entered into. As a result this country is no longer taken into account for the calculation of either weighted assets or BPF capital. Consequently, as of June 2016, the internal ratings approach is only used in Germany to determine weighted assets. At the end of March 2016, the internal ratings approach was still used in Belgium and Germany.

Within the scope of the cooperative joint ventures, BPF and SCF intend to reuse the internal ratings models developed by BPF, once they are approved by an independent validation unit (the Santander Group Internal Validation Team), following the integration of the governance principles jointly agreed upon by both partners, and with the consent of the relevant supervisory authorities. In France (SOFIB Group), the ECB has temporarily authorized the continued use of internal methods for the calculation of weighted assets, and an extensive action plan has been implemented in order to allow the integration of the SOFIB internal ratings system within SCF's scope of consolidation whilst complying with Santander Group standards. Once this plan has been implemented, the SOFIB internal ratings system will be reassessed by the ECB before any final authorization is granted. A similar plan was presented to the ECB and the British regulator PRA regarding the option to reuse the internal models developed by BPF; for the duration of the transition period between the implementation of this plan and the supervisory authorities giving their decision, any exposure will be assessed using the standard method.

At the same time as reusing existing internal models, the Bank is committed to the process of approving its assessment of corporate dealer exposure using the advanced IRB approach. Until now this has been assessed using the foundation approach.

As part of the application of the new Basel III regulation, BPF confirms a strong financial position. At March 31, 2016, the Basel III capital ratio in respect of pillar I thereby amounted to 16.92%, compared with 12.00% at December 31, 2015. The Basel III Tier 1 capital amounted to €741 million, taking into account the deduction of the difference between recognized impairment and expected actual losses on the IRB scope (-€36 million), and the minimum capital requirement stood at €350 million.

Since the consolidated prudential capital of the Bank consists exclusively of Core Tier 1 Capital, the changes in the definition of "Core Tier 1" resulting from the implementation of the aforementioned "CRD4 package" did not have any significant impact on the solvency ratio.

Operational risk is measured using the standard approach, and the minimum capital requirement is calculated by applying a 12% ratio to the retail Net Banking Revenue and 15% ratio to the non-retail Net Banking Revenue. The exchange rate risk corresponding to charges at the branches and subsidiaries which do not benefit from an exemption on the part of the ACPR is zero.

Moreover, according to the provisions of the aforementioned Regulation 575/2013/EU, as the Basel III capital requirements for BPF are greater than the 80% floor of Basel I, there are no additional capital requirements for the Basel I floor.

The increase in the ratio, between December 31, 2015 and March 31, 2016, is explained by the decrease in capital requirements related to a decline in the risk-weighted assets (RWA) of the denominator. The decline in RWA (-€2,092 million) is primarily the result of the use of the equity accounting method for the Italian and Dutch entities in BPF's consolidated financial statements following the creation, during the first half of 2016, of joint ventures with Santander CF in these countries. The assets of these entities are therefore no longer included in the RWA calculations. Regulatory capital dropped slightly (-€36 million), mainly due to 2 factors:

- a decrease in the recordable depreciation/expected losses in IRB scope associated with the equity method of accounting of the Italian and Dutch entities (impact on regulatory capital of +€23 million);
- the increase in the amount of the investments in non-consolidated companies and those accounted for using the equity method (impact of -€75 million on the regulatory capital). It should be noted that at the end of March 2016, under prudential standards, BPF held an interest in non-consolidated companies or those accounted for using the equity method (insurance companies, the Chinese subsidiary and French, British, Spanish, Swiss, Italian and Dutch joint ventures with Santander CF) to the amount of €1,136 million. A limited share of these investments, up to certain thresholds, may be used in the RWA calculation, but the remainder (€1,010 million) will be deducted from the regulatory capital.

CAPITAL REQUIREMENTS

(in million euros)	2 IRB countries	4 IRB countries
	Mar 31, 2016[2]	Dec 31, 2015[1]
Credit risk		
Standard approach	171	211
Of which Capital Requirement linked to shares of non consolidated entities and entities accounted for using the equity method	*25*	*26*
Foundation internal ratings-based approach (IRBF)	60	139
Advanced internal ratings-based approach (IRBA)	74	112
Subtotal	**305**	**462**
Operational risk - Capital Requirement (standard approach)	45	56
Currency risk - Capital Requirement (structural currency position)	0	0
Total Capital Requirement "Basel" (A)	**350**	**518**
Total Risk Weighted Assets (A)/0,08=(B)	**4,380**	6 472
Total regulatory capital "Basel" (C)	**741**	**777**
Of which expected impairment loss vs IFRS accounting impairment	**-36**	**-59**
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)	**-1,010**	**-935**
Capital adequacy ratio "Basel" : (C)/(B)	**16.92%**	**12.00%**

1 In December 2015, countries included in the IRB perimeter were 4, because of the use of Equity Method for French, UK and Spanish entities, following the set up of Joint companies with SCF in those countries and the sale of Portuguese entities to Santander Group.
2 In March 2016, countries included in the IRB perimeter are only 2, because of the use of equity method for Italiand and Dutch entities, following the set up of joint companies with SCF in these two countries on 2016's first semester.

All the data used to model and calculate credit risk is extracted from our management accounting systems. The latter, over the seven markets covered by internal approaches (for BPF or within the cooperative agreement with SCF), feed into the common risk databases (BRC and BUIC) 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.

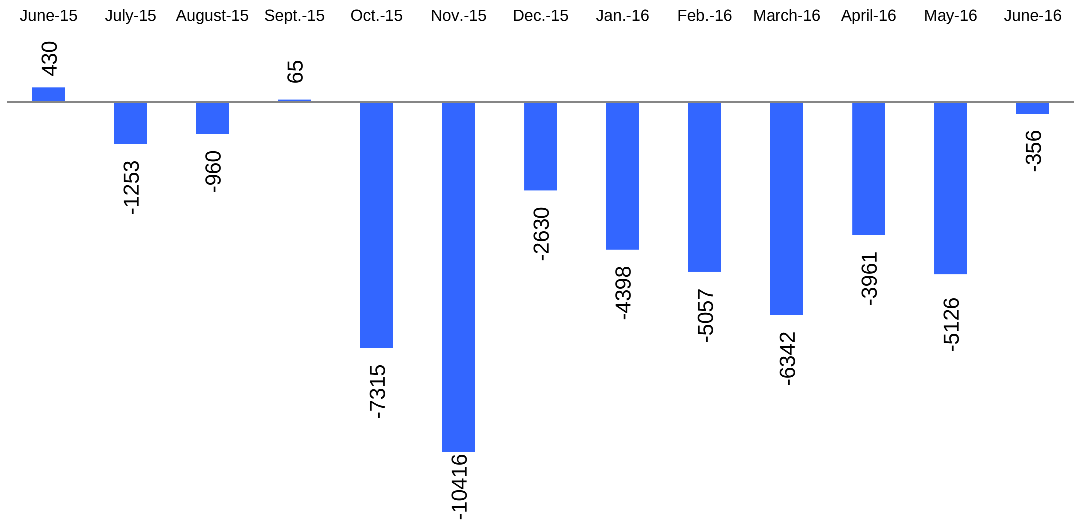
1.5 Risk factors and risk management

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 2015 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 2015 annual report.

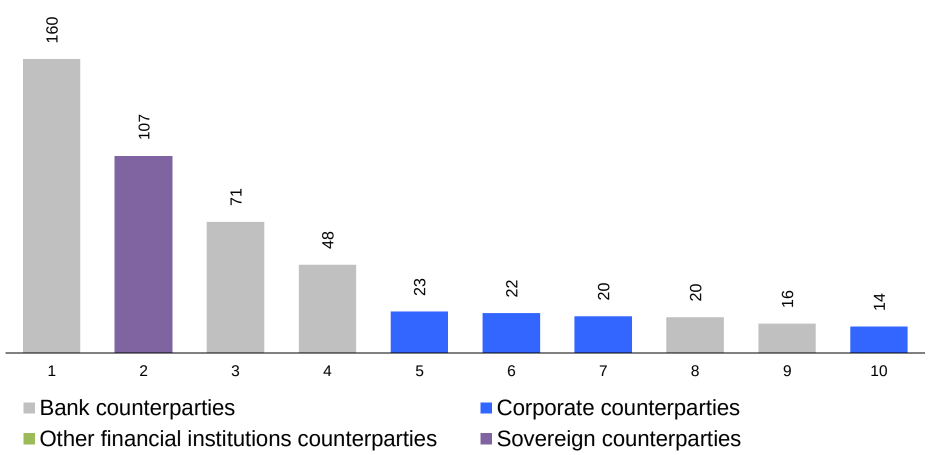
SENSITIVITY TO A 1% RATE INCREASE *(in million euros)*



The increase over the months of November and March is due to the preparation for the launch of the joint ventures in Italy and Belgium: before the transition into a joint venture, the outstanding swaps are reduced thereby increasing sensitivity.

In the last month preceding the transition to a joint venture (September for Spain and Switzerland, December for Italy and April for Belgium, June for Germany and Austria), sensitivity is no longer taken into account for the JV.

THE TOP TEN RISK-WEIGHTED EXPOSURES TO CREDIT RISK AT JUNE 30, 2016
(in million euros, excluding financing extended to PSA Group entities)



1.6 Internal control

In line with the order dated November 3, 2014 on internal control levels of banking sector business, payment and investment services, overseen by the French banking regulatory authority, the *Autorité de Contrôle Prudentiel et de Résolution*, the internal control measures implemented by BPF are organized around the functions of recurring and periodic controls, and the first tier controls are performed by the operating units.

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

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

Second-tier controls include compliance controls and controls over operational risks within the finance companies, insurance companies and corporate units, including those arising from refinancing and cash management services performed by the PSA Group on behalf of BPF. It is organized into three departments:

- Compliance Control;
- Operational and IT activities Control;
- Operational accounting risk, refinancing and cash management.

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

The internal periodic controls are handled by executive management: the Board of Directors (particularly through the work of the Audit and Risk Committee) and of BPF's management, in general by holding dedicated meetings.

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

2

CONSOLIDATED STATEMENTS - JUNE 30, 2016

2.1 Consolidated Balance Sheet

(in million euros)	*Notes*	**June 30, 2016**	**Dec. 31, 2015**
Assets			
Cash, central banks, post office banks	*4*	10	154
Financial assets at fair value through profit or loss	*5*	364	383
Hedging instruments	*6*	11	13
Available-for-sale financial assets		9	11
Loans and advances to credit institutions	*7*	199	87
Customer loans and receivables	*8, 23*	264	460
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	*18.3*	6	9
Held-to-maturity investments		-	-
Current tax assets	*24.1*	2	12
Deferred tax assets	*24.1*	19	27
Accruals and other assets	*9*	93	117
Investments in associates and joint ventures accounted for using the equity method	*10*	1,129	981
Property and equipment		1	1
Intangible assets		60	63
Goodwill		1	1
Total assets of continuing operations		**2,168**	**2,319**
Total assets of operations to be taken over by partnership (or held for sale)		**3,826**	**7,048**
Total assets		**5,994**	**9,367**

(in million euros)	*Notes*	**June 30, 2016**	**Dec. 31, 2015**
Equity and liabilities			
Central banks, post office banks		-	-
Financial liabilities at fair value through profit or loss	*11*	-	1
Hedging instruments	*12*	4	9
Deposits from credit institutions	*13*	94	848
- *of which debts of continuing operations*		*94*	*326*
- *of which non-transferred debts of operations to be taken over by partnership*		-	*522*
Due to customers	*14*	361	468
- *of which debts of continuing operations*		*231*	*163*
- *of which non-transferred debts of operations to be taken over by partnership*		*130*	*305*
Debt securities	*15*	258	1,786
- *of which debts of continuing operations*		*31*	*9*
- *of which non-transferred debts of operations to be taken over by partnership*		*227*	*1,777*
Fair value adjustments to debt portfolios hedged against interest rate risks	*18.3*	25	25
Current tax liabilities	*24.1*	3	6
Deferred tax liabilities	*24.1*	12	12
Accruals and other liabilities	*16*	299	109
Liabilities related to insurance contracts	*17.1*	81	83
Provisions		62	70
Subordinated debt		-	-
Total liabilities of continuing operations		**1,199**	**3,417**
Total transferred liabilities of operations to be taken over by partnership (or held for sale)		**2,777**	**3,623**
Equity		**2,018**	**2,327**
- Equity attributable to equity holders of the parent		1,992	2,295
- Share capital and other reserves		835	835
- Consolidated reserves		1,398	1,713
- *Of which Net income - equity holders of the parent*		*105*	*155*
- Income and expenses recognized directly in Equity		(241)	(253)
- *Of which Net income - equity holders of the parent (share of items recycled in profit or loss)*		*4*	*6*
- Minority interests		26	32
Total equity and liabilities		**5,994**	**9,367**

2.2 Consolidated Statement of Income

(in million euros)	*Notes*	**June 30, 2016**	**June 30, 2015**	**Dec. 31, 2015**
Net interest revenue on customer transactions		**32**	**51**	**88**
- Interest and other revenue on assets at amortized cost	*21*	36	57	106
- Fair value adjustments to finance receivables hedged against interest rate risks	*18.3*	-	(9)	(15)
- Interest on hedging instruments		(3)	(7)	(13)
- Fair value adjustments to hedging instruments	*18.3*	(1)	10	12
- Interest expense on customer transactions		(1)	(2)	(4)
- Other revenue and expense		1	2	2
Net investment revenue		**1**	**2**	**3**
- Interest and dividends on marketable securities		1	1	2
- Fair value adjustments to assets valued using the fair value option	*18.4*	-	(1)	(1)
- Gains and losses on sales of marketable securities		-	2	2
- Investment acquisition costs		-	-	-
Net refinancing cost		**(19)**	**(18)**	**(21)**
- Interest and other revenue from loans and advances to credit institutions		2	3	4
- Interest on deposits from credit institutions		(11)	(22)	(40)
- Interest on debt securities		(9)	(9)	(12)
- Interest on passbook savings accounts		-	-	-
- Expenses related to financing commitments received		(8)	(17)	(22)
- Fair value adjustments to financing liabilities hedged against interest rate risks	*18.3*	-	29	46
- Interest on hedging instruments		10	30	56
- Fair value adjustments to hedging instruments	*18.3*	-	(26)	(42)
- Fair value adjustments to financing liabilities valued using the fair value option		-	-	-
- Debt issuing costs		(3)	(6)	(11)
Net gains and losses on trading transactions		**(2)**	**(4)**	**(4)**
- Interest rate instruments	*18.4*	-	-	-
- Currency instruments		(2)	(4)	(4)
Net gains and losses on available-for-sale financial assets		**-**	**-**	**-**
Margin on sales of Insurance services	*17.3*	**22**	**16**	**28**
- Earned premiums		58	69	135
- Paid claims and change in liabilities related to insurance contracts		(36)	(53)	(107)
Margin on sales of services		**6**	**10**	**19**
- Revenues		6	10	19
- Expenses		-	-	-
Net banking revenue		**40**	**57**	**113**
General operating expenses	*22*	**(25)**	**(28)**	**(91)**
- Personnel costs		(4)	(5)	(10)
- Other general operating expenses		(21)	(23)	(81)
Depreciation and amortization of intangible and tangible assets		**(8)**	**(9)**	**(17)**
Gains and losses on investments in companies and other disposals of fixed assets		**-**	**-**	**-**
Gross operating income		**7**	**20**	**5**
Cost of risk	*23*	-	(1)	(1)
Operating income		**7**	**19**	**4**
Share in net income of associates and joint ventures accounted for using the equity method	*10*	87	59	123
Impairment on goodwill		-	-	-
Pension obligation - expense		-	-	-
Pension obligation - income		-	-	-
Other non-operating items		4	3	2
Costs of non-transferred debts of operations to be taken over by partnership		(16)	(123)	(174)
Pre-tax income		**82**	**(42)**	**(45)**
Income taxes	*24.2*	(6)	29	41
Net income of continuing operations		**76**	**(13)**	**(4)**
- of which attributable to equity holders of the parent		*70*	*(19)*	*(16)*
- of which minority interests		*6*	*6*	*12*
Gross income of operations to be taken over by partnership (or held for sale)		57	201	250
Income tax on operations to be taken over by partnership (or held for sale)	*24.2*	(22)	(60)	(73)
Net income of operations to be taken over by partnership (or held for sale)	*3.2*	**35**	**141**	**177**
- of which attributable to equity holders of the parent		*39*	*141*	*177*
- of which minority interests		*(4)*	*-*	*-*
Net income for the year		**111**	**128**	**173**
- of which attributable to equity holders of the parent		*109*	*122*	*161*
- of which minority interests		*2*	*6*	*12*
Net income of continuing operations - attributable to equity holders of the parent - per share (in €)		*6.3*	*(1.7)*	*(1.4)*
Net income - Earnings per share (in €)		*9.8*	*11.0*	*14.5*

2.3 Net Income and Income and Expenses Recognized Directly in Equity

	June 30, 2016			June 30, 2015			Dec. 31, 2015		
(in million euros)	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Net income	139	(28)	**111**	159	(31)	**128**	205	(32)	**173**
- of which minority interests			*2*			*6*			*12*
Recyclable in profit and loss items									
Fair value adjustments to hedging instruments (1)	1	-	**1**	(2)	1	**(1)**	(3)	1	**(2)**
- of which revaluation reversed in net income	-	-	**-**	-	-	**-**	-	-	**-**
- of which revaluation directly by equity	*1*	-	***1***	*(2)*	*1*	***(1)***	*(3)*	*1*	***(2)***
Exchange difference	6	-	**6**	32	-	**32**	(59)	-	**(59)**
- of which operations to be taken over by partnership	*32*	-	***32***	*13*	-	***13***	*(49)*	-	***(49)***
Total recyclable in profit and loss items	7	-	**7**	30	1	**31**	(62)	1	**(61)**
- of which minority interests			*(3)*			*1*			*(9)*
Not recyclable in profit and loss items									
Actuarial gains and losses on pension obligations	(2)	-	**(2)**	-	-	**-**	1	-	**1**
- of which operations to be taken over by partnership	-	-	**-**	-	-	**-**	-	-	**-**
in Equity	5	-	**5**	30	1	**31**	(61)	1	**(60)**
- of which minority interests			*(3)*			*1*			*(9)*
Total net income and income and expenses recognized directly in Equity	144	(28)	**116**	189	(30)	**159**	144	(31)	**113**
- of which attributable to equity holders of the parent			*117*			*152*			*110*
- of which minority interests			*(1)*			*7*			*3*

(1) Including a €1.4 million loss due to hedging cross currency swaps' basis spread at June 30, 2016 (€1.6 million loss at June 30, 2015 and €2.9 million loss at December 31,

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	Equity attributable to equity holders of the parent	Minority interests	Total equity
Au 31 décembre 2014	**177**	**340**	**318**	**2,474**	**(1)**	**(6)**	**(201)**	**3,101**	**38**	**3,139**
Distribution of dividends by:										
- Banque PSA Finance				(918)				(918)		(918)
- Other companies								-	(8)	(8)
Net Income				137	-	(2)	(14)	121	7	128
Income and Expenses Recognized Directly in Equity				-	(1)	-	32	31	-	31
At June 30, 2015	**177**	**340**	**318**	**1,693**	**(2)**	**(8)**	**(183)**	**2,335**	**37**	**2,372**
Distribution of dividends by:										
- Banque PSA Finance								-		-
- Other companies								-	1	1
Net Income				18	-	3	19	40	5	45
Income and Expenses Recognized Directly in Equity				-	(1)	1	(82)	(82)	(9)	(91)
Effect of a change in ownership interest following a capital increase to which shareholders did not subscribe equally (2)				2				2	(2)	-
At December 31, 2015	**177**	**340**	**318**	**1,713**	**(3)**	**(4)**	**(246)**	**2,295**	**32**	**2,327**
Distribution of dividends by:										
- Banque PSA Finance				(419)				(419)		(419)
- Other companies								-	(6)	(6)
Net Income				105	-	4	-	109	2	111
Income and Expenses Recognized Directly in Equity				-	1	(2)	9	8	(3)	5
Autre				(1)	-	-	-	(1)	1	-
At June 30, 2016	**177**	**340**	**318**	**1,398**	**(2)**	**(2)**	**(237)**	**1,992**	**26**	**2,018**

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) Capital increase by PSA Assurance SAS that was fully subscribed by Banque PSA Finance, resulting in the ownership interest attributable to the Group going from 90% to 94.12%.

2.5 Consolidated Statement of Cash Flows

(in million euros)	**June 30, 2016**	**June 30, 2015**	**Dec. 31, 2015**
Net income of continuing operations attributable to equity holders of the parent	**70**	**(19)**	**(16)**
Restatement of costs of non-transferred debts of operations to be taken over by partnership, after taxes	11	81	115
Elimination of income without cash effect:			
- Minority interests in income of subsidiaries	6	6	12
- Net income of associates accounted for using the equity method, net of dividends received	(12)	(59)	(123)
- Change in depreciation, amortization and other provisions	(3)	16	67
- Change in deferred taxes	1	(48)	(60)
- (Profit)/loss on disposals of assets	(4)	(3)	7
Funds from operations	**69**	**(26)**	**2**
Increase/decrease in:			
- loans and advances to credit institutions	1,245	7,421	7,459
- deposits from credit institutions	(564)	(3,012)	(2,808)
Change in customer loans and receivables	34	1,522	1,518
Increase/decrease in:			
- amounts due to customers	71	(968)	(813)
- financial assets at fair value through profit or loss	18	1,341	1,363
- financial liabilities at fair value through profit or loss	(1)	(14)	(15)
- hedging instruments	1	(5)	(9)
- debt securities	-	(276)	(305)
Change in working capital: assets	56	170	179
Change in working capital: liabilities	(21)	11	(11)
Net cash provided by operating activities	**908**	**6,164**	**6,560**
Acquisitions of shares in subsidiaries	(17)	(9)	(24)
Proceeds from disposals of shares in subsidiaries	43	(10)	(81)
Investments in fixed assets	(5)	(11)	(19)
Proceeds from disposals of fixed assets	-	-	1
Effect of changes in scope of consolidation	-	-	-
Net cash used by investing activities	**21**	**(30)**	**(123)**
Dividends paid to PSA Peugeot Citroën Group	(219)	(570)	(918)
Dividends paid to minority interests	(5)	-	-
Capital increase	-	-	-
Net dividends received from operations to be taken over by partnership	51	74	88
Net cash used by financing activities	**(173)**	**(496)**	**(830)**
Costs of non-transferred debts of operations to be taken over by partnership, after taxes	(11)	(81)	(115)
Changes in liabilities due to financing of operations to be taken over by partnership	(2,247)	(6,748)	(8,119)
Total net cash of financing operations to be taken over by partnership	**(2,258)**	**(6,829)**	**(8,234)**
Net income of operations to be taken over by partnerships	35	141	177
Change in assets and liabilities of operations to be taken over by partnership	1,217	(439)	847
Net dividends paid by operations to be taken over by partnership	(51)	(74)	(88)
Total net cash from operations to be taken over by partnership	**1,201**	**(372)**	**936**
Effect of changes in exchange rates	9	-	(19)
Net change in cash and cash equivalents	**(292)**	**(1,563)**	**(1,710)**
Cash and cash equivalents at the beginning of the period	**893**	**2,603**	**2,603**
Cash, central banks, post office banks	182	331	331
- of which operations to be taken over by partnership	*28*	*27*	*27*
Marketable securities qualified as cash equivalents	340	299	299
Current account advances and loans and advances at overnight rates	347	1,332	1,332
- of which operations to be taken over by partnership	*280*	*1,167*	*1,167*
Time accounts qualified as cash equivalents	24	641	641
Cash and cash equivalents at the end of the period	**601**	**1,040**	**893**
Cash, central banks, post office banks	70	24	182
- of which operations to be taken over by partnership	*60*	*17*	*28*
Marketable securities qualified as cash equivalents	278	299	340
Current account advances and loans and advances at overnight rates	236	593	347
- of which operations to be taken over by partnership	*155*	*553*	*280*
Time accounts qualified as cash equivalents	17	124	24

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

Partnerships between Banque PSA Finance and Santander

Banque PSA Finance and Santander Consumer Finance (“Santander CF”) signed a binding Framework Agreement on July 10, 2014, which will establish a partnership between the two groups in eleven European countries.

This partnership between Banque PSA Finance and Santander CF, the consumer finance division of Banco Santander, will take over time the form of ten dedicated local partnerships in Germany, Austria, Belgium, Spain, France, Italy, Netherlands, Poland, United Kingdom, Switzerland and a commercial partnership in Portugal. This transaction enhances commercial capabilities for PSA Peugeot Citroën’s brands enabling them to increase their penetration of the car finance market. It also creates a dynamic and sustainable financing activity for Banque PSA Finance, thanks to competitive offers dedicated to PSA Peugeot Citroën’s brands and customers. The perimeter of the partnership will cover 90% of Banque PSA Finance’s current activities.

In 2015, Banque PSA Finance and Santander CF set up joint ventures in France and in the United Kingdom in February, and in Spain and Switzerland in october. These companies provide financing for Peugeot, Citroën and DS car dealers and their customers in these four countries.

In May 2015 two new insurance companies owned 50-50 by Banque PSA Finance and Santander CF started distributing products in France and the United Kingdom, and since October 2015 in Spain and Switzerland. They will also provide distribution of insurance products for other countries in the partnership as and when these roll out.

Banque PSA Finance announced on July 24, 2015 the signing of a framework agreement with Banco Santander Brasil to develop a partnership between the two groups in Brazil.

Since August 2015, the Portuguese operations have been run under a commercial agreement with Santander CF.

In January 2016, the joint venture in Italy started up having previously received the approval from the regulatory authorities.
In February 2016, the joint venture in the Netherlands started up having previously received the approval from the regulatory authorities.
In May 2016, the joint venture in Belgium started up having previously received the approval from the regulatory authorities.
In July 2016, the joint ventures in Germany and in Austria started up having previously received the approval from their respective regulatory authorities.
These companies provide financing for Peugeot, Citroën and DS car dealers and their customers in these five countries.

The partnership agreements between Banque PSA Finance and Santander cover 11 European countries and Brazil. The partnership is operational in 10 European countries, representing 97% of the target perimeter. The launch of activities in the 2 last countries should be finalized in the second half of 2016 (Brazil and Poland).

In accordance with IFRS 5, accounting impacts are described in section I of Note 2 and in Note 3.

€7 billion State guarantee

Under Article 85 of the Amending Finance Act of December 29, 2012, the Minister for the Economy is authorized to provide a State guarantee for a fee for securities issued between January 1, 2013 and December 31, 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital.

Of this guarantee, a total of €1,500 million was used via two EMTN: €1,200 million issued in April 2013 and €300 million issued in July 2014. Since February 2015, Banque PSA Finance has made no further use of the French State guarantee for new bond issues. In March 2015, €942.9 million of the first issuance and €287 million of the second issuance were repaid. The residual amount of the second (€13 million) was repaid in October 2015. The residual amount of the first (€257.1 million) was repaid in April 2016.

Therefore, since April 2016, there is no longer a State-guaranteed bond issue in Banque PSA Finance balance sheet.

Other sources of financing

From the launching dates on, Banque PSA Finance is no more responsible for the joint ventures’ financing. Banque PSA Finance thereby provides the financing of continuing operations (countries out of the partnership agreement with Santander perimeter) and also the financing of transferred activities until the start-up of the joint ventures.

In the first half of 2016, Banque PSA Finance made use of a number of different sources of financing: deposits (passbooks savings accounts and deposit accounts), bonds, securitizations, as well as syndicated backup and revolving bilateral lines.

During this period, Banque PSA Finance (i) repaid and cancelled the drawn bank facilities in the total amount of €185 million, (ii) cancelled the bilateral revolving credit facilities in the amount of €1,050 million and (iii) cancelled the syndicated credit facility of €700 million, which had been signed on February 5, 2015. At the same time, it set up several new bilateral revolving credit facilities in the total amount of €360 million. These transactions are part of the partnership with Santander CF, resulting in a significant reduction in Banque PSA Finance’s financing needs and associated financial securities.

In addition, the outstanding of external financing obtained through securitizations changed from €1,099 million at December 31, 2015 to €482 million at June 30, 2016 (including accrued interests, see Note 15.1). Total receivables sold to securitization vehicles were €718 million at June 30, 2016 compared to €1,358 million at December 31, 2015 (see Note 8.3). The decrease in 2016 is notably due to the deconsolidation of operations following the setting of the joint venture in Italy.

At June 30, 2016, there was no structured financing with the ECB, as at December 31, 2015 (see Note 13). At June 30, 2016, no assets were deposited as collateral with the ECB, as at December 31, 2015 (see Note 20.1).

Thanks to those different funding sources, Banque PSA Finance is in a position to cover its refinancing needs for the next twelve months at least, and until the closing of the transactions with Santander Consumer Finance (see Note 20.4).

B. Changes in Group Structure

In January 2016, Banque PSA Finance branch in Italy transferred its activity to the new subsidiary in a 50:50 partnership with Santander Banca PSA Italia S.P.A. In accordance with revised IAS 28 – Investments in Associates and Joint Ventures, the subsidiary in partnership in Italy is a joint venture. Accordingly, it has been accounted for using the equity method since January 2016. The associated Italian special purpose fund Auto ABS Italian Loans Master S.r.l has been accounted for using the equity method since January 2016 (see Note 10.2).

In January 2016, the net assets of the subsidiary in Croatia PSA Financial d.o.o were sold. The result on disposal is not material in the consolidated financial statements of Banque PSA Finance. The residual structure, not material and in the process of liquidation, was deconsolidated in March 2016.

In February 2016, after buying (in January 2016) the portion held by PSA Finance Nederland B.V in its subsidiary created in December 2015 in the Netherlands, Banque PSA Finance owned 100% and then sold 50% of PSA Financial Services Nederland B.V to Santander. In accordance with revised IAS 28, the new joint venture in the Netherlands has been accounted for using the equity method since February 2016 (see Note 10.2).

In March 2016, a new insurance broker was created in Brazil. PSA Corretora de Seguros e Serviços Ltda is 99%-owned by PSA Services Ltd, which is 99,99%-owned by PSA Assurance S.A.S, itself 94,12%-owned by Banque PSA Finance. It has been fully consolidated since March 2016.

In March 2016, the subsidiary in Slovenia BPF Financiranje d.o.o was totally sold. The result on disposal is not material in the consolidated financial statements of Banque PSA Finance.

In April 2016, PSA Finance Nederland B.V (subsidiary of the subsidiary PSA Financial Holding B.V) absorbed Peugeot Finance International N.V (fully owned by Banque PSA Finance). This operation had no impact on the consolidated income statements of Banque PSA Finance Group.

In May 2016, after buying (in February 2016) the portion held by PSA Financial Holding B.V in its Belgian subsidiary, Banque PSA Finance owned 100% and then sold 50% of its subsidiary PSA Finance Belux to Santander. In accordance with revised IAS 28, the new joint venture in Belgium has been accounted for using the equity method since May 2016 (see Note 10.2).

In June 2016, Banque PSA Finance's Brazilian subsidiary Banco PSA Finance Brasil S.A repurchased the loans sold in 2010 to the FIDC, and the fund was wound up in advance. As the FIDC was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

Note 2 Accounting Policies

The interim consolidated financial statements for the six months ended June 30, 2016 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 2015 consolidated financial statements.

The accounting principles applied to prepare the interim consolidated financial statements for the six months ended June 30, 2016, are identical to those used to prepare the 2015 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, 2016”.

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, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date.

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

New IFRSs and IFRIC Interpretations applicable compulsorily in the fiscal year commencing on January 1, 2016

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2016 and applied by Banque PSA Finance Group are the following:

- Annual Improvements to IFRSs 2010-2012 Cycle.

The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2010 on areas of inconsistency in IFRSs or where clarification of wording is required.

Amendments to IFRS 8 and to IAS 16, 24 and 38 are clarifications or corrections to the respective standards.

Amendments to IFRS 2 and IFRS 3, involve changes to the existing requirements or additional guidance on the implementation of those requirements.

- Amendments to IAS 19 – Employee Benefits entitled Defined Benefit Plans: Employee Contributions. The amendments aim to simplify and clarify the accounting for employee or third party contributions linked to defined benefit plans.

- Amendments to IFRS 11 – Joint Arrangements entitled Accounting for Acquisitions of Interests in Joint Operations. The amendments provide new guidance on the accounting treatment of an acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business according to the IFRS 3 – Business Combinations.

- Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets entitled “Clarification of Acceptable Methods of Depreciation and Amortisation”. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- Amendments to IAS 1 – Presentation of Financial Statements entitled Disclosure Initiative. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements.

- Annual Improvements to IFRSs 2012-2014 Cycle.

The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle on areas of inconsistency in IFRSs and IASs or where clarification of wording is required.

The improvements concern:
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7 – Financial Instruments: Disclosures;
- IAS 19 – Employee Benefits;
- IAS 34 – Interim Financial Reporting.

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, 2016

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.

Informations to be disclosed in the notes to the financial statements were 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 impacts of IFRS 9 on Banque PSA Finance are currently being analysed.

- 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.

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

I. Assets and activities held-for-sale or to be taken over by partnership

An asset or a group of assets with directly associated liabilities is classified as held-for sale or to be taken over by partnership if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the asset or activity must be available for immediate sale in its present condition and its sale must be highly probable.

These assets or activities to be taken over by partnership are measured at the lower value of their carrying amount and fair value less costs to sell.

Impairment of a group of assets classified as held-for sale (or to be taken over by partnership)

If the fair value of a group of assets held-for sale less selling costs is under its carrying amount after impairment of assets, the difference is allocated to assets held-for sale including the financial assets and is recognised at Banque PSA Finance under “Net income of operations to be taken over by partnership”.

Presentation according to IFRS 5.

The relevant assets and liabilities are shown separately on the balance sheet.

The net income, the statement of cash flows, as well as the Income and Expenses recognized directly in Equity of the assets to be taken over by partnership are presented separately in the consolidated financial statements for all periods of reporting.

These principles have been applicable since the end of 2014 regarding the partnership between Banque PSA Finance and Santander Consumer Finance.

The operations relating to the partnership of Banque PSA Finance and Santander Consumer Finance take place until 2016. The operation has been considered as the entire and has required taking into account the exhaustive impact of IFRS 5 for different entities of the cooperation scope.

This partnership is described in Note 1.A.

The presentation and measurement of the activities in this scope are realised in the following way.

The assets and liabilities to be taken over by partnership are classified in “Total assets of operations to be taken over by partnership” and “Total transferred liabilities of operations to be taken over by partnership”.

Presentation of the financial debts

Some debts meant to ensure the refinancing of the assets held-for-transfer will not be transferred. As a consequence, lines “Loans and advances to credit institutions” on the one hand and “Debts reprensented by a security” on the other are henceforth presented in two lines: “of which debts of continuing operations” and “of which non-transferred debts of operations to be taken over by partnership”.

These declassified assets are not taken into account in the “Operating income”. The expenses and incomes are classified in the following way:
- “Costs of non-transferred debts of operations to be taken over by partnership”,
- “Gross income of operations to be taken over by partnership”.

Note 3 IFRS 5 Impacts on the Financial Statements

3.1 Assets and operations to be taken over by partnership (or held for sale)

The assets or activities to be taken over by partnership (or held for sale) are measured at the lower value of their carrying amount and fair value less costs to sell.
The relevant assets and liabilities are shown separately on the balance sheet.
The net income, the statement of cash flows, as well as the Income and Expenses recognized directly in Equity of the assets to be taken over by partnership are presented separately in the consolidated financial statements for all periods of reporting.
These principles are applicable as at June 30, 2016 regarding the partnership between Banque PSA Finance and Santander described in Note 1.A.
They are also applied to assets held for sale, but only in the balance sheet, due to the fact that the figures to be reported in the income statement are not material. The assets held for sale relate to Czech Republic and Slovakia: disposal planned in July 2016, which is outside the scope of the partnership with Santander.

The presentation and measurement of the activities in this scope are realised in the following way.
The assets and liabilities to be taken over by partnership (or held for sale) have been reclassified in “Total assets of operations to be taken over by partnership (or held for sale)” and “Total transferred liabilities of operations to be taken over by partnership (or held for sale)”. These assets were measured at the last sale price known at the time of valuation, which led to:

- a total charge at June 30, 2016 of €1 million of impairment to the Disposal Group net of income tax (see the column "Impairment of disposal group" in Note 3.2), mainly concerning Brazil.
- a total charge at June 30, 2015 of €10 million of impairment to the Disposal Group net of income tax (see the column "Impairment of disposal group" in Note 3.2), reflecting the extension of the cooperation agreement to Brazil and to Retail in Italy and Spain.
- a total charge at December 31, 2015 of €30 million of impairment to the Disposal Group net of income tax (see the column "Impairment of disposal group" in Note 3.2), reflecting the extension of the cooperation agreement to Brazil and to Retail in Italy and Spain.

Some debts meant to ensure the refinancing of the assets held-for-transfer will not be transferred. As a consequence, lines “Deposits from credit institutions”, “Due to customers” and “Debt securities” are henceforth presented in two lines: “of which debts of continuing operations” and “of which non-transferred debts of operations to be taken over by partnership”. A portion of these debts will be a prepayment in 2015, and certain undrawn bank facilities will be closed early (see paragraph "Refinancing Policy" in the Management Report).

These prepayments led, pursuant to IAS 39, to the recognition of:

- a €12 million charge for 2015.

The reclassified assets are not taken into account in the “Operating income”. The expenses and incomes are classified in the following way :

- "Costs of non-transferred debts of operations to be taken over by partnership",
- "Gross income of operations to be taken over by partnership".

The impact of this transaction on the balance sheet at June 30, 2016 is as follows:

(in million euros)	*Notes*	Before reclassification	After reclassification	IFRS 5 impact at June 30, 2016
Assets				
Cash, central banks, post office banks	*4*	70	10	(60)
Financial assets at fair value through profit or loss	*5*	473	364	(109)
Hedging instruments	*6*	11	11	-
Available-for-sale financial assets		9	9	-
Loans and advances to credit institutions	*7*	376	199	(177)
Customer loans and receivables	*8*	3,633	264	(3,369)
Fair value adjustments to finance receivables portfolios hedged against interest rate risks		6	6	-
Held-to-maturity investments		-	-	-
Current tax assets	*24.1*	10	2	(8)
Deferred tax assets	*24.1*	79	19	(60)
Accruals and other assets	*9*	174	93	(81)
Investments in associates and joint ventures accounted for using the equity method	*10*	1,129	1,129	-
Property and equipment		7	1	(6)
Intangible assets		60	60	-
Goodwill		1	1	-
Total assets of continuing operations		**6,038**	**2,168**	**(3,870)**
Total assets of operations to be taken over by partnership (or held for sale) (1) (2)		**(44)**	**3,826**	**3,870**
Total assets		**5,994**	**5,994**	**-**

(in million euros)	*Notes*	Before reclassification	After reclassification	IFRS 5 impact at June 30, 2016
Equity and liabilities				
Central banks, post office banks		-	-	-
Financial liabilities at fair value through profit or loss	*11*	-	-	-
Hedging instruments	*12*	4	4	-
Deposits from credit institutions	*13*	486	94	(392)
- *of which debts of continuing operations*		*486*	*94*	*(392)*
- *of which non-transferred debts of operations to be taken over by partnership*		-	-	-
Due to customers	*14*	2,073	361	(1,712)
- *of which debts of continuing operations*		*2,073*	*231*	*(1,842)*
- *of which non-transferred debts of operations to be taken over by partnership*		-	*130*	*130*
Debt securities	*15*	806	258	(548)
- *of which debts of continuing operations*		*806*	*31*	*(775)*
- *of which non-transferred debts of operations to be taken over by partnership*		-	*227*	*227*
Fair value adjustments to debt portfolios hedged against interest rate risks		25	25	-
Current tax liabilities	*24.1*	7	3	(4)
Deferred tax liabilities	*24.1*	34	12	(22)
Accruals and other liabilities	*16*	395	299	(96)
Liabilities related to insurance contracts	*17.1*	81	81	-
Provisions		68	62	(6)
Subordinated debt		-	-	-
Total liabilities of continuing operations		**3,979**	**1,199**	**(2,780)**
Total transferred liabilities of operations to be taken over by partnership (or held for sale) (1) (2)		**(3)**	**2,777**	**2,780**
Equity		2,018	2,018	-
- Equity attributable to equity holders of the parent		1,992	1,992	-
- Share capital and other reserves		835	835	-
- Consolidated reserves		1,398	1,398	-
- *Of which Net income - equity holders of the parent*		*105*	*105*	-
- Income and expenses recognized directly in Equity		(241)	(241)	-
- *Of which Net income - equity holders of the parent (share of items recycled in profit or loss)*		*4*	*4*	-
- Minority interests		26	26	-
Total equity and liabilities		**5,994**	**5,994**	**-**

(1) *In column "Before reclassification", €44 million negative amount in assets and €3 million negative amount in liabilities correspond to the impairment of Disposal Group.*

(2) *The operations held for sale relate to Czech Republic (€115 million assets and €50 million liabilities) and to Slovakia (€70 million assets and €2 million liabilities), which will be sold in July 2016.*

3.2 Synthetic Income Statement of operations to be taken over by partnership (or held for sale)

For the first semester 2016

(in million euros)	Before impairment of disposal group	Impairment of disposal group	June 30, 2016
Net banking revenue	**112**	**-**	**112**
General operating expenses and equivalent	(41)	-	(41)
Gross operating income	**71**	**-**	**71**
Cost of risk	(6)	-	(6)
Operating Income	**65**	**-**	**65**
Impairment on goodwill	-	-	-
Other non-operating items	(7)	(1)	(8)
Pre-tax income	**58**	**(1)**	**57**
Income taxes	(22)	-	(22)
Net income from operations to be taken over by partnership (or held for sale)	**36**	**(1)**	**35**
- of which attributable to equity holders of the parent	*40*	*(1)*	*39*
- of which minority interests	*(4)*	-	*(4)*

Note that joint ventures started up in Italy, the Netherlands and Belgium in the first half of 2016.

For the first half of 2015

(in million euros)	Before impairment of disposal group	Impairment of disposal group	June 30, 2015
Net banking revenue	**323**	**-**	**323**
General operating expenses and equivalent	(99)	-	(99)
Gross operating income	**224**	**-**	**224**
Cost of risk	(11)	-	(11)
Operating Income	**213**	**-**	**213**
Impairment on goodwill	-	-	-
Other non-operating items	3	(15)	(12)
Pre-tax income	**216**	**(15)**	**201**
Income taxes	(65)	5	(60)
Net income from operations to be taken over by partnership (or held for sale)	**151**	**(10)**	**141**
- of which attributable to equity holders of the parent	*151*	*(10)*	*141*

For 2015

(in million euros)	Before impairment of disposal group	Impairment of disposal group	Dec. 31, 2015
Net banking revenue	**543**	**-**	**543**
General operating expenses and equivalent	(180)	-	(180)
Gross operating income	**363**	**-**	**363**
Cost of risk	(34)	-	(34)
Operating Income	**329**	**-**	**329**
Impairment on goodwill	-	-	-
Other non-operating items	(3)	(76)	(79)
Pre-tax income	**326**	**(76)**	**250**
Income taxes	(89)	16	(73)
Net income from operations to be taken over by partnership (or held for sale)	**237**	**(60)**	**177**
- of which attributable to equity holders of the parent	*237*	*(60)*	*177*

Note that joint ventures started up in Spain and in Switzerland in the second half of 2015, and Portugal was sold.

3.3 Partnership implementation with Santander: impact on 2016

(in million euros)	2015 consolidated balance sheet	Partnership implementation (IT, NL, BE): Transfer of assets and liablities under partnership	Partnership implementation (IT, NL, BE): Equity-method accounting of equity attributable to Group in JV	Restructured refinancing	Reduction of equity by distribution of dividends	Other	Consolidated balance sheet at June 30, 2016
Assets							
Customers loans and receivables	460	-	-	-	-	(196)	264
Securities	383	-	-	-	-	(19)	364
Loans and advances to credit institutions	87	144	-	1,788	(224)	(1,596)	199
Deferred tax assets	27	-	-	-	-	(8)	19
Available-for-sale financial assets	11	165	(170)	-	-	3	9
Investments in associates and joint ventures accounted for using the equity method	981	-	148	-	-	-	1,129
Assets of operations to be taken over by partnership	7,048	(3,203)	-	-	-	(19)	3,826
Other assets	370	-	-	-	-	(186)	184
Total Assets	**9,367**	**(2,894)**	**(22)**	**1,788**	**(224)**	**(2,021)**	**5,994**
Liabilities							-
Deposits from credit institutions	848	-	-	(135)	-	(619)	94
- *of which debts of continuing operations*	*326*	-	-	-	-	*(232)*	*94*
- *of which non-transferred debts of operations to be taken over by partnership*	*522*	-	-	*(135)*	-	*(387)*	-
Due to customers	468	-	-	-	-	(107)	361
- *of which debts of continuing operations*	*163*	-	-	-	-	*68*	*231*
- *of which non-transferred debts of operations to be taken over by partnership*	*305*	-	-	-	-	*(175)*	*130*
Debt securities	1,786	-	-	-	-	(1,528)	258
- *of which debts of continuing operations*	*9*	-	-	-	-	*22*	*31*
- *of which non-transferred debts of operations to be taken over by partnership*	*1,777*	-	-	-	-	*(1,550)*	*227*
Liabilities related to insurance contracts	83	-	-	-	-	(2)	81
Deferred tax liabilities	12	-	-	-	-	-	12
Liabilities of operations to be taken over by partnership	3,623	(2,916)	-	1,923	-	147	2,777
Other liabilities	220	-	-	-	201	(28)	393
Equity	2,327	22	(22)	-	(425)	116	2,018
Total Liabilities	**9,367**	**(2,894)**	**(22)**	**1,788**	**(224)**	**(2,021)**	**5,994**

The disposal of the assets and liabilities for the subsidiaries in Italy, in the Netherlands and in Belgium taken up in joint ventures (€3,203 million and €2,916 million) is offset by the cash received from Santander for acquiring shares (€144 million) and the value of the joint ventures retained by the Group (€170 million).

The repayment of Group-sourced financing provided to the joint ventures amounted to €1,923 million.

The Group's external refinancing liabilities were reimbursed over the year for €135 million (Deposits from credit institutions).

Equity was reduced through the distribution of a dividend (€425 million).

Note 4 Cash, Central Banks, Post Office Banks

(in million euros)	June 30, 2016 Assets to be taken over by partnership	June 30, 2016 Continuing operations	Dec. 31, 2015 Assets to be taken over by partnership	Dec. 31, 2015 Continuing operations
Cash and post office banks	-	-	1	-
Central banks (1)	60	10	27	154
- of which compulsory reserves deposited with the Banque de France	*-*	*8*	*-*	*1*
Total	**60**	**10**	**28**	**154**
	70		**182**	

(1) The reserves deposited with the central banks are included in Banque PSA Finance Group's liquidity reserve (see Note 20.3).

Note 5 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	June 30, 2016 Assets to be taken over by partnership	June 30, 2016 Continuing operations	Dec. 31, 2015 Assets to be taken over by partnership	Dec. 31, 2015 Continuing operations
Marketable securities	109	364	102	382
- Mutual funds	27	89	88	89
- Mutual funds qualified as cash equivalents (1)	27	-	88	1
- Units held by insurance companies	-	89	-	88
- Certificates of deposit and Treasury bills	82	24	14	42
- of which held by securitization funds	*-*	*-*	*14*	*-*
- Treasury bonds (OAT) qualified as cash equivalents (1)	-	251	-	251
Fair value adjustments	-	-	-	-
Marketable securities booked at fair value through profit or loss	**109**	**364**	**102**	**382**
- of which accrued interest	*-*	*1*	*-*	*1*
Foreign exchange hedging instruments	**-**	**-**	**-**	**-**
- Related companies	-	-	-	-
Accrued interest on trading derivatives	**-**	**-**	**-**	**-**
Fair value of trading derivatives	**-**	**-**	**-**	**1**
Total	**109**	**364**	**102**	**383**
	473		**485**	

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 and Treasury bonds are included in Banque PSA Finance Group's liquidity reserve (see Note 20.3).

Note 6 Hedging Instruments - Assets

6.1 Analysis by Nature

(in million euros)	June 30, 2016	Dec. 31, 2015
Adjustment accounts - commitments in foreign currencies (1)	**53**	**107**
- of which related companies	*4*	*1*
Accrued income on swaps designated as hedges	**3**	**42**
- of which related companies	-	-
Positive fair value of instruments designated as hedges of:	**33**	**32**
- Borrowings	-	-
- EMTNs/BMTNs	31	30
- of which due to hedging cross currency swaps' basis spread	*(3)*	*(4)*
- Bonds	2	1
- Customer loans (Installment contracts, Buyback contracts and Long-term leases) (2)	-	1
- Variable rate EMTN (Cash Flow Hedge)	-	-
Offsetting positive fair value and received margin calls (see Note 6.2)	**(78)**	**(168)**
Total	**11**	**13**

Fair value is determined by applying valuation techniques based on observable market data (level 2).
Fair Value Hedge effectiveness is analysed in Note 18.3.

(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 Notes 12 and 18.2.A).*

(2) *So are swaps hedging customer loans that are to be taken over by partnership. The hedges are effective (see Note 18.3) and the same principles were applied to continuing operations and operations to be taken over by partnership. In light of the margin call mechanisms and the balance sheet offsets (see Note 6.2), the decision was made not to reclassify, since the impact in profit and loss was not material.*

6.2 Offsetting swaps with margin call designated as hedges - Assets

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	**231**	**(178)**	**53**	**-**	**53**
- Cross currency swap with margin call	226	(178)	48	-	48
- Other instruments	5	-	5	-	5
Accrued income	**3**	**-**	**3**	**-**	**3**
- Swaps with margin call	3		3	-	3
- Swaps without margin call	-		-	-	-
Positive fair value	**283**	**(250)**	**33**	**-**	**33**
- Swaps with margin call	283	(250)	33	-	33
- Swaps without margin call		-	-	-	-
Offsetting	-	-	-	(78)	**(78)**
Total assets	**517**	**(428)**	**89**	**(78)**	**11**
Margin calls received on swaps designated as hedges (deferred income - see Note 16)	-	-	79	(78)	**1**
Total liabilities	**-**	**-**	**79**	**(78)**	**1**

For 2015

(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	**462**	**(355)**	**107**	**-**	**107**
- Cross currency swap with margin call	459	(355)	104	-	104
- Other instruments	3	-	3	-	3
Accrued income	**44**	**(2)**	**42**	**-**	**42**
- Swaps with margin call	44	(2)	42	-	42
- Swaps without margin call	-	-	-	-	-
Positive fair value	**523**	**(491)**	**32**	**-**	**32**
- Swaps with margin call	522	(491)	31	-	31
- Swaps without margin call	1	-	1	-	1
Offsetting	-	-	-	(168)	**(168)**
Total assets	**1,029**	**(848)**	**181**	**(168)**	**13**
Margin calls received on swaps designated as hedges (deferred income - see Note 16)	-	-	169	(168)	**1**
Total liabilities	**-**	**-**	**169**	**(168)**	**1**

Note 7 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

	June 30, 2016		Dec. 31, 2015	
(in million euros)	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations
Demand accounts (non-group institutions)	**155**	**81**	**280**	**67**
- Ordinary accounts in debit	155	81	280	67
- of which allocated to the liquidity reserve (1)	-	*8*	-	-
- of which held by securitization funds	*110*	-	*181*	-
- of which held by insurance companies	-	*57*	-	*46*
- Cash receivables for securities to be delivered	-	-	-	-
Time accounts (non-group institutions)	**21**	**118**	**15**	**20**
- Time accounts qualified as cash equivalents (1)	17	-	12	12
- Time accounts held by securitization funds	-	-	-	-
- Other	4	118	3	8
Accrued interest	**1**	**-**	**1**	**-**
Total	**177**	**199**	**296**	**87**
	376		**383**	

(1) *The part of ordinary accounts allocated to the liquidity reserve and time accounts qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 20.3).*

Note 8 Customer Loans and Receivables

8.1 Analysis by Type of Financing

(in million euros)	June 30, 2016		Dec. 31, 2015	
	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations
Installment contracts	**1,394**	**176**	**2,684**	**261**
- of which securitized (1)	*605*	-	*1,171*	-
Buyback contracts (2)	**92**	**5**	**536**	**21**
Principal and interest	99	7	581	24
- of which securitized (1)	-	-	-	-
Unaccrued interest on buyback contracts	(7)	(2)	(45)	(3)
- of which securitized (1)	-	-	-	-
Long-term leases (2)	**1,059**	**42**	**1,294**	**48**
Principal and interest	1,149	46	1,417	53
- Related companies	-	-	-	-
- Non-group companies	1,149	46	1,417	53
- of which securitized (1)	*118*	-	*196*	-
Unaccrued interest on long-term leases	(61)	(3)	(91)	(4)
- of which securitized (1)	*(5)*	-	*(9)*	-
Leasing deposits	(29)	(1)	(32)	(1)
- of which securitized (1)	-	-	-	-
Wholesale financing	**896**	**47**	**1,890**	**125**
Principal and interest	896	47	1,890	125
- Related companies	10	-	15	-
- Non-group companies	886	47	1,875	125
Other finance receivables	**12**	**-**	**32**	**9**
- Related companies	-	-	-	6
- Non-group companies	12	-	32	3
Ordinary accounts in debit	**20**	**1**	**67**	**3**
- Related companies	-	1	-	3
- Cash pooling (3):				
- Before offsetting	-	27	-	10
- Offsetting of continuing operations	-	(26)	-	(7)
- Other	-	-	-	-
- Non-group companies	20	-	67	-
Deferred items included in amortized cost - Customers loans and receivables	**(104)**	**(7)**	**(106)**	**(7)**
- Deferred acquisition costs	21	1	67	4
- Deferred loan set-up costs	(7)	(4)	(26)	(4)
- Deferred manufacturer and dealer contributions	(118)	(4)	(147)	(7)
Total Loans and Receivables at Amortized Cost (4)	**3,369**	**264**	**6,397**	**460**
- of which securitized (1)	*718*	-	*1,358*	-
- of which loans and receivables given as collateral	-	-	-	-
	3,633		**6,857**	

(1) *The Banque PSA Finance Group has set up several securitization programs (see Note 8.3).*

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

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

(4) *The decreese of total loans and receivables at amortized cost of continuing operations is due to the reclassifying of Czeck Republic and Slovakia assets as operations held for sale on the period (see footnote (2) of Note 3.1).*

8.2 Customer Loans and Receivables by Segment

For 2016

IFRS 8 Segment / Type of financing	Corporate Dealers		End user: Retail		End user: Corporate and equivalent		Total at June 30, 2016	
	(A - see B Note 23.1)		(B - see A Note 23.1)		(C - see C Note 23.1)			
	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations
(in million euros)								
Installment contracts	8	-	1,364	175	22	1	1,394	176
Buyback contracts	-	-	84	3	8	2	92	5
Long-term leases	3	3	985	27	71	12	1,059	42
Wholesale financing	896	47	-	-	-	-	896	47
Other finance receivables	12	-	-	-	-	-	12	-
Ordinary accounts in debit	20	-	-	-	-	1	20	1
Deferred items included in amortized cost	-	-	(101)	(6)	(3)	(1)	(104)	(7)
Total customer loans by segment (based on IFRS 8)	**939**	**50**	**2,332**	**199**	**98**	**15**	**3,369**	**264**
	989		**2,531**		**113**		**3,633**	

For 2015

IFRS 8 Segment / Type of financing	Corporate Dealers		End user: Retail		End user: Corporate and equivalent		Total at Dec. 31, 2015	
	(A - see B Note 23.1)		(B - see A Note 23.1)		(C - see C Note 23.1)			
	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations
(in million euros)								
Installment contracts	8	-	2,636	258	40	3	2,684	261
Buyback contracts	2	-	504	19	30	2	536	21
Long-term leases	5	1	1,160	32	129	15	1,294	48
Wholesale financing	1,890	125	-	-	-	-	1,890	125
Other finance receivables	20	3	12	-	-	6	32	9
Ordinary accounts in debit	67	-	-	-	-	3	67	3
Deferred items included in amortized cost	-	-	(103)	(6)	(3)	(1)	(106)	(7)
Total customer loans by segment (based on IFRS 8)	**1,992**	**129**	**4,209**	**303**	**196**	**28**	**6,397**	**460**
	2,121		**4,512**		**224**		**6,857**	

8.3 Securitization programs

(in million euros)						Sold receivables				
						at June 30, 2016		at Déc. 31, 2015		
Country of Seller	Seller	Fund	Country of Fund	Date of Sale	Type of Financing	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations	at the origin
Germany	Banque PSA Finance's branch	Auto ABS German Loans 2011-2	France	Nov. 15, 2011	Installment contracts	67	-	117	-	800
		Auto ABS 2013-1	France	May 04, 2013	Long-term leases (1)	113	-	187	-	478
		Auto ABS German Loans Master	France	First sale on Nov. 13, 2013 (2)	Installment contracts	538	-	507	-	N/A
Italy		Auto ABS Italian Loans Master S.r.l.	Italy	Sept 15, 20124	Installment contracts	-	-	506	-	N/A
Brazil	Banco PSA Finance Brasil S.A.	FIDC	Brazil	First sale on April 13, 2010	Installment contracts	-	-	41	-	N/A
Assigned loans, total						**718**	**-**	**1,358**	**-**	
						718		**1,358**		

The German seller's funds are special purpose entities that are fully consolidated, as Banque PSA Finance holds the power and its subsidiaries and branches retain the majority of the risks (principally credit risk) and rewards (net banking income) generated by the special entities.

The credit enhancement techniques used by the Banque PSA Finance group as part of its securitization transactions retain on its books the financial risks inherent in these transactions. The Group also finances all the liquidity reserves which enable it to manage specific risks. Lastly, the Group remains the exclusive beneficiary of the benefits which derive from these transactions, in particular with respect to the financing obtained as counterparty to the sale of the portfolio to the fund, financed by placing senior and mezzanine tranches on most of the transactions.

The Italian special purpose fund was zeroed out in 2016 since it has been accounted for using the equity method, following the implementation of the joint venture with Santander CF in Italy (see Note 10.2).

In Brazil, the FIDC was wound up in June (see Note 1.B).

The group does not carry out any securitization transactions which transfer all or part of its financial risk (such as synthetic securitization transactions).

(1) *Sold receivables correspond to future long-term lease revenues and residual value.*

(2) *These funds make it possible to purchase the new production in a continuous way.*

Note 9 Accruals and Other Assets

	June 30, 2016		Dec. 31, 2015	
(in million euros)	Assets to be taken over by partnership	Continuing operations	Assets to be taken over by partnership	Continuing operations
Other receivables	**31**	**47**	**118**	**62**
- Related companies	5	13	15	8
- Non-group companies	26	34	103	54
- of which insurance activities	-	*9*	-	*10*
Prepaid and recoverable taxes	**7**	**8**	**7**	**9**
Accrued income	**1**	**31**	**3**	**35**
- Related companies	-	-	-	-
- Non-group companies	1	31	3	35
- of which insurance activities	-	*14*	-	*17*
Prepaid expenses	**9**	**3**	**28**	**10**
- of which margin calls paid on swaps designated as hedges (1)	-	*1*	-	*3*
Other	**33**	**4**	**28**	**1**
- Related companies	5	-	4	-
- Non-group companies	28	4	24	1
Total	**81**	**93**	**184**	**117**
	174		**301**	

(1) *At June 30, 2016, the margin calls paid on swaps designated as hedges were offset with the negative fair value for an amount of €5 million, compared to €5 million at December, 31, 2015 (see Note 12.2).*

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

10.1 Investments

(in million euros)	June 30, 2016	Dec. 31, 2015
At the beginning of the period	**981**	**104**
Change in Group structure (1)(2)(3)	148	722
Capital increase and contributions to reserves (1)	15	23
Share in net income	87	123
Distribution of dividends	(75)	-
Income and Expenses Recognized Directly in Equity	(3)	-
Goodwill (4)	-	(2)
Exchange difference	(24)	11
At the end of the period	**1,129**	**981**
- of which goodwill (4)	*3*	*3*

Table of changes by country

For 2016

(en millions d'euros)		Dec. 31, 2015	Change in Group structure (1)(2)(3)	Capital increase and contributions to reserves (1)	Share in net income (5)	Distribution of dividends	Income and Expenses Recognized Directly in Equity	Exchange difference	June 30, 2016
Partnership with:									
Santander CF									
- France		541	-	-	35	(75)	-	-	501
- United Kingdom		185	-	-	20		(3)	(21)	181
- Spain		167	-	-	11	2	-	-	180
- Switzerland		-	-	-	3	(2)	-	-	1
- Italy	(1)	-	82	15	7	-	-	-	104
- Netherlands	(2)	-	22	-	2	-	-	-	24
- Belgium	(3)	-	44	-	1	-	-	-	45
- Malta		23	-	-	1	-	-	-	24
Dongfeng Peugeot Citroën									
- China		65	-	-	7	-	-	(3)	69
- of which goodwill (4)		*3*	-	-	-	-	-	-	*3*
Total		**981**	**148**	**15**	**87**	**(75)**	**(3)**	**(24)**	**1,129**

(1) *In Italy in January 2016, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in Banca PSA Italia S.p.A. In May 2016, Banque PSA Finance and Santander CF each contributed €15 million in reserves.*

(2) *In the Netherlands in February 2016, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in PSA Financial Services Nederland B.V.*

(3) *In Belgium in May 2016, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in PSA Finance Belux.*
According to revised IAS 28, these subsidiaries are joint ventures and were consequently accounted for using the equity method.

(4) *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 (€7 million at December 31, 2011).*
On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY37.8 million (€5 million at December 31, 2014).
On March 2015, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY18.8 million (€2.7 million at December 31, 2015).
The goodwill was added to the carrying amount of the investment presented in "Investments in Associates and Joint Ventures Accounted for using the

(5) *This is the net income after neutralization of dividends (€2 million at June 30, 2016 distributed by Switzerland to Spain)*

For 2015

(en millions d'euros)	Dec. 31, 2014	Change in Group structure (1)(2)(3)(5)	Capital increase and contributions to reserves (4)	Share in net income	Goodwill (5)	Exchange difference	Dec. 31, 2015
Partnership with:							
Santander CF							
- France (1)	-	469	-	72	-	-	541
- United Kingdom (2)	-	147	-	34	-	4	185
- Spain (3)	-	162	-	5	-	-	167
- Switzerland (3)	-	(1)	-	1	-	-	-
- Malta (4)	-	-	23	-	-	-	23
Dongfeng Peugeot Citroën							
- China	104	(55)	-	11	(2)	7	65
- *of which goodwill (5)*	*5*		-	-	*(2)*	-	*3*
Total	**104**	**722**	**23**	**123**	**(2)**	**11**	**981**

(1) *In France in January 2015, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in Sofib.*

(2) *In the United Kingdom in January 2015, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in PSA Finance UK Ltd.*

(3) *In Spain in October 2015, Banque PSA Finance and Santander CF each individually carried out a 50% equity investment in PSA Financial Services Spain E.F.C. S.A PSA Finance Suisse S.A is now wholly-owned by PSA Financial Services Spain E.F.C. S.A.*

(4) *In Malta, PSA Insurance Europe Ltd and Life Insurance Europe Ltd were created, owned 50/50 by BPF and Santander CF.*
According to revised IAS 28, these subsidiaries are joint ventures and were consequently accounted for using the equity method.

(5) *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 (€7 million at December 31, 2011).*
On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY37.8 million (€5 million at December 31, 2014).
On March 2015, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY18.8 million (€2.7 million at December 31, 2015).
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".

10.2 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 informations are given according to IFRS 12:

10.2.1 Partnership with Santander CF in France
10.2.2 Partnership with Santander CF in United Kingdom
10.2.3 Partnership with Santander CF in Spain
10.2.4 Partnership with Santander CF in Switzerland
10.2.5 Partnership with Santander CF in Italia
10.2.6 Partnership with Santander CF in Nederland
10.2.7 Partnership with Santander CF in Belgium
10.2.8 Partnership with Santander CF in Malta
10.2.9 Partnership with Dongfeng Peugeot Citroën in China

10.2.1 Partnership with Santander CF in France

The partnership in France began in February 2015 and concerns the following entities:

Subsidiaries:
Sofib *owned 50:50 by Banque PSA Finance and Santander CF*
Crédipar *100% owned by Sofib*
CLV *100% owned by Crédipar*

Special purpose entities:
Auto ABS 2011-1 *(wound up in November 2015)*
Auto ABS 2012-1
Auto ABS French Loans Master
Auto ABS DFP Master Compartment France 2013
Auto ABS 2013-2
Auto ABS2 2013-A
Auto ABS3 - Compartment 2014-01

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, 2016	Dec. 31, 2015
Customer loans and receivables	8,888	8,255
Other assets	1,034	1,075
Total assets	**9,922**	**9,330**
Refinancing	7,984	7,427
Other liabilities	936	820
Equity	1,002	1,083
Total equity and liabilities	**9,922**	**9,330**

Key Income Statement Items

(in million euros)	June 30, 2016	(1)	(1)
Net banking revenue	**204**	**178**	**383**
General operating expenses and equivalent	(81)	(58)	(136)
Gross operating income	**123**	**120**	**247**
Cost of risk (2)	(4)	(13)	(28)
Operating income	**119**	**107**	**219**
Income taxes	(49)	(40)	(74)
Net income for the year	**70**	**67**	**145**

(1) *Income generated since the beginning of the partnership with Santander CF in February 2015.*
(2) *See the "Additional information on the cost of risk of joint ventures" section in Note 25.2.*

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At June 30, 2015	**1,005**	**50%**	**502**	**(469)**	**-**	**33**	**-**
Net income of the period	78		39			39	
At december 31, 2015	**1,083**	**50%**	**541**	**(469)**	**-**	**72**	**-**
Net income of the period	70		35			35	
Distribution of dividends	(150)		(75)			(75)	
Income and Expenses Recognized Directly in Equity	(1)		-			-	
At June 30, 2016	**1,002**	**50%**	**501**	**(469)**	**-**	**32**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	June 30, 2016	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	501	541
Total assets	**501**	**541**
Equity		
- Historical value of the shares owned (1)	469	469
- Consolidated reserves - equity holders of the parent	32	72
- of which share in net income accounted for using the equity method	*35*	*72*
Total equity and liabilities	**501**	**541**

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

10.2.2 Partnership with Santander CF in United Kingdom

The partnership in United Kingdom began in February 2015 and concerns the following entities:

Subsidiary:
PSA Finance UK Ltd *owned 50:50 by Banque PSA Finance and Santander CF*

Special purpose entity:
Auto ABS UK Loans Plc

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, 2016	Dec. 31, 2015
Customer loans and receivables	3,586	3,729
Other assets	443	302
Total assets	**4,029**	**4,031**
Refinancing	3,440	3,558
Other liabilities	227	102
Equity	362	371
Total equity and liabilities	**4,029**	**4,031**

Key Income Statement Items

(in million euros)	June 30, 2016	June 30, 2015 (1)	Dec. 31, 2015 (1)
Net banking revenue	**77**	**64**	**134**
General operating expenses and equivalent	(24)	(19)	(43)
Gross operating income	**53**	**45**	**91**
Cost of risk (2)	(3)	(2)	(5)
Operating income	**50**	**43**	**86**
Income taxes	(10)	(9)	(19)
Net income for the year	**40**	**34**	**67**

(1) *Income generated since the beginning of the partnership with Santander CF in February 2015.*
(2) *See the "Additional information on the cost of risk of joint ventures" section in Note 25.2.*

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At June 30, 2015	**350**	**50%**	**174**	**(147)**	**-**	**27**	*9*
Net income of the period	33		16			16	
Exchange difference	(12)		(5)			(5)	*(5)*
At december 31, 2015	**371**	**50%**	**185**	**(147)**	**-**	**38**	*4*
Net income of the period	40		20			20	
Income and Expenses Recognized Directly in Equity	(6)		(3)			(3)	
Exchange difference	(43)		(21)			(21)	*(21)*
At June 30, 2016	**362**	**50%**	**181**	**(147)**	**-**	**34**	***(17)***

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

Consolidated balance sheet items after equity method

(in million euros)	June 30, 2016	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	181	185
Total assets	**181**	**185**
Equity		
- Historical value of the shares owned (1)	147	147
- Consolidated reserves - equity holders of the parent	34	38
- of which share in net income accounted for using the equity method	*20*	*34*
Total equity and liabilities	**181**	**185**

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

10.2.3 Partnership with Santander CF in Spain

The partnership in Spain began in October 2015 and concerns the following entities:

Subsidiary:
PSA Financial Services Spain E.F.C. S.A. *owned 50:50 by Banque PSA Finance and Santander CF*

Special purpose entity:
FTA Auto ABS - Compartiment 2012-3

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, 2016	Dec. 31, 2015
Customer loans and receivables	2,296	2,092
Other assets	375	345
Total assets	**2,671**	**2,437**
Refinancing	2,098	2,009
Other liabilities	214	94
Equity	359	334
Total equity and liabilities	**2,671**	**2,437**

Key Income Statement Items

(in million euros)	June 30, 2016	(1)
Net banking revenue	**54**	**25**
General operating expenses and equivalent	(18)	(10)
Gross operating income	**36**	**15**
Cost of risk (2)	(2)	(1)
Operating income	**34**	**14**
Income taxes	(9)	(4)
Net income for the year	**25**	**10**

(1) *Income generated since the beginning of the partnership with Santander CF in October 2015.*
(2) *See the "Additional information on the cost of risk of joint ventures" section in Note 25.2.*

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At december 31, 2015	**334**	**50%**	**167**	**(143)**	**-**	**24**	**-**
Net income of the period	25		13			13	
At June 30, 2016	**359**	**50%**	**180**	**(143)**	**-**	**37**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	June 30, 2016	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	180	167
Total assets	**180**	**167**
Equity		
- Historical value of the shares owned (1)	143	143
- Consolidated reserves - equity holders of the parent	37	24
- of which share in net income accounted for using the equity method	*13*	*5*
Total equity and liabilities	**180**	**167**

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

10.2.4 Partnership with Santander CF in Switzerland

The partnership in Switzerland began in October 2015 and concerns the following entities:

Subsidiary:
PSA Finance Suisse S.A. *Wholly-owned by PSA Financial Services Spain E.F.C. S.A., owned 50:50 by Banque PSA Finance and Santander CF*

Special purpose entity:
Auto ABS Swiss Lease 2013 GmbH

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, 2016	Dec. 31, 2015
Customer loans and receivables	508	505
Other assets	25	32
Total assets	**533**	**537**
Refinancing	445	457
Other liabilities	38	32
Equity	50	48
Total equity and liabilities	**533**	**537**

Key Income Statement Items

(in million euros)	June 30, 2016	(1)
Net banking revenue	**12**	**5**
General operating expenses and equivalent	(5)	(2)
Gross operating income	**7**	**3**
Cost of risk (2)	-	-
Operating income	**7**	**3**
Income taxes	(1)	(1)
Net income for the year	**6**	**2**

(1) *Income generated since the beginning of the partnership with Santander CF in October 2015.*
(2) *See the "Additional information on the cost of risk of joint ventures" section in Note 25.2.*

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At december 31, 2015	**48**	**50%**	**24**	**(24)**	**-**	**-**	-
Net income of the period	6		3			3	
Distribution of dividends	(5)		(2)			(2)	
Income and Expenses Recognized Directly in Equity	-		-			-	-
At June 30, 2016	**49**	**50%**	**25**	**(24)**	**-**	**1**	-

(1) *Elimination of shareholder's equity up to 50% of the value of the shares owned by PSA Financial Services Spain E.F.C. S.A.*

Consolidated balance sheet items after equity method

(in million euros)	June 30, 2016	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method		
- Share of profit of equity method	25	24
- Elimination of securities held by the Spanish joint venture	(24)	(24)
Total assets	**1**	**-**
Equity		
- Consolidated reserves - equity holders of the parent (1)	1	-
- *of which share in net income accounted for using the equity method*	*3*	*1*
Total equity and liabilities	**1**	**-**

(1) *As the Swiss subsidiary is wholly-owned by the Spanish joint venture PSA Financial Services Spain E.F.C. S.A., the share in net assets held in the Swiss subsidiary is already included through the equity accounting of the Spanish joint venture.*

10.2.5 Partnership with Santander CF in Italia

The partnership in Italia began in January 2016 and concerns the following entities:

Subsidiary:
Banca PSA Italia S.p.A. *Owned 50:50 by Banque PSA Finance and Santander CF*

Special purpose entity:
Auto ABS Italian Loans Master S.r.l.

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, 2016**
Customer loans and receivables	1,844
Other assets	294
Total assets	**2,138**
Refinancing	1,794
Other liabilities	136
Equity	208
Total equity and liabilities	**2,138**

Key Income Statement Items

(in million euros)	**June 30, 2016**
Net banking revenue	**37**
General operating expenses and equivalent	(15)
Gross operating income	**22**
Cost of risk (1)	(1)
Operating income	**21**
Income taxes	(7)
Net income for the year	**14**

(1) See the "Additional information on the cost of risk of joint ventures" section in Note 25.2.

Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity (1)	Goodwill	Equity after equity method	*of which exchange difference*
At June 30, 2016	**208**	**50%**	**104**	**(97)**	**-**	**7**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	**June 30, 2016**
Investments in associates and joint ventures accounted for using the equity method	104
Total assets	**104**
Equity	
- Historical value of the shares owned (1)	97
- Consolidated reserves - equity holders of the parent	7
- of which share in net income accounted for using the equity method	7
Total equity and liabilities	**104**

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

10.2.6 Partnership with Santander CF in Nederland

The partnership in Netherlands began in February 2016 and concerns the following subsidiary:

PSA Financial Services Nederland B.V. *Owned 50:50 by Banque PSA Finance and Santander CF*

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of this entity

Key Balance Sheet Items

(in million euros)	**June 30, 2016**
Customer loans and receivables	479
Other assets	17
Total assets	**496**
Refinancing	397
Other liabilities	50
Equity	49
Total equity and liabilities	**496**

Key Income Statement Items

(in million euros)	**June 30, 2016**
Net banking revenue	**9**
General operating expenses and equivalent	(4)
Gross operating income	**5**
Cost of risk (1)	-
Operating income	**5**
Income taxes	(1)
Net income for the year	**4**

(1) *See the "Additional information on the cost of risk of joint ventures" section in Note 25.2.*

Statement of changes from 100% Equity to equity method

(in million euros)	**Equity before equity method**	**Percentage of equity method**	**Share of profit of equity method**	**Elimination of shareholder's equity (1)**	**Goodwill**	**Equity after equity method**	***of which exchange difference***
At June 30, 2016	**49**	**50%**	**24**	**(24)**	**-**	**0**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	**June 30, 2016**
Investments in associates and joint ventures accounted for using the equity method	24
Total assets	**24**
Equity	
- Historical value of the shares owned (1)	24
- Consolidated reserves - equity holders of the parent	-
- *of which share in net income accounted for using the equity method*	*2*
Total equity and liabilities	**24**

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

10.2.7 Partnership with Santander CF in Belgium

The partnership in Belgium began in May 2016 and concerns the following subsidiary:

PSA Finance Belux *Owned 50:50 by Banque PSA Finance and Santander CF*

Equity accounted percentage: 50%

Fully financial information of the combined IFRS financial statements of this entity

Key Balance Sheet Items

(in million euros)	**June 30, 2016**
Customer loans and receivables	940
Other assets	40
Total assets	**980**
Refinancing	502
Other liabilities	389
Equity	89
Total equity and liabilities	**980**

Key Income Statement Items

(in million euros)	**June 30, 2016**
Net banking revenue	**7**
General operating expenses and equivalent	(2)
Gross operating income	**5**
Cost of risk (1)	(1)
Operating income	**4**
Income taxes	(1)
Net income for the year	**3**

(1) See the "Additional information on the cost of risk of joint ventures" section in Note 25.2.

Statement of changes from 100% Equity to equity method

(in million euros)	**Equity before equity method**	**Percentage of equity method**	**Share of profit of equity method**	**Elimination of shareholder's equity (1)**	**Goodwill**	**Equity after equity method**	***of which exchange difference***
At June 30, 2016	**89**	**50%**	**45**	**(64)**	**-**	**(19)**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	**June 30, 2016**
Investments in associates and joint ventures accounted for using the equity method	45
Total assets	**45**
Equity	
- Historical value of the shares owned (1)	64
- Consolidated reserves - equity holders of the parent	(19)
- *of which share in net income accounted for using the equity method*	*1*
Total equity and liabilities	**45**

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

10.2.8 Partnership with Santander CF in Malta

The partnership in Malta began in May 2015 and concerns the following entities:

Insurance subsidiaries owned 50/50 by Banque PSA Finance and Santander CF
PSA Insurance Europe Ltd
PSA Life Insurance Europe Ltd

Equity accounted percentage: 47,06%
(PSA Services Ltd is 99.99% owned by PSA Assurance S.A.S., itself 94.12% owned by Banque PSA Finance)

The net banking revenue and the net income at June 30, 2015 and at December 31, 2015 were not material.

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

Key Balance Sheet Items

(in million euros)	**June 30, 2016**	**Dec. 31, 2015**
Customer loans and receivables	-	-
Other assets	66	52
Total assets	**66**	**52**
Refinancing	2	-
Other liabilities	16	6
Equity	48	46
Total equity and liabilities	**66**	**52**

Key Income Statement Items

(in million euros)	**June 30, 2016**
Net banking revenue	**4**
General operating expenses and equivalent	(1)
Gross operating income	**3**
Cost of risk (1)	-
Operating income	**3**
Income taxes	(1)
Net income for the year	**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	**46**	**47.06%**	**23**	**(23)**	**-**	**-**	**-**
Net income of the period	2		1			1	
At June 30, 2016	**48**	**47.06%**	**24**	**(23)**	**-**	**1**	**-**

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

Consolidated balance sheet items after equity method

(in million euros)	**June 30, 2016**	**June 30, 2016**
Investments in associates and joint ventures accounted for using the equity method	24	23
Total assets	**24**	**23**
Equity		
- Historical value of the shares owned (1)	23	23
- Consolidated reserves - equity holders of the parent	1	-
- of which share in net income accounted for using the equity method	*1*	-
Total equity and liabilities	**24**	**23**

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

10.2.9 Partnership with Dongfeng Peugeot Citroën in China

The partnership in China concerns the following subsidiary:

Dongfeng Peugeot Citroën Auto Finance Company Ltd *25% owned by PSA Finance Nederland B.V.*

Equity accounted percentage: 25%

Fully financial information

Key Balance Sheet Items

(in million euros)	June 30, 2016	Dec. 31, 2015
Customer loans and receivables	1,925	2,039
Other assets	90	101
Total assets	**2,015**	**2,140**
Refinancing	1,177	1,255
Other liabilities	572	637
Equity	266	248
Total equity and liabilities	**2,015**	**2,140**

Key Income Statement Items

(in million euros)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Net banking revenue	**56**	**46**	**95**
General operating expenses and equivalent	(15)	(10)	(23)
Gross operating income	**41**	**36**	**72**
Cost of risk	(4)	(4)	(22)
Operating income	**37**	**32**	**50**
Income taxes	(8)	(8)	(13)
Net income for the year	**29**	**24**	**37**

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, 2014	**199**	**50%**	**99**	**(65)**	**5**	**39**	***11***
Net income of the period	24		8			8	
Disposal of 25% shares	-		(55)	32	(2)	(25)	*(9)*
Exchange difference after disposal	17		8			8	*8*
At december 31, 2015	**240**	**25%**	**60**	**(33)**	**3**	**30**	***10***
Net income of the period	13		3			3	
Exchange difference after disposal	(5)		(1)			(1)	*(1)*
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***

(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, 2016	Dec. 31, 2015
Investments in associates and joint ventures accounted for using the equity method	69	65
Total assets	**69**	**65**
Equity		
- Historical value of the shares owned (1)	33	33
- Consolidated reserves - equity holders of the parent	36	32
- of which share in net income accounted for using the equity method	*7*	*11*
Total equity and liabilities	**69**	**65**

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

Note 11 Financial Liabilities at Fair Value Through Profit or Loss

(in million euros)	June 30, 2016	Dec. 31, 2015
Accrued expense on trading derivatives	-	-
Fair value of trading derivatives	-	1
Total	**-**	**1**

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

Note 12 Hedging Instruments - Liabilities

12.1 Analysis by Nature

(in million euros)	June 30, 2016	Dec. 31, 2015
Adjustment accounts - commitments in foreign currencies (1)	**-**	**-**
- of which related companies	-	-
Accrued expenses on swaps designated as hedges	**2**	**5**
- of which related companies	-	-
Negative fair value of instruments designated as hedges of:	**7**	**9**
- Borrowings	-	-
- EMTNs/BMTNs	-	-
- Bonds	2	1
- Customer loans (Installment contracts, Buyback contracts and Long-term leases) (2)	5	8
- Variable rate EMTN (Cash Flow Hedge)	-	-
Offsetting negative fair value and paid margin calls (see Note 12.2)	**(5)**	**(5)**
Total	**4**	**9**

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

Fair Value Hedge effectiveness is analysed in Note 18.3.

(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 Notes 6 and 18.2.A).*

(2) *So are swaps hedging customer loans that are to be taken over by partnership. The hedges are effective (see Note 18.3) and the same principles were applied to continuing operations and operations to be taken over by partnership. In light of the margin call mechanisms and the balance sheet offsets (see Note 12.2), the decision was made not to reclassify, since the impact in profit and loss was not material.*

12.2 Offsetting swaps with margin call designated as hedges - Liabilities

For 2016

(in million euros)	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Accrued expense	**-**	**2**	**2**	**-**	**2**
- Swaps with margin call	-	2	2	-	2
- Swaps without margin call	-	-	-	-	-
Negative fair value	**-**	**7**	**7**	**-**	**7**
- Swaps with margin call	-	5	5	-	5
- Swaps without margin call	-	2	2	-	2
Offsetting	-	-	-	(5)	**(5)**
Total liabilities	**-**	**9**	**9**	**(5)**	**4**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 9)	-	-	6	(5)	**1**
Total assets	**-**	**-**	**6**	**(5)**	**1**

For 2015

(in million euros)	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Accrued expense	**-**	**5**	**5**	**-**	**5**
- Swaps with margin call	-	5	5	-	5
- Swaps without margin call	-	-	-	-	-
Negative fair value	**-**	**9**	**9**	**-**	**9**
- Swaps with margin call	-	9	9	-	9
- Swaps without margin call	-	-	-	-	-
Offsetting	-	-	-	(5)	**(5)**
Total liabilities	**-**	**14**	**14**	**(5)**	**9**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 9)	-	-	8	(5)	**3**
Total assets	**-**	**-**	**8**	**(5)**	**3**

Note 13 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	June 30, 2016			Dec. 31, 2015		
	Debts of operations to be taken over by partnership		Debts of continuing operations	Debts of operations to be taken over by partnership		Debts of continuing operations
	Transferred	Non-transferred		Transferred	Non-transferred	
Demand deposits (non-group institutions)	**37**	**-**	**5**	**33**	**-**	**9**
- Ordinary accounts in credit	37	-	3	33	-	6
- Accounts and deposits at overnight rates	-	-	2	-	-	3
- Other amounts due to credit institutions	-	-	-	-	-	-
Accrued interest	**-**	**-**	**-**	**-**	**-**	**-**
Time deposits (non-group institutions)	**336**	**-**	**80**	**340**	**521**	**310**
- Conventional bank deposits	299	-	80	340	521	244
- Drawdowns on revolving bilateral credit lines (see Note 20.2)	37	-	-	-	-	66
Deferred items included in amortized cost of deposits from credit institutions	**(1)**	**-**	**-**	**-**	**-**	**(6)**
- Debt issuing costs (deferred charges)	(1)	-	-	-	-	(6)
Accrued interest	**20**	**-**	**9**	**7**	**1**	**13**
Total deposits from credit institutions at amortized cost	**392**	**-**	**94**	**380**	**522**	**326**
	486			**1,228**		

Note 14 Due to Customers

(in million euros)	June 30, 2016			Dec. 31, 2015		
	Debts of operations to be taken over by partnership		Liabilities of continuing operations	Debts of operations to be taken over by partnership		Liabilities of continuing operations
	Transferred	Non-transferred		Transferred	Non-transferred	
Demand accounts	**1,505**	**-**	**2**	**1,603**	**-**	**1**
- Ordinary accounts in credit						
- Dealers' ordinary accounts in credit						
- Related companies (1)	3	-	-	15	-	-
- Non-group companies	20	-	1	67	-	-
- Cash pooling (2):						
- Before offsetting	-	-	26	3	-	7
- Offsetting of continuing operations		-	(26)		-	(7)
- Passbook savings accounts (3)(4)	1,479	-	-	1,508	-	-
- Other amounts due to Customers						
- Related companies	-	-	-	-	-	-
- Non-group companies	3	-	1	10	-	1
Accrued interest	**3**	**-**	**-**	**4**	**-**	**-**
- of which passbook savings accounts (3)(4)	*3*	-	-	*4*	-	-
Time deposits	**204**	**130**	**229**	**122**	**305**	**162**
- Term deposit accounts (3)(4)	196	-	-	112	-	-
- Corporate time deposit (3)						
- Related companies	-	130	222	-	305	153
- Other						
- Related companies	-	-	5	-	-	5
- Non-group companies	8	-	2	10	-	4
Accrued interest	**-**	**-**	**-**	**-**	**-**	**-**
- of which time deposits (3)(4)	-	-	-	-	-	-
Total	**1,712**	**130**	**231**	**1,729**	**305**	**163**
	2,073			**2,197**		

(1) *Primarily comprising subsidiaries' payment accounts concerning transactions with the PSA Peugeot Citroën Group.*

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

(3) *In the segment information, "Passbook savings accounts", "Term deposit accounts" and "Corporate time deposit" are classified in "Refinancing" (see Note 25.1). The corresponding interest and expenses are classified in "Net refinancing cost" in the income statement.*

(4) *At the end of june 2016, concerning the Belgian and German branches.*

Note 15 Debt Securities

15.1 Analysis by Nature

(in million euros)	June 30, 2016 – Debts of operations to be taken over by partnership – Transferred	June 30, 2016 – Debts of operations to be taken over by partnership – Non-transferred	June 30, 2016 – Debts of continuing operations	Dec. 31, 2015 – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2015 – Debts of operations to be taken over by partnership – Non-transferred	Dec. 31, 2015 – Debts of continuing operations
Interbank instruments and money-market securities (non-group institutions)	**-**	**225**	**29**	**-**	**1,736**	**7**
- EMTNs and BMTNs	-	225	29	-	1,736	7
- of which paper in the process of being delivered	-	-	-	-	-	-
- Certificates of deposit and "billets de trésorerie"		-	-		-	-
- of which paper in the process of being delivered	-	-	-	-	-	-
Accrued interest	**-**	**3**	**1**	**-**	**44**	**-**
Deferred items included in amortized cost of debt securities	**-**	**(1)**	**1**	**-**	**(3)**	**2**
- Debt issuing costs and premiums (deferred charges)	-	(1)	1	-	(3)	2
Bonds	**482**	**-**	**-**	**1,048**	**-**	**-**
- Issued by securitization funds (see Note 15.2)	482	-	-	1,048	-	-
Accrued interest	**-**	**-**	**-**	**-**	**-**	**-**
- of which securitization	-	-	-	-	-	-
Other debt securities	**56**	**-**	**-**	**84**	**-**	**-**
- of which securitization: senior shares (see Note 15.2)	-	-	-	*38*	-	-
Accrued interest	**10**	**-**	**-**	**20**	**-**	**-**
- of which securitization	-	-	-	*13*	-	-
Total debt securities at amortized cost	**548**	**227**	**31**	**1,152**	**1,777**	**9**
		806			**2,938**	

15.2 Securitization programs

Bonds (Except Accrued interest)

Country of Seller	Fund	Country of Fund	Bonds	Rating	Issued Bonds – at June 30, 2016 – Transferred debts of operations to be taken over by partnership	Issued Bonds – at June 30, 2016 – Debts of continuing operations	Issued Bonds – at Dec. 31, 2015 – Transferred debts of operations to be taken over by partnership	Issued Bonds – at Dec. 31, 2015 – Debts of continuing operations	Issued Bonds – at the origin
(in million euros)									
Germany	Auto ABS German Loans 2011-2	France	A Bonds	*Fitch/Moody's* AAA/Aaa	-	-	46	-	720
			B Bonds	-	73	-	80	-	80
	Auto ABS 2013-1	France	A Bonds	*Fitch/Moody's* AAA/Aaa	7	-	81	-	361
			B Bonds	-	116	-	116	-	116
	Auto ABS German Loans Master	France	A Bonds	*Fitch/Moody's* AAA/Aaa	-	-	-	-	
			A Bonds	AAA/Aaa	475	-	462	-	N/A
			B Bonds	-	81	-	74	-	N/A
Italy	Auto ABS Italian Loans Master S.r.l.	Italy	A Bonds	*Fitch/DBRS* AA+/AA	-	-	459	-	N/A
			B Bonds	-	-	-	66	-	N/A
Elimination of intercompany transactions (1)					(270)	-	(336)	-	
Total					**482**	**-**	**1,048**	**-**	
					482		**1,048**		

(1) *Some of the bond issues were purchased by Banque PSA Finance.*

The Italian special purpose fund was zeroed out in 2016 since it has been accounted for using the equity method, following the implementation of the joint venture with Santander CF in Italy (see Note 10.2).

Other debt securities (Except Accrued interest)

(in million euros)				at June 30, 2016		at Dec. 31, 2015	at the origin
Country of Seller	**Fund**	**Country of Fund**	**Issued Securities**	Transferred debts of operations to be taken over by partnership	Debts of continuing operations	Transferred debts of operations to be taken over by partnership	
Brazil	FIDC	Brazil	Senior	-	-	38	N/A
			Subordinated	-	-	2	N/A
Elimination of intercompany transactions				-	-	(2)	
Total				**-**	**-**	**38**	

The German seller's funds are special purpose entities that are fully consolidated, as Banque PSA Finance holds the power and its subsidiaries and branches retain the majority of the risks (principally credit risk) and rewards (net banking income) generated by the special entities.

In Brazil, the FIDC was wound up in June (see Note 1.B).

Note 16 Accruals and Other Liabilities

	June 30, 2016		Dec. 31, 2015	
(in million euros)	Liabilities to be taken over by partnership	Continuing operations	Liabilities to be taken over by partnership	Continuing operations
Trade payables	**40**	**29**	**89**	**35**
- Related companies (1)	37	27	74	24
- Non-group companies	3	2	15	11
Accrued payroll and other taxes	**12**	**6**	**114**	**8**
Accrued charges	**15**	**18**	**36**	**23**
- Related companies	-	1	1	1
- Non-group companies	15	17	35	22
- of which insurance activities	*-*	*5*	*-*	*5*
Other payables	**8**	**220**	**12**	**26**
- Related companies (2)	-	200	-	-
- Non-group companies	8	20	12	26
- of which insurance activities	*-*	*12*	*-*	*15*
Deferred income	**3**	**7**	**26**	**11**
- Related companies	-	-	-	-
- Non-group companies	3	7	26	11
- of which margin calls received on swaps designated as hedges (3)	*-*	*1*	*-*	*1*
Other	**18**	**19**	**35**	**6**
- Non-group companies	18	19	35	6
Total	**96**	**299**	**312**	**109**
	395		**421**	

(1) Primarily representing the price of vehicles and spare parts payable to the Peugeot and Citroën brands.

(2) At June 30, 2016, €200 million in dividends remained to be paid to PSA Peugeot Citroën Group.

(3) At June 30, 2016, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €78 million, compared to €168 million at December,31, 2015 (see Note 6.2).

Note 17 Insurance Activities

17.1 Liabilities Related to Insurance Contracts

(in million euros)	June 30, 2016 Liabilities to be taken over by partnership	June 30, 2016 Continuing operations	Dec. 31, 2015 Liabilities to be taken over by partnership	Dec. 31, 2015 Continuing operations
Life insurance liabilities	**-**	**38.9**	**-**	**40.6**
Unearned premium reserve (UPR)	-	5.9	-	6.9
Claims reserve				
- Claims reserve - reported claims	-	12.5	-	12.4
- Claims reserve - claims incurred but not reported (IBNR)	-	20.5	-	21.3
Other	-	-	-	-
Non-life insurance liabilities	**-**	**41.7**	**0.8**	**42.6**
Unearned premium reserve (UPR)	-	4.1	-	4.8
Provision pour sinistre à payer (PSAP):				
- Claims reserve - reported claims	-	9.0	0.8	9.1
- Claims reserve - claims incurred but not reported (IBNR)	-	28.6	-	28.7
Other	-	-	-	-
Total liabilities related to insurance contracts	**-**	**80.6**	**0.8**	**83.2**
	80.6		**84.0**	

17.2 Change in Liabilities Related to Insurance Contracts for continuing operations

17.2.1 Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-Life	Total
At the beginning of the period	**6.9**	**4.8**	**11.7**
+ Written premiums	23.6	32.7	56.3
- Earned premiums	(24.6)	(33.4)	(58.0)
+ Other movements	-	-	-
At the end of the period	**5.9**	**4.1**	**10.0**

17.2.2 Claims Reserve

(in million euros)	Life	Non-Life	Total
At the beginning of the period	**33.7**	**37.8**	**71.5**
of which reported claims	12.4	9.1	21.5
of which claims incurred but not reported (IBNR)	21.3	28.7	50.0
- Claims paid in current period	(7.8)	(6.2)	(14.0)
+ Claims incurred in current period	3.9	4.9	8.8
+ Claims incurred in prior years	3.2	1.1	4.3
+ Other movements	-	-	-
At the end of the period	**33.0**	**37.6**	**70.6**
of which notified claims	*12.5*	*9.0*	*21.5*
of which claims incurred but not reported (IBNR)	*20.5*	*28.6*	*49.1*

17.3 Income from Activities for continuing operations

17.3.1 Technical Income from Insurance Activities

(in million euros)	June 30, 2016	June 30, 2015	Dec. 31, 2015
+ Earned premiums	**58.0**	**69.4**	**135.1**
- Cost	**(35.8)**	**(53.0)**	**(106.9)**
Claims expenses	*(8.6)*	*(8.9)*	*(17.4)*
Change in insurance liabilities (except for UPR)	*0.8*	*(7.1)*	*(17.3)*
Brokerage fees	*(28.0)*	*(37.0)*	*(72.2)*
- Before elimination of intercompany transactions	*(28.0)*	*(37.0)*	*(72.2)*
- Elimination of intercompany transactions	-	-	-
Margin on sales of Insurance activities	**22.2**	**16.4**	**28.2**
+/- Other technical income (expense)	**(1.0)**	**(1.3)**	**(2.9)**
Personnel costs	*(0.1)*	*(0.1)*	*(0.3)*
Other technical income (expense)	*(0.9)*	*(1.2)*	*(2.6)*
- Before elimination of intercompany transactions	*(1.2)*	*(1.6)*	*(3.1)*
- Elimination of intercompany transactions	*0.3*	*0.4*	*0.5*
+ Investment income, net	**0.3**	**(0.1)**	**0.1**
- Before elimination of intercompany transactions	*0.3*	*(0.1)*	*0.1*
- Elimination of intercompany transactions	-	-	-
Contribution to operating income	**21.5**	**15.0**	**25.4**

17.3.2 Non-technical Income from Insurance Activities

(in million euros)	June 30, 2016	June 30, 2015	Dec. 31, 2015
+/- Other non-technical income (expense)	**(1.1)**	**0.3**	**(0.3)**
Personnel costs	*(0.6)*	*(0.6)*	*(1.1)*
Other non-technical income (expense)	*(0.5)*	*0.9*	*0.8*
- Before elimination of intercompany transactions	*(0.7)*	*1.1*	*1.1*
- Elimination of intercompany transactions	*0.1*	*(0.2)*	*(0.3)*
Contribution to operating income	**(1.1)**	**0.3**	**(0.3)**

17.3.3 Operating Income from Insurance Activities

(in million euros)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Technical income	21.5	15.0	25.4
Non-technical income	(1.1)	0.3	(0.3)
Contribution to operating income	**20.4**	**15.3**	**25.1**

Note 18 Derivatives

Group Interest Rate Management Policy

(See the "Financial Risks and Market Risk" section of the 2015 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.

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 23.

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

18.1 Banque PSA Finance Interest Rate Position

(in million euros)		0 to 1 year	1 to 5 years	+5 years	Total 30.06.2016
Financial assets					
Wholesale financing		943	-	-	943
Hedge fixed rate customer financing		842	1,297	-	2,139
Non hedged fixed rate customer financing (Brazil and Argentina)		145	377	-	522
Other adjustable rate loans and receivables		29	-	-	29
Fixed rate financial assets		-	-	-	-
Other financial assets		919	-	-	919
Total financial assets (a)		**2,878**	**1,674**	**-**	**4,552**
Other financial assets	(derivatives and fair value adjustments to hedged finance receivables portfolios)	**17**	**-**	**-**	**17**
Non financial assets					
Fixed assets and goodwill		-	68	-	68
Other non financial assets		1,357	-	-	1,357
Total non financial assets		**1,357**	**68**	**-**	**1,425**
Total assets					*5,994*
Financial liabilities					
Hedged fixed rate debt		(20)	(225)	-	(245)
Non hedged fixed rate debt (Brazil and Argentina)		(218)	(145)		(363)
Hedged adjustable rate debt		(600)	-	-	(600)
Other borrowings and deposits		(2,111)	-	-	(2,111)
Total financial liabilities (b)		**(2,949)**	**(370)**	**-**	**(3,319)**
Other financial liabilities	(derivatives and fair value adjustments to hedged debt portfolios)	**(29)**	**-**	**-**	**(29)**
Non financial liabilities					
Other non financial liabilities		(628)	-	-	(628)
Total non financial liabilities		**(628)**	**-**	**-**	**(628)**
Equity (3)		**-**	**(2,018)**	**-**	**(2,018)**
Total equity and liabilities					*(5,994)*
Net position before hedging = (a) + (b)		**(71)**	**1,304**	**-**	**1,233**
Derivatives - Notional amounts					
Derivatives hedging financial assets					
Swaps hedging fixed rate retail financing (Fair Value Hedge)					
- borrowing leg		(398)	(573)	-	(971)
- lending leg		971	-	-	971
Swaps hedging marketable securities (Fair Value Hedge)					
- borrowing leg		-	-	-	-
- lending leg		-	-	-	-
Total derivatives hedging financial assets (c)		**573**	**(573)**	**-**	**-**
Derivatives hedging financial liabilities					
Swaps hedging fixed rate debt (Fair Value Hedge) (2)					
- lending leg		20	225	-	245
- borrowing leg		(245)			(245)
Total derivatives hedging financial liabilities (d)		**(225)**	**225**	**-**	**-**
Trading transactions (e) (1)		**3**	**-**	**-**	**3**
Derivatives net position = (c) + (d) + (e)		**351**	**(348)**	**-**	**3**
Net position after hedging (3)		**280**	**956**	**-**	**1,236**
Note: Net position after hedging in December 2015		*121*	*1,506*	-	*1,627*

This table analyzes financial assets and liabilities based on their maturity, for fixed rate items, or the next repricing date, for adjustable rate items. It is before IFRS 5 reclassifications: it takes into account 100% of customer loans and receivables and 100% of debts.

In the section dealing with derivatives, the lending leg of swaps and other derivative transactions are reported as a positive amount and the borrowing leg is reported as a negative amount.

(1) *Out of €1,688 million total swaps nominal at June 30, 2016, €3 million represent a cross currency swap (open position). The impact of these swaps on the income statement is not material (see Notes 5, 11 and 18.4).*

(2) *Including €469 million of hedging swaps closed at consolidated level, set up during securitization transactions.*

(3) *The net position after hedging, with maturities ranging from 0 to 1 year, is not material. The net position after hedging, with maturities ranging from 1 to 5 years, amounts to €956 million and is mainly hedged by equity.*

18.2 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.
As a result of the hedging policy, substantial changes in currencies exchange rates will only have a limited impact on the Group net income.

Parent's External Positions

(in million euros)	CNY	CZK	GBP	ARS	MXN	PLN	RUB	USD
Assets	-	37	213	5	-	118	-	4
Liabilities	-	-	(189)	-	-	-	-	(229)
Net position before hedging	**-**	**37**	**24**	**5**	**-**	**118**	**-**	**(225)**
Hedging assets	-	(37)	(24)	-	-	(118)	-	-
Hedging liabilities	-	-	-	-	-	-	-	225
Hedging position	**-**	**(37)**	**(24)**	**-**	**-**	**(118)**	**-**	**225**
Net position after hedging at June 30, 2016 (1)	**-**	**-**	**-**	**5**	**-**	**-**	**-**	**-**
Note: December 2015	-	-	-	-	-	-	-	-

Subsidiaries' External Positions

(in million euros)	EUR /PLN	BRL /EUR	EUR /GBP	HRK /EUR	EUR /CNY	EUR /TRY	EUR /USD
Assets	2	-	4	-	-	-	-
Liabilities	(2)	(5)	(4)	-	-	-	-
Net position before hedging	**-**	**(5)**	**-**	**-**	**-**	**-**	**-**
Hedging assets	-	-	-	-	-	-	-
Hedging liabilities	-	5	-	-	-	-	-
Hedging position	**-**	**5**	**-**	**-**	**-**	**-**	**-**
Net position after hedging at June 30, 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2015	-	-	*4*	-	-	-	-

(1) At June 30, 2016, the ARS position refers to dividends to be received from the subsidiary in Argentina.

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)	CNY	CZK	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
Position at June 30, 2016	38	25	130	3	20	5	39	39	1	162	**462**
Note: December 2015	*39*	*25*	*152*	*3*	*19*	*6*	*44*	*34*	*1*	*165*	***488***

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

18.3 Analysis of Interest Rate Risk Hedging Effectiveness (Fair Value Hedge)

(in million euros)	June 30, 2016	Implemen-tation of the partnership	Dec 31, 2015	Fair value adjustments	Ineffective portion recognized in profit or loss
Fair value adjustments to customer loans (Installment contracts, Buyback contracts and Long-term leases)					
- Installment contracts	2	(2)	4		
- Buyback contracts	-	(1)	2		
- Long-term leases	4	-	3		
Total valuation, net	**6**	**(3)**	**9**	**-**	
Derivatives designated as hedges of customer loans					
- Assets (Note 6)	-	-	1		
- Liabilities (Note 12)	(5)	3	(8)		
Total valuation, net	**(5)**	**3**	**(7)**	**(1)**	**(1)**
Ineffective portion of gain and losses on outstanding hedging transactions	**1**	**0**	**2**		**(1)**
Fair value adjustments to hedged EMTNs/BMTNs					
- Valuation, net	(25)		(25)		
Total valuation, net	**(25)**	**-**	**(25)**	**-**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 6)	34		34		
- Liabilities (Note 12)	-		-		
Total valuation, net	**34**	**-**	**34**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**9**		**9**		**0**
Fair value adjustments to hedged bonds					
- Valuation, net	-		-		
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of bonds (1)					
- Assets (Note 6)	2	-	1		
- Liabilities (Note 12)	(2)	-	(1)		
Total valuation, net	**-**	**-**	**-**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**	**0**		**0**

(1) Closed position swaps (set up by Banque PSA Finance and the securitization funds) designated as hedges of the securitization funds' bond debt.

18.4 Impact in Profit and Loss of Fair Value Adjustements to Financial Assets and Liabilities at Fair Value

(in million euros)	June 30, 2016	Implemen-tation of the partnership	Dec. 31, 2015	Fair value adjustments
Financial assets at fair value (Note 5)				
- Fair value adjustments to marketable securities	-	-	-	**-**
- Fair value of trading derivatives	-	-	1	**(1)**
Total valuation, net	**-**	**-**	**1**	**(1)**
Financial liabilities at fair value (Note 11)				
- Fair value of trading derivatives	-	-	(1)	**1**
Total valuation, net	**-**	**-**	**(1)**	**1**
Impact in profit or loss				**0**

Note 19 Fair Value of Financial Assets and Liabilities

(in million euros)	Fair value June 30, 2016	Fair value Dec. 31, 2015	Book value June 30, 2016	Book value Dec. 31, 2015	Difference June 30, 2016	Difference Dec. 31, 2015
Assets						
Cash, central banks, post office banks	10	154	10	154	-	-
Financial assets at fair value through profit or loss (1)	364	383	364	383	-	-
Hedging instruments (1)	11	13	11	13	-	-
Available-for-sale financial assets (2)	9	11	9	11	-	-
Loans and advances to credit institutions (3)	199	87	199	87	-	-
Customer loans and receivables (4)	259	462	264	460	(5)	2
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	-	1	-	1	-	-
Hedging instruments (1)	4	9	4	9	-	-
Deposits from credit institutions (5)	94	858	94	848	-	(10)
- *of which debts of continuing operations*	*94*	*331*	*94*	*326*	-	*(5)*
- *of which non-transferred debts of operations to be taken over by partnership*	-	*527*	-	*522*	-	*(5)*
Due to customers (3)	361	468	361	468	-	-
- *of which debts of continuing operations*	*231*	*163*	*231*	*163*	-	-
- *of which non-transferred debts of operations to be taken over by partnership*	*130*	*305*	*130*	*305*	-	-
Debt securities (5)	280	1,813	283	1,811	3	(2)
- *of which debts of continuing operations*	*31*	*9*	*31*	*9*	-	-
- *of which non-transferred debts of operations to be taken over by partnership*	*249*	*1,804*	*252*	*1,802*	*3*	*(2)*

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.*

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

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

The fair value presented above has been estimated by discounting future cash flows at the average customer rate of the three last months. In this case, the fair value is determined by applying valuation making significant use of at least one non-observable item of data (level 3).

(5) *Financing liabilities are stated at amortized cost. Hedge accounting is applied to liabilities hedged by interest rate swaps (fair value hedge), leading to their remeasurement at the discounted financing cost. Cumulative gains and losses arising from remeasurement are added to or deducted from their amortized cost.*

The fair value presented above therefore corresponds mainly to the change in the spread (premium over the risk-free rate) paid by Banque PSA Finance on its financial market borrowings. It is determined according to two following cases:
- For Debt securities, by applying valuation based on market available quotations (level 1).
- For Deposits from credit institutions, by applying valuation based on data from our financial partners. In this case, the fair value is determined by applying valuation making significant use of at least one non-observable item of data (level 3).

Note 20 Other Commitments

20.1 Other Commitments

	June 30, 2016			Dec. 31, 2015		
	Commitments of operations to be taken over by partnership			Commitments of operations to be taken over by partnership		
(in million euros)	Transferred	Non-transferred	Commitments of continuing operations	Transferred	Non-transferred	Commitments of continuing operations
Financing commitments						
Commitments received from credit institutions (see Note 20.2)	92	380	43	118	1,382	461
Commitments given to credit institutions	-	-	-	-	-	-
Commitments given to customers (1)	146	-	1	203	-	5
Guarantee commitments						
Commitments received from credit institutions	77	-	7	168	-	8
- guarantees received in respect of customer loans	77	-	7	168	-	7
- guarantees received in respect of securities held	-	-	-	-	-	1
- other guarantees received from credit institutions	-	-	-	-	-	-
Guarantees given to credit institutions	-	4	-	-	4	-
Commitments given to customers	-	-	56	1	-	26
- Banque PSA Finance	-	-	56	-	-	26
- Italian branch	-	-	-	1	-	-
Other commitments received						
Securities received as collateral	31	-	-	26	-	-

(1) *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.

20.2 Credit facilities

	June 30, 2016			Dec. 31, 2015		
	Commitments of operations to be taken over by partnership			Commitments of operations to be taken over by partnership		
(in million euros)	Transferred	Non-transferred	Commitments of continuing operations	Transferred	Non-transferred	Commitments of continuing operations
Undrawn bank facilities, by drawdown priority (see Note 13)						
Revolving bilateral bank facilities (1)(2)	-	380	-	-	682	406
Other bank facilities	92	-	43	118	-	55
Syndicated credit facilities (1)(3)	-	-	-	-	700	-
Total	**92**	**380**	**43**	**118**	**1,382**	**461**
		515			**1,961**	

(1) *Correspond to mainly long-term received financing commitments.*
(2) *Out of a total of €417 million at June 30, 2016.*
(3) *The €700 million line was cancelled in June 2016.*

20.3 Financial Security

Financial security refers to liquidity reserve and undrawn bank facilities (see Note 20.2).

	June 30, 2016			Dec. 31, 2015		
	Commitments of operations to be taken over by partnership		Commitments of continuing operations	Commitments of operations to be taken over by partnership		Commitments of continuing operations
(in million euros)	Transferred	Non-transferred		Transferred	Non-transferred	
Liquidity Reserve	104	-	269	127	-	418
- Reserves deposited with the central banks (see Note 4)	60	-	10	27	-	154
- Mutual funds qualified as cash equivalents (see Note 5)	27	-	-	88	-	1
- Treasury bonds (OAT) qualified as cash equivalents (see Note 5)	-	-	251	-	-	251
- Ordinary accounts in debit (see Note 7)	-	-	8	-	-	-
- Time accounts qualified as cash equivalents (see Note 7)	17	-	-	12	-	12
Undrawn bank facilities	92	380	43	118	1,382	461
Total	**196**	**380**	**312**	**245**	**1,382**	**879**
		888			**2,506**	

20.4 Management of liquidity risk

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

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

Financing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio.

Banque PSA Finance endeavours to maintain a certain level of financial security (see Note 20.3), in order to cover at least six months' financing needs. The 6-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. At June 30, 2016, the financial security amounted to €888 million.

Thanks to the roll-over of bank facilities, along with the deposit activity and the securitization, Banque PSA Finance is in a position to provide its financing plan for the next twelve months at least, and until the closing of the transactions with Santander Consumer Finance planned by the end of 2016.

Note 21 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Installment contracts	**29**	**44**	**83**
- of which related companies	*4*	*4*	*9*
Buyback contracts	**3**	**6**	**12**
- of which related companies	-	-	-
Long-term leases	**2**	**3**	**6**
- of which related companies	-	-	-
Wholesale financing	**4**	**6**	**11**
- of which related companies	*3*	*4*	*7*
Other finance receivables	**1**	**2**	**3**
- of which related companies	*1*	-	*2*
Commissions paid to referral agents	**(3)**	**(4)**	**(8)**
- Installment contracts	(2)	(3)	(5)
- Buyback contracts	(1)	(1)	(3)
- Long-term leases	-	-	-
- of which related companies		-	*(1)*
Other business acquisition costs	**-**	**-**	**(1)**
Interest on ordinary accounts	**-**	**-**	**-**
Interest on guarantee commitments	**-**	**-**	**-**
Total	**36**	**57**	**106**

Note 22 General Operating Expenses

(in million euros)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Personnel costs	**(4)**	**(5)**	**(10)**
- Wages and salaries	(3)	(4)	(8)
- Payroll taxes	(1)	(1)	(2)
- Employee profit sharing and profit-related bonuses	-	-	-
Other general operating expenses	**(21)**	**(23)**	**(81)**
- External expenses	(69)	(72)	(181)
- of which related companies	*(47)*	*(51)*	*(101)*
- Re-invoicing to operations in partnership or to be taken over by partnership (1)	48	49	100
Total	**(25)**	**(28)**	**(91)**

(1) Re-invoicing continues after implementing the partnerships with Santander.

Note 23 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.

23.1 Changes in Loans

(in million euros)	Balance sheet at Dec. 31, 2015	Net new loans and exchange difference (1)(2)	Cost of risk: Charges	Cost of risk: Reversals	Cost of risk: Credit losses	Cost of risk: on loans written off in prior periods	Cost of risk for the period at June 30, 2016	Balance at June 30, 2016
Retail								
installments	296	(103)				-	-	193
Sound loans with past-due installments	14	(2)				-	-	12
Guarantee deposits (lease financing)	(1)	-				-	-	(1)
Non-performing loans	10	(2)			-	-	-	8
Total (2)	**319**	**(107)**	**-**	**-**	**-**	**-**	**-**	**212**
Impairment of sound loans with past-due	(2)	1	-	-	-	-	-	(1)
Impairment of non-performing loans	(8)	2	-	-	-	-	-	(6)
Total impairment (2)	**(10)**	**3**	**-**	**-**	**-**	**-**	**-**	**(7)**
Deferred items included in	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**
Net book value (A - see B Note 8.2)	**303**	**(104)**	**-**	**-**	**-**	**-**	**-**	**199**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Retail cost of risk			**-**	**-**	**-**	**-**	**-**	
Corporate dealers								
installments	128	(79)					-	49
Sound loans with past-due installments	-	-					-	-
Guarantee deposits	-	-					-	-
Non-performing loans	8	(1)			-	-	-	7
Total	**136**	**(80)**	**-**	**-**	**-**	**-**	**-**	**56**
Impairment of sound loans	-	-	-	-	-	-	-	-
Impairment of non-performing loans	(7)	1	(5)	5	-	-	-	(6)
Total impairment	**(7)**	**1**	**(5)**	**5**	**-**	**-**	**-**	**(6)**
Deferred items included in	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value (B - see A Note 8.2)	**129**	**(79)**	**(5)**	**5**	**-**	**-**	**-**	**50**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate dealers cost of risk			**(5)**	**5**	**-**	**-**	**-**	
Corporate and equivalent								
installments	27	(12)					-	15
Sound loans with past-due installments	1	-					-	1
Guarantee deposits	-	-					-	-
Non-performing loans	2	(1)			-	-	-	1
Total	**30**	**(13)**	**-**	**-**	**-**	**-**	**-**	**17**
Impairment of sound loans	-	-	-	-	-	-	-	-
Impairment of non-performing loans	(1)	-	-	-	-	-	-	(1)
Total impairment	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Deferred items included in	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Net book value (C - see C Note 8.2)	**28**	**(13)**	**-**	**-**	**-**	**-**	**-**	**15**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate and equivalent cost of risk			**-**	**-**	**-**	**-**	**-**	
Total loans								
installments	451	(194)	-	-	-	-	-	257
Sound loans with past-due installments	15	(2)	-	-	-	-	-	13
Guarantee deposits	(1)	-	-	-	-	-	-	(1)
Non-performing loans	20	(4)	-	-	-	-	-	16
Total	**485**	**(200)**	**-**	**-**	**-**	**-**	**-**	**285**
Impairment of sound loans	-	-	-	-	-	-	-	-
installments	(2)	1	-	-	-	-	-	(1)
Impairment of non-performing loans	(16)	3	(5)	5	-	-	-	(13)
Total impairment	**(18)**	**4**	**(5)**	**5**	**-**	**-**	**-**	**(14)**
Deferred items included in	**(7)**	**-**	**-**	**-**	**-**	**-**	**-**	**(7)**
Net book value	**460**	**(196)**	**(5)**	**5**	**-**	**-**	**-**	**264**
prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Total cost of risk			**(5)**	**5**	**-**	**-**	**-**	

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 impact of reclassifying the assets of the subsidiaries in Slovakia and the Czech Republic as operations held for sale resulted in a negative €182 million change in gross outstandings and a positive €4 million change in impairment.*

23.2 Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	and equivalent	June 30, 2016	June 30, 2015	Dec. 31, 2015
Sound loans with past-due installments (1)						
Charges	-	-	-	-	-	-
Reversals	-	-	-	-	1	1
Non-performing loans						
Charges	-	(5)	-	(5)	(4)	(7)
Reversals	-	5	-	5	4	12
Doubtful commitments						
Charges	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Credit losses	-	-	-	-	(3)	(8)
Recoveries on loans written off in prior periods	-	-	-	-	1	1
Cost of risk	**-**	**-**	**-**	**-**	**(1)**	**(1)**

The Bank's credit management policy is described in the "Credit Risk" section of the 2015 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.

23.3 Information about Defaults with no Impairment

As regards Retail, sound loans in default are systematically impaired (see footnote (1) of Note 23.2).
As regards Corporate, given the statistical impairment applied to Corporate sound receivables (see footnote (1) of Note 23.2) there is not any such receivable in default that is not impaired.

Note 24 Income Taxes

24.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2015 Taxes on continuing operations	Income	Equity	Payment	IFRS 5 reclassification in Income statement (1)	Exchange difference and other (2)	June 30, 2016 Taxes on continuing operations
Current tax							
Assets	12						2
Liabilities	(6)						(3)
Total	**6**	**(4)**	**-**	**(3)**	**-**	**-**	**(1)**
Deferred tax							
Assets	27						19
Liabilities	(12)						(12)
Total	**15**	**(2)**	**-**	**-**	**(5)**	**(1)**	**7**

(1) *Mainly for eliminations of intragroup transactions between continuing operations and operations to be taken over by partnership (see Note 24.2, footnote (1) and (2)).*
(2) *The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their income statement items are translated on a month-by-month basis at the average monthly rate.*

24.2 Income taxes of fully-consolidated companies

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

The French statutory income tax rate is 33.33%.
The Social Security Financing Act (no. 99-1140) dated December 29, 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.
France's 4th amended Finance Act dated December 21, 2011 introduced an exceptional 5% surtax for 2011 and 2012, lifting the tax rate for those years to 36.10%.
France's Finance Act 2013 (published in Official Gazette December 30, 2012) introduced an exceptional 5% surtax for 2013 and 2014, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 50% of taxable profit of the year.
The article 16 of France's Finance Act 2014 (published in Official Gazette December 27, 2013) raised the exceptional surtax from 5% to 10.7% for 2013 and 2014 (Article 235 ter ZAA of the French General Tax Code), lifting the tax rate for those years to 38% and maintained the use of tax loss carryforwards to 50% of taxable profit of the year for the part exceeding €1 million.
Article 15 of France's amended Finance Act 2014 no. 2014-891 dated August 8, 2014 provides for the extension of the 10.7% exceptional surtax for 2015 (Article 235 b ZAA of the French General Tax Code), thus maintaining the tax rate for this year at 38%. The exceptional contribution is not due after reporting periods ending December 31, 2016, meaning that the rate drops to 34.43%.
At December 31, 2015, there was no further revaluation of deferred tax liabilities for the French joint ventures. In 2015 the impact on earnings is a positive €1 million from the reversal for utilization, the remaining balance down €11 million, having been transferred at the time of establishing the joint venture in France in February 2015.

(in million euros)	**June 30, 2016**	**June 30, 2015**	**Dec. 31, 2015**
Income taxes on continuing operations			
Current tax	**(4)**	**(19)**	**(19)**
Deferred tax	**(2)**	**48**	**60**
Deferred taxes arising in the period (1)	(2)	48	60
Unrecognized deferred tax assets and impairment losses	-	-	-
Income taxes on operations to be taken over by partnership			
Current and deferred tax (2)	(22)	(60)	(73)
Total	**(28)**	**(31)**	**(32)**

(1) Including at June 30, 2016, a €5 million positive amount mainly for eliminations of intragroup transactions with operations to be taken over by partnership.
(2) Including at June 30, 2016, a €5 million negative amount mainly for eliminations of intragroup transactions with continuing operations.
These entries have no impact on Banque PSA Finance net income and have no counterparty in balance sheet.

24.3 Banque PSA Finance tax proof

(in million euros)	**June 30, 2016**	**June 30, 2015**	**Dec. 31, 2015**
Pre-tax income of continuing operations	82	(42)	(45)
Pre-tax income of operations to be taken over by partnership	57	201	250
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(87)	(59)	(123)
Permanent differences	(15)	55	65
Taxable Income	**37**	**155**	**147**
Legal tax rate in France for the period	*34.43%*	*38.0%*	*38.0%*
Theoretical tax	**(13)**	**(59)**	**(56)**
Impact of differences in foreign tax rates	2	9	11
Impact of changes in foreign tax rates	-	-	2
Impact of provisional surtax in France	-	2	1
Adjustment related to the previous year	-	4	4
Tax disputes and adjustments	-	-	(4)
Other	(1)	-	7
Income taxes before impairment of assets on tax loss carryfowards	**(12)**	**(44)**	**(35)**
Group effective tax rate	*32.26%*	*28.4%*	*23.7%*
Deferred tax assets on tax loss carryforwards:			
- Charges (1)	(16)	13	(2)
- Reversals	-	-	5
Income taxes	**(28)**	**(31)**	**(32)**

(1) See Note 24.4, foonote (2).

24.4 Deferred Tax Assets on Tax Loss Carryforwards for continuing operations

(in million euros)	Dec. 31, 2015 Taxes on continuing operations	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	June 30, 2016 Taxes on continuing operations
Deferred tax assets on tax loss carryforwards	51	16	(7)		-	60
Allowances (2)	(28)			(16)	-	(44)
Total	**23**	**16**	**(7)**	**(16)**	**-**	**16**

(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 carryforward has been fully written down, for an amount of €41 million at end of June 2016.*

Note 25 Segment Information

25.1 Key Balance Sheet Items

For 2016

	Financing activities					
		End user				
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Insurance and services	Total at June 30, 2016
Assets						
Customers loans and receivables	6,743	13,897	1,433		6	22,079
Securities			376	-	88	464
Loans and advances to credit institutions			1,245	1	2	1,248
Other assets				1,364	36	1,400
Total Assets						**25,191**
Liabilities						
Refinancing (1)	6,081	12,531	1,292	-	2	19,906
Due to customers (1)	257	55	33	-		345
Liabilities related to insurance contracts					90	90
Other liabilities				1,675	34	1,709
Equity				3,048	93	3,141
Total Liabilities						**25,191**

For 2015

	Financing activities					
		End user				
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Insurance and services	Total at Dec. 31, 2015
Assets						
Customers loans and receivables	6,217	13,662	1,457		-	21,336
Securities			358	-	88	446
Loans and advances to credit institutions			1,280	1	1	1,282
Other assets				1,287	43	1,330
Total Assets						**24,394**
Liabilities						
Refinancing (1)	5,663	12,444	1,319	-	-	19,426
Due to customers (1)	263	43	30	-		336
Liabilities related to insurance contracts					87	87
Other liabilities				1,192	41	1,233
Equity				3,234	78	3,312
Total Liabilities						**24,394**

Segment information is disclosed:
- before IFRS 5 reclassifications;
- before the equity method accounting of the joint ventures with Santander CF;
- and after elimination of intragroup transactions.

(1) *In the segment information, "Passbook savings accounts", "Term deposit accounts" and "Corporate time deposit" are classified in "Refinancing".*

Table showing conversion from the IFRS 8 segment information balance sheet to the IFRS 5 publishable balance sheet

For 2016

(in million euros)	IFRS 8 segment information balance sheet as at June 30, 2016	Presentation differences IFRS 8 vs IFRS 5	Reclassi-fications per IFRS 5	Amortized cost of debt retired early	Impairment of disposal group	Partnership implementation with Santander CF (IFRS 3) (1)	IFRS 5 published balance sheet at June 30, 2016
Assets							
Customers loans and receivables	22,079	-	(3,369)	-	-	(18,446)	264
Securities	464	-	(109)	-	-	9	364
Loans and advances to credit institutions	1,248	-	(177)	-	-	(872)	199
Deferred tax assets		107	(60)	-	-	(28)	19
Investments in associates and joint ventures accounted for using the equity method		69	-	-	-	1,060	1,129
Assets of operations to be taken over by partnership			3,870	-	(44)	-	3,826
Other assets	1,400	(167)	(155)	-	-	(885)	193
Total Assets	**25,191**	**9**	**-**	**-**	**(44)**	**(19,162)**	**5,994**
Liabilities							
Refinancing	19,906	(19,906)					
Deposits from credit institutions		11,821	(392)	-	-	(11,335)	94
Due to customers	345	3,710	(1,712)	-	-	(1,982)	361
Debt securities		4,375	(548)	-	-	(3,569)	258
Liabilities related to insurance contracts	90	-	-	-	-	(9)	81
Deferred tax liabilities		309	(22)	(12)	-	(263)	12
Liabilities of operations to be taken over by partnership			2,780	-	(3)	-	2,777
Other liabilities	1,709	(300)	(106)	37	-	(947)	393
Equity	3,141	-	-	(25)	(41)	(1,057)	2,018
Total Liabilities	**25,191**	**9**	**-**	**-**	**(44)**	**(19,162)**	**5,994**

For 2015

(in million euros)	IFRS 8 segment information balance sheet as at Dec. 31, 2015	Presentation differences IFRS 8 vs IFRS 5	Reclassi-fications per IFRS 5	Amortized cost of debt retired early	Impairment of disposal group	Partnership implementation with Santander CF (IFRS 3) (1)	IFRS 5 published balance sheet at Dec. 31, 2015
Assets							
Customers loans and receivables	21,336	3	(6,397)	-	-	(14,482)	460
Securities	446	-	(102)	-	-	39	383
Loans and advances to credit institutions	1,282	-	(296)	-	-	(899)	87
Deferred tax assets		113	(65)	-	-	(21)	27
Investments in associates and joint ventures accounted for using the equity method		64	-	-	-	917	981
Assets of operations to be taken over by partnership			7,090	-	(42)	-	7,048
Other assets	1,330	(160)	(230)	-	-	(559)	381
Total Assets	**24,394**	**20**	**-**	**-**	**(42)**	**(15,005)**	**9,367**
Liabilities							
Refinancing	19,426	(19,426)					
Deposits from credit institutions		9,836	(381)	-	-	(8,607)	848
Due to customers	336	3,197	(1,729)	-	-	(1,336)	468
Debt securities		6,396	(1,153)	-	-	(3,457)	1,786
Liabilities related to insurance contracts	87	-	(1)	-	-	(3)	83
Deferred tax liabilities		317	(31)	(12)	-	(262)	12
Liabilities of operations to be taken over by partnership			3,629	-	(6)	-	3,623
Other liabilities	1,233	(300)	(334)	37	-	(416)	220
Equity	3,312	-	-	(25)	(36)	(924)	2,327
Total Liabilities	**24,394**	**20**	**-**	**-**	**(42)**	**(15,005)**	**9,367**

(1) Partnership implementation with Santander CF:

- *in France and United Kingdom in February 2015 (see Notes 10.2.1 and 10.2.2),*
- *in Malta in May 2015 (see Note 10.2.8),*
- *in Spain and in Switzerland in october 2015 (see Notes 10.2.3 and 10.2.4),*
- *in Italy in January 2016 (see Note 10.2.5),*
- *in the Netherlands in February 2016 (see Note 10.2.6),*
- *and in Belgium in May 2016 (see Note 10.2.7),*

led to equity-method accounting of the joint ventures.

25.2 Key Income Statement Items

At June 30, 2016

(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				-			-
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*

For the first 2015 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, 2015
Net interest revenue on customer transactions (at amortized cost) (1)	127	541	44	(10)	(20)		682
Net investment revenue	-	-	-	7		-	7
Net refinancing cost (2) (3)	(66)	(237)	(18)	71	20	-	(230)
Net gains or losses on trading transactions				(4)			(4)
Net gains or losses on available-for-sale				-			-
Margin on sales of insurance services						54	54
Margin on sales of other services						25	25
Net banking revenue	**61**	**304**	**26**	**64**	**-**	**79**	**534**
Cost of risk (A)	(2)	(24)	(1)				(27)
Net income after cost of risk	**59**	**280**	**25**	**64**	**-**	**79**	**507**
General operating expenses and equivalent				(211)		(2)	(213)
Operating Income	**59**	**280**	**25**	**(147)**	**-**	**77**	**294**
of which Insurance						*53*	*53*

(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 2015 annual report, separate probabilities of default are calculated for the joint ventures in partnership with Santander CF 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 IFRS 5 reclassifications;
- before the equity method accounting of the joint ventures with Santander CF;
- and after elimination of intragroup transactions.

(1) *Unallocated interest revenue on customer transactions for the part corresponds to the ineffective portion of gains or losses on hedging instruments recognized in the income statement in accordance with IAS 39 for a negative €7.1 million at June 30, 2016 (compared to a negative €11.5 million at June 30, 2015). The other part 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 Bank's 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 subsidiaries and branches 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 €14 million reclassification at June 30, 2016 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 IFRS 5 publishable income statement

At June 30, 2016

				Impact of the partnership with Santander CF			
(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	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) Partnership implementation with Santander CF:
- *in France and United Kingdom in February 2015 (see Notes 10.2.1 and 10.2.2),*
- *in Malta in May 2015 (see Note 10.2.8),*
- *in Spain and in Switzerland in october 2015 (see Notes 10.2.3 and 10.2.4),*
- *in Italy in January 2016 (see Note 10.2.5),*
- *in the Netherlands in February 2016 (see Note 10.2.6),*
- *and in Belgium in May 2016 (see Note 10.2.7),*

led to equity-method accounting of the joint ventures.

For the first 2015 half-year

(in million euros)	IFRS 8 Income statement at June 30, 2015	Reclassi-fications per IFRS 5	Reclassi-fication of costs of the non-transferred debts	Impact of the partnership with Santander CF: Cost of debt retired early	Impact of the partnership with Santander CF: Impairment of disposal group	Impact of the partnership with Santander CF: Equity-method accounting of equity attributable to Group in JV (1)	IFRS 5 Income statement published at June 30, 2015
Net interest revenue on customer transactions (at amortized cost)	682	(372)	-	-	-	(259)	51
Net investment revenue	7	(6)	-	-	-	1	2
Net refinancing cost	(230)	76	90	-	-	46	(18)
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	54	(13)	-	-	-	(25)	16
Margin on sales of other services	25	(8)	-	-	-	(7)	10
Net banking revenue	**534**	**(323)**	**90**	**-**	**-**	**(244)**	**57**
General operating expenses	(202)	98	-	-	-	76	(28)
Depreciation and amortization of intangible and tangible assets	(11)	1	-	-	-	1	(9)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	-	-	-	-	-	-	-
Gross operating income	**321**	**(224)**	**90**	**-**	**-**	**(167)**	**20**
Cost of risk	(27)	11	-	-	-	15	(1)
Operating Income	**294**	**(213)**	**90**	**-**	**-**	**(152)**	**19**
Share in net income of associates and joint ventures accounted for using the equity method	7	-	-	-	-	52	59
Impairment on goodwill	-	-	-	-	-	-	-
Pension obligation - expense	-	-	-	-	-	-	-
Pension obligation - income	-	-	-	-	-	-	-
Other non-operating items	(15)	(3)	21	-	-	-	3
Costs of the non-transferred debts of operations to be taken over by partnership	-	-	(111)	(12)	-	-	(123)
Pre-tax income	**286**	**(216)**	**-**	**(12)**	**-**	**(100)**	**(42)**
Income taxes	(87)	65	-	2	-	49	29
Net income from continued operations	**199**	**(151)**	**-**	**(10)**	**-**	**(51)**	**(13)**
Gross income of operations to be taken over by partnership	-	216	-		(15)	-	201
Tax on the net income of operations to be taken over by partnership	-	(65)	-		5	-	(60)
Net income of operations to be taken over by partnership	**-**	**151**	**-**	**-**	**(10)**	**-**	**141**
Net income for the year	**199**	**-**	**-**	**(10)**	**(10)**	**(51)**	**128**

(1) Partnership implementation with Santander CF:
- *in France and United Kingdom in February 2015 (see Notes 10.2.1 and 10.2.2),*
- *and in Malta in May 2015 (see Note 10.2.8),*

led to equity-method accounting of the joint ventures.

Note 26 Subsequent Events

Except for (i) the partnership with Santander CF, its consequences and new steps described in Note 1.A - 2016 Main Events and (ii) the selling of subsidiaries in the Czeck Republic and Slovenia in July 2016, no other event occurred between June 30, 2016 and the Board of Directors' meeting to review the financial statement on July 22, 2016 that could have a material impact on business decisions made on the basis of these financial statements.

2.7. Statutory auditor's review report on the first half-year financial information

Six months ended June 30, 2016

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, 2016,

- the verification of the information presented in the half-yearly management report.

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

1 - Conclusion on the financial statements

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

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

Without qualifying the above conclusion, we draw your attention to note 1.A. "Main Events of the period", note 2 "Accounting Policies" and note 3 "IFRS 5 Impacts on the Financial Statements" to the condensed half-yearly consolidated financial statements concerning the impacts of IFRS 5 after the signing of partnership between your company and Group Santander.

2 - Specific verification

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

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

Courbevoie and Paris-La Défense, July 26, 2016

The statutory auditors
French original signed by:

ERNST & YOUNG Audit	Mazars
Luc Valverde	Anne Veaute

Statement from the person responsible for the 2016 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.

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