BANQUE PSA FINANCE

2009
ANNUAL RESULTS

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PricewaterhouseCoopers Audit

Mazars

SUBSTITUTE AUDITORS

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Guillaume Potel

At February 8, 2010

BANQUE PSA FINANCE

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

Registered office – 75, avenue de la Grande-Armée – 75116 Paris – France

Registered in Paris under no. B 325 952 224 - SIRET 325 952 224 00013

APE business identifier code: 6419Z

Interbank code: 13168N

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Registered in the Orias insurance broker register under no. 07 008 501

(www.orias.fr)

CONTENTS

Annual and Extraordinary Shareholders' Meeting of April 21, 2010

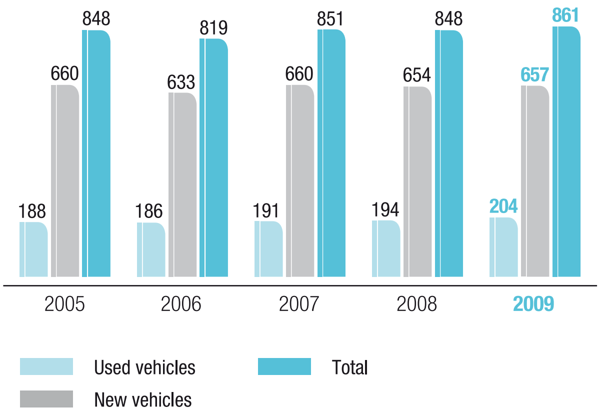
Wholly-owned by Peugeot S.A., Banque PSA Finance provides financing for sales of Peugeot and Citroën cars and light commercial vehicles in 24 countries. It supports the brands' growth by offering retail and fleet customers a diversified range of financing solutions and related services, and by providing Peugeot and Citroën dealers with financing for new and used vehicles and replacement parts inventories.

1

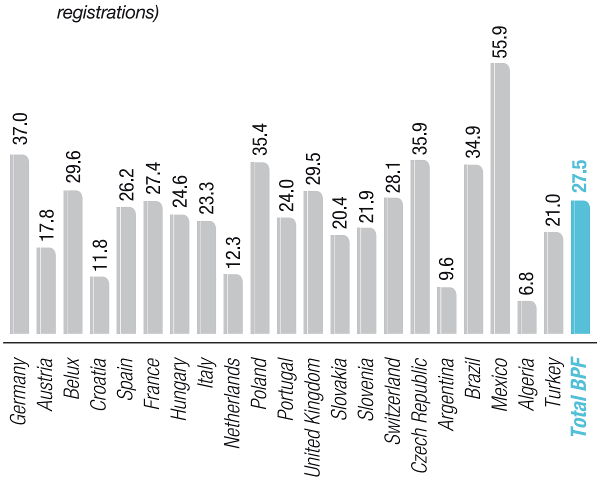
ANNUAL REPORT

1.1. Keys Figures

- **Number of vehicles financed, retail loans**
  (in thousand vehicles)

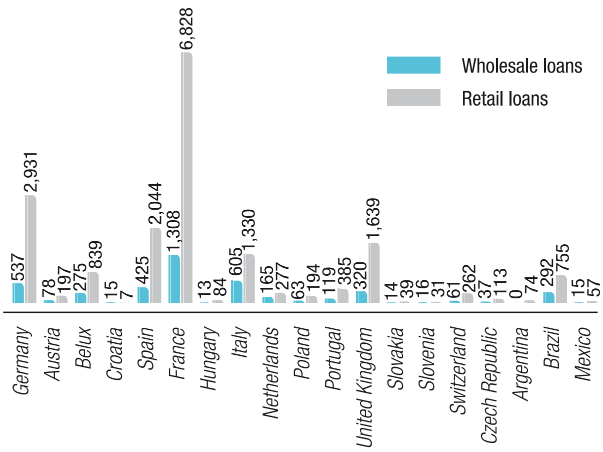


- **Penetration rate by country at Dec. 31, 2009**
  (as a %) (new vehicles financed/PSA Peugeot Citroen new vehicle registrations)

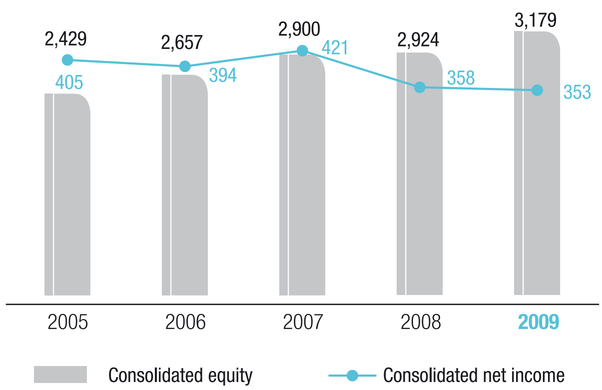


- **Outstanding retail and wholesale loans at Dec. 31, 2009**
  (in million euros)

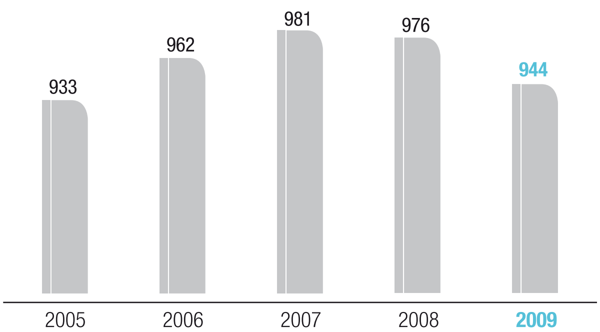
- **Outstanding retail and wholesale loans by country at Dec. 31, 2009**
  (in million euros)



- **Equity and net income at Dec. 31, 2009**
  (in million euros)



- **Net banking revenue**
  (in million euros)



1.2. Chairman's Message

In an environment shaped since 2008 by an unprecedented crisis combining all the features of a stress scenario of unparalleled severity, Banque PSA Finance demonstrated the robustness of its business model by delivering a 2009 marketing and financial performance in line with the expectations of the PSA Peugeot Citroën Group.

The Bank's marketing performance was satisfactory, as it increased its penetration rate and confirmed our role in actively supporting the carmakers' sales by financing 27.5% of all new Peugeot and Citroën vehicles sold in its markets in 2009, up from 27.3% the previous year. In an equally satisfactory performance, the number of new and used vehicles financed during the year grew by 1.5% to over 860,000 units.

While dedicated to strengthening synergies with the brands and partnerships with the dealer networks, the Bank's marketing strategy was also driven by a strong team effort in developing innovative products and services, diversifying them and rolling them out to as many Bank entities as possible.

Nevertheless, in meeting its objectives, the Bank was careful to maintain the credit quality of its loan book. By applying more stringent acceptance criteria to higher risk customers and bolstering collection and recovery processes, the Bank succeeded in keeping its cost of risk in line with the benchmark of 0.50% of average net outstanding loans.

This more disciplined approach was also expressed in the Bank's ongoing search for productivity gains, which helped to keep payroll costs at their 2008 level.

On the financing side, Banque PSA Finance adopted a responsive refinancing strategy aligned with the extremely tight market, diversifying its financing sources to actively secure the liquidity needed to conduct its business. In addition, the Bank has a total of €7,265 million in undrawn syndicated lines of credit.

The combination of all these factors, which represent highly compelling indicators of its teams' operational efficiency, enabled the Bank to report €495 million in consolidated pre-tax income for the year, a satisfactory result considering the increased risks created by the deeply troubled economic environment.

Banque PSA Finance operational efficiency was also recognized in 2009 by France's banking regulator, Commission Bancaire, which authorized it to use an internal ratings-based approach to calculate its minimum capital requirement from January 1, 2009. Moreover, by taking part in the Lean process launched by the PSA Peugeot Citroën Group, Banque PSA Finance intend to take our operational efficiency to the next level.

Expanding its geographic footprint is a key plank in the Bank's growth strategy and in 2009 it made further progress in this area by acquiring AIG's banking subsidiary in Russia and deepening its partnerships in China and Turkey.

The unit in Russia, renamed Bank PSA Finance Rus, obtained a new banking license from the country's Central Bank at the end of the year, allowing it to begin operations in early 2010. In addition, the developments in Banque PSA Finance's Chinese and Turkish partnerships planned for this year should drive its international business further ahead, providing ongoing, effective support for the PSA Peugeot Citroën Group's sales.

While it is difficult to predict how the economic environment will evolve in the coming year and how it will impact automobile markets, Banque PSA Finance clearly demonstrated its ability to withstand crisis conditions in 2009 and can draw on considerable strengths to consolidate its performance in every aspect of its business in 2010.

Frédéric Saint-Geours

1.3. Group Overview

New Financing

	2009	2008	% change
Retail loans			
Number of vehicles financed	860,509	848,077	+1.5
Amount of financing *(in million euros, excluding interest)*	8,459	9,135	-7.4
Wholesale loans			
Number of vehicles financed	2144,444	2055,900	+4.3
Amount of vehicules financing *(in million euros)*	35,118	35,177	-0.2
Amount of replacement parts financing	4,618	4,582	+0.8
Outstanding loans at December 31 *(in million euros)*			
Retail loans	18,086	17,913	+1.0
Wholesale loans	4,359	4,370	-0.3
TOTAL	**22,445**	**22,283**	**+0.7**

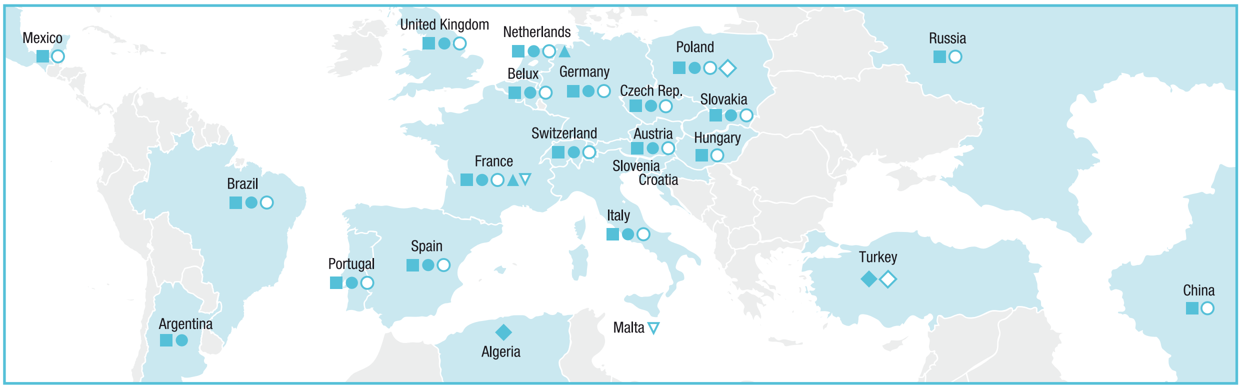
Consolidated financial data

At December 31 *(in million euros)*	2009	2008	% change
Consolidated stockholders' equity before income appropriation	3,179	2,924	+8.7
Total assets	26,026	26,370	-1.3
European capital adequacy ratio	12.35%	11.23%	
Financial results			
Net banking revenue	944	976	-3.2
Pre-tax income	495	555	-10.8
NET INCOME FOR THE YEAR	**353**	**358**	**-1.4**
- of which minority interests	3	2	+52.4
- of which attributable to equity holders of the parent	350	356	-1.6

Net Banking Revenue by Portfolio

(in million euros)	2009	2008	% Change
Retail	602	579	+4.0
Corporate dealers	106	145	-26.9
Corporate and equivalent	33	39	-15.4
Others	203	213	-4.7
TOTAL	**944**	**976**	**-3.3**

1.4. Businesses of the Main Banque PSA Finance Companies and its Branches



Country	%	Company	Automotive financing			Refinancing	Services
Algeria	100%	BPF Algérie	◆				
Germany		Banque PSA Finance SA Niederlassung Deutschland	■	●	○		
Argentina	50%	PSA Finance Argentina Compania Financiera S.A.	■	●			
Austria		Banque PSA Finance SA Niederlassung Ôsterreich	■	●	○		
Belgium Luxembourg	100%	PSA Finance Belux	■	●	○		
Brazil	100%	Banco PSA Finance Brazil S.A.	■		○		
	100%	PSA Finance Arrendamento Mercantil S.A.		●			
China	25%	Dongfeng Peugeot Citroën Auto Finance Co Ltd.	■		○		
Croatia	100%	PSA Financial d.o.o.	■	◆	○		
Spain		Banque PSA Finance – Sucursal en Espana	■	●	○		
France		Banque PSA Finance				▲	
	100%	Groupe Crédipar	■	●	○		
	98%	Sofira			○		
	100%	Sofib			○		
	99.9%	PSA Assurances S.A.S.			○		▼
Hungary	100%	PSA Finance Hungaria R.T	■		○		
Italy		Banque PSA Finance – Succursale in Italia	■	●	○		
	100%	PSA Renting Italia S.p.A.		●			
Malta	99.9%	PSA Services Ltd.	■		○		▽
	99.9%	PSA Insurance Ltd.					▽
	99.9%	PSA Life Insurance Ltd.					▽
Mexico	100%	Banque PSA Finance Mexico, S.A. de C.V. SOFOL	■		○		
Netherlands	100%	PSA Finance Nederland B.V.	■	●	○		
	100%	Peugeot Finance International N.V.				▲	
Poland		Banque PSA Finance SA Oddzial w Polsce	■		○		
	100%	PSA Finance Polska Sp.zo.o		●◇*	○		
Portugal		Banque PSA Finance – Succursal em Portugal	■	●			
	98%	PSA Gestao Comercio E Aluguer de Veiculos		●	○		
United Kingdom		Banque PSA Finance – Branch in UK	■	●			
	100%	PSA Wholesale Ltd.			○		
Russia*	98%	OOO Bank PSA Finance RUS	■		○		
Slovakia	100%	PSA Finance Slovakia S.r.o.	■	●	○		
Slovenia	50%	BPF Financiranje d.o.o.	■	●	○		
Switzerland	100%	PSA Finance Suisse S.A.	■	●	○		
Czech Republic	100%	PSA Finance Ceska Republika S.r.o.	■	●	○		
Turkey	100%	BPF Pazarlama A.H.A.S.	■	◇*			

■ *Retail financing : installment loans*
● *Retail financing : lease financing*
○ *Wholesale financing*
▲ *Refinancing of Banque PSA Finance units*
◇* *Retail ALD broker*
◇ *Retail financing broker*
▽ *Insurance activity*
* *Responsible for managing the loan book at December 31, 2001 on a run-off basis*

1.5. Business Review

➜ 1.5.1. Peugeot and Citroën Sales in 2009

In a global market down 3.1%, PSA Peugeot Group unit sales contracted by a more modest 2.2% to 3,188,000 assembled vehicles and CKD units, lifting its worldwide market share to 5.1%.

Demand was highly uneven around the world, with a 49.5% drop in the Russian market contrasting with 53,9% growth in passenger car sales in China. The European market (European Union, European Free Trade Association and Croatia) ended the year down by a moderate 5.3%.

The first six months were very difficult, while the second half saw a return to much more favourable market conditions, particularly in Europe where the scrappage incentives introduced in thirteen countries drove a steady improvement in demand during the year.

In Europe (European Union, European Free Trade Association and Croatia), PSA Peugeot Citroën passenger car and light commercial vehicle registrations declined by 3.8% to 2,192,000 units. The Group outperformed the market, improving its market share to 13.7% from 13.5% in 2008 and significantly extending its leadership of the light commercial vehicle segment. Market share gains included 0.6 points in France and Germany (to 32.2% and 6.3% respectively) and 0.9 point in Italy (to 10.7%), where the Group's unit sales rose 7% in a market down 2.1%.

In Central and Eastern Europe (excluding Turkey), Group registrations retreated 34.3% to 97,900 units in a market down 30.9%.

Outside Europe, sales of assembled vehicles and CKD units rose 2.4% to represent 33.1% of the Group's total unit sales versus 31.6% in 2008. China, where sales grew by 52%, is now the Group's second largest market, with 272,000 vehicles sold in 2009.

In Russia, market share widened by 0.8 points during the year.

The year's sales performance was supported by the popularity of the Group's entire line-up and the resounding success of its new models:

- the Citroën C3 Picasso launched in early 2010, with 86,500 units sold. The upcoming launch of the DS3 and the new C3 will help to sustain the brand's sales dynamic;
- the Peugeot 3008, the brand's first crossover launched in May 2009, with more than 59,500 units sold, and the Peugeot 206+, its new entry level model. The brand's product momentum was also maintained with the launch of its first compact MPV, the 5008.

Lastly, the Group once again confirmed its global environmental leadership, selling about one million vehicles emitting less than 130 g $C0_2$/km.

➜ 1.5.2. Banque PSA Finance – a Broader Geographic Footprint

In September 2009, as part of its strategy of expanding in PSA Peugeot Citroën host countries offering significant growth potential, Banque PSA Finance acquired 98% of American International Group Inc.'s Russian Credit consumer subsidiary, the Company "000 AIG Bank (Rus)". Renamed Bank PSA Finance Rus, the subsidiary obtained a new banking license from Russia's Central Bank in December and will offer retail financing and leasing solutions to individual and fleet customers, as well as wholesale financing for dealers, in early 2010.

In China, where Banque PSA Finance has had operations since 2004, the planned developments in our local partnership should further broaden our international footprint.

Banque PSA Finance's operations now span 24 countries, covering 75% of PSA Peugeot Citroën's business base. The Bank is are pursuing an aggressive marketing strategy in these markets, with an unflagging commitment to offering customers financing products and services fully aligned with their management practices, protection needs and, more generally, all of their wide-ranging expectations.

➜ 1.5.3. Retail Financing

Strong Momentum in a Persistent Recession

Despite wide variances from one country to another depending on the extent of the crisis in the local automobile markets, Banque PSA Finance's sales performance drove a 1.5% overall increase in new and used vehicle financing volume in 2009, to 860,509 contracts from 848,077 in 2008.

The new contracts value fell by 7.4% to €8,459 millions, reflecting the shift in demand towards smaller, less expensive cars, impelled by the economic environment and scrappage incentives, increased downpayments by more affluent customers, and the currency effect in the United Kingdom. Lower contract values meant that Banque PSA Finance were able to build the growth in loan volumes on sound credit foundations, while continuing to offer competitive financing solutions to Peugeot and Citroën customers.

In recent years, demand had been moving towards leasing solutions but late 2009 saw a resurgence in the popularity of installment loans, particularly in Germany and Spain, led by low interest rate offers and the highly competitive market environment.

New Vehicle Financing

The performance of the finance companies was driven by the dedication of their teams, their increased dealership presence, and their continuously enhanced product and service offering geared to the individual needs of a highly diverse customer base.

Strengthening synergies with the brands' marketing organizations is an essential factor in Banque PSA Finance's sales strategy.

In 2009, this commitment helped to lift the Bank's penetration rate among Peugeot and Citroën buyers to 27.5% from 27.3% in 2008.

In turn, this drove an increase in the number of new vehicles financed to 656,105 units for the year.

The relative contribution from new markets in Central and Eastern Europe and Latin America continued to grow, accounting for 14.8% of new vehicle financing versus 14.5% in 2008. Brazil was once again the main contributor to this growth.

Western Europe

With a total of 559,100 new vehicles financed in 2009 – unchanged from 2008 – our penetration rate in Western Europe remained stable at 27.7%.

Given the highly uncertain economic environment, market share performance was very positive for the year, with significant gains in Belgium (29.6% versus 21.6%), Italy (23.3% versus 21.9%), the Netherlands (12.3% versus 11.2%) and the United Kingdom (29.5% versus 28.9%). The market share was unchanged in Spain (at 26.2%) but declined in Germany (to a still very satisfactory 37%), Portugal, Switzerland and France.

In a French market shaped by scrappage incentives that encouraged many carbuyers to pay cash, Crédipar's share of new Peugeot and Citroën financing declined during the year, but remained a relatively high 27.4%. The number of new vehicles financed rose 3% to 233,109 in 2009. During the year, the service offer was expanded to include an extended warranty for new Peugeot cars (excluding limited life parts) and auto insurance for Citroën, enhancing the range of services offered to retail customers. Crédipar also launched targeted initiatives to support Citroën in its 90th anniversary campaign.

In Germany, where new vehicle sales were also boosted by a scrappage scheme, the local branch reported 12.2% growth in financing volumes, led by marketing campaigns undertaken jointly with the brands, but its penetration rate contracted to a still high 37.0%. The active partnership with the brands also led to the development of packages (Easydrive for Peugeot and Doppel Flat for Citroën) including financing, maintenance services and a flat-rate auto insurance option (i.e. with the same monthly premium throughout the financing term).

The Spanish branch significantly increased its penetration rate in the first half year, reflecting the full benefits of the VIVE government-subsidized loan plan (offering 0% interest for 60 months on loans of up to €10,000). However, those gains were wiped out in the second semester following the introduction of scrappage incentives, which, as noted above, enabled many carbuyers to forego financing.

In the United Kingdom, in a highly competitive market shaped by extensive promotional activity, the local branch's close cooperation with the brands and the «balloon» financing campaigns limited the impact on business volumes of the significant decline in the market and in the brands' new registrations.

In Italy, campaigns to promote leasing offers among fleet customers and more active dealer support helped to double the number of leases signed in the corporate segment and raise the local branch's penetration rate among buyers of new Peugeots and Citroëns.

In Belgium, the local subsidiary's penetration rate rose sharply, lifted by the success of offers launched during the Brussels Auto Show and the resulting sales dynamic with the brands.

Central and Eastern Europe

Although worsening conditions in automobile markets, particularly in Hungary and Croatia, severely impacted PSA Peugeot Citroën registrations, improvements in the penetration rates of all of Banque PSA Finance's regional subsidiaries helped to contain the fall-off in retail financing volumes. In particular, the Polish and Czech subsidiaries significantly increased their penetration rates (to 35.4% from 30.4% in Poland and to 35.9% from 34.2% in the Czech Republic) by leveraging effective product offers closely aligned with the needs of the brands and their customers.

The Czech subsidiary's offering was enhanced with the introduction of a financing and service package, while in Slovenia, the inclusion of unemployment cover in payment protection policies and the introduction of auto insurance represented important additions to the financing-related service offer.

Latin America

In Brazil, where market growth was spurred by the government's sharp reduction in new vehicle sales taxes over a major part of the year, the local subsidiaries recorded a 20.4% increase in financing volume and lifted their penetration rate to 34.9% from 29.1% in 2008. This excellent marketing performance and the improvement in dealer loyalty during the year were driven by the subsidiaries' close cooperation with the brands, initiated in 2008, and their support for dealers in both retail and wholesale financing.

In Argentina, the economic and financial crisis caused the automobile market to collapse and triggered a liquidity crisis that hindered the banking sector's ability to provide wholesale and retail financing. The impact of the crisis was cushioned by government measures designed to encourage consumers to save for six months in order to qualify for a government-financed installment loan. Nevertheless, PSA Finance Argentina experienced a sharp drop in loan originations which drove down its financing penetration rate to 9.6% from 14.8% in 2008. On the other hand, the significant increase in the number of savings plans managed by the subsidiary helped to limit the fall-off in business, and its overall penetration rate rose to 28.9% from 23.7%.

Rest of World

In Turkey, although financing volume increased significantly, the subsidiary's penetration rate dipped to 21.0%. However, following a change in partnership arrangements during the year, marketing results were back in line with expectations in the fourth quarter.

Business in Algeria had to be discontinued following the adoption of new government measures concerning retail financing in July 2009.

Used Vehicle Financing

Used vehicle financing expanded more rapidly, with volumes up 5.1%. Growth rates varied by country but the overall trend reflected the effects of the crisis on consumer behavior. Some corporate customers, for example, particularly in Southern Europe, decided to keep their existing fleets and to refinance them as used vehicles. This shift in customer behavior was the primary driver behind the strong increase in Banque PSA Finance's used vehicle financing volumes, although its financing products remained as attractive as ever, thanks to the gradual addition of new services, such as extended used vehicle warranties.

New Retail Financing

	2009	2008	% change
Number of contracts			
Installment sales	573,578	529,584	+8.3
Leasing activity and other financing	286,931	318,493	-9.9
TOTAL	**860,509**	**848,077**	**+1.5**
- of which outside Western Europe	107,054	107,304	-0.2
In million euros (excluding interests)			
Installment sales	4,836	4,884	-1.0
Leasing activity and other financing	3,623	4,251	-14.8
TOTAL	**8,459**	**9,135**	**-7.4**
- of which outside Western Europe	764	849	-10.0
Average outstanding retail end of period	17,371	17,288	+0.5

Number of new and used Vehicles financed by Banque PSA Finance

Retail financing by country *(in number of contracts)*	2009	2008	% change
Germany	116,746	106,286	+9.8
Austria	9,156	9,595	-4.6
Belux	36,465	31,654	+15.2
Croatia*	924	-	-
Spain	70,896	75,545	-6.2
France	320,274	315,925	+1.4
Hungary	1,794	3,684	-51.3
Italy	62,791	56,548	+11.0
Netherlands	10,897	11,946	-8.8
Poland	11,800	13,874	-14.9
Portugal	13,169	17,432	-24.5
United Kingdom	103,094	105,627	-2.4
Slovakia	2,689	3,121	-13.8
Slovenia**	2,503	1,038	+141.1
Switzerland	9,967	10,215	-2.4
Czech Republic	6,260	7,125	-12.1
Argentina	7,586	13,906	-45.4
Brazil	58,448	52,007	+12.4
Mexico	4,372	4,525	-3.4
Algeria	1,359	-	-
Turkey	9,319	8,024	+16.1
TOTAL	**860,509**	**848,077**	**+1.5**

* *Opening of the subsidiary in 2009.*
** *Opening of the subsidiary in May 2008.*

Banque PSA Finance Market Share by Country

	PSA Peugeot Citroën registrations***		New vehicles financed		Banque PSA Finance penetration rate (in %)	
Countries	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Germany	249,776	189,504	92,408	82,380	37.0	43.5
Austria	32,068	29,494	5,706	6,234	17.8	21.1
Belux	110,980	129,612	32,896	27,961	29.6	21.6
Croatia*	7,441	0	878	0	11.8	
Spain	205,625	254,303	53,920	66,658	26.2	26.2
France	850,743	794,150	233,109	226,407	27.4	28.5
Hungary	4,913	14,178	1,209	3,057	24.6	21.6
Italy	251,041	235,725	58,592	51,569	23.3	21.9
Netherlands	56,420	74,595	6,966	8,343	12.3	11.2
Poland	29,604	42,181	10,475	12,840	35.4	30.4
Portugal	31,995	43,712	7,694	12,639	24.0	28.9
United Kingdom	204,040	237,200	60,212	68,581	29.5	28.9
Slovakia	12,922	12,858	2,633	3,072	20.4	23.9
Slovenia**	9,305	7,267	2,040	889	21.9	12.2
Switzerland	27,037	27,790	7,597	8,130	28.1	29.3
Czech Republic	16,571	20,010	5,950	6,840	35.9	34.2
Argentina	66,132	81,746	6,342	12,086	9.6	14.8
Brazil	151,186	150,974	52,834	43,864	34.9	29.1
Mexico	7,243	9,516	4,052	4,307	55.9	45.3
Algeria	20,043	0	1,359	0	6.8	
Turkey	43,922	35,400	9,233	7,688	21.0	21.7
TOTAL	**2,389,007**	**2,390,215**	**656,105**	**653,545**	**27.5**	**27.3**

* *Opening of the subsidiary in 2009.*
** *Opening of the subsidiary in May 2008.*
*** *Passenger cars and light commercial vehicles.*

Marketing Strategy

A Dynamic Partnership with the Brands

The partnership with the Peugeot and Citroën brands was further strengthened in 2009, leading to greater integration within their sales and marketing policies. For example, Banque PSA Finance's financing products are now systematically promoted in sales and marketing collateral, joint mobility offers, etc. The growing proportion of joint campaigns in the marketing mix helped boost Banque PSA Finance's business momentum and increase its market share during the year.

To support Peugeot and Citroën's online marketing messages and offerings, simulator applications have been developed to enable customers to explore Banque PSA Finance's financing solutions. Initially implemented by the seven largest entities, these applications will gradually be rolled out to the other units as well.

Banque PSA Finance is also taking part in the work done by the brands to identify the specific products likely to appeal to target customer segments, well ahead of a new vehicle's market launch. One example is the electric car project.

Lastly, the Bank is strategically committed to building customer loyalty to the two brands and their financing partner, with dedicated campaigns being deployed in a number of countries.

A Sustained Drive to Develop New Products, Services and Insurance Offerings

In line with its product development commitment, the Bank has substantially extended the geographic reach of its packaged offerings, which are based on a broad choice of complementary financing and service options.

In 2009, the finance companies continued to extend their service and insurance offerings, introducing installment loans, step-up leasing and buy-back leasing in Poland, repair shop financing in Spain and Portugal, flat-rate monthly premium auto insurance and payment protection insurance with unemployment cover in Spain, balloon loans in Italy (Peugeot Mobility, Citroën Freedrive), Hand Your Car Back unemployment insurance and Small Fleet Insurance in the United Kingdom, and auto insurance in Slovenia and Germany.

Banque PSA Finance also continued to grow its life and non-life insurance subsidiaries in Malta, which now write payment protection insurance for our German and French entities and will continue to extend their geographic footprint in 2010.

Banque PSA Finance plays an essential role in PSA Peugeot Citroën's strategic vision. As a creative force and an enabler of future customer mobility, it is continuing to pursue its ambitious innovation strategy, designed to keep one step ahead in terms of products and services.

As credit crises become more frequent, the Bank tightened its risk selection processes by adjusting certain acceptance criteria. As a result, last year's strong business growth was achieved without lowering credit risk management standards, an area in which the Bank serves as a benchmark in the specialist financing industry.

Growth in the Retail Loan Book

The retail loan book grew by 1.0% during the year to €18,086 million at December 31, 2009, while average loans outstanding rose 0.5%. The increase, despite a decline in new lending, was mainly attributable to a decrease in prepayments, which was one of the noticeable consequences of the crisis.

Oustanding Loans

At December 31 *(in million euros)*	**2009**	**2008**	**% change**
Retail loans outstanding			
Net of differed income allowances for credit losses	18,086	17,913	+1.0
- of which outside Western Europe	*1,354*	*1,101*	*+23.0*

Outstanding Loan by Country

(in million euros)	Oustanding loans at December 31, 2009 Wholesale loans	Retail loans	TOTAL	Oustanding loans at December 31, 2008 Wholesale loans	Retail loans	TOTAL
Germany	537	2,931	3,468	566	2,775	3,341
Austria	78	197	276	83	205	288
Belux	275	839	1,114	271	753	1,024
Crotia	15	7	22			
Spain	425	2,044	2,469	371	2,220	2,591
France	1,308	6,828	8,137	1,347	7,080	8,427
Hungary	13	84	97	34	100	134
Italy	605	1,330	1,935	561	1,311	1,873
Netherlands	165	277	441	218	298	516
Poland	63	194	257	76	173	249
Portugal	119	385	504	134	450	584
United Kingdom	320	1,639	1,958	330	1,459	1,789
Slovakia	14	39	53	18	37	56
Slovenia	16	31	47	18	11	28
Switzerland	61	262	323	67	260	327
Czech Republic	37	113	150	40	114	154
Argentina		74	74		91	91
Brazil	292	755	1,047	215	526	742
Mexico	15	57	72	20	49	69
TOTAL	**4,359**	**18,086**	**22,445**	**4,370**	**17,913**	**22,283**

Services

Sales of services and insurance declined 3.4% overall to 1,156,347 contracts, again mainly due to the effects of the crisis on customer behavior. As a result, their penetration rate contracted to 134.4% service contracts sold with each financing contract from 141.1% in 2008.

However, action taken in the fourth quarter helped to reverse this trend, lifting the average to between 146% and 150% service contracts per financing contract.

Payment protection insurance was the most stable service in volume terms.

Services

(in number of contracts)	2009	2008	% change
Financial services	576,208	578,316	-0.4
Car insurance	181,266	197,973	-8.4
Vehicle-related services	398,873	420,383	-5.1
TOTAL	**1,156,347**	**1,196,672**	**-3.4**

1.5.4. Wholesale Financing: Conservative Inventory and Liquidity Management Policies

Banque PSA Finance provides financing for new and demonstration vehicles and replacement parts for the two brands' dealer networks.

In 2009, 2,144,444 vehicles were financed, up 4.3% on 2008. Despite this growth in originations, there was no increase in financed inventory, reflecting the positive effects of PSA Peugeot Citroën's conservative inventory management, with financed vehicles being sold very quickly. Inventories were kept stable throughout 2009, with the aim of improving control over dealer risk and bolstering the dealers' financial position, while reducing their liquidity constraints and interest expense.

Amounts financed, on the other hand, were down slightly due to the impact of an unfavorable mix on the average value of vehicles taken into inventory.

New Wholesale Financing

	2009	2008	% change
Number of vehicles	2,144,444	**2,055,900**	+4.3
Amount *(in million euros)*			
Vehicles	35,118	35,177	-0.2
Spare parts	4,618	4,582	+0.8
TOTAL	**39,736**	**39,759**	**-0.1**

Wholesale Outstanding Loans

At December 31 *(in million euros)*	2009	2008	% change
Outstanding loans at December 31			
Vehicles	3,878	3,903	-0.6
Spare parts	481	467	+2.9
TOTAL	**4,359**	**4,370**	**-0.3**

Wholesale Financing by Country

(number of vehicles financed)	2009	2008	Variation en %
Germany	270,381	213,923	+26.4
Austria	32,170	28,174	+14.2
Belux	96,636	111,322	-13.2
Croatia	4,441	-	-
Spain	178,041	186,515	-4.5
France	763,716	687,446	+11.1
Hungary	4,943	15,330	-67.8
Italy	238,618	203,653	+17.2
Netherlands	60,731	77,765	-21.9
Poland	25,913	37,754	-31.4
Portugal	34,428	42,903	-19.8
United Kingdom	208,598	229,327	-9.0
Slovakia	13,004	13,025	-0.2
Slovenia	7,710	6,680	+15.4
Switzerland	24,143	25,226	-4.3
Czech Republic	16,365	19,493	-16.0
Brazil	157,876	148,644	+6.2
Mexico	6,730	8,720	-22.8
TOTAL	**2,144,444**	**2,055,900**	**+4.3**

1.6. Results and Outlook

➜ 1.6.1. Results for the Year

Despite the severe crisis, Banque PSA Finance ended the year with pre-tax income of €495 million, a decrease of 10.8% which, under the circumstances, demonstrated the robustness of its management practices and business model. The Bank successfully withstood the unprecedented financial crisis whilst preserving its healthy fundamentals, including its excellent control over risk and tight cost discipline.

Net banking revenue declined to €944 million from €976 million in 2008, partly as a result of a €16 million negative currency effect in the Bank's three biggest markets outside the euro zone, the United Kingdom, Brazil and Poland. At constant exchange rates, net banking revenue would have been €960 million, a decline of just 1.6%. Year-on-year comparisons were negatively affected by €11 million of non-recurring items, including a €10.9 million VAT recovery in the UK in 2008. Excluding these non-recurring items, net banking revenue came to €971 million versus €976 million. The decrease of just 0.5% reflected continued high interest margins but also the relatively modest consequences of the €5 million decline in the wholesale financing business and the slight erosion in the margin on sales of services due to technical effects from the recognition of policyholder surpluses by the insurance business in 2008.

Within general operating expenses, payroll costs were contained at €131 million, confirming the Bank disciplined human resource management. Growth in other operating expenses was due mainly to a €10 million increase in taxes other than on income, reflecting the higher business tax in France, lower VAT recoveries and tax reclassifications in Brazil. The balance of the increase stemmed from additional payments to Banque PSA Finance's partner in Brazil for back office services and from the cost of improving collection processes.

Cost of risk expressed as a percentage of average net loans stood at 0.50% versus 0.42% in 2008, an excellent performance in a crisis environment. It totaled €111.8 million, including €10.4 million in non-recurring items. Excluding the non-recurring items, the cost of risk would have been 0.55%. This was the net result of a sharp improvement in Corporate Dealers financing risk, offset by a significant increase in Corporate & Equivalents risk and a relatively moderate increase in Retail risk. Recurring cost of risk (excluding non-recurring items) has been falling steadily over the last eighteen months, from 0.61% of average net loans in the second half of 2008 to 0.58% in the first half of 2009 and 0.50% in the second half.

Net income amounted to €353 million versus €358 million in 2008, down just 1.4% due to a reduction in income tax expense that was primarily related to the reversal in 2009 of valuation allowances on deferred tax assets recognized in the accounts of Banque PSA Finance's Brazilian leasing subsidiary in 2008.

➜ 1.6.2. Capital Management

As a wholly-owned subsidiary of PSA Peugeot Citroën, Banque PSA Finance's disciplined capital management policies are constantly focused on preserving the strength of its balance sheet. The dividend policy remains unchanged and Banque PSA Finance only pays out 40% of its net income to PSA Peugeot Citroën. This unwavering capital management strategy is one of the Bank's management strengths.

The Bank's capital adequacy ratio and other capital ratios comply with the applicable banking regulations.

➜ 1.6.3. Tier One Capital

In line with Banque PSA Finance's policy of regularly increasing Tier One capital to support business growth, and particularly international expansion, at the Annual Meeting, Shareholders will be asked to approve a recommendation to reinvest 60% of net income for the year, leading to a €210.3 million increase in equity, and to pay out €139.7 million in dividends.

After taking into account the recommended appropriation of income, regulatory capital will amount to €2,855.3 million, up 10.1%. This will put the Bank's European capital adequacy ratio at 12.35% versus 11.23% at December 31, 2008.

➜ 1.6.4. Outlook

From the onset of the crisis, Banque PSA Finance has acted to motivate its teams, keep profitability high and maintain the cost of risk at a benchmark level, strengthen its risk prevention processes and ensure that any occurrence of risk is handled effectively. Whilst it is still impossible to predict with any certainty when this unprecedented crisis will end, the Bank's core strengths should ensure that it continues to deliver satisfactory marketing and financial performance.

1.7. Refinancing Policy

Banque PSA Finance refinancing policy remains unchanged from previous years. Its capital base is in line with regulatory requirements and each year a significant proportion of the year's net income is transferred to reserves, leading to a robust capital adequacy ratio that reflects the quality of the asset base.

Its refinancing strategy consists of diversifying liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging all of the exposure to currency and interest rate risks.

A liquidity cushion is provided by undrawn confirmed syndicated credit lines and, to a lesser extent, by permanent liquidity reserves. This strategy enabled Banque PSA Finance to finance operations during last year's turmoil in the financial markets without significantly weakening its liquidity position. This was particularly the case in the latter part of 2008 and the first few months of 2009 when the banking and financial crisis deepened.

➜ 1.7.1. Diversifying Sources of Financing

Banque PSA Finance refinancing strategy focuses on consistently maintaining a good balance among the various financing sources.

At the end of last year, for example, 25% of financing was provided by bank facilities, 46% by the capital markets, 19% by loan securitizations placed on the financial markets and 10% by public sources (such as SFEF, an institution set up by the French government to inject cash into the economy, and the European Central Bank).

Bank facilities were once again a major source of financing in 2009. The leading banks actively supported both the rollover of confirmed medium-term lines of credit and continued regular drawdowns on short-term bank lines. In addition to rolling over bilateral facilities on expiry, Banque PSA Finance obtained two new major syndicated loans:

- a €1,510 million two-year facility in July; and
- a €1,755 million three-and-a-half-year facility in December in early replacement of a €2 billion syndicated facility expiring in July 2010.

These loans consolidated Banque PSA Finance's bank facilities, which totaled €13,174 million (including undrawn amounts) at December 31, 2009 versus €14,158 million at end-2008.

Borrowings under capital markets programs, which had fallen in 2008 due to the financial crisis, rose to €9,481 million at December 31, 2009 from €8,414 million one year earlier.

Short-term issuance – commercial paper issued by Sofira and certificates of deposit issued by Banque PSA Finance – remained at similar levels to end-2008, totaling €3,434 million versus €3,296 million, and improved market conditions enabled the Bank to tighten our spreads.

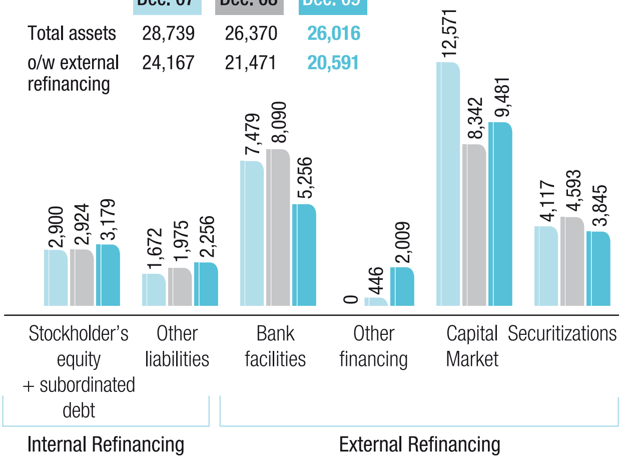
Issuance under the Banque PSA Finance and PFI NV EMTN programs picked up in April, after remaining low in 2008 due to the complete absence of investor interest over many months. In 2009, Banque PSA Finance made four issues totaling €2,750 million with maturities ranging from 18 months to three years. These issues increased the bond debt to €6,047 million at December 31, 2009 from €5,118 million one year earlier.

Investors continued to show a complete lack of interest in securitization issues in 2009. Banque PSA Finance structured a €1,180 million securitization of Spanish finance receivables, keeping the bonds in portfolio and discounting the AAA-rated bonds with the European Central Bank up to €650 million.

Lastly, during the year Banque PSA Finance obtained €659 million in financing from *Société de Financement de l'Économie Française,* the institution set up by the French government to inject cash into the economy. The financing has a three-year maturity for the most part and is secured by French and UK retail loan portfolios. The total outstanding at December 31, 2009 amounted to €1,105 million. And the Bank also received €174 million in financing from the Spanish government under the VIVE plan.

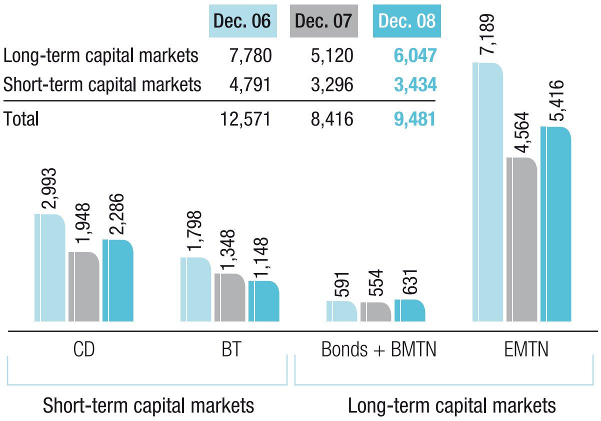
- **Sources of refinancing** *(in million euros)*
(excluding non-drawn confirmed bank credit lines)

	Dec. 07	Dec. 08	Dec. 09
Total assets	28,739	26,370	26,016
o/w external refinancing	24,167	21,471	20,591



- **Capital markets**
(in million euros)

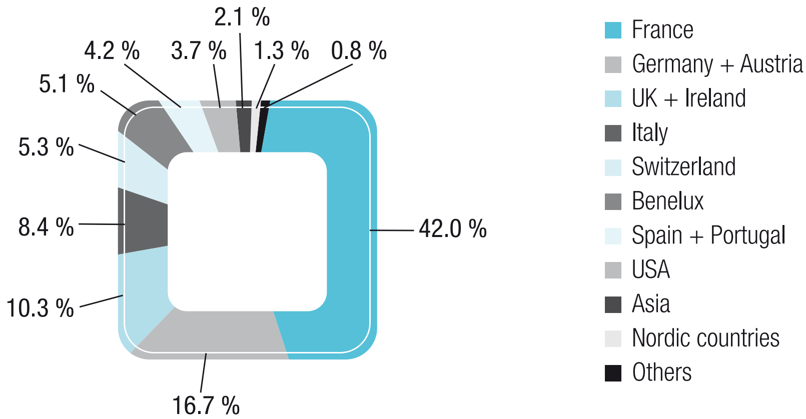
	Dec. 06	Dec. 07	Dec. 08
Long-term capital markets	7,780	5,120	6,047
Short-term capital markets	4,791	3,296	3,434
Total	12,571	8,416	9,481



➜ 1.7.2. Diversifying the Lender Base

A geographical breakdown shows the broad diversification of Banque PSA Finance's financing sources. The weighting of French lenders rose significantly compared with 2008, reflecting the predominant role played by the leading French banks in supporting Banque PSA Finance through the provision of bank facilities, particularly the 2009 syndicated facilities obtained in 2009. At the same, take-up of the Bank's bond issues was high among foreign investors, particularly investors in Germany, the United Kingdom and Switzerland.

- **Geographic breakdown of the lender base**
(Bank facilities and capital market as of December 31, 2009)



→ 1.7.3. Liquidity Reserves

In 2009, Banque PSA Finance continued to seek the right balance between liquidity, which is a continued priority, and the additional costs generated by the considerable increase in financing costs compared with the return on investing liquidity.

At December 31, 2009, 73% of refinancing had an initial maturity of twelve months or more (versus 75% at end-2008), representing continued robust coverage of maturity mismatch risk.

The maturities of refinancing comfortably exceed the maturities of the retail financing loan book.

In addition to drawdowns, the Bank has €7,265 million worth of undrawn syndicated lines of credit expiring in July 2011 (€1,510 million), June 2012 (€2,000 million), June 2013 (€1,755 million) and June 2014 (€2,000 million). These credit lines were obtained from syndicates of leading banks. It also had undrawn bilateral credit lines totaling €650 million at December 31, 2009.

In all, as in previous years, Banque PSA Finance has access to sufficient financing to cover over six months' worth of wholesale and retail loan originations based on a constant year-end loan book.

Liquidity reserves in the form of immediately realizable assets totaled €593 million at December 31, 2009. They were scaled down throughout the year due to their high carrying cost and replaced by undrawn credit lines as the Bank's primary source of liquidity.

At December 31, 2009, Banque PSA Finance had access to sufficient financing to cover nine months of loan origination.

1.8. Capital Markets Program Ratings and Issuer Financial Strength Ratings

Visit www.banquepsafinance.com to find out more about Banque PSA Finance's debt issuance programs, program documentation, credit rating and outstandings. Information is updated monthly.

Credit Rating		issuer (active programs)	Type	Limit at 31/12/2009		Utilized at 31/12/2009	
S&P	Moody's	Short-term		*(in millions)*			
A2	P2	Banque PSA Finance	CD	EUR	4,000	EUR	2,286
A2	P2	SOFIRA	BT	EUR	1,800	EUR	1,148
		Long-term					
BBB	Baa1	Banque PSA Finance	BMTN	EUR	1,000	EUR	10
BBB	Baa1	Banque PSA Finance (and PFI NV)	EMTN	EUR	14,000	EUR	6,521 (1)

(1) Excluding accrued interest and debt issuance costs; including €985 million in intragroup financing eliminated in consolidation.

The credit rating agencies downgraded their ratings on Banque PSA Finance, whilst still stressing its robust intrinsic performance. The downgrades were due in part to the extremely poor conditions in the automobile markets during the latter part of 2008 and most of 2009, which had an adverse impact on the results and cash flow of the PSA Group's Automobile Division. The liquidity squeeze in the financial markets caused by the crisis was also a factor.

Standard & Poor's downgraded its ratings from A-/A2 to BBB (negative outlook)/A2 on March 6, 2009, but reaffirmed these ratings on August 13, 2009 despite having downgraded Peugeot S.A. by one notch on August 6.

Moody's put the Bank's A3- stable/P2 credit rating on negative watch on October 30, 2008 due to the sharp deterioration in the automobile markets and the liquidity squeeze in the financial markets. However, it was not until a year later on November 23, 2009 that the rating was actually downgraded to Baa1 – negative/P2.

Both ratings are still investment grade, but with a negative outlook, and are two notches above Peugeot S.A.'s ratings.

1.9. Financial Risk Management

1.9.1. Currency Risk

Banque PSA Finance does not take operational currency positions. The assets and liabilities of each entity are matched through the use – where necessary – of appropriate financial instruments.

Structural currency positions (investments in subsidiaries and the dotation capital of the branches) and future profits and losses are not hedged using derivative financial instruments. As the businesses of subsidiaries and branches will, by definition, continue for an indefinite period, any such hedges would represent long-term open positions. At December 31, 2009, the structural currency position amounted to €407.3 million and €212 million net of exemptions.

1.9.2. Interest Rate Risk

General policy: Banque PSA Finance policy consists of neutralizing the effect of changes in interest rates on each entity's recurring operating income by using appropriate financial instruments to match interest rate structures of assets and liabilities.

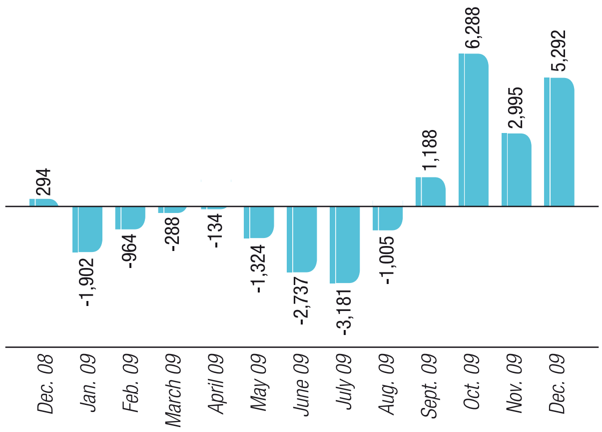
Interest rate risk management: Implementation of this policy is supervised by the Refinancing Committee. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives. The Group's average annual sensitivity to a 1-point increase in interest rates remained below €3 million throughout the year.

Fair value hedges: Concerning assets, fixed-rate installment loans are hedged by interest rate swaps that are purchased as soon as the financing is granted. In practice, the swaps are purchased at ten-day intervals, covering pools of loans with the same maturity originated in the previous ten days. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates.

Concerning liabilities, all new interest-bearing debt is converted to a rate based on a 3-month benchmark using appropriate hedging instruments.

Cash flow hedges: Swaptions (options on interest rate swaps) are purchased from time to time to cap the refinancing cost of new retail financing. At December 31, 2009, part of the Bank forecast new lending in 2010 was hedged by swaptions on a total notional amount of €1,263 million.

- **Sensitivity to a 1-point increase in interest rate**
  (in thousand euros) **%**



➜ 1.9.3. Counterparty Risk

Banque PSA Finance is consistently in a net borrower position.

As a result, its exposure to counterparty risk is limited to the investment of the liquidity reserve and other cash balances, and to the use of derivatives (swaps and swaptions) to hedge interest rate and currency risks.

The liquidity reserve is invested in money market securities and in mutual funds with a capital guarantee and guaranteed yields issued and managed by leading banks.

An internal rating is assigned to each counterparty, based on issuer financial strength and capital adequacy analyses. These ratings are used to set exposure limits. Exposure limits cover both amounts and periods, by counterparty and by type of transaction (settlement/delivery, overnight, cash and derivatives). Actual exposures are checked and compared with the corresponding limits on a daily basis.

Derivatives are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties (representing 98% of the notional amount of derivatives at December 31, 2009) provide for regular margin calls. Counterparties for derivatives contracts are all rated A or higher.

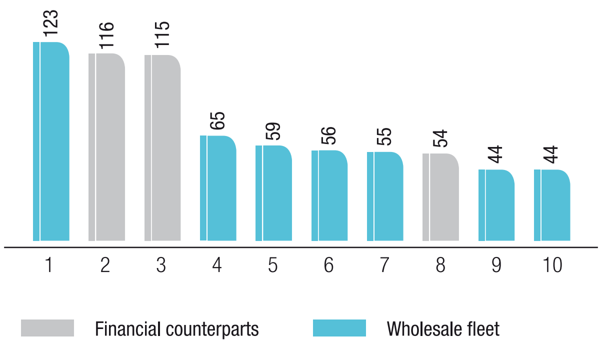
➜ 1.9.4. Concentration of Credit Risks

Banque PSA Finance pays close attention to maintaining concentrations of credit risk within limits considered internally as being acceptable, which are below the regulatory limits.

At December 31, 2009, risk-weighted assets corresponding to loans to PSA Peugeot Citroën Group entities amounted to €253,8 million or 9.7% of regulatory capital.

The ten largest risk-weighted exposures corresponding to external loans represented €731 million (financial counterparties: €285 million; dealers: €446 million), representing 27.8% of regulatory capital.

- **Top ten risk-weighted exposures to credit risk**
  (in million euros excluding financing extended to PSA Peugeot Citroën Group entities)



1.10. Credit Risk Management

Cost of risk for 2009 stood at €111,8 million or 0.50% of average net outstanding loans, versus 0.42% the previous year. The year-on-year increase of €13.3 million was fairly limited given the environment and despite the sharp decrease in positive non-recurring items. These totaled €10.4 million, including €5.2 million in provision reversals in Portugal, €1.5 million in VAT refunds and a €1.2 million discounting adjustment to loss given default provisions. Without these items, the cost of risk corporate dealer would have represented 0.55% of average net outstanding loans.

Cost of risk on Corporate Dealer financing fell sharply to €7 million. The dealer networks showed excellent resilience to the effects of the crisis, helped by increased supervision and strict monitoring of wholesale financing commitments, coupled with the positive impact on their balance sheets of dramatic inventory reductions.

As regards retail risk, throughout 2009 we ramped up the actions initiated in 2008. These included:

- a more selective approach to the riskier customer segments;
- tighter acceptance criteria for higher risk products, mainly by increasing the required deposit;
- strengthened collection processes, mainly through increased staffing.

All these measures helped contain the increase in cost of risk over the year. In countries where it had risen significantly, particularly Spain, the situation is now under control. However, there were increases in France and Germany. For reasons of prudence, we have not recognized the full provision reversals that would be permitted under Basel II, mainly for France and Spain. Cost of risk for retail exposure therefore came to €71.7 million versus €83.4 million in 2008.

Cost of risk for corporate and equivalents exposures decreased in spite of defaults by two corporate customers in Spain and Hungary, two countries that were badly affected by the crisis. Cost of risk on this portfolio was limited to €8.5 million.

Overall cost of risk across all businesses has been declining since the second half of 2008.

Despite the difficult environment, Banque PSA Finance organization and systems proved effective, and the same was true of the organization and systems of the partners in some countries of Latin America and Central Europe, which the Bank's local entities help to manage.

➜ 1.10.1. Retail Credit Risk Management, excluding fleet customers

Retail loan acceptance processes are based on a centralized decision-aid system that is managed and overseen by a dedicated expert unit at the Bank's headquarters. To enhance its effectiveness, the system is adapted according to the specific characteristics of each local market. The headquarters-based credit risk control unit regularly assesses the system's effectiveness, working closely with the operating units in France and abroad which undertake regular credit analyses.

The collection system uses shared applications deployed in the main European countries to automatically resubmit the first rejected payments and manage dunning calls. The payment resubmission applications are maintained by the Bank's headquarters teams, while dunning call management applications are run by national or regional platforms. For example, the Eastern platform set up in 2008 covers France, Germany, the United Kingdom, Austria and Poland, and the Southern platform covers Spain, Portugal and Italy. These platforms receive real-time assistance and support from the headquarters team tasked with overseeing all collection operations.

1.10.2. Wholesale and Fleet Credit Risk Management

Reporting to the Corporate Commitments and Management Department, the Corporate unit is responsible for controlling wholesale and fleet credit risks throughout the life of the loans. It uses credit rating systems, developed to Basel II specifications, which determine discretionary lending limits and define clear risk management and control rules. The performance of these systems is measured regularly. Their effectiveness is underpinned by high quality credit analyses and operational monitoring performed by local units and headquarters teams, as well as by warning systems designed to ensure that incurred risks are identified and dealt with on a timely basis.

Cost of Risk

	France		Outside France		TOTAL	
(in million euros)	**Amount**	**As a %**	**Amount**	**As a %**	**Amount**	**As a %**
31/12/2009						
Retail	(32.2)		(64.1)		(96.3)	
Corporate dealers	0.0		(7.0)		(7.0)	
Corporate and equivalents	(1.2)		(7.4)		(8.5)	
TOTAL	**(33.3)**	**-0.40**	**(78.5)**	**-0.55**	**(111.8)**	**-0.50**
31/12/2008						
Retail	(22.2)		(49.5)		(71.7)	
Corporate dealers	(3.3)		(13.7)		(17.0)	
Corporate and equivalents	(8.5)		(1.3)		(9.8)	
TOTAL	**(34.0)**	**-0.39**	**(64.5)**	**-0.44**	**(98.5)**	**-0.42**

1.10.3. Basel II

Following the major work carried out by Banque PSA Finance, on April 6, 2009 the Commission Bancaire authorized the Bank to use an advanced internal ratings-based approach (IRBA) to calculate the minimum capital requirement for the Retail portfolio and a foundation internal ratings-based approach (IRB) for the Corporate portfolio effective from January 1, 2009. The authorization covers France, Germany, the UK, Spain and Portugal.

The Commission Bancaire-approved system spans all of Banque PSA Finance's main markets and businesses. It will be rolled out gradually to other entities within the Group. Approval has been applied for in Italy and the internal ratings-based approaches will be deployed in Belgium and the Netherlands in 2010.

Country	Company	Portfolio	Method
		Retail	IRBA
	CREDIPAR	Corporate	IRBF
	SOFIB	Corporate	IRBF
France	**SOFIRA**	Corporate	IRBF
		Retail	IRBA
Germany	BPF - Niederlassung S.A	Corporate	IRBF
		Retail	IRBA
Spain	BPF Sucursal en Espana	Corporate	IRBF
		Retail	IRBA
	BPF Branch in UK/PFG	Corporate	IRBF
		Retail	IRBA
UK	PSA Wholesale Ltd	Corporate	IRBF
		Retail	IRBA
	Banque PSA Finance succursal em Portugal	Corporate	IRBF
		Retail	IRBA
Portugal	PSA Gestao Gestao E Aluguer de veiculos	Corporate	IRBF

Pillar I Capital Requirement

Banque PSA Finance’s consolidated equity is calculated in accordance with French bank accounting standard CRBF 90-02. The minimum capital requirement and the capital adequacy ratio are calculated in accordance with a government order dated February 20, 2007, which stipulates that the negative difference between recognized impairment losses and expected actual losses should be deducted from Tier One capital, while any positive difference is added to Tier Two capital subject to a limit of 6% of risk-weighted assets as calculated using the internal ratings-based approach.

The Bank’s total consolidated equity qualifies as Tier One capital. The most recent capital adequacy ratio was calculated at September 30, 2009, in light of the publication date of this report. Before adjustment for the difference between expected actual losses and recognized impairment losses, Tier One capital (in the amount of €2,799 million) exceeded required capital by €1,268 million. After deducting this difference, Tier One capital stood at €2,562 million and the minimum capital requirement at €1,532 million. The Pillar I capital adequacy ratio was therefore 13.38%, attesting to our Bank’s strong capital base and the significant amount of capital available to cover unforeseen losses.

Operational risk is measured using the standard approach, and the minimum capital requirement is calculated by applying a 15% ratio to net banking revenue.

Currency risk concerns the dotation capital of the Polish and UK branches.

Capital Adequacy Ratio

Calculation of the Minimum Capital Requirement (MCR)

Banque PSA Finance (COREP)* *(in million euros)*	30/09/2009	MCR 30/09/2009	31/12/2008	MCR 31/12/2008
Credit risk				
Standardised Approach	8,475	678	8,263	661
Foundation Internal Ratings Based Approach	3,875	310	3,325	266
Advanced Internal Ratings Based Approach	4,875	390	4,850	388
Subtotal	17,225	1,378	**16,438**	**1,315**
Security margin/Spanish outstandings		2		4
MCR for operational risk *(Standardised Approach)*		136		136
MCR for currency risk *(Structural currency position)*		16		30
Total (B)		1,532		**1,485**
Regulatory capital		2,799		2,594
Theoretical excess before Pillar II		1,268		**1,109**
Adjustement expected losses vs impairment		237		194
Regulatory capital after gap expected losses/impairment		2,562		**2,400**
Solvency ratio (Basel II)		13.38%		12.93%
Solvency ratio (Basel I)		11.89%		11.23%

* *COmmon REPorting.*

The system developed by Banque PSA Finance is based on the following principles:

General System

All the data used to model and calculate credit risks is extracted from the Bank's management accounting systems. For the five markets covered by the internal ratings-based approach, data is transferred from these systems to the following shared risk databases:

- the Central Risk Database (BRC) for retail exposures;
- the Corporate Risk Database (BUIC) for corporate exposures;
- to track all risk parameters on a consistent basis.

Data from these two central risk databases is then fed into the FERMAT capital management system, while statutory accounting data is integrated in OGFP. After reconciling management and statutory accounting data, the minimum capital requirement is calculated by OGFP and the regulatory reports are produced.

Rating Systems

- **Classes of retail assets**

  The retail rating models are used to model and quantify credit risk for the retail segment, particularly for the calculation of the capital adequacy ratio, and to group counterparties together in consistent risk classes.

  Internal scores have been assigned to retail counterparties since 1984 and the experience gained since then helped Banque PSA Finance in establishing a Basel II-compliant scoring system. Loan acceptance and collection methods have been standardized, by centralizing scoring, rule-setting and management system parameterization processes.

Risk selection processes in each finance company are based on scores that reflect the type of counterparty, the type of asset to be financed and the type of transaction. Risks are assessed using a rating matrix that simulates default probabilities over a two-year period. At each month-end, for each accepted loan application, a probability of default (PD) – or behavior score – is calculated. The PD is determined by applying criteria that identify the type of counterparty, asset and transaction, which naturally vary from one country to another.

The PDs are stored in the facility file and updated monthly throughout the life of the facility, taking into account the occurrence of any material events such as observed defaults and changes in the outstanding principal.

The score determines the risk class assigned to the facility. The same classification system is used by all Retail entities that apply the IRB approach. It comprises six classes for sound loans (from 1 to 6) plus one class for non-performing loans (7). A probability of default (PD) is assigned to each risk class, calculated by reference to historical default data for the portfolio. This PD is used to determine the facility's risk weighting for the calculation of the capital adequacy ratio.

For all risk classes, the loss given default (LGD) is calculated by consistent risk segment.

The PD and LGD parameters are estimated at the level of each country at least twice a year.

- **Building the internal rating model**

The model used to attribute PDs to facilities is a statistical model. It was developed using logistic regression which explains a default event according to qualitative criteria such as the original credit score, the customer's risk profile, the characteristics of the asset being financed and information concerning the life of the facility. This modeling methodology was applied to the loan book in each country concerned, to develop a suite of country-specific rating models comprising models specific to each type of exposure (retail/corporate).

These rating models were then used to assign a theoretical (model-based) PD to each facility in the loan books of the five countries that apply the IRB approach, in order to separate the risk into segments.

In accordance with Article 132 of French Government Order dated February 20, 2007, loss given default (LGD) is expressed as a percentage of exposure at default (EAD) and corresponds to an estimate of the final economic loss that will be incurred by the Bank in the event of default. LGD is calculated based on facility loss rates. The facility LGD is then segmented to obtained LGD estimates aligned with each country's businesses.

LGD for each segment is estimated using two models:

- historical model based on a theoretical curve adjusted to reflect the series of average loss rates observed over 60 months;
- prospective model based on the EAD-weighted average of the average loss rates observed over 60 recovery months by default year and 60-month extrapolations of average loss rates observed for each default year.

- **Retail model backtesting**

Each Retail model is backtested annually. These tests are designed to provide assurance that the model's discriminating properties and the PD and LGD calibrations ensure that credit risks are properly assessed by the rating system.

Backtesting of PD calibrations consists of checking, for each risk class, that expected risk levels are aligned with actual risk levels. To this end, a confidence interval is determined around estimated PD for each asset class and a check is performed to ensure that the observed default rate is within this interval.

LGD backtesting consists of checking estimation accuracy by comparing actual loss rates to forecast rates and checking the segments' stability and the discrimination they provide.

- **Classes of corporate assets**

The corporate models used by the Bank concern two types of business:

- fleet financing;
- wholesale financing, corresponding to the financing provided to Peugeot and Citroën dealers.

To assess the credit risk generated by corporate customers (fleet and wholesale), the Bank uses its own risk assessment systems which focus on experts' analyses of counterparties' credit position. The analysis is used to assign an internal rating to the counterparty. The rating is determined according to various criteria (corresponding to qualitative information, experts' assessments or quantified data) and is updated at least once a year. The methodology takes into account both internal data, such as the credit analyst's opinion and the counterparty's payment behavior, and external data such as the counterparty's external credit rating, balance sheets and ownership structure.

The internal rating is based on the alignment between the grading assigned to each counterparty by the internal credit risk analysts and the associated PD. The PD associated with a grading is determined either by reference to the Bank's historical default data or, when necessary, by reference to external statistics obtained from recognized bodies. This may be necessary because default rates on Banque PSA Finance's corporate loan book are very low and the number of fleet customers outside France is limited.

Two risk scales are used, one for Fleet financing and the other for wholesale financing. Once rated, counterparties are categorized according to a grid comprising eight risk classes, seven for sound facilities (A+ to D+ for wholesale financing and 1 to 7 for fleet financing) and one for facilities in default (D- for wholesale financing and 8 for fleet financing). For each of these sub-classes, the PD for each risk class corresponds to the arithmetical average of the PDs of the counterparties included in the class concerned.

Counterparties are classified as in default upon issue of a Flash Report by the account manager responsible for processing the facility. The reasons for issuing a Flash Report depend on the type of financing (fleet or wholesale).

1.11. Internal Control

In line with standard CRBF 97-02 dealing with internal control systems of credit institutions, Banque PSA Finance's internal control system is organized around two lines of responsibility – for recurring controls and periodic controls – and the first-tier controls performed by the operating units.

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

➜ 1.11.1. Recurring Controls

First-tier Controls, the Lynchpin of the Internal Control System

First-tier controls are either embedded in procedures and performed by all employees in the normal course of their work, or they are performed by dedicated employees within the operating units. They are supervised by the structures responsible for recurring controls.

Second-tier Controls

Second-tier controls include compliance controls and controls over operational risks within the finance companies and corporate units, including those arising from refinancing, cash management and IT services performed by the PSA Peugeot Citroën Group on the Bank's behalf. Responsibility for second-tier controls is therefore divided among three units:

- Compliance Control;
- Operational Risk Control of Finance Companies and central structures;
- Accounting and Outsourcing Operational Risk Control.

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

Controls over operational risks include:

- recurring assessments of the effectiveness of controls over operational risks within the corporate functions, subsidiaries and branches as well as for outsourced services;
- specific second-tier controls, performed across the entire organization;
- issuance of written recommendations and follow-up of their implementation;
- collecting, analyzing and monitoring operational losses and incidents identified in the risk mapping process.

The unit ensures that first-level controls over risks identified as material are properly carried out.

The unit responsible for controls over operational risks connected with accounting, refinancing, cash management and IT processes performs regular controls over all these activities. It has developed compliance certificates for the accounting function, which are signed by the finance managers of our subsidiaries and branches certifying at the end of each reporting period that the key controls over material accounting risks have been performed and presenting their results.

These departments have a risk map that identifies all the risks to which the Bank is exposed. The risk map helps verify the robustness of its control systems, by highlighting identified gross risks, the related losses, first-tier control systems and the results of those controls, as well as the results of second tier controls and any residual risk.

Risk Management Function

The Risk Management unit of the Management Control Department is responsible for measuring and overseeing the Bank's financial risks on a consolidated basis and participating in their overall management.

It incorporates in the Bank's risk management system the second and third pillars of Basel II.

➜ 1.11.2. 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 the Bank's units and processes (including those that are outsourced) to be audited at least once every three years.

➜ 1.11.3. Oversight by Executive Management and the Board

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

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

Executive management is responsible for defining and implementing the system of internal control. It oversees the system's efficiency and effectiveness, and ensures that adequate resources are assigned to internal control. It is supported in this task by an Internal Control Committee, which has front-line responsibility for the operational management of the internal control system.

1.11.4. Organization of Internal Control

The internal control system is built around regular first-tier controls backed by an organization structure in which each individual's authority and responsibilities are clearly defined, primarily 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.

At Group level, committees have been set up to determine and implement Bank policies in the areas of internal control and decision-making processes during regular meetings. These committees are as follows:

- 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 Wholesale) loan books. The committee also reviews and makes decisions concerning developments in the Basel II system;
- the Lending Margins Committee;
- the Products and Processes Committee;
- the Group Credit Committee, which reviews wholesale and fleet financing applications;
- the Refinancing Committee, which reviews the results of the Bank's refinancing and interest rate risk management policies;
- the IT Security Committee;
- the Compliance Committee.

1.12. Banque PSA Finance in 2009

In 2009, Banque PSA Finance, the Group's parent company, reported a net income of €193,078,771.03. Its income statement is presented and discussed in the appendix to this report.

1.12.1. Proposed Resolutions

At the Annual Meeting, Shareholders will be asked to approve the financial statements of the Bank and the Group, as presented, and to set the 2009 dividend at €12.60 per share. If approved, the dividend will be paid as from April 21, 2010.

Shareholders will also be asked to approve the Auditors' Special Report on related party agreements.

1.12.2. Ordinary Resolutions

First Resolution

Approval of the Management Report and the Financial Statements of the Bank

The Annual Meeting, having considered the financial statements of the Bank, the Board of Directors' Management Report for 2009 and the Auditors' Report, approves the Board of Directors' Management Report in its entirety.

The Annual Meeting approves the financial statements of the Bank for 2009, which show net income of €193,078,771.03.

Second Resolution

Approval of the consolidated financial statements

The Annual Meeting, having considered the consolidated financial statements of the Banque PSA Finance Group, as well as the Board of Directors' comments and the Auditors' Report on the consolidated financial statements, approves the consolidated financial statements for 2009 as presented.

Third Resolution

Appropriation of Income

The Annual Meeting notes that income available for distribution, consisting of net income for the year of €193,078,771.03 and retained earnings of €852,942,645.31 brought forward from the previous year, amounts to €1,046,021,416.34.

The Annual Meeting resolves to appropriate income available for distribution as follows:

- to the payment of a dividend	€139,708,800.00
- of which dividends paid out of reserves	€8,836,335.05
- to retained earnings	€915,148,949.39

The dividend of €12.60 per share will be paid after the Annual Meeting on April 21, 2010.

The Annual Meeting notes that dividends for 2005, 2006, 2007 and 2008 amounted to €14.50, €14.10, €15.10 and €12.90 respectively. All of these dividends qualified for a 40% tax rebate.

Fourth Resolution

Approval of the Auditors' Special Report on Related Party Agreements

The Annual Meeting, having considered the Auditors' Special Report on related party agreements, approves said report and the agreement referred to therein.

1.12.3. Extraordinary resolutions

Fifth Resolution

Authorization to Issue Shares and Share Equivalents

The Annual Meeting, having considered the Board of Directors' Report and the Auditors' Special Report, resolves, in accordance with Articles L.225-129-2 and L.228-92 of the French Commercial Code:

I. To give the Board of Directors a twenty-six month authorization, from the date of this meeting, to decide to increase the share capital on one or several occasions by:

- issuing, in France or abroad, Banque PSA Finance shares denominated in euros and/or any securities other than shares denominated in euros or in foreign currency;
- and/or issuing shares or increasing the par value of existing shares, to be paid up by capitalizing earnings, reserves or additional paid-in capital.

II. That the total amount by which the capital may be increased, immediately or on conversion, redemption or exercise of share equivalents (including the par value of any shares to be issued to protect the rights of holders of securities issued prior to the increase) shall not have the effect of increasing the share capital (currently €177,408,000) to more than €300,000,000, not including any issue and/or redemption premiums.

III. That Shareholders shall have a pre-emptive right to subscribe for the securities issued pursuant to this resolution, proportionately to their current share of the Bank's capital.

IV. That:

Any securities not subscribed by Shareholders exercising their pre-emptive rights shall be allocated to those Shareholders who applied for a number of shares in excess of their proportionate entitlement, with said allocation also being made on a proportionate basis if the issue is oversubscribed;

- in the case of a share issue paid up by capitalizing earnings, reserves or additional paid-in capital, rights to fractions of shares shall be non-transferable. Consequently, the corresponding shares shall be sold and the proceeds allocated among the holders of said rights within 30 days of the whole number of shares allocated to them being recorded in their share account;
- in the case of compound securities, Shareholders shall not have any pre-emptive right to subscribe for the shares to be issued on conversion, redemption or exercise of said securities;
- this authorization supersedes the authorization given to the Board of Directors at the Annual Shareholders' Meeting of April 23, 2008 for all future capital increases.

Sixth Resolution

Authorization to carry out an employee rights issue

The Annual Meeting, having considered the report of the Board of Directors and the Auditors' Special Report, resolves - in accordance with Article L.225-129-6 of the Commercial Code, to not authorize the Board of Directors to increase the share capital to more than €3,200,000 through employees rights issues for a new period of 26 months from the date of this Meeting.

Financial authorization in force prior to the Annual and Extraordinary Stockholders' Meeting, of April 21, 2010

Annual stockholders' meeting	Date	Duration	Term	Capital maximum	Use
Issue of share and share equivalents with pre-emptive subscription rights	April 23, 2008	26 months	June 23, 2010	€261,280,000	No

Financial authorization resulting from the resolutions adopted at the Annual and Extraordinary Stockholders' Meeting of April 21, 2010

Annual stockholders' meeting	Date	Duration	Term	Capital maximum
Issue of share and share equivalents with pre-emptive subscription rights	April 21, 2010	26 months	June 21, 2012	€300,000,000

2

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

2.1. Statutory auditors' report on the consolidated financial statements

➜ For the year ended December 31, 2009

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Banque PSA Finance ;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union. Without qualifying our opinion, we draw your attention to the matter set out in the Note 2 in the consolidated financial statements regarding the effect on the presentation of the consolidated financial statements of the new IFRS standards and the revised IFRS standards applicable from January 1, 2009.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter: for all companies with banking operations and specifically in the current economic crisis context, significant accounting estimates have to be used when provisioning for credit risks. Banque PSA Finance sets aside provisions to cover credit risks that are inherent to its business (Note 2 par C.6.4, Note 8 and Note 32). As part of our assessment of theses estimates, we have examined the control procedures used for monitoring credit risks, for assessing the risk of non-recovery, and for covering these risks by provisions. These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, February 12, 2010

The Statutory Auditors

Pricewaterhousecoopers Audit	Mazars
Patrice Morot	Herve Helias

2.2. Consolidated Balance Sheet

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Assets		
Cash, central banks, post office banks (Note 3)	99	9
Financial assets at fair value through profit or loss (Note 4)	834	1,159
Hedging instruments (Note 5)	239	526
Available-for-sale financial assets (Note 6)	9	12
Loans and advances to credit institutions (Note 7)	1,197	1,340
Customer loans and receivables (Notes 8 and 34)	22,445	22,283
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Note 9)	208	213
Held-to-maturity investments	-	-
Current tax assets	27	35
Deferred tax assets	145	66
Accruals and other assets (Note 10)	598	495
Investments in associates and joint ventures	14	14
Property and equipment (Note 11)	35	41
Intangible assets (Note 11)	95	96
Goodwill (Note 12)	81	81
TOTAL ASSETS	**26,026**	**26,370**

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 13)	9	-
Hedging instruments (Note 14)	417	419
Deposits from credit institutions (Notes 15 and 34)	7,265	8,538
Due to customers (Note 16)	368	258
Debt securities (Notes 17 and 34)	13,326	13,005
Fair value adjustments to debt portfolios hedged against interest rate risks (Note 18)	52	25
Current tax liabilities	30	27
Deferred tax liabilities	516	442
Accruals and other liabilities (Note 19)	804	678
Liabilities related to insurance contracts (Note 20)	7	2
Provisions (Note 21)	53	52
Subordinated debt	-	-
Equity	3,179	2,924
• Equity attributable to equity holders of the parent	3,163	2,908
• Share capital and capital in excess of par value of stock	509	509
• Reserves	2,457	2,245
• Net income and gains and losses recognized directly in Equity	(153)	(202)
• Net income for the year	350	356
• Minority interests	16	16
TOTAL EQUITY AND LIABILITIES	**26,026**	**26,370**

2.3. Consolidated Statement of Income

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Net interest revenue on customer transactions	1,366	**1,910**
• Interest and other revenue on assets at amortized cost (notes 26 and 34)	1,582	1,736
• Fair value adjustments to finance receivables hedged against interest rate risks (Note 22)	(8)	276
• Net interest revenue from hedging instruments (Note 27)	(262)	122
• Fair value adjustments to hedging instruments (Note 22)	6	(285)
• Interest expense on customer transactions	(2)	(7)
• Other revenue and expense (Note 28)	50	68
Net investment revenue	9	**99**
• Interest and dividends on marketable securities	7	64
• Fair value adjustments to assets valued using the fair value option (Note 22)	-	(1)
• Gains and losses on sales of marketable securities	2	36
• Investment acquisition costs	-	-
Net refinancing cost	(584)	**(1,194)**
• Interest and other revenue from loans and advances to credit institutions	21	34
• Interest on deposits from credit institutions (Note 29)	(266)	(445)
• Interest on debt securities (Note 30)	(339)	(710)
• Expenses related to financing commitments received (Note 25)	(26)	(6)
• Fair value adjustments to financing liabilities hedged against interest rate risks (Note 22)	(26)	(52)
• Interest on hedging instruments	38	(58)
• Fair value adjustments to hedging instruments (Note 22)	27	52
• Fair value adjustments to financing liabilities valued using the fair value option (Note 22)	-	(1)
• Debt issuing costs	(13)	(8)
Net gains and losses on trading transactions	3	**4**
• Interest rate instruments	-	-
• Currency instruments	3	4
Margin on sales of Insurance services (Note 20.3)	14	**2**
• Earned premiums	22	7
• Paid claims and change in liabilities related to insurance contracts	(8)	(5)
Margin on sales of services	136	**155**
• Revenues	160	177
• Expenses	(24)	(22)
Net banking revenue (Note 34)	**944**	**976**
General operating expenses (Notes 31 and 34)	(317)	**(305)**
• Personnel costs	(131)	(130)
• Other general operating expenses	(186)	(175)
Depreciation and amortization	(16)	(15)
Gains and losses on disposals of fixed assets	(1)	(1)
Gross operating income	**610**	**655**
Cost of risk (Notes 32 and 34)	(112)	(98)
Operating income (Note 34)	**498**	**557**
Share of net income of companies accounted for by the equity method	-	-
Impairment on goodwill	-	-
Pension obligation – expense (Note 21.1.E)	(6)	(3)
Pension obligation – income (Note 21.1.E)	2	2
Other non-operating items	1	(1)
Pre-tax income	**495**	**555**
Income taxes (Note 33)	(142)	(197)
NET INCOME FOR THE YEAR	**353**	**358**
• of which minority interests	3	2
• of which attributable to equity holders of the parent	350	356
Earnings per share (in €)	*31.5*	*32.1*

2.4. Net Income and Gains and Losses Recognized Directly in Equity

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Net income	353	358
Translation adjustements	62	(156)
• *of which minority interest*	-	*(1)*
Fair value adjustments to hedging instruments	(20)	(21)
Deferred taxes	7	7
Total gains and losses recognized directly in Equity after tax	49	(170)
TOTAL NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY AFTER TAX	**402**	**188**
• *of which minority interest*	-	*1*
• *of which attribuable to equity holders of the parent*	*402*	*187*

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

(in million euros)	Share capital and other reserves: Share capital	Share capital and other reserves: Capital in excess of par value of stock[1]	Share capital and other reserves: Treasury stock	Reserves	Net income and gains and losses recognisaed directly in Equity	Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Minority interests	Total Equity
Equity at December 31, 2007	**177**	**332**	**-**	**1,994**	**(33)**	**418**	**2,888**	**12**	**2,900**
Effect of changes in group structure[3]				-			-	3	3
Capital increase[4]				-			-	3	3
Appropriation of prior-year income				251		(418)	(167)	(3)	(170)
Income for the period				-		356	356	2	358
Translation adjustments					(155)		(155)	(1)	(156)
Fair value adjustments to hedging instruments[2]					(21)		(21)	-	(21)
Deferred taxes on fair value adjustments to hedging instruments					7		7	-	7
Equity at December 31, 2008	**177**	**332**	**-**	**2,245**	**(202)**	**356**	**2,908**	**16**	**2,924**
Effect of changes in group structure[5][6]				(1)			(1)	(3)	(4)
Appropriation of prior-year income				213		(356)	(143)	-	(143)
Income for the period				-		350	350	3	353
Translation adjustments					62		62	-	62
Fair value adjustments to hedging instruments[2]					(20)		(20)	-	(20)
Deferred taxes on fair value adjustments to hedging instruments					7		7	-	7
EQUITY AT DECEMBER 31, 2009	**177**	**332**	**-**	**2,457**	**(153)**	**350**	**3,163**	**16**	**3,179**

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 Banque PSA Finance share premiums and legal reserve.

(2) Including fair value adjustments to cash flow hedges. The intrinsic value of swaptions at maturity is recognized over the life of the corresponding external swap purchased as a hedge of outstanding loans (fair value hedge). The income recognized during the period ended December 31, 2009 amounted to €19.6 million (see table 22.2 in Note 22).

(3) Corresponding of the first-time consolidation of the Slovenian subsidiary BPF Financiranje d.o.o., created in January 2008 and 50%-owned by Banque PSA Finance.

(4) $9.6 million (€6.2 million) capital increase by PSA Finance Argentina in 2008, 50%-owned by Banque PSA Finance.

(5) Corresponding to the first-time consolidation of the Croatian subsidiary BPF Financial d.o.o., (negative impact of €0.5 million), the Maltese subsidiaries PSA Services Ltd, PSA Life Insurance Ltd and PSA Insurance Ltd, and the rench subsidiary PSA Assurances S.A.S. (negative impact of €0.4 million), all created in 2008 and 100%-owned by Banque PSA Finance.

(6) Corresponding to the removal from the scope of consolidation at January 1, 2009 of the UK subsidiary PSA Finance P.L.C., 50%-owned by Banque PSA Finance (negative impact of €2.8 million).

In accordance with the Amendment to IAS 1 – Presentation of Financial Statements – Capital Disclosures, the necessary information is given in the paragraph “Capital Management” on page 15 of the Management Report.

Consolidated regulatory capital calculated in accordance with regulation 90-02 of the *Comité de la Réglementation Bancaire et Financière:*

(in millions of euros)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Tier 1 capital			
Consolidated equity	3,179	2,924	2,900
Unrealized capital gains on cash flow hedges	(5)	(18)	(32)
Proposed dividend, PSA Peugeot Citroën Group	(140)	(143)	(167)
Proposed dividend, minority interests	-	-	-
Intangible assets	(62)	(63)	(61)
Goodwill	(81)	(81)	(81)
Other equity included in regulatory capital with the approval of the French banking regulator *(Commission Bancaire)*[1]	-	-	(1)
Total Tier 1 capital	**2,891**	**2,619**	**2,558**
Tier 2 capital			
Subordinated debt	-	-	-
Equity interests in credit institutions	(36)	(26)	(15)
Guarantees granted to SPVs	-	-	-
Total Tier 2 capital	**(36)**	**(26)**	**(15)**
REGULATORY CAPITAL	**2,855**	**2,593**	**2,543**

(1) Under Instruction 2006-01 of January 27, 2006, equity must be adjusted for the "internal credit risk" associated with debt measured using the fair value option. This debt was repaid in November 2008. At December 31, 2007, the cumulative impact of the change in issuer spread on this debt was an unrealized profit of €0.5 million net of tax. This amount was neutralized in equity.

2.6. Consolidated Statement of Cash Flows

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF BANQUE PSA FINANCE	349	356
Minority interests in income of subsidiaries	3	2
Change in depreciation, amortization and other provisions	14	16
Change in deferred taxes	(3)	63
CASH FLOW	363	437
Increase/decrease in:		
• loans and advances to credit institutions	77	(85)
• deposits from credit institutions(1)	(1,633)	1,845
Change in customer loans and receivables	237	66
Increase/decrease in:		
• amounts due to customers(1)	106	(59)
• financial assets at fair value through profit or loss	299	2,223
• financial liabilities at fair value through profit or loss	9	(49)
• hedging instruments	285	(17)
• debt securities	354	(3,817)
Change in other operating assets	(117)	(18)
Change in other operating liabilities	128	59
Net cash provided by operating activities	**108**	**585**
Acquisitions of subsidiaries	(6)	(12)
Purchases of fixed assets	(20)	(26)
Proceeds from disposals of fixed assets	16	12
Effect of changes in scope of consolidation	10	6
Net cash used by investing activities	-	**(20)**
Dividends paid to PSA Peugeot Citroën Group	(143)	(167)
Dividends paid to minority interests	-	(3)
Capital increase	-	3
Net cash used by financing activities	**(143)**	**(167)**
Effect of changes in exchange rates	46	(64)
Net change in cash and cash equivalents	**11**	**334**
Cash and cash equivalents at beginning of year	**1,278**	**944**
Cash, central banks, post office banks	9	21
Current account advances and loans and advances at overnight rates	1,269	923
Cash and cash equivalents at end of period	**1,289**	**1,278**
Cash, central banks, post office banks	99	9
Current account advances and loans and advances at overnight rates	1,190	1,269

(1) In the published financial statements at December 31, 2008, deposits from PSA International were included in "Amounts due to customers"; They are now included in "Deposits from credit institutions" in the amount of €2 million at December 31, 2008 (see Notes 15 and 16).

2.7. Notes to the Consolidated Financial Statements for the Years Ended December 31, 2008 and 2009

➜ Note

Note 1 Group Structure

A. Changes in Group Structure

On December 5, 2007, Crédipar purchased a new company, which was named Financière Greffuhle S.A.S. on January 28, 2008. The company's corporate purpose is to participate in raising financing for the Banque PSA Finance Group by buying, selling, borrowing and lending financial instruments. It has been fully consolidated since January 2008.

On January 25, 2008, Crédipar and Banque PSA Finance's Spanish branch repurchased the loans sold in 2002 to the Auto ABS 2002-1 fund, representing less than €100 million at the repurchase date, and Auto ABS 2002-1 was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance.

On January 23, 2008, BPF Financiranje d.o.o. was set up in Slovenia to develop Banque PSA Finance's financing business in the local market. The company is a 50/50 joint subsidiary of PSA Financial Holding B.V., the Dutch subsidiary of Banque PSA Finance, and S.G. Consumer Finance S.A., a subsidiary of Société Générale S.A. It has been fully consolidated since May 2008.

On July 30, 2008, Banque PSA Finance's German branch sold €1,000 million worth of automobile loans to the Auto ABS 2008-1 fund. The Auto ABS 2008-1 fund issued €970 million worth of rated preferred bonds and €30 million worth of rated subordinated bonds. The German branch holds a retained interest of €10,000, entitling it to the bulk of the operating income generated by the receivables after payment of interest on the preferred and subordinated bonds. As a consequence, the fund has been fully consolidated since July 2008.

On June 11, 2008, BPF Algérie was set up to develop Banque PSA Finance's financing business in Algeria. The company is 98%-owned by PSA Financial Holding B.V. and 2% by Banque PSA Finance. It has been fully consolidated since October 2008.

UK-based Arche Investment Limited was removed from the scope of consolidation because Banque PSA Finance has not been a shareholder since November 2008.

German-based Peugeot Commercial Paper Gmbh was also removed from the scope of consolidation at December 31, 2008, because it is in liquidation.

These two events had no impact on the consolidated financial statements of Banque PSA Finance.

UK-based PSA Finance Plc, which is the process of being liquidated, was removed from the scope of consolidation in January 2009.

On July 18, 2008, PSA Financial d.o.o. was set up in Croatia to develop Banque PSA Finance's financing business in the local market. The company is wholly-owned by PSA Financial Holding B.V., the Dutch subsidiary of Banque PSA Finance. It has been fully consolidated since February 2009.

In order to prepare the legal structures that will house the insurance business, in June 2008, Banque PSA Finance increased the capital of its subsidiary PSA Assurance S.A.S. This subsidiary acts as the French holding company of PSA Services Ltd, an entity in Malta that owns two local insurance companies, one for the life business PSA Life Insurance Ltd and the other for the non-life business PSA Insurance Ltd. Having started up operations in the first quarter of 2009, these companies have been fully consolidated since April 2009.

On April 21, 2009, Banque PSA Finance's Spanish branch sold €1,180 million worth of automobile loans to the Auto ABS 2009-1 Asset Securitization Fund. The fund issued €1,050 million worth of AAA-rated preferred bonds, €82.6 million worth of A-rated subordinated bonds and €47.2 million worth of B-rated subordinated bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the preferred and subordinated bonds. As a consequence, the fund has been fully consolidated since April 2009.

At the end of June 2009, Banque PSA Finance bought 98% of AIG Bank Rus, of which 50% through PSA Financial Holding B.V., its Dutch subsidiary. Named Bank PSA Finance Rus, this new subsidiary will begin operations in early 2010 and has therefore not been consolidated at December 31, 2009.

France-based Dicoma was liquidated and removed from the scope of consolidation in December 2009. This event had no impact on the consolidated financial statements of Banque PSA Finance.

B. List of Consolidated Companies

Companies	Country	% Direct interest	Indirect interest %	Indirect interest Held by	% interest at December 31 2009	% interest at December 31 2008
BRANCHES						
UK branch	United Kingdom	-	-		-	-
Spanish branch	Spain	-	-		-	-
Portuguese branch	Portugal	-	-		-	-
Italian branch	Italy	-	-		-	-
Polish branch	Poland	-	-		-	-
Deutsch branch	Germany	-	-		-	-
Austrian branch	Austria	-	-		-	-
FULLY CONSOLIDATED COMPANIES						
Sales financing in France						
Crédipar	France	100	-		100	100
CLV	France	-	100	Crédipar	100	100
Sofib	France	100	-		100	100
Sofira	France	98	-		98	98
Sales financing outside France						
PSA Wholesale ltd	United Kingdom	100	-		100	100
PSA Finance Plc	United Kingdom	-	50	PSA Wholesale ltd	-	50
PSA Finance Nederland B.V.	Netherlands	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Belux	Belgium	6.51	93.49	PSA Financial Holding B.V.	100	100
PSA Gestao Comercio E Aluguer de Veiculos	Portugal	97	1	PSA Financial Holding B.V.	98	98
PSA Finance Suisse S.A.	Switzerland	82.35	17.65	PSA Financial Holding B.V.	100	100
Banco PSA Finance Brasil S.A.	Brazil	100	-		100	100
PSA Finance Arrendamento Mercantil S.A.	Brazil	100	-		100	100
PSA Finance Argentina Compania Financiera S.A.	Argentina	50	-		50	50
PSA Finance Polska Sp.zo.o.	Poland	100	-		100	100
PSA Finance Ceska Republika S.r.o.	Czech Republic	0.05	99.95	PSA Financial Holding B.V.	100	100
PSA Finance Hungaria R.T.	Hungary	2.50	97.50	PSA Financial Holding B.V.	100	100
PSA Finance Slovakia S.r.o.	Slovakia	0.16	99.84	PSA Financial Holding B.V.	100	100
Banque PSA Finance Mexico SA de CV SOFOL	Mexico	2.52	97.48	PSA Finance Nederland B.V.	100	100
BPF Pazarlama A.H.A.S.	Turkey	100	-		100	100
PSA Renting Italia S.p.A.	Italy	100	-		100	100
BPF Financiranje d.o.o.	Slovenia	-	50	PSA Financial Holding B.V.	50	50
BPF Algérie	Algeria	2	98	PSA Financial Holding B.V.	100	100
PSA Financial d.o.o.	Croatia	-	100	PSA Financial Holding B.V.	100	-
Insurance						
PSA Assurance S.A.S.	France	99.99	-		99.99	-
PSA Services Ltd	Malta	0.01	99.99	PSA Assurance S.A.S.	100	-
PSA Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	100	-
PSA Life Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	100	-
Other companies						
Dicoma	France	-	99.98	Crédipar	-	99.98
SNDA	France	100	-		100	100
GIE Foncier Crédipar	France	-	-		100	100
Vernon Wholesale Investment Company Ltd	United Kingdom	-	100	PSA Wholesale Ltd	100	100
PSA Financial Holding B.V.	Netherlands	100	-		100	100
Peugeot Finance International N.V.	Netherlands	100	-		100	100
PSA Factor Italia S.p.A	Italy	-	94.54	Italian branch	94.54	94.54
PSA Finance S.C.S.	Luxembourg	100	-		100	100
Financière Greffuhle S.A.S.	France	-	100	Crédipar	100	100
Special purpose entities						
Auto ABS 2004-1 Fund	France	-	-		100	100
Auto ABS 2006-1 Fund	France	-	-		100	100
Auto ABS 2007-1 Fund	France	-	-		100	100
Auto ABS S.r.l. 2007-2 Fund	Italy	-	-		100	100
Auto ABS 2008-1 Fund	France	-	-		100	100
Auto ABS 2009-1 Fund	Spain	-	-		100	-
COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD						
Dongfeng Peugeot Citroën Auto Finance Company Ltd	China	-	25	PSA Finance Nederland B.V.	25	-

Note 2 Accounting Policies

In accordance with European Council Regulation 1606/2002/EC dated July 19, 2002 on the application of international accounting standards from January 1, 2005, Banque PSA Finance's consolidated financial statements for the year ended December 31, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date.

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

The standards and interpretations applied at December 31, 2009 were unchanged compared with December 31, 2008 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2009.

New IFRSs and IFRIC Interpretations Whose Application was Compulsory in the Fiscal Year Commencing January 1, 2009

- **IFRS 8 – Operating Segments.** Application of IFRS 8 has had an impact on the presentation of the notes to the consolidated financial statements, mainly by leading to the addition of a specific note on segment information (see Note 34). The business is now also managed according to newly defined operating segments, corresponding to the Financing, Insurance, Refinancing and securities businesses. For the Financing business, in particular, operating segments correspond to portfolios or groups of portfolios defined for Basel II (see note F below).
- **IAS 1 (revised) – Presentation of Financial Statements.** The Group has elected to maintain the Income statement in the same format as in prior periods and to add a new statement entitled "Net income and gains and losses recognized directly in Equity".
- **Amendment to IFRS 7 – Financial Instruments, Disclosures.** In line with this amendment, the Group has expanded its disclosures concerning liquidity risks arising from financial liabilities (covenants).
- **Interpretation IFRIC 14 of IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.** In 2009, the next expense amounted to €3 million, compared to a not material impact in 2008 (negative impact of €0,4 million - see Note 21.1.E).

The other standards and interpretations adopted by the European Union that were applicable in 2009 either do not currently concern the Banque PSA Finance Group or have no impact on its financial consolidated statements.

New IFRSs and IFRIC Interpretations Applicable after the Fiscal Year Commencing January 1, 2009

Banque PSA Finance has not early adopted any standards or interpretations.

No significant impact is expected from the following changes:

- **IAS 27 (revised) –** Consolidated and Separate Financial Statements (step acquisitions);
- **IFRS 3 (revised) –** Business Combinations;
- **amendment to IAS 39 –** Eligible Hedged items;
- **interpretation IFRIC 12 –** Service Concession Arrangements;
- **annual improvements.**

Format of the Financial Statements

As no template is provided in IFRS, the consolidated financial statements are presented largely in accordance with *Conseil National de la Comptabilité* (CNC) recommendation 2009-R.04 on the format of credit institutions' IFRS financial statements. Banque PSA Finance's consolidated financial statements include prior year comparatives.

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

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

Significant accounting policies applied by the Group are described in notes B to H below.

The term "related companies" refers to all companies that are fully consolidated in the PSA Peugeot Citroën Group consolidated financial statements.

The annual consolidated financial statements and notes for Banque PSA Finance Group were approved by the Board of Directors on February 8, 2010.

A. Basis of Consolidation

Consolidation Methods

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

All significant intragroup transactions and balances are eliminated in consolidation.

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

Certain companies meeting the above criteria are not consolidated because they are not material in relation to the consolidated financial statements. Investments in these companies are classified as "Available-for-sale assets" (see note C.4 below).

Translation of Financial Statements of Foreign Subsidiaries

Balance sheets of foreign companies are translated at the year-end exchange rate. Income statement items of foreign companies are translated on a month-by-month basis at the average monthly rate.

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

Foreign Currency Transactions

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

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

Use of Estimates

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

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

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

Estimates and assumptions are used in particular to measure the following:

- fair value of financial assets and liabilities at fair value through profit or loss;
- fair value of hedging instruments;
- recoverable amount of customer loans and receivables;
- fair value adjustments to finance receivables and debt portfolios hedged against interest rate risks;
- deferred tax assets;
- value in use and useful lives of intangible assets and property and equipment;
- provisions;
- pension obligations.

Main Consolidation Adjustments

Recognition and Measurement of Derivative Instruments, Hedge Accounting (IAS 39)

In the financial statements of the individual subsidiaries, the fair value principle under IAS 39 – Financial Instruments: Recognition and Measurement, does not apply. Measurement at fair value of derivative instruments, financial assets and certain financial liabilities at fair value through profit or loss, and application of hedge accounting in accordance with IAS 39 therefore give rise to certain consolidation adjustments. The underlying principles are described in note C "Financial assets and liabilities", below.

Deferred Taxes

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

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

B. Fixed Assets

B.1. Property and Equipment

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

Buildings	20 to 30 years
Vehicles	4 years
Other	4 to 10 years

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

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

B.2. Intangible Assets

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

B.3. Goodwill

Goodwill is the excess of the cost of shares in a consolidated company, including transaction expenses, over the Group's equity in the fair value at the acquisition date of the identifiable assets and liabilities acquired. It was amortized on a straight-line basis over 20 years until December 31, 2003.

Effective from January 1, 2004, in accordance with IFRS 3 – Business Combinations, goodwill is no longer amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see note B.4 below).

Crédipar Goodwill

Crédipar's fair market value at December 31, 1998 was calculated in connection with the acquisition by Banque PSA Finance of the 50% interest in Crédipar held by Sovac S.C.A. Following final adjustments in 1999, as allowed under generally accepted accounting principles, the initial goodwill was determined to be €100 million. After deducting accumulated amortization for the period to December 31, 2003, Crédipar goodwill amounted to €75 million at January 1, 2004.

Sofib Goodwill

Sofib was acquired from PSA Peugeot Citroën on April 1, 1999. Goodwill arising on the acquisition totalled €7.6 million. After deducting accumulated amortization for the period to December 31, 2003, Sofib goodwill recognized in the opening IFRS balance sheet at January 1, 2004 amounted to €6 million.

B.4. Impairment of Long-Lived Assets

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

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

At Banque PSA Finance, CGUs correspond to operations in each individual country. Application of IFRS 8 did not change Management's analysis of long-lived assets and the definition of the CGU remained the same. To recognise any impairment of goodwill, however, goodwill has been allocated by segment, as it is mainly associated with customer loans subject to IFRS 8 segmentation.

C. Financial Assets and Liabilities

Financial assets and liabilities are recognized and measured in accordance with IAS 39. IAS 39 was adopted in part by the European Commission on November 19, 2004 (regulation 2086/2004/EC) with six amendments, mainly concerning the fair value option, and regulation 1864/2005/EC published on November 16, 2005, which allows companies to elect to measure certain liabilities at fair value. The Group has elected to use this option in certain instances (see paragraph C.3 below).

As allowed under IAS 39, the Group has elected to apply transaction date accounting to financial assets and liabilities. Consequently, when the transaction date (corresponding to the date when the commitment is entered into) is different from the settlement date, the purchase or sale of securities is recognized in the balance sheet on the transaction date (see end of paragraphs C2 and C7.2 below).

The Group is not concerned by the provisions of IAS 39 regarding the application of hedge accounting to demand deposits, which in their current formulation have not been adopted by the European Commission (carve out).

C.1. Derivative Instruments – Application of Hedge Accounting

C.1.1. Recognition and Measurement

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

Derivative instruments may be designated as hedging instruments in one of two types of hedging relationships:

- fair value hedge, corresponding to a hedge of the exposure to changes in fair value of an asset or liability due to changes in exchange rates or interest rates;
- cash flow hedge, corresponding to a hedge of the exposure to variability in cash flows from existing or future assets or liabilities.

Derivative instruments qualify for hedge accounting when:

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

The effects of hedge accounting are as follows:

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

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

C.1.2. Derivative Financial Instruments – inancial Statement Presentation

Balance sheet:

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

Income statement:

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

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

Banque PSA Finance liquidity reserves are invested partly in fixed income securities indexed to Eonia. They are generally financed by debt indexed to Eonia. If not, they are swapped for the 3-month Euribor by means of economic hedges. In the interests of simplicity, these fixed income securities are accounted for using the fair value option, whereby changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change in fair value of the economic hedges. Liquidity reserves are also partly invested in mutual funds, whose units are not consolidated because they do not meet the criteria regarding control or rights in the majority of the benefits and corresponding risks (see IAS 27 – Consolidated financial statements and accounting for investments in subsidiaries and SIC 12 – Consolidation: Special Purpose entities).

This caption also includes:

- the positive fair value of other derivative instruments that do not qualify for hedge accounting under IAS 39;
- securities receivable, which are recognized as from the transaction date.

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

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivative financial instruments used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in Banque PSA Finance's issuer spread. At December 31, 2009, no liabilities were measured using the fair value option.

This caption also includes the negative fair value of other derivative instruments that do not qualify for hedge accounting under IAS 39, including interest rate derivative instruments intended to hedge financial assets or liabilities at fair value through profit or loss.

C.4. Available-for-sale Assets

Available-for-sale assets consist mainly of investments in companies that are not yet consolidated. These investments are stated at fair value, which generally corresponds to their cost.

C.5. Held-to-maturity Investments

These are fixed income securities that are acquired with the positive intention of being held to maturity. They are stated at amortized cost, corresponding to redemption value less amortization of premiums and discounts. Premiums and discounts are amortized to profit or loss over the holding period.

C.6. Loans and Receivables

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

Customer loans and receivables are analysed by type of financing:

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

  As explained in section C.6.2 below, buyback contracts and long-term leases are adjusted to present each transaction as a loan.

  These types of financing are mainly intended for the following customers:
  - Retail customers (individuals, small to medium sized companies and larger companies not meeting the criteria for classification as Corporates, Sovereigns, Banks or Local Administrations),
  - Corporate and equivalent customers (including Corporates other than dealers, Sovereigns, Banks and Local Administrations),
  - and, in rare cases, for Corporate dealers;
- wholesale financing (i.e. financing of vehicle and spare part inventories), as defined by French banking regulations.

Wholesale financing is mainly intended for Corporate dealers (mainly independent Peugeot and Citroën dealers, importers of new Peugeot and Citroën vehicles in certain countries, certain used vehicle dealers);

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

C.6.1. Loans and Receivables Measured at Amortized Cost

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

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

The carrying value of finance receivables does not reflect the impact of applying hedge accounting (see note C.6.3 below).

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

C.6.2. Lease Financing

In accordance with IAS 17 – Leases and IAS 39, vehicles leased to customers are treated as in-substance loans because the risks and rewards of ownership of the vehicle do not lie with Banque PSA Finance. Consequently, rental revenues and depreciation expense on the vehicles are adjusted in order to present each transaction as a loan.

C.6.3. Hedges of Interest Rate Risks of Outstanding Loans and Receivables

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

C.6.4. Impairment Losses

Impairment losses on finance receivables are deducted from their carrying value in the balance sheet, as soon as a loss event occurs.

Impairment losses are identified separately under specific line items.

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

RETAIL FINANCING IMPAIRMENT LOSSES

Impairment losses on sound loans with past-due installments

An impairment loss is recognized on sound loans when the borrower defaults on a single installment (loss event). Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss rate.

Impairment losses on non-performing loans

In accordance with French banking regulations, loans for which one or more installments are over 90 days past-due are automatically reclassified as non-performing. This period is increased to 150 days when the Group has no exposure to counterparty risk due to effective risk mitigation. Loans that do not have any installments over 90 days past-due but are flagged by the system as giving rise to an aggravated risk are classified as non-performing immediately. This definition of non-performing loans is in line with the definition of "default" used for Basel II risk assessment purposes.

Banque PSA Finance has set up a database containing historical collection data for non-performing loans. These data are used to determine the discounted average loss rate, which serves as the basis for calculating impairment losses on non-performing and doubtful loans. The discounted average loss rate is calculated using the effective interest method.

Restructured performing loans

These mainly concern retail customers in France who are in a situation of over-indebtedness and are the subject of plans to discharge their total debt *("Neiertz Act plans").* As soon as the Group is formally notified that loan repayments are being suspended while a debt discharge plan is put in place, the loan is classified as non-performing. At the end of the moratorium, if the customer complies with his or her repayment obligations, the loan is reclassified as sound and a provision is booked at the rate applied to sound loans with past-due installments. In the event of a subsequent default, the loan is immediately reclassified as non-performing.

Discounting retail financing recoveries leads to an increase in the impairment loss recognized upon occurrence of the loss event compared to the actual loss that will ultimately be recognized. This increase is linked to the passage of time. If the amount involved is material, this increase in the impairment loss is reversed over the average life of the loans by crediting "Cost of risk".

IMPAIRMENT LOSSES ON "CORPORATE DEALERS" AND "CORPORATE AND EQUIVALENT" FINANCING

- These loans are classified as non-performing when one or more installments are 91 days past-due (271 days past-due for loans to Local Administrations). These periods are increased to 451 days and 631 days respectively, when the Group has no exposure to counterparty risk due to effective risk mitigation. Loans that do not have any installments that are over 90 and 270 days past-due respectively, but are flagged by the system as giving rise to an aggravated risk, are reclassified as non-performing immediately.
- When the first default occurs or at the latest when the above periods have been exceeded, a "Flash Report" is issued containing a detailed risk analysis and stipulating the amount of any necessary provision. Loans for which a "Flash Report" has been issued are flagged in the system as giving rise to an aggravated risk.

When a finance receivable is considered as irrecoverable, it is written off through profit or loss. The previously-recognized impairment loss is also reversed through profit or loss. Any subsequent recoveries are credited to the income statement under "Cost of risk".

C.7. Financing Liabilities

Upon initial recognition, financing liabilities are measured at the amount of the net proceeds received. Their carrying amount therefore comprises the outstanding principal and accrued interest, plus:

- debt issuance and set-up costs;
- issue or redemption premiums, if any.

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

C.7.1. Hedges of Interest Rate Risks of Financing Liabilities

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

C.7.2. Debt Securities

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

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

D. Liabilities Related to Insurance Contracts

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

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

E. Provisions

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

Provisions are discounted only when the impact is material.

F. Segment Information

In application of IFRS 8 effective January 1, 2009, Banque PSA Finance has identified the following five operating segments meeting Basel II guidelines (portfolios):

- **Retail,** mainly corresponding to individuals and to small or medium-sized companies;
- **Corporate dealers,** corresponding to captive and independent Peugeot and Citroën dealers, importers of new Peugeot and Citroën vehicles in certain countries, and certain used vehicle dealers;
- **Corporate and equivalent,** referring to:
  - companies belonging to a multi-national group or for which aggregate loans exceed a fixed ceiling per country (Corporates other than dealers),
  - national governments and government-backed agencies (Sovereigns),
  - banks or investment firms regulated and supervised by the banking authorities (Banks),
  - local or regional governments and government-backed agencies (Local Administrations);
- **Insurance,** referring to captive insurance and holding companies in Malta, and to self-insurance activity in Belgium and the Netherlands;
- **Refinancing and securities,** corresponding to the refinancing and investment activities of Banque PSA Finance.

An analysis of balance sheet and income statement items by segment is provided in the new Segment information note, along with an analysis of the main balance sheet and income statement items by geographical region (France, Europe excluding France and Rest of World).

G. Pension Obligations

In addition to standard pensions payable under local legislation, Group employees receive supplementary pension benefits and retirement bonuses (see Note 20.1). These benefits are paid under defined contribution and defined benefit plans.

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

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value. The calculations mainly take into account:

- an assumed retirement date;
- a discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

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

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These gains and losses are recognized in the income statement by the corridor method, which consists of recognizing a specified portion of the net cumulative actuarial gains and losses that exceeds the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) and 10% of the fair value of any plan assets at the balance sheet date.

The total projected benefit obligation, including the portion not recognized due to the deferral of actuarial gains and losses, is covered by external funds. Because of the deferral of actuarial gains and losses, in some cases the amount of these external funds exceeds the recognized projected benefit obligation, leading to the recognition of an asset in "Other non-current assets" in an amount not exceeding the sum of net actuarial losses and unrecognized past service costs.

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

The Group no longer has any liability to make good any under-funding of the Banking Industry Pension Fund (CRPB), as the latest independent actuarial valuations performed in 2009 indicate that the vested benefit entitlements of employees are covered by the contributions paid to date.

H. Signature Commitments

Irrevocable commitments given or received by Group companies (irrevocable customer financing commitments, corresponding to the period between the loan offer and the date when the funds are released, guarantees; other commitments received or given…) are recognized in the balance sheet at fair value in accordance with IAS 39. As these commitments are made on market terms, they have a zero fair value.

Provisions are taken for impairment of financing or guarantee commitments in accordance with IAS 37. These signature commitments are reported at their nominal amount in Note 25 – Other commitments.

Derivative financial instrument commitments (rate or currency instruments) are described in note C.1 above and are reported at their nominal amount in Note 22 – Derivatives.

Note 3 Cash, central banks, Post office Banks

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Cash	1	1
Central banks and post office banks (deposits)	98	8
- of which compulsory reserves deposited with the Banque de France	*83*	-
TOTAL	**99**	**9**

Note 4 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Marketable securities(1)	824	1,159
• Mutual funds	1	251
- of which units held in insurance companies	*1*	-
• Certificates of deposit	778	862
- of which CDs held in securitization vehicles	*648*	*532*
• Other	45	46
Fair value adjustments	-	-
Marketable securities booked at fair value through profit or loss(2)	824	1,159
- of which accrued interest	-	*2*
Accrued interest on trading derivatives	1	-
Fair value of trading derivatives(2)	9	-
TOTAL	**834**	**1,159**

Fair value is determined by applying valuation techniques based for the most part 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 liquidity surplus, which amounted to €652 million at December 31, 2009, consists of loans at overnight rates (€562 million) classified as "Loans and advances to credit institutions" (see Note 7) and reserves deposited with the Banque de France (€90 million) classified as "Cash, central banks, post office banks" (see Note 3).

(2) Swaps classified as held for trading, mainly set up during securitization transactions, represent closed positions that set each other off within homogeneous portfolios. They do not generate any material gains or losses (see Notes 7 and 12.5).

Note 5 Hedging Instruments - Assets

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Cash flow hedges	3	-
Purchased options(1)	3	-
- of which intrinsic value at maturity	-	-
Fair Value Hedges	236	526
Adjustment accounts – off-balance sheet transactions in foreign currencies(2)	4	329
- of which related companies	-	*172*
Accrued income on swaps designated as hedges	22	39
- of which related companies	-	*1*
Positive fair value of instruments designated as hedges of		
• borrowings	24	11
• EMTNs/BMTNs	25	12
• bonds	158	130
• certificates of deposit	-	2
• other debts securities	2	1
• retail finance receivables	1	2
TOTAL	**239**	**526**

Fair value is determined by applying valuation techniques based for the most part on observable market data (level 2).
Hedging effectiveness is analysed in Note 22.4.

(1) Swaptions purchased as hedges of future loans originations. At each future expiry date in the second and third quaters of 2010 Banque PSA Finance bought and sold options on the same notional amount with the same counterparty and is in a net buyer position (see Note 14).

(2) Adjustement accounts are used to record fair value adjustments to currency swaps designated as:

- *hedges of foreign currency customer loans refinanced in euros; these fair value adjustments are offset by adjustments arising from the remeasurement of the foreign currency customer loans at period-end exchange rates (see notes 8.3 and 14); or*
- *hedges of foreign currency financing liabilities; these fair value adjustments are offset by adjustments arising from the remeasurement of the underlying foreign currency financing liabilities at period-end exchange rates (see notes 14 and 17.3).*

Note 6 Available-for-sale Financial Assets

Available-for-sale financial assets consist mainly of investments in companies that are not yet consolidated, because the size of their business at the year-end is not material. Marketable securities are included in “Financial assets at fair value through profit or loss” (see Note 4).

No provision has been booked for start-up losses of companies that are not yet consolidated, because none of them are expected to remain in a loss-making position over the long-term.

The fair value of these assets is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares (level 3).

Shares in non-consolidated companies amounted to €9 million at December 31, 2008 and mainly concern the PSA Financial P.L.C. subsidiary, currently in a liquidation, and that was removed from the scope of consolidation at January 1, 2009 (€2.2 million) and the Russian subsidiary Banque PSA Finance Rus (€6.5 million).

Shares in non-consolidated companies amounted to €12 million at December 31, 2008 and mainly concerned the Croatian subsidiary PSA Finance d.o.o. (€3.5 million), which has been consolidated since February 2009 and the insurance holding subsidiary PSA Assurances S.A.S. (€8.7 million), which has been consolidated since April 2009 (see Note 1, changes in Group structure).

Note 7 Loans and Advances to Credit Institutions

Analysis of demad and time accounts.

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Demand accounts	1,190	**1,269**
Ordinary accounts in debit(1)	605	522
Cash receivables for securities to be delivered(2)	23	29
Loans and advances at overnight rates(3)	562	718
Time accounts(4)	7	**70**
Accrued interest	-	**1**
TOTAL	**1,197**	**1,340**

(1) Corresponding to amounts debited from external bank accounts, which include the last direct debits on customer accounts for the period.

(2) For details of securities to be delivered see Note 17.1.

(3) The liquidity surplus, which amounted to €652 million at December 31, 2009, consists of loans at overnight rates (€562 million) classified as "Loans and advances to credit institutions" and reserves deposited with the Banque de France (€90 million) classified as "Cash, central banks, post office banks" (see Note 3).

(4) Time accounts are analysed by maturity in Note 23.

Analysis of Loans and Advances to Credit Institutions (Including Accrued Interest) Between Loans to Related Companies and Loans to Non-group Institutions

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Non-group institutions	1,197	1,340
TOTAL	**1,197**	**1,340**

Note 8 Customer Loans and Receivables

8.1. Analysis by Type of Financing

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Installment contracts	9,690	9,646
- of which securitized[1]	*3,760*	*3,136*
Buyback contracts[2]	2,712	2,591
Principal and interest	*3,665*	*3,315*
- of which securitized[1]	*1,099*	*1,377*
Unaccrued interest on buyback contracts	(953)	(724)
- of which securitized[1]	*(149)*	*(201)*
Long-term leases[2]	4,708	4,541
Principal and interest	5,139	5,015
• Related companies	1	1
• Non-group companies	5,138	5,014
Unaccrued interest on long-term leases	(376)	(415)
Leasing deposits	(55)	(59)
Wholesale financing	4,359	4,370
Principal and interest	4,408	4,427
• Related companies	128	140
• Non-group companies	4,280	4,287
Wholesale financing deposits	(49)	(57)
• Related companies	(37)	(49)
• Non-group companies	(12)	(8)
Other finance receivables (of which Equipment loans, Revolving credit)	804	842
Ordinary accounts in debit	117	188
• Related companies	2	44
• Non-group companies	115	144
Deferred items included in amortized cost – Customers loans and receivables	55	105
• Deferred acquisition costs	424	425
• Deferred loan set-up costs	(94)	(79)
• Deferred manufacturer and dealer contributions	(304)	(241)
• Deferred discounting adjustments to subsidized loans[3]	29	-
TOTAL LOANS AND RECEIVABLES AT AMORTIZED COST	22,445	22,283
- of which loans and receivables given as collateral[4]	*1,880*	*683*

(1) The Banque PSA Finance Group has set up several securitization programs. All of these programs are being implemented through the Auto ABS special purpose vehicle created in June 2001, except in the case of Italy (see paragraph 4 below) and Spain (see paragraph 6 below).

- On February 25, 2004, Banque PSA Finance's German subsidiary PSA Finance Deutschland GmbH, which was converted into a branch on September 29, 2005, sold €1 billion worth of automobile loans to the Auto ABS 2004-1 fund. The Auto ABS 2004-1 fund issued €970 million worth of AAA/Aaa rated preferred asset-backed securities and €30 million worth of A/A2 rated subordinated asset-backed securities. PSA Finance Deutschland GmbH's retained interest amounts to €10,000.

- On July 13, 2006, Crédipar sold €1,372 million worth of future finance lease revenues and related VAT to the Auto ABS 2006-1 fund. The Auto ABS 2006-1 fund issued €1,118 million worth of AAA/Aaa/AAA rated preferred bonds and €132 million worth of A/A2/A rated subordinated bonds. Crédipar's retained interest amounts to €10,000.

- On January 29, 2007, Crédipar sold €1,250 million worth of automobile loans to the Auto ABS 2007-1 fund. The Auto ABS 2007-1 fund issued €1,181 million worth of AAA/Aaa rated preferred bonds and €69 million worth of A/Aa3 rated subordinated bonds. Crédipar's retained interest amounts to €10,000.

- On July 25, 2007, Banque PSA Finance's Italian branch sold €850 million worth of automobile loans to the Auto ABS S.r.l. 2007-2 fund, an Italian Special Purpose Vehicle (SPV). This SPV issued €816 million worth of AAA/Aaa rated preferred bonds, €34 million worth of A/A1 rated subordinated bonds and junior bonds subscribed by Banque PSA Finance's Italian branch (€18.7 million).

- On July 30, 2008, Banque PSA Finance's German branch sold €1 bilion worth of automobile loans to the Auto ABS 2008-1 fund. The Auto ABS 2008-1 fund issued €970 million worth of AAA/aaa rated preferred bonds and €30 million worth of A/Aa3 rated subordinated bonds. The German branch's retained interest amounts to €10,000.

- On April 21, 2009, Banque PSA Finance's Spanish branch sold €1,180 million worth of automobile loans to the Auto ABS 2009-1 Asset Securitization Fund. The fund issued €1,050 million worth of AAA rated preferred bonds, €82.6 million worth of A rated subordinated bonds and €47.2 million worth of B rated subordinated bonds. All of these bonds were purchased by Banque PSA Finance. The rated preferred bonds have been sold to the European Central Bank in repo transactions for an amount of €650 million after discount (see Note 9).

These funds, the Italian vehicle and the Spanish Asset Securitization Fund are special purpose entities which are fully consolidated by Banque PSA Finance to the extent that its subsidiaries and branchies retain the majority of the risks (principally credit risk) and rewards (net banking income generated by the special entites), through their retained interest and, in the case of Spain, through the variable revenue from the subordinated loan granted by the branch to the Asset Securitization Fund.

(2) Lease financing transactions (buyback contracts and long-term leases) are included in loans and receivables because they ulfil 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) This concerns interest-free customer loans granted under the VIVE plan in Spain (see Note 15).

(4) Including at December 31, 2009, €1,767 million corresponding to receivables given as collateral to the SFEF and €113 million corresponding to receivables given as collateral to the Budensbank by the German branch (see Note 25).

8.2. Customer Loans and Receivables by Segment

Segment (based on IFRS 8)	Retail		Corporate dealers		Corporate and equivalent			
	(A see Note 32.1)		(B see Note 32.1)		(C see Note 32.1)		TOTAL	
Type of financing *(in million euros)*	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Installment contracts	9,521	9,408	96	82	73	156	9,690	9,646
Buyback contracts	2,606	2,476	47	48	59	67	2,712	2,591
Long-term leases	3,577	3,413	55	61	1,076	1,067	4,708	4,541
Wholesale financing	-	-	4,359	4,370	-	-	4,359	4,370
Other finance receivables	209	220	592	619	3	3	804	842
Ordinary accounts in debit	-	-	116	163	1	25	117	188
Deferred items included in amortized cost	69	105	(4)	-	(10)	-	55	105
TOTAL CUSTOMER LOANS BY SEGMENT (BASES ON IFRS8)	**15,982**	**15,622**	**5,261**	**5,343**	**1,202**	**1,318**	**22,445**	**22,283**

8.3. Analysis by currency

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Net loans and receivables		
ARS	74	91
BRL	1,047	742
CHF	404	419
CZK	150	154
DKK	20	41
EUR	18,405	18,605
GBP	1,958	1,789
HRK	15	-
HUF	15	42
MXN	72	69
NOK	11	8
PLN	256	249
SEK	18	19
SKK(1)	-	55
TOTAL	**22,445**	**22,283**

(1) On January 1, 2009, euro became the legal currency in Slovakia.

The adjustments arising from the remeasurement of foreign currency customer loans refinanced in euros at period-end exchange rates are offset by the fair value adjustments to the fair value of currency swaps hedging foreign currency customer loans (see Notes 5 and 14).

8.4. Analysis by Maturity (Except Ordinary Accounts in Debit and Deferred Items Included in Amortized Cost)

Maturity at December 31, 2009

(in million euros)	Installment contracts	Buyback contracts	Long-term leases	Wholesale financing	Other finance receivables	Total at Dec. 31, 2009
Not broken down	467	127	164	144	68	970
0 to 3 months	1,013	216	581	2,155	134	4,099
3 to 6 months	911	206	464	1,066	54	2,701
6 months to 1 year	1,766	413	940	1,058	125	4,302
1 to 5 years	5,570	1,746	2,671	8	408	10,403
Over 5 years	200	57	-	-	36	293
TOTAL, GROSS	**9,927**	**2,765**	**4,820**	**4,431**	**825**	**22,768**
Guaranties deposits	-	-	(55)	(49)	-	(104)
Impairment	(237)	(53)	(57)	(23)	(21)	(391)
TOTAL NET LOANS AND RECEIVABLES	**9,690**	**2,712**	**4,708**	**4,359**	**804**	**22,273**

Maturity at December 31, 2008

(in million euros)	Installment contracts	Buyback contracts	Long-term leases	Wholesale financing	Other finance receivables	Total at Dec. 31, 2008
Not broken down	374	113	179	104	55	825
0 to 3 months	954	162	578	2,384	146	4,224
3 to 6 months	1,126	157	451	813	52	2,599
6 months to 1 year	1,959	356	859	718	133	4,025
1 to 5 years	5,230	1,767	2,513	410	437	10,357
Over 5 years	195	82	59	17	39	392
TOTAL, GROSS	**9,838**	**2,637**	**4,639**	**4,446**	**862**	**22,422**
Guaranties deposits	-	-	(59)	(57)	-	(116)
Impairment	(192)	(46)	(39)	(19)	(20)	(316)
TOTAL NET LOANS AND RECEIVABLES	**9,646**	**2,591**	**4,541**	**4,370**	**842**	**21,990**

Note 9 Fair Value Adjustments to Finance Receivables Portfolios Hedged Against Interest Rate Risks

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Fair value adjustments to		
Installment contracts	141	142
Buyback contractst	29	30
Long-term leases	38	41
TOTAL	**208**	**213**

Hedging effectiveness is analyzed in Note 22.4.

Note 10 Accruals and Other Assets

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Other receivables	303	302
• Related companies[1]	72	82
• Non-group companies	231	220
Prepaid and recoverable taxes	32	35
Other prepaid expenses	181	120
Accrued income	19	18
• Related companies	1	1
• Non-group companies	18	17
- of which insurance activities	*3*	-
Other	63	20
• Related companies	1	-
• Non-group companies	62	20
TOTAL	598	495

(1) Other receivables from related companies consist mainly of contributions receivable from the Peugeot and Citroën marques.

Note 11 Property and Equipment and Intangible Assets

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

	Dec. 31, 2009			Dec. 31, 2008		
(in million euros)	Cost	Depreciation/ amortization	Net	Cost	Depreciation/ amortization	Net
Land and buildings	41	(18)	23	48	(21)	27
Vehicles	11	(3)	8	13	(3)	10
Other	37	(33)	4	36	(32)	4
Property and equipment	89	(54)	35	97	(56)	41
Intangible assets[1]	164	(69)	95	156	(60)	96
TOTAL	253	(123)	130	253	(116)	137

(1) The development cost of software for internal use capitalized under intangible assets at December 31, 2009 amounted to €93 million net.

Movements at Cost

(in million euros)	Dec. 31, 2008	Additions	Disposals	Other movements	Dec. 31, 2009
Land and buildings	48	-	(7)	-	41
Vehicles	13	8	(10)	-	11
Other	36	2	(1)	-	37
Property and equipment	97	10	(18)	-	89
Intangible assets	156	8	-	-	164
TOTAL	253	18	(18)	-	253

Changes in Depreciation and Amortization

(in million euros)	Dec. 31, 2008	Additions	Disposals	Other movements	Dec. 31, 2009
Land and buildings	(21)	(1)	4	-	(18)
Vehicles	(3)	(3)	3	-	(3)
Other	(32)	(1)	-	-	(33)
Property and equipment	**(56)**	**(5)**	**7**	**-**	**(54)**
Intangible assets	**(60)**	**(9)**	**-**	**-**	**(69)**
TOTAL	**(116)**	**(14)**	**7**	**-**	**(123)**

Note 12 Goodwill

An impairment test carried out on December 31, 2009 revealed no impairment in the carrying amount of goodwill (see the comment on goodwill in notes 2.B.3 and 2.B.4).

Note 13 Financial Liabilities at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Accrued expense on trading derivatives	-	-
Fair value of trading derivatives[(1)]	9	-
TOTAL	**9**	**-**

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

(1) Swaps classified as held for trading, mainly set up during securitization transactions, represent closed positions that set each other off within homogeneous portfolios. They do not generate any material gains or losses (see notes 4, 22.1 and 22.5).

Note 14 Hedging Instruments - Liabilities

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Cash flow hedges	1	-
Sold options(1)	1	-
Fair Value Hedges	416	419
Adjustment accounts – commitments in foreign currencies(2)	17	1
- of which related companies	*13*	-
Unrealised losses on unclosed hedges	-	-
Accrued expenses on swaps designated as hedges	37	76
- of which related companies	*4*	*4*
Negative fair value of instruments designated as hedges of:		
• borrowings	-	-
• EMTNs/BMTNs	-	3
• bonds	158	130
• certificates of deposit	-	-
• retail finance receivables	204	209
TOTAL	**417**	**419**

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

Hedging effectiveness is analysed in Note 22.4.

(1) *Swaptions purchased as hedges of future loans originations. At each future expiry date in the second and third quaters of 2010 Banque PSA Finance bought and sold options on the same notional amount with the same counterparty and is in a net buyer position (see Note 5).*

(2) *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 5, 8.3 and 17.3).*

Note 15 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Demand deposits (non-group institutions)	307	**282**
• Ordinary accounts in credit	305	272
• Accounts and deposits at overnight rates	2	9
• Other	-	1
Accrued interest	1	**1**
Time deposits[1]	6,860	**8,144**
• Related companies[2]	65	2
• Non-group companies[3] [4] [5] [6] [7]	6,795	8,142
Deferred items included in amortized cost of deposits from credit institutions	(22)	**(8)**
• Debt issuing costs (deferred charges)	(51)	(8)
• Deferred discounting adjustments to subsidized loans[8]	29	-
Accrued interest	119	**119**
TOTAL DEPOSITS FROM CREDIT INSTITUTIONS AT AMORTIZED COST	**7,265**	**8,538**

(1) Time deposits are analysed by maturity in Note 23.

(2) In the published financial statements at December 31, 2008, loans obtained from PSA International were included in "Due to customers". They are now included in "Deposits from credit institutions" in the amount of €2 million at December 31, 2008 (see Note 16).

(3) Including €1,084 million at December 31, 2009 in short term drawdowns on back up lines corresponding to long-term financing commitments. The syndicated credit facility was not used at December 31, 2009 (see Note 25).

(4) Including €1,105 million on December 31, 2009 in deposits from the SFEF (see Note 25 and section "Refinancing policy" on page 16 of the management report).

(5) Including, at December 31, 2009, €650 million in bonds issued by the Spanish Asset Securitization Fund that were sold to the European Central Bank (E.C.B.) in repo transactions (see Note 8.1)

(6) Including at December 31, 2009 €80 million in deposits from the Bundesbank held by the German branch (see Note 25).

(7) Including €174 million on December 31, 2009 in deposits from Instituto de Crédito Oficial (ICO) that were received under the "VIVE" (Vehiculo Innovador Vehicule Electrico) electrical vehicle development plan in Spain.

(8) This concerns interest-free deposits held by the Spanish branch under the VIVE plan in Spain (see Note 8 and footNote (7) above).

Analysis by Currency

	Dec. 31, 2009		Dec. 31, 2008	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
BRL	-	665	-	552
CHF	2	74	4	72
CZK	2	-	3	121
EUR	251	5,397	200	6,907
GBP	8	650	13	363
HUF	12	-	20	-
Other	32	74	42	129
TOTAL	**307**	**6,860**	**282**	**8,144**

Note 16 Due to Customers

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Time deposits (non-group institutions)[(1) (2)]	22	15
Demand accounts	**346**	**243**
• Related companies	67	59
- of which PSA Peugeot Citroën Group entities' ordinary accounts in credit[(3)]	*66*	*55*
• Non-group companies (independent dealers' ordinary accounts in credit)	279	184
TOTAL	**368**	**258**

(1) Time accounts are analysed by maturity in Note 23.

(2) In the published financial statements at December 31, 2008, deposits from PSA International were included in "Due to customers". They are now included in "Deposits from credit institutions" in the amount of €2 million at December 31, 2008 (see Note 15).

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

Analysis of Time Accounts (Excluding Accrued Interest) by Repayment Currency

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
EUR	20	14
Other	2	1
TOTAL	**22**	**15**

Note 17 Debt Securities

17.1. Analysis by Nature

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Interbank instruments and money-market securities (non-group institutions)[(1)]	8,843	**7,840**
• EMTNs	5,399	4,534
• BMTNs	10	10
• Certificates of deposit and *"billets de trésorerie"*	3,434	3,296
- of which paper in the process of being delivered	*23*	*29*
- of which related companies	*-*	*-*
Accrued interest	82	41
Deferred items included in amortized cost of debt securities	(10)	**(11)**
• Debt issuing costs (deferred charges)	(14)	(13)
• Deferred gains	4	2
Bonds[(2)]	4,136	4,664
- of which securitization: preferred and subordinated bonds[(3)]		
• *Related companies*	*25*	*25*
• *Non-group companies*	*3,698*	*4,226*
Accrued interest	5	31
- of which securitization	*5*	*30*
Other debt securities	258	431
- of which securitization: preferred and subordinated bonds	*118*	*310*
Accrued interest	12	9
- of which securitization	*-*	*-*
TOTAL DEBT SECURITIES AT AMORTIZED COST	**13,326**	**13,005**

(1) In 2009, Banque PSA Finance carried out several EMTN issues at fixed rates of interest:
- in May, a €750 million 8.50% issue due May 2012 and a €750 million 6.375% issue due November 2010;
- in September, a €500 million 3.75% issue due March 2011;
- and in October, a €750 million 3.625% issue due October 2011.
(2) Of which a €413 million 7-year bond issue launched by the subsidiary PSA Finance S.C.S. in December 2006.
(3) Bonds issued by the Auto ABS 2006-1, 2007-1 and 2008-01 funds, the 2007-2 fund of the italian vehicule and the Asset Securization Fund Auto ABS 2009-01 in Spain. All of the bonds issued by the fund 2009-1 were purchased by Banque PSA Finance (cf. Note 8.1).

17.2. Maturity of Debt Securities (Excluding Accrued Interest)

	Dec. 31, 2009			Dec. 31, 2008		
(in million euros)	Bonds	Money-market securities	Others	Bonds	Money-market securities	Others
0 to 3 months	106	3,611	121	-	3,263	90
3 to 6 months	364	1,088	5	-	1,449	44
6 months to 1 year	655	1,480	9	-	467	120
1 to 5 years	3,011	2,664	123	3,722	2,652	177
Over 5 years	-	-	-	942	9	-
TOTAL	**4,136**	**8,843**	**258**	**4,664**	**7,840**	**431**

17.3. Analysis of Debt Securities by Repayment Currency[1]

	Dec. 31, 2009			Dec. 31, 2008		
(in million euros)	Bonds	Money-market securities	Others	Bonds	Money-market securities	Others
BRL	-	-	90	-	-	64
EUR	4,136	8,813	168	4,664	6,950	367
GBP	-	-	-	-	157	-
JPY	-	30	-	-	733	-
TOTAL	**4,136**	**8,843**	**258**	**4,664**	**7,840**	**431**

(1) Adjustments arising from the remeasurement of hedged foreign currency financing liabilities at period-end exchange rates are offset by fair value adjustments to the corresponding currency swaps (see notes 5 and 14).

Banque PSA Finance's residual currency position is presented in Note 22.3.

Note 18 Fair Value Adjusments to Debt Portfolios Hedged Against Interest Rate Risks

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Fair value adjustments to borrowings[1]	25	12
Fair value adjustments to EMTNs/BMTNs[1]	25	10
Fair value adjustment to certificates of deposit	-	2
Fair value adjustments to bonds	2	1
TOTAL	**52**	**25**

(1) The sharp drop in market interest rates in 2009 led to a significant increase in the value of these debt securities, while at the same time driving up the value of the hedges of borrowings and EMTN/BMTNs (see notes 5 and 14).

Hedging effectiveness is analyzed in Note 22.4.

Note 19 Accruals and Other Liabilities

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Trade payables	224	199
• Related companies(1)	163	135
• Non-group companies	61	64
Accrued payroll and other taxes	76	53
Accrued charges	171	169
• Related companies	22	31
• Non-group companies	149	138
Deferred income	179	174
• Related companies	3	5
• Non-group companies	176	169
Other payables	56	18
• Related companies	31	3
• Non-group companies	25	15
Other	98	65
• Non-group companies	98	65
TOTAL	804	678

(1) Representing the price of vehicles payable to the Peugeot and Citroën marques.

Note 20 Insurance Activities

20.1. Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Life insurance contracts	2.7	-
Unearned premium reserve (UPR)	0.6	-
Claims reserve – reported claims	0.9	-
Claims reserve – claims incurred but not reported (IBNR)	0.8	-
Other	0.4	-
Non-life insurance contracts	4.4	1.9
Unearned premium reserve (UPR)	0.9	-
Claims reserve – reported claims	2.4	1.9
Claims reserve – claims incurred but not reported (IBNR)	0.7	-
Other	0.4	-
TOTAL LIABILITIES RELATED TO INSURANCE CONTRACTS	7.1	1.9

In 2008 these liabilities concerned self-insured risks in Belgium and the Netherlands, which have been reclassified with the insurance activity in 2009 (cf. Note 21).

20.2. Change in Liabilities Related to Insurance Contracts

20.2.1. Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-life	Total
Opening reserve at January 1, 2009	-	-	-
+ Written premiums	7.8	15.6	23.4
- Earned premiums	(7.2)	(14.7)	(21.9)
+ Other movements	-	-	-
CLOSING RESERVE AT DEC. 31, 2009	**0.6**	**0.9**	**1.5**

20.2.2. Claims Reserve

(in million euros)	Life	Non-life	Total
Opening reserve at January 1, 2009	-	**1.9**	**1.9**
of which reported claims	-	*1.9*	*1.9*
of which claims incurred but not reported (IBNR)	-	-	-
- Claims paid in current year	(9.6)	(7.1)	(16.7)
+ Claims incurred in current year	11.3	8.3	19.6
+ Claims incurred in prior years	-	-	-
+ Other movements	-	-	-
CLOSING RESERVE AT DEC. 31, 2009	**1.7**	**3.1**	**4.8**
of which notified claims	*0.9*	*2.4*	*3.3*
of which claims incurred but not reported (IBNR)	*0.8*	*0.7*	*1.5*

20.2.3. Other Reserves

(in million euros)	Life	Non-life	Total
Opening reserve at January 1, 2009	-	-	-
+ Charges	2.3	2.4	4.7
- Reversals	(1.9)	(2.0)	(3.9)
+ Other movements	-	-	-
CLOSING RESERVE AT DEC. 31, 2009	**0.4**	**0.4**	**0.8**

20.3. Income from Insurance Activities

20.3.1 Technical Income from Insurance Activities

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
+ Earned premiums	21.9	6.8
- Costs	(8.1)	(4.5)
- Paid claims	*(4.4)*	*(4.3)*
- Change in liabilities related to insurance contracts (except for UPR)	*(3.7)*	*(0.2)*
MARGIN ON SALES OF INSURANCE ACTIVITIES	**13.8**	**2.3**
+/- Other technical income (expense), net	(4.7)	-
- Fees	*(4.7)*	-
- Technical personnel costs	-	-
- Other technical income (expense), net	-	-
+ Investment income, net	-	-
CONTRIBUTION TO OPERATING INCOME BEFORE ELIMINATION OF INTERCOMPANY TRANSACTIONS	**9.1**	**2.3**
+/- Elimination of intercompany transactions	4.7	-
CONTRIBUTION TO OPERATING INCOME	**13.8**	**2.3**

20.3.2. Non-technical Income from Insurance Activities

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
+/- Other non-technical income (expense), net	(1.4)	-
- Non-technical personnel costs	*(1.4)*	-
- Other non-technical income (expense), net		-
CONTRIBUTION TO OPERATING INCOME	**(1.4)**	**-**

20.3.3. Net Income from Insurance Activities

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Technical income	13.8	2.3
Non-technical income	(1.4)	-
CONTRIBUTION TO OPERATING INCOME	**12.4**	**2.3**
Income taxes	(0.2)	(0.7)
CONTRIBUTION TO NET INCOME	**12.2**	**1.6**

Note 21 Provisions

(in million euros)	Dec. 31, 2008	Charges	Reversals Utilized	Reversals Unutilized	Reclassifications, currency effect	Dec. 31, 2009
Provisions for pensions and other post-retirement benefits	25	6	(4)	-	1	28
Provisions for doubtful wholesale commitments	4	-	-	-	-	4
Provisions for losses on sales of used cars(1)	11	4	(4)	-	1	12
Provision for leasing risk in Portugal(2)	5	-	-	(5)	-	-
Provision for self-insurance risk(3)	-	-	-	-	-	-
Provisions for sub-contracted long term leases	1	1	-	-	-	2
Other	6	1	-	-	-	7
TOTAL	**52**	**12**	**(8)**	**(5)**	**2**	**53**

(1) The majority of these provisions are intended to cover losses on vehicles recovered or to be recovered in the United Kingdom, under contracts that give the borrower the option of returning the vehicle early without penalty.

(2) The leasing risk in Portugal concerns an old portfolio carried in the accounts of Automobile Citroën. The risk has been transferred to Automobile Citroën and the provision has therefore been reversed (see Note 32.2).

(3) In the published financial statements at December 31, 2008, provisions for self-insurance in Belgium and the Netherlands were included in "Provisions". They are now included in "Liabilities related to insurance contracts" in the amount of €2 million at December 31, 2008 (see Note 20.1).

21.1. Pension Obligations

A. Plan Description

Group employees in certain countries are entitled to supplementary pension benefits, paid annually, or to a lump-sum length-of-service award paid when the employee retires. The corresponding plans include both defined benefit and defined contribution plans. The Group's liability under defined contribution plans is limited to the payment of contributions, which are recognized as an expense in the payment year. The main countries with defined benefit plans are France and the United Kingdom.

In France, defined benefit obligations concern:

- statutory length-of-service awards payable to employees when they retire;
- supplementary pension benefits payable to excecutives. The obligation corresponds to the portion not transferred to an external fund in 2002. The plan is closed to new participants.

In the United Kingdom, defined benefit plans have been closed to new participants since May 2002.

B. Assumptions

The actuarial assumptions used in the last two years to measure projected benefit obligations were as follows:

	Euro zone	United Kingdom
Discount rate		
2009	5.00%	5.85%
2008	5.50%	6.00%
2007	5.25%	5.75%
Inflation rate		
2009	2.00%	3.50%
2008	2.00%	3.00%
2007	2.00%	3.10%
Expected return on external funds		
2009	5.25%	6.00%
2008	5.25%	7.00%
2007	6.00%	7.00%

Assumptions concerning future salary levels reflect, for each country, projected inflation rates and assumptions related to individual pay increases. The calculations are based on inflation plus 1% in 2010 and inflation plus 0.5% in subsequent years for France, and inflation plus 1.5% for the United Kingdom.

Mortality and staff turnover assumptions are based on the specific economic conditions of each Group company or the country in which they operate.

Sensitivity of assumptions: a 0.25-point increase or decrease in the actuarial rate (discount rate – inflation rate) would lead to an increase or decrease in the projected benefit obligation of 2.3% for French plans and 4.2% for UK plans.

C. Reconciliation of Balance Sheet Items to Historical Data

	Dec. 31, 2009			Dec. 31, 2008		
(in million euros)	France	Other countries	TOTAL	France	Other countries	TOTAL
Projected benefit obligation	(9)	(49)	(58)	(9)	(41)	(50)
Fair value of external funds	5	29	34	6	23	29
Surplus or (deficit)	(4)	(20)	(24)	(3)	(18)	(21)
Actuarial gains and losses	2	2	4	1	(1)	-
(Provision) net asset before minimum funding requirement	(2)	(18)	(20)	(2)	(19)	(21)
Minimum funding requirement provision	-	(3)	(3)	-	-	-
(Provision) net asset recognized in the balance sheet	(2)	(21)	(23)	(2)	(19)	(21)
Of which: provisions	*(3)*	*(21)*	*(24)*	*(3)*	*(20)*	*(23)*
Of which: net assets	*1*	*-*	*1*	*1*	*-*	*1*

Upon application in 2009 of IFRIC 14 (see Note 2 for details), as the Group Banque PSA Finance does not have an unconditional right to a refund of any surplus on plans with a minimum funding requirement, it recognised a provision of €3 million at 31 December 2009 (31 December 2008: €0.4 million) in respect of the funding plan agreed with the trustees of its UK defined benefit plans in respect of past service costs. The trustees imposed the increase in contributions under the funding plan due to the sharp drop in value of the external funds observed in the first half of the year, which was the reference period for the funding negotiations stipulated in the pension plan rules.

The provision was charged to «Pension obligation - expense».

France's 2010 Social Security Financing Act was published in the Official Journal on 27 December 2009. The main measures affecting the Group's pension obligations concern the top-hat plan for members of the management bodies and are effective from 1 January 2010. This new legislation did note have a material effect on the measurement of projected benefit obligations at 31 December 2009.

Following adoption of the 2008 Social Security Financing Act, the Group adjusted its assumptions concerning voluntary and compulsory retirements, leading to a €3.3 million increase for Credipar in projected benefit obligations at December 31, 2007. This increase was treated as an actuarial loss.

D. Movement for the Year

Excluding minimum funding requirement (IFRIC14)

	Dec. 31, 2009			Dec. 31, 2008		
(in million euros)	France	Other countries	TOTAL	France	Other countries	TOTAL
Projected benefit obligation						
At beginning of the year	(8.6)	(41.4)	(50.1)	(9.0)	(47.3)	(56.4)
Service cost	(0.4)	(1.7)	(2.1)	(0.4)	(1.9)	(2.3)
Interest cost	(0.4)	(2.5)	(2.9)	(0.5)	(2.6)	(3.1)
Benefits paid	0.8	2.2	3.0	0.5	1.4	1.9
Actuarial gains and losses						
• amount	(0.6)	(4.0)	(4.6)	0.8	3.0	3.8
• *as a % of the projected benefit obligation*	*6.67%*	*9.59%*	*9.16%*	*8.96%*	*6.37%*	*6.78%*
Translation adjustment	-	(1.4)	(1.4)	-	6.0	6.0
Effect of changes in scope of consolidation	-	-	-	-	-	-
Curtailments and settlements	-	-	-	-	-	-
AT YEAR-END	**(9.2)**	**(48.8)**	**(58.1)**	**(8.6)**	**(41.4)**	**(50.1)**
Funded status						
At beginning of the year	5.6	23.8	29.4	5.7	29.3	35.0
Expected return on external funds	0.3	1.4	1.7	0.3	1.8	2.1
Actuarial gains and losses						
• amount	(0.1)	0.5	0.4	0.1	(3.2)	(3.1)
• *as a % of the projected benefit obligation*	*1.78%*	*2.05%*	*1.31%*	*1.62%*	*11.04%*	*8.95%*
Translation adjustment	-	0.8	0.8	-	(5.3)	(5.3)
Contributions paid	-	3.2	3.2	-	2.3	2.3
Benefits paid	(0.8)	(0.8)	(1.6)	(0.5)	(1.1)	(1.6)
AT YEAR-END	**5.0**	**28.9**	**33.9**	**5.6**	**23.8**	**29.4**
Deferred items						
At beginning of the year	1.2	(1.5)	(0.4)	2.2	(1.2)	0.9
Items deferred during the year	0.7	3.4	4.1	(0.9)	0.2	(0.7)
Amortization of deferred items	-	0.1	0.1	(0.1)	0.2	0.1
Translation adjustment and other	-	0.2	0.2	-	(0.7)	(0.7)
Curtailments and settlements	-	-	-	-	-	-
AT YEAR-END	**1.9**	**2.2**	**4.0**	**1.2**	**(1.5)**	**(0.4)**

Minimum funding requirement provision (IFRIC14)

	Dec. 31, 2009			Dec. 31, 2008		
(in million euros)	France	Other countries	TOTAL	France	Other countries	TOTAL
At beginning of the year	-	(0.4)	(0.4)	-	-	-
Charge of the year	-	(3.0)	(3.0)	-	(0.4)	(0.4)
AT YEAR-END	**-**	**(3.4)**	**(3.4)**	**-**	**(0.4)**	**(0.4)**

E. Expense for the Year

Pension costs are recognized as follows:

- the service cost and amortization of deferred items are recognized in General operating expenses (Personnel costs);
- the interest cost, corresponding to the discounting adjustment to benefit obligations and the change in minimum funding requirement provision (IFRIC14) are recognised under "Pension obligation – expense";
- the expected return on external funds is recognised under «Pension obligation - income»;
- exceptionally, in "Other non-operating items" for the effects of restructuring plans.

Pension costs break down as follows:

	Dec. 31, 2009			Dec. 31, 2008		
(in million euros)	France	Other countries	TOTAL	France	Other countries	TOTAL
Service cost	(0.4)	(1.7)	(2.1)	(0.4)	(1.9)	(2.3)
Amortization of deferred items	-	0.1	0.1	(0.1)	0.2	0.1
Interest cost	(0.5)	(2.5)	(3.0)	(0.5)	(2.6)	(3.1)
Expected return on external funds	0.3	1.4	1.7	0.3	1.7	2.0
Other	-	-	-	-	-	-
TOTAL (BEFORE MINIMUM FUNDING REQUIREMENT PROVISION)	**(0.6)**	**(2.7)**	**(3.3)**	**(0.7)**	**(2.6)**	**(3.3)**
Change in minimum funding requirement provision (IFRIC 14)	-	(3.0)	(3.0)	-	(0.4)	(0.4)
TOTAL	**(0.6)**	**(5.7)**	**(6.3)**	**(0.7)**	**(3.0)**	**(3.7)**

Note 22 Derivatives

Group Interest Rate Management Policy

(see section «Financial Risk Management» on page 19 of the Management Report)

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

In order to cap the refinancing cost of new financing (Installment contracts, Buyback contracts et Long-term leases) granted in the second and third quarters of 2010, Banque PSA Finance purchased and sold swaptions (options on interest rate swaps, purchased net with the net premium paid) expiring in the second and third quarters of 2010 (see paragraph 22.2 bellow).

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. Customer credit risk is discussed in Note 32.

The bank does not incur any exposure from the implementation of its investment policy. Available cash is invested solely in very short-term retail certificates of deposits and in mutual funds with a capital guarantee and a guaranteed yield.

22.1. Banque PSA Finance Interest Rate Position

(in million euros)	0 to 1 year	1 to 5 years	+5 years	TOTAL Dec. 31, 2009
Financial assets				
Wholesale financing	4,408	-	-	4,408
Fixed rate customer financing	6,786	10,511	-	17,297
Other adjustable rate loans and receivables	741	-	-	741
Fixed rate financial assets	-	-	-	-
Other financial assets	2,130	-	-	2,130
Total financial assets (A)	**14,065**	**10,511**	**-**	**24,576**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**447**	**-**	**-**	**447**
Non financial assets				
Fixed assets and goodwill	-	211	-	211
Other non financial assets	792	-	-	792
Total non financial assets	**792**	**211**	**-**	**1,003**
Total assets				*26,026*
Financial liabilities				
Hedged fixed rate debt	(2,213)	(2,606)	(9)	(4,828)
Hedged adjustable rate debt	(15,270)	-	-	(15,270)
Other borrowings and deposits	(676)	-	-	(676)
Total financial liabilities (B)	**(18,159)**	**(2,606)**	**(9)**	**(20,774)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(478)**	**-**	**-**	**(478)**
Non financial liabilities				
Non financial liabilities	(1,595)			(1,595)
Total non financial liabilities	**(1,595)**	**-**	**-**	**(1,595)**
Equity[3]	**-**	**(3,179)**	**-**	**(3,179)**
Total equity and liabilities				*(26,026)*
NET POSITION BEFORE HEDGING = (A) + (B)	**(4,094)**	**7,905**	**(9)**	**3,802**
Derivatives – Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing				
• borrowing leg (Fair Value Hedge)	(6,011)	(6,888)		(12,899)
• lending leg (Fair Value Hedge)	12,899			12,899
Swaps hedging marketable securities				
• borrowing leg (Fair Value Hedge)				-
• lending leg (Fair Value Hedge)				-
Total derivatives hedging financial assets (C)	**6,888**	**(6,888)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt[2]				
• borrowing leg (Fair Value Hedge)	1,994	2,607	9	4,610
• lending leg (Fair Value Hedge)	(4,610)			(4,610)
Total derivatives hedging financial liabilities (D)	**(2,616)**	**2,607**	**9**	**-**
Trading transactions (e)[1]	315	-	-	315
DERIVATIVES NET POSITION = (C) + (D) + (E)	**4,587**	**(4,281)**	**9**	**315**
NET POSITION AFTER HEDGING[3]	**493**	**3,624**	**-**	**4,117**

This table analyzes financial assets and liabilities based on their maturity, for fixed rate items, or the next repricing date, for adjustable rate items.

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) Swaps classified as held for trading, mainly set up during the Spanish securitization transaction dated April 2009, represent closed positions with no impact on income and set each other off within homogeneous portfolios for a notional amount of €1,240 million. Two swaps representing open positions remain, for a notional amount of €315 million. The impact of these swaps on the income statement is not material (see notes 4 and13).

(2) Including €3,723 million of hedging swaps closed at consolidated level.

(3) The net position after hedging, with maturities ranging from 0 to 1 year, is not very significant. The net position after hedging, with maturities ranging from 1 to 5 years, amounts to €3,624 million and is mainly hedged by equity.

22.2. Hedges of Interest Rate Risks on Future Lending Transactions

In order to cap the refinancing cost of new financing (Installment contracts, Buyback contracts et Long-term leases) granted in the second and third quarters of 2010, Banque PSA Finance purchased and sold swaptions (options on interest rate swaps, purchased net with the net premium paid) expiring in the second and third quarters of 2010. At December 31, 2009, the notional amounts totaled €1,263 million and the loss resulting from time decay since the beginning of the year was €-1.4 million, including €-0.5 million in negative fair value adjustments. The notional amounts of the swaps (options on interest swaps) match the forecast amounts and maturities of new financing expected to be originated in the same period.

The deferred portion of the intrinsic value released to income during the period, to offset changes in the intrinsic value of the underlying, was €19.6 million. Deferred gains or losses amount to €8 million (€5.3 million net of deferred tax – see “Consolidated statement of changes in equity”).

Swaptions Designated as Cash Flow Hedges

(in million euros)	Dec. 31, 2008	Change in intrinsic value	Gains or losses	Transfer to income	Change in deferred tax	Dec. 31, 2009
Intrinsic value of open swaptions	-	-	-	-		-
Hedging gains or losses	27.6	-	-	(19.6)		8.0
Gains recognized directly in equity (gross)	**27.6**	**-**	**-**	**(19.6)**	-	**8.0**
Deferred tax	(9.5)				6.8	(2.7)
Gains recognized directly in equity (net)	**18.1**	**-**	**-**	**(19.6)**	**6.8**	**5.3**

Timing of Impacts on Income

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
0 to 3 months	2.5	6.3
3 to 6 months	2.0	5.5
6 months to 1 year	2.3	7.8
1 to 5 years	1.2	8.0
+ 5 years	-	-
TOTAL	**8.0**	**27.6**

Timing of Hedged Future Retail Financing

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
0 to 3 months	-	-
3 to 6 months	-	-
6 months to 1 year	-	-
1 to 5 years	1,263.0	-
+ 5 years	-	-
TOTAL	**1,263.0**	**-**

22.3. Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

External Parent's Positions

(in million euros)	CHF	CZK	GBP	HUF	JPY	MXN	PLN	RUB	USD
Assets	253	107	1,532	2	-	63	155	5	-
Liabilities	-	(1)	(474)	-	(30)	-	-	-	-
Net position before hedging	**253**	**106**	**1,058**	**2**	**(30)**	**63**	**155**	**5**	**-**
Hedging assets	(253)	(107)	(1,060)	(2)	-	(68)	(155)	(5)	-
Hedging liabilities	-	1	4	-	30	5	-	-	-
Hedging position	**(253)**	**(106)**	**(1,056)**	**(2)**	**30**	**(63)**	**(155)**	**(5)**	**-**
Net position after hedging December 2009	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2008	-	-	-	-	-	-	-	-	-

External Subsidiaries' Positions

(in million euros)	CHF/HUF	EUR/BRL	EUR/CZK	EUR/DKK	EUR/HRK	EUR/HUF	EUR/NOK	EUR/PLN	EUR/SEK
Assets	6	-	-	21	7	5	11	-	18
Liabilities	(6)	(32)	-	-	(6)	(5)	-	-	-
Net position before hedging	**-**	**(32)**	**-**	**21**	**1**	**-**	**11**	**-**	**18**
Hedging assets	-		-	(21)	-	-	(11)	-	(18)
Hedging liabilities	-	32	-	-	-	-	-	(1)	-
Hedging position	**-**	**32**	**-**	**(21)**	**-**	**-**	**(11)**	**(1)**	**(18)**
Net position after hedging December 2009	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**(1)**	**-**
Note: December 2008	-	-	-	-	-	-	-	-	-

These positions are hedged using currency swaps, cross currency swaps and foward foreign exchange contracts.

B. Structural Positions in Foreign Currencies

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

Position at Dec. 31, 2009	**CHF**	**CNY**	**CZK**	**GBP**	**HRK**	**HUF**	**MXN**	**PLN**	**TRY**	**USD(1)**	**TOTAL**
(in million euros)	11	13	32	159	3	9	8	46	1	125	**407**

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

22.4. Analysis of Interest Rate Risk Hedging Effectiveness

(in million euros)	Dec. 31, 2009	Dec. 31, 2008	Currency effect[1]	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	141	142			
• Buyback contracts	29	30			
• Long-term leases	38	41			
TOTAL VALUATION, NET	**208**	**213**	**3**	**(8)**	
Derivatives designated as hedges of customer loans					
• Assets (see Note 5)	1	2			
• Liabilities (see Note 14)	(204)	(209)			
TOTAL VALUATION, NET	**(203)**	**(207)**	**(3)**	**7**	**(1)**
Ineffective portion of gain and losses on outstanding hedging transactions	**5**	**6**			**(1)**
Fair value adjustments to hedged debt (see Note 18)					
Valuation	(25)	(12)			
TOTAL VALUATION, NET	**(25)**	**(12)**		**(13)**	
Derivatives designated as hedges of debt					
• Assets (see Note 5)	25	11			
• Liabilities (see Note 14)	0	0			
TOTAL VALUATION, NET	**25**	**11**		**14**	**1**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**(1)**			**1**
Fair value adjustments to hedged EMTNs/BMTNs (see Note 18)					
• Valuation	(25)	(10)			
TOTAL VALUATION, NET	**(25)**	**(10)**		**(15)**	
Derivatives designated as hedges of EMTNs/BMTNs					
• Assets (see Note 5)	24	12			
• Liabilities (see Note 14)	0	(3)			
TOTAL VALUATION, NET	**24**	**9**		**15**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**(1)**	**(1)**			**0**
Fair value adjustments to hedged bonds (see Note 18)					
Valuation	0	0			
TOTAL VALUATION, NET	**0**	**0**		**0**	
Derivatives designated as hedges of bonds					
• Assets (see Note 5)[2]	158	130			
• Liabilities (see Note 14)[2]	(158)	(130)			
TOTAL VALUATION, NET	**0**	**0**		**0**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to hedged certificates of deposits (see Note 18)					
• Valuation	0	(2)			
TOTAL VALUATION, NET	**0**	**(2)**		**2**	
Derivatives designated as certificates of deposits					
• Assets (see Note 5)	0	2			
• Liabilities (see Note 14)	0	0			
TOTAL VALUATION, NET	**0**	**2**		**(2)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to other hedged debt securities (see Note 18)					
Valuation	(2)	(1)			
TOTAL VALUATION, NET	**(2)**	**(1)**		**(1)**	
Derivatives designated as hedges of other debt securities					
• Assets (see Note 5)	2	1			
• Liabilities (see Note 14)	0	0			
TOTAL VALUATION, NET	**2**	**1**		**1**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**

(1) The currency impact is due to the fact that balance sheets of companies using non euros currencies are translated at the year-end exchange whereas their income statement items are translated on a month-by-month basis at the average monthly rate.

(2) Symmetrical swaps (set up by Banque PSA Finance and the securitization vehicles) designated as hedges of the securitization vehicles' bond debt.

Swaptions held to hedge future customer loans (Installment contracts, Buyback contracts and Long-term leases) are not included in the hedging effectiveness table as the loans have not yet been granted (see paragraph 22.2 above).

22.5 Financial Assets and Liabilities at Fair Value

(in million euros)	Dec. 31, 2009	Dec. 31, 2008	Fair value adjustments
Financial assets at fair value (see Note 4)			
• Fair value adjustments to marketable securities	-	-	-
• Fair value of trading derivatives	9	-	9
TOTAL VALUATION, NET	**9**	**-**	**9**
Financial liabilities at fair value (see Note 13)			
• Fair value of trading derivatives	(9)	-	(9)
TOTAL VALUATION, NET	**(9)**	**-**	**(9)**
Impact in profit or loss			-

Note 23 Analysis by Maturity and Liquidity Risks

Liquidity risk is assessed based on a detailed breakdown of assets and liabilities analysed by maturity, with maturities defined in the same way as for the calculation of Banque PSA Finance's consolidated liquidity ratio.

Derivative instruments designated as hedges of future contractual interest payments are not analysed by maturity.

Equity is not analysed by maturity as it is considered as having no fixed maturity.

For 2009

(in million euros)	No broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Dec. 31, 2009
Assets							
Cash, central banks, post office banks[1]	-	99	-	-	-	-	99
Financial assets at fair value through profit or loss[1]	55	709	70	-	-	-	834
Hedging instruments	239						239
Available-for-sale financial assets	9						9
Loans and advances to credit institutions[1]	-	1,192	5	-	-	-	1,197
Customer loans and receivables[1]	647	4,099	2,701	4,302	10,403	293	22,445
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	208						208
Other assets	995						995
TOTAL ASSETS	**2,153**	**6,099**	**2,776**	**4,302**	**10,403**	**293**	**26,026**
Equity and liabilities							
Central banks, post office banks	-						-
Financial liabilities at fair value through profit or loss[1]	9						9
Hedging instruments	417						417
Deposits from credit institutions[1]	98	2,876	818	1,181	2,118	174	7,265
Due to customers[1]	-	346	20	-	-	2	368
Debt securities[1]	89	3,838	1,457	2,144	5,798	-	13,326
Fair value adjustments to debt portfolios hedged against interest rate risks	52						52
Other liabilities	1,410						1,410
Equity	3,179						3,179
TOTAL EQUITY AND LIABILITIES	**5,254**	**7,060**	**2,295**	**3,325**	**7,916**	**176**	**26,026**

For 2008

(in million euros)	No broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Dec. 31, 2008
Assets							
Cash, central banks, post office banks[(1)]	-	9	-	-	-	-	9
Financial assets at fair value through profit or loss[(1)]	48	1,111	-	-	-	-	1,159
Hedging instruments	526						526
Available-for-sale financial assets	12						12
Loans and advances to credit institutions[(1)]	1	1,339	-	-	-	-	1,340
Customer loans and receivables[(1)]	686	4,224	2,597	4,026	10,358	392	22,283
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	213						213
Other assets	828						828
TOTAL ASSETS	**2,314**	**6,683**	**2,597**	**4,026**	**10,358**	**392**	**26,370**
Equity and liabilities							
Central banks, post office banks	-						-
Financial liabilities at fair value through profit or loss[(1)]	-						-
Hedging instruments	419						419
Deposits from credit institutions[(1)]	112	3,439	928	1,240	2,819	-	8,538
Due to customers[(1)]	-	243	13	-	2	-	258
Debt securities[(1)]	70	3,353	1,493	587	6,551	951	13,005
Fair value adjustments to debt portfolios hedged against interest rate risks	25						25
Other liabilities	1,201						1,201
Equity	2,924						2,924
TOTAL EQUITY AND LIABILITIES	**4,751**	**7,035**	**2,434**	**1,827**	**9,372**	**951**	**26,370**

*F*inancing commitments given to customers amounted to €1,563 at December 31, 2009 compared to €1,356 million at December 31, 2008 (see Note 25). They have a 0 to 3 months maturity.

(1) The analysis by maturity is based on the following principles:

- *non-performing loans and accrued interest are reported in the "not broken down" column, in line with the principle applied for the calculation of the Bank's consolidated liquidity ratio;*
- *overnight loans and borrowings are reported in the "0 to 3 months" column.*

Covenants

The loan agreements signed by Banque PSA Finance, mainly in connection with issues of debt securities, include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

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

In addition, most loan agreements include a certain specific acceleration clause, requiring the Group to maintain a banking license and comply with the regulation ratios applicable to all French banks.

The Group complied with all of these covenants in 2009.

Note 24 Fair Value of Financial Assets and Liabilities

	Fair value		Book value		Deferred gain or loss	
(in million euros)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Assets						
Cash, central banks, post office banks	99	9	99	9	-	-
Financial assets at fair value through profit or loss(1)	834	1,159	834	1,159	-	-
Hedging instruments(1)	239	526	239	526	-	-
Available-for-sale financial assets(2)	9	12	9	12	-	-
Loans and advances to credit institutions(3)	1,197	1,340	1,197	1,340	-	-
Customer loans and receivables(4)	22,304	22,140	22,653	22,496	(349)	(356)
Liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss(1)	9	-	9	-	-	-
Hedging instruments(1)	417	419	417	419	-	-
Deposits from banks(5)	7,275	8,524	7,290	8,536	(15)	(12)
Due to customers(5)	368	260	368	260	-	-
Debt securities(5)	13,351	13,051	13,353	13,030	(2)	21

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

(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 that are not yet consolidated, which are included in "Available-for-sale financial assets", corresponds to their amortized cost.

(3) The fair value of very short-term loans and advances to banks is close to their amortized cost.

(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 rate at which similar loans were granted at the year-end.

(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.

The other balance sheet items not listed above are either non-financial items, or very short-term assets and liabiities whose fair value is not materially different from their book value.

Note 25 Other Commitments

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Financing commitments		
Commitments received from credit institutions(1)	8,029	6,116
Commitments given to credit institutions	50	-
Commitments given to customers	1,563	1,356
- of which Crédipar Group(2)	*1,048*	*906*
Guarantee commitments		
Commitments received from credit institutions	778	831
• guarantees received in respect of customer loans	678	581
• guarantees received in respect of securities held	-	250
• other guarantees received from credit institutions	100	-
Guarantees given to credit institutions	-	-
Commitments given to customers	110	126
• Spanish branch	9	28
• Sofib	91	85
• Sofira	5	5
• Italian branch	5	8
Other commitments received		
Securities received as collateral	8	5
Investment put options(3)	55	55
Other commitments given		
Investment deliverable under forward sales contracts(3)	310	310
Investment call options(3)	55	55
Other(4)	1,880	683

(1) Including at December 31, 2009, by drawdown priority (see Note 15):

a) €653 million in unused bilateral back-up lines corresponding to long-term financing commitments;

b) €1,510 million 2-year syndicated credit facility signed on July 10, 2009 with a pool of twelve international banks;

c) - €1,755 million 3.5-year syndicated credit facility signed on December 15, 2009 with a pool of twenty-one international banks.

- two €2,000 million syndicated credit facility expiring in June 2012 and in June 2014 respectively, signed in prior to 2009.

In all, these facilities are sufficient to cover the Bank's refinancing needs over a period of nearly nine months under an extreme liquidity scenario (see section "Liquidity Reserves" on page 18 of the Management Report).

(2) Commitments on preliminary credit offers made to customers are taken into account. The approved wholesale lines of credit that can be cancelled at any time are not taken into account.

(3) This concerns french subsidiary Financière Greffuhle S.A.S.

(4) Including the amount of customer loans given as collateral for proprietary transactions to (see notes 8.1 and 15):

- Société de Financement de l'Économie Française (SFEF) pursuant to the measures to finance the economy introduced in France's amended Finance Act no. 2008-1061 of October 16, 2008 (€1,767 million at December 31, 2009); in the published financial statements at December 31, 2008, the amount (€683 million) was included in "Guarantees given to credit institutions";

- and to the Budensbank by the German branch (€113 million at December 31, 2009).

Note 26 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Installment contracts	938	**979**
- of which related companies	*62*	*76*
Buyback contracts	297	**245**
- of which related companies	*2*	*2*
Long-term leases	381	352
- of which related companies	*105*	*88*
Wholesale financing	223	**412**
- of which related companies	*142*	*264*
Other finance receivables (of which Equipement loans, Revolving credit)	44	**60**
- of which related companies	*-*	*1*
Commissions paid to referral agents	(274)	**(285)**
• Installment contracts	(183)	(186)
• Buyback contracts	(53)	(48)
• Long-term leases	(38)	(51)
- of which related companies	*(25)*	*(31)*
Other business acquisition costs	(31)	**(34)**
Interest on ordinary accounts	4	**6**
Interest on garantee commitments	-	**1**
TOTAL	**1,582**	**1,736**

Note 27 Interest Expense on Hedging Instruments

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Swaps hedging retail financing (Fair Value Hedge)	(282)	94
Amortization of premiums on open swaptions (Time Decay)	-	(5)
Deferred intrinsic value of terminated swaptions released to the income statement[1]	20	33
TOTAL	**(262)**	**122**

(1) See Note 22.2.

Note 28 Other Revenue and Expense

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
• Fees and commissions on retail customer transactions	84	78
• Fees and commissions on other customer transactions	2	1
• Provisions and gains and losses on sales of used vehicles, net	-	1
• Other[1]	8	-
Other revenue	**94**	**80**
• Bank charges	(6)	(7)
• Provisions and gains and losses on sales of used vehicles, net	(16)	-
• Joint venture income attributable to partners	(7)	(5)
• Grant to the Russian subsidiary	(2)	-
• Other[2]	(13)	-
Other expense	**(44)**	**(12)**
OTHER REVENUE AND EXPENSE	**50**	**68**

(1) of which €4 million in late interest received from the Inland Revenue by the UK subsidiary PSA Wholesale Ltd.

(2) of which a €7 million expense corresponding to the deferred portion of discounting adjustments to subsidized loans (VIVE plan) released to the income statement during the period. This expense is offset by income in the same amount corresponding to the deferred portion of discounting adjustments to subsidized debt recorded under «Interest and other revenue from loans and advances to credit institutions».

Note 29 Interest on Deposits from Credit Institutions

This item represents the interest costs, on the one hand on the deposit accounts, on the other hand on the debt, from the credit institutions.

Note 30 Interest on Debt Securities

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Interest expense on debt securities	(252)	(501)
Interest expense on bonds and other fixed income securities	(87)	(209)
TOTAL	**(339)**	**(710)**

Note 31 General Operating Expenses

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Personnel costs	(131)	(130)
• Wages and salaries	(96)	(96)
• Payroll taxes	(31)	(31)
• Employee profit sharing and profit-related bonuses	(4)	(3)
Others general operating expenses	(186)	(175)
- of which related companies	*(74)*	*(73)*
TOTAL	(317)	(305)

In France, the *"taxe professionnelle"* local business tax has been replaced by a new tax – *"contribution économique territoriale (CET)"* – with effect from 2010. The two components of the CET will be reported under "Other general operating expenses" and included in the determination of operating income, in line with the presentation of *"taxe professionnelle"* up until 2009.

General Operating Expenses by Geographical Area

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
France	(125)	(119)
Europe (excl. France)	(168)	(170)
• Germany	(31)	(32)
• Austria	(5)	(5)
• Belgium	(13)	(12)
• Croatia	(1)	-
• Spain	(30)	(29)
• Hungary	(3)	(4)
• Italy	(24)	(24)
• Malta	(2)	-
• Netherlands	(8)	(8)
• Poland	(5)	(7)
• Portugal	(8)	(8)
• Czech Republic	(3)	(3)
• United Kingdom	(28)	(31)
• Slovakia	(1)	(1)
• Slovenia	(1)	(1)
• Switzerland	(5)	(5)
Outside Europe	(24)	(16)
• Argentina	(2)	(2)
• Brazil	(19)	(11)
• Mexico	(2)	(2)
• Turkey	(1)	(1)
TOTAL	(317)	(305)

Number of Employees by Geographical Area

	Dec. 31, 2009	Dec. 31, 2008
France	778	786
Europe (excl. France)	1,444	1,391
• Germany	237	239
• Austria	34	34
• Belgium	87	83
• Croatia	14	-
• Spain	269	255
• Hungary	18	22
• Italy	160	158
• Malta	8	-
• Netherlands	80	77
• Poland	119	103
• Portugal	60	64
• Czech Republic	19	19
• United Kingdom	281	285
• Slovakia	12	11
• Slovenia	10	10
• Switzerland	36	31
Outside Europe	82	75
• Algeria	4	5
• Argentina	20	17
• Brazil	49	44
• Turkey	9	9
TOTAL	2,304	2,252

Legal staff directly employed by Banque PSA Finance's subsidiaries and branches.

Note 32 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.

32.1. Changes in Loans

(in million euros)	Balance at Dec. 31, 2008	Net new loans and currency impact[1]	Cost of risk: Charges	Cost of risk: Reversals	Cost of risk: Credit losses	Cost of risk: Recoveries on loans written off in prior periods	Cost of risk for the period at Dec. 31, 2009	Balance at Dec. 31, 2009
Retail								
Sound loans with no past-due installments	14,934	338	-	-	-	-	-	15,272
Sound loans with past-due installments	448	(10)	-	-	-	-	-	438
Guarantee deposits (lease financing)	(57)	3	-	-	-	-	-	(54)
Non-performing loans	468	188	-	-	(57)	-	(57)	599
Total	**15,793**	**519**	**-**	**-**	**(57)**	**-**	**(57)**	**16,255**
Impairment of sound loans with past-due installments	(43)	(1)	(8)	12	-	-	4	(40)
Impairment of non-performing loans	(233)	(1)	(96)	28	-	-	(68)	(302)
Total impairment	**(276)**	**(2)**	**(104)**	**40**	**-**	**-**	**(64)**	**(342)**
Deferred items included in amortized cost	**105**	**(36)**	**-**	**-**	**-**	**-**	**-**	**69**
Net book valueNet book value (A - see Note 8.2)	**15,622**	**481**	**(104)**	**40**	**(57)**	**-**	**(121)**	**15,982**
Recoveries on loans written off in prior periods			-	-	-	21	21	
Impairment of doubtful commitments			(2)	6	-	-	4	
Retail cost of risk			**(106)**	**46**	**(57)**	**21**	**(96)**	
Corporate dealers								
Sound loans with no past-due installments	5,324	(158)	-	-	-	-	-	5,166
Guarantee deposits	(57)	8	-	-	-	-	-	(49)
Non-performing loans	111	83	-	-	(11)	-	(11)	183
Total	**5,378**	**(67)**	**-**	**-**	**(11)**	**-**	**(11)**	**5,300**
Impairment of non-performing loans	(35)	(1)	(27)	28	-	-	1	(35)
Total impairment	**(35)**	**(1)**	**(27)**	**28**	**-**	**-**	**1**	**(35)**
Deferred items included in amortized cost	**-**	**(4)**	**-**	**-**	**-**	**-**	**-**	**(4)**
Net book valueNet book value (B - see Note 8.2)	**5,343**	**(72)**	**(27)**	**28**	**(11)**	**-**	**(10)**	**5,261**
Recoveries on loans written off in prior periods			-	-	-	3	3	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate dealers cost of risk			**(27)**	**28**	**(11)**	**3**	**(7)**	
Corporate and equivalent								
Sound loans with no past-due installments	1,312	(120)	-	-	-	-	-	1,192
Guarantee deposits	(2)	1	-	-	-	-	-	(1)
Non-performing loans	13	25	-	-	(3)	-	(3)	35
Total	**1,323**	**(94)**	**-**	**-**	**(3)**	**-**	**(3)**	**1,226**
Impairment of non-performing loans	(5)	(2)	(10)	3	-	-	(7)	(14)
Total impairment	**(5)**	**(2)**	**(10)**	**3**	**-**	**-**	**(7)**	**(14)**
Deferred items included in amortized cost	**-**	**(10)**	**-**	**-**	**-**	**-**	**-**	**(10)**
Net book valueNet book value (C - see Note 8.2)	**1,318**	**(106)**	**(10)**	**3**	**(3)**	**-**	**(10)**	**1,202**
Recoveries on loans written off in prior periods			-	-	-	1	1	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate and equivalent cost of risk			**(10)**	**3**	**(3)**	**1**	**(9)**	
Total loans								
Sound loans with no past-due installments	21,570	60	-	-	-	-	-	21,630
Sound loans with past-due installments	448	(10)	-	-	-	-	-	438
Guarantee deposits (lease financing)	(116)	12	-	-	-	-	-	(104)
Non-performing loans	592	296	-	-	(71)	-	(71)	817
Total	**22,494**	**358**	**-**	**-**	**(71)**	**-**	**(71)**	**22,781**
Impairment of sound loans with past-due installments	(43)	(1)	(8)	12	-	-	4	(40)
Impairment of non-performing loans	(273)	(4)	(133)	59	-	-	(74)	(351)
Total impairment	**(316)**	**(5)**	**(141)**	**71**	**-**	**-**	**(70)**	**(391)**
Deferred items included in amortized cost	**105**	**(50)**	**-**	**-**	**-**	**-**	**-**	**55**
Net book value	**22,283**	**303**	**(141)**	**71**	**(71)**	**-**	**(141)**	**22,445**
Recoveries on loans written off in prior periods			-	-	-	25	25	
Impairment of doubtful commitments			(2)	6	-	-	4	
TOTAL COST OF RISK			**(143)**	**77**	**(71)**	**25**	**(112)**	

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

(1) The currency impact is due to the fact that balance sheets of companies using non euros currencies are translated at the year-end exchange whereas their income statement items are translated on a month-by-month basis at the average monthly rate.

32.2. Change in Cost of Risk

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Sound loans with past-due installments		
Charges	(8)	(19)
Reversals	12	21
Non-performing loans		
Charges	(133)	(118)
Reversals	59	63
Doubtful commitments		
Charges	(2)	-
Reversals	6	-
Credit losses	(71)	(78)
Recoveries on loans written off in prior periods	25	33
COST OF RISK(1)	**(112)**	**(98)**

(1) Banque PSA Finance has a historical database which enables it to measure the probability of default on sound loans with past-due installments, as well as the average loss given default on non-performing loans discounted at the effective interest rate. This database covers the five IRBA countries (France, United Kingdom, Germany, Spain and Portugal).

For each non-IRBA country:

- the probability of default is tracked separately for each country;

- the average loss rate is determined by multiplying a) the average of the discounted outstandings-weighted average loss rates of the five IRBA countries by b) the non-IRBA country's loss rate on collections divided by the loss rate on collections of the five IRBA countries.

The main events in 2008 were as follows:

- default probabilities and average loss rates were updated, leading to a €2 million increase in provisions;

- in the United Kingdom, recoveries of €6.4 million were recorded on loans written off in prior periods, corresponding to VAT refunded on these loans;

- in France and Germany, recoveries of €3.6 million were recorded on loans written off in prior periods, corresponding to sales of these loans;

- in the five IRBA countries (France, United Kingdom, Germany, Spain and Portugal), the passage of time was taken into account in loss rates discounted over 60 months by amortizing the discounting adjustment included in the initial calculation of the loss rate over the life of an average loan by borrower category. Amortization of this adjustment, which has the effect of overstating impairment provisions, led to €8 million being reversed from impairment provisions at December 31, 2008.

Excluding these impacts, which represented a total of €16 million, the cost of risk representative of normal collection rates would be €114 million (representing 0.48% of average net outstanding loans).

The main events in 2009 were as follows (the first one concerning Corporate dealers and the other concerning Retail):

- in the United Kingdom, recoveries of €1.5 million were recorded on loans written off in prior periods, corresponding to VAT refunded on these loans;

- default probabilities and average loss rates were updated, leading to a €2.6 million decrease in provisions, totally due to the annual amortizing of the discounting adjustment included in the initial calculation of the loss rate;

- in France, recoveries of €1.7 million were recorded on loans written off in prior periods, corresponding to sales of these loans;

- in Portugal, the €5.2 million reversal of a provision for leasing risks concerned an old portfolio carried in the accounts of Automobile Citroën following the transfer of the final risk to this company (see Note 21);

- in Belgium, the basis of provisions for installment sales was adjusted to exclude VAT, leading to a €1.2 million decrease in provisions;

- in Brazil, an adjustment to losses wrongly recorded prior to 2009 was cancelled, leading to a €1.8 million increase in provisions.

Excluding these impacts, which represented a total of €10.4 million, the cost of risk representative of normal collection rates would be €122.2 million (representing 0.55% of average net outstanding loans).

The Bank's credit risk management policy is described in the Management Report (page 21).

32.3. Information about Defaults not Covered by Provisions

For 2009

(in million euros)	<= 90 days	>90 days <= 180 days	> 180 days <= 1 year	>1 year	Total at Dec. 31, 2009
Sound loans with past-due installments not covered by provision	121	29	109	1	260

For 2008

(in million euros)	<= 90 days	>90 days <= 180 days	>180 days <= 1 year	>1 year	Total at Dec. 31, 2008
Sound loans with past-due installments not covered by provision	107	30	116	90	343

Corporate loans with one or more installments that are 90 days past due and loans to Local Administrations with one or more installments that are 270 days past due are not classified as non-performing as the delays are due to payment incidents or claims, and do not reflect a default risk.

Note 33 Income Taxes

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.

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Current taxes	(145)	(137)
Deferred taxes	3	(60)
TOTAL	**(142)**	**(197)**

Banque PSA Finance Tax Proof

(in million euros)	Dec. 31, 2009	Dec. 31, 2008
Pre-tax income	495	555
Permanent differences	8	6
TAXABLE INCOME	**503**	**561**
Theoretical tax	(173)	(193)
Theoretical rate	*34.433%*	*34.433%*
Impact of differences in foreign tax rates	14	19
Allowances on Brazilian deferred tax assets:		
• Charges	-	(12)
• Reversals	15	-
Adjustment of the deferred tax calculation at Vernon Wholesale Investment Company Ltd to take into account the currency effect	-	(3)
Allocated tax saving transfered back to PSA Peugeot Citroën	(3)	(7)
Other	5	(1)
ACTUAL TAX PAYABLE	**(142)**	**(197)**
Effective rate	*28.248%*	*35.091%*

Deferred Tax Assets on Tax Loss Carryforwards

(in million euros)	Dec. 31, 2008	New tax losses	Tax losses utilized in the year	Currency effect(1)	Dec. 31, 2009
Deferred tax assets on tax loss carrufowards	58	51	(13)	8	104
Not previously recognized	(3)	-	-	-	(3)
Valuation allowances	(41)	15	-	(3)	(29)
TOTAL	**14**	**66**	**(13)**	**5**	**72**

(1) The currency impact is due to the fact that balance sheets of companies using non euros currencies are translated at the year-end exchange whereas their income statement items are translated on a month-by-month basis at the average monthly rate.

Note 34 Segment Information

34.1. Key Balance Sheet Items

For 2009

(in million euros)	Financing activities: Retail	Financing activities: Corporate dealers	Financing activities: Corporate and equivalent	Unallocated	Insurance	Refinancing and securities	Eliminations	TOTAL at Dec. 31, 2009
Assets								
Customers loans and receivables	15,982	5,261	1,358			1	(157)	22,445
Securities			546	3	1	1,408	(1,124)	834
Loans and advances to credit institutions			1,521	11	12	19,605	(19,952)	1,197
Others assets				1,742	15	1,864	(2,071)	1,550
TOTAL ASSETS							**(23,304)**	**26,026**
Liabilities								
Refinancing	15,325	5,045	1,302	-	1	19,681	(20,763)	20,591
Due to customers	60	211	100	-		387	(390)	368
Liabilities related to insurance contracts (Note 20)					7			7
Others liabilities				2,976	9	1,047	(2,151)	1,881
Equity[(1)]				1,505	4	1,670		3,179
TOTAL LIABILITIES							**(23,304)**	**26,026**

For 2008

(in million euros)	Financing activities: Retail	Financing activities: Corporate dealers	Financing activities: Corporate and equivalent	Unallocated	Insurance	Refinancing and securities	Eliminations	Total at Dec. 31, 2008
Assets								
Customers loans and receivables	15,622	5,343	1,431			2	(115)	22,283
Securities			550	4	-	1,733	(1,128)	1,159
Loans and advances to credit institutions			1,914	36	-	19,876	(20,486)	1,340
Others assets				1,845	-	2,103	(2,360)	1,588
TOTAL ASSETS							**(24,089)**	**26,370**
Liabilities								
Refinancing	15,026	5,139	1,376	-	-	21,381	(21,381)	21,541
Due to customers	42	128	80	-		326	(316)	260
Liabilities related to insurance contracts (Note 20)					2			2
Others liabilities				2,890	-	1,145	(2,392)	1,643
Equity[(1)]				1,338	-	1,586		2,924
TOTAL LIABILITIES							**(24,089)**	**26,370**

Segment information is disclosed before elimination of inter and intra company transactions, shown on "Eliminations" column.

(1) Equity is shown after deducting shares eliminated in consolidation, so as to show the contribution of each segment to the Banque PSA Finance's reserves.

34.2. Key Income Statement Items

For 2009

	Financing activities								
(in million euros)	**Retail**	**Corporate dealers**	**Corporate and equivalent**	**Unallocated**	**Financial derivative instruments[3]**	**Insurance**	**Refinancing and securities**	**Eliminations**	**Total at Dec. 31, 2009**
Net interest revenue on customer transactions (at amortized cost)[1]	1,277	258	88	8	(275)		19	(9)	1,366
Net investment revenue	-	-	-	13		-	28	(32)	9
Net refinancing cost[2] [3]	(814)	(152)	(57)	115	275	-	8	41	(584)
Net gains or losses on trading transactions							3		3
Margin on sales of insurance services									
• Earned premium						22		-	22
• Paid claims and change in liabilities related to insurance contracts						(13)		5	(8)
Margin on sales of others services	139	-	2	-			-	(5)	136
NET BANKING REVENUE	**602**	**106**	**33**	**136**	**-**	**9**	**58**	**-**	**944**
Cost of risk	(96)	(7)	(9)						(112)
NET INCOME AFTER COST OF RISK	**506**	**99**	**24**	**136**	**-**	**9**	**58**	**-**	**832**
General operating expenses and equivalent				(320)		(2)	(12)	-	(334)
OPERATING INCOME	**506**	**99**	**24**	**(184)**	**-**	**7**	**46**	**-**	**498**

For 2008

(in million euros)	Financing activities: Retail	Financing activities: Corporate dealers	Financing activities: Corporate and equivalent	Financing activities: Unallocated	Financial derivative instruments[3]	Insurance	Refinancing and securities	Eliminations	Total at Dec. 31, 2008
Net interest revenue on customer transactions (at amortized cost)[1]	1,233	422	113	29	90		59	(36)	1,910
Net investment revenue	-	-	-	29		-	126	(56)	99
Net refinancing cost[2][3]	(809)	(277)	(74)	143	(90)	-	(179)	92	(1,194)
Net gains or losses on trading transactions							4		4
Margin on sales of insurance services									
• Earned premium						7		-	7
• Paid claims and change in liabilities related to insurance contracts						(5)		-	(5)
Margin on sales of others services	155	-	-	-			-	-	155
NET BANKING REVENUE	**579**	**145**	**39**	**201**	**-**	**2**	**10**	**-**	**976**
Cost of risk	(72)	(17)	(9)						(98)
NET INCOME AFTER COST OF RISK	**507**	**128**	**30**	**201**	**-**	**2**	**10**	**-**	**878**
General operating expenses and equivalent				(311)		-	(10)	-	(321)
OPERATING INCOME	**507**	**128**	**30**	**(110)**	**-**	**2**	**-**	**-**	**557**

Segment information is disclosed before elimination of inter and intra company transactions, shown on "Eliminations" column.

(1) Unallocated interest revenue on customer transactions mainly 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 €1 million at December 31, 2009 and a negative €5 million at December 31, 2008,

- sundry income and expense related to customers.

(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 in 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 €275 million reclassification at December 31, 2009 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.

34.3. Geographical Areas

Key Balance Sheet Items

	Total assets		Customer loans and receivables		Refinancing[1]	
(in million euros)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
France	9,957	10,919	8,137	8,428	16,708	17,206
Europe (excluding France)	14,736	14,403	13,115	12,954	2,987	3,575
- o/w Germany	*4,140*	*4,020*	*3,468*	*3,341*	*908*	*1,324*
- o/w Spain	*2,638*	*2,679*	*2,469*	*2,591*	*176*	*0*
- o/w Italy	*2,179*	*2,111*	*1,935*	*1,873*	*851*	*858*
- o/w United Kingdom	*2,154*	*1,956*	*1,958*	*1,789*	*185*	*378*
Rest of world	1,333	1,048	1,193	901	896	762
TOTAL	26,026	26,370	22,445	22,283	20,591	21,543

(1) Refinancing includes "Deposits from credit institutions" and "Debt securities" (see notes 15 and 17). It concerns the group's external refinancing, mainly issued by Banque PSA Finance.

Key Income Statement Items

	Interest and other revenue on assets at amortized cost		Net banking revenue	
(in million euros)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
France	544	613	410	407
Europe (excluding France)	862	979	456	512
- o/w Germany	*245*	*235*	*129*	*124*
- o/w Spain	*153*	*188*	*70*	*83*
- o/w Italy	*104*	*119*	*47*	*51*
- o/w United Kingdom	*160*	*208*	*82*	*133*
Rest of world	176	144	78	57
TOTAL	1,582	1,736	944	976

	General operating expenses		Cost of risk		Operating income	
(in million euros)	Dec 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
France	(125)	(119)	(33)	(34)	243	246
Europe (excluding France)	(168)	(170)	(67)	(57)	213	278
- o/w Germany	*(31)*	*(32)*	*(20)*	*(8)*	*75*	*81*
- o/w Spain	*(30)*	*(29)*	*(23)*	*(25)*	*16*	*26*
- o/w Italy	*(24)*	*(24)*	*(11)*	*(6)*	*10*	*20*
- o/w United Kingdom	*(28)*	*(31)*	*(7)*	*(12)*	*47*	*90*
Rest of world	(24)	(16)	(12)	(7)	42	33
TOTAL	(317)	(305)	(112)	(98)	498	557

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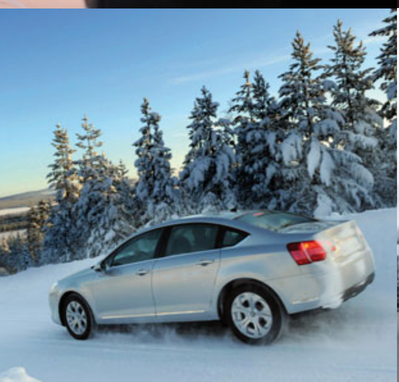







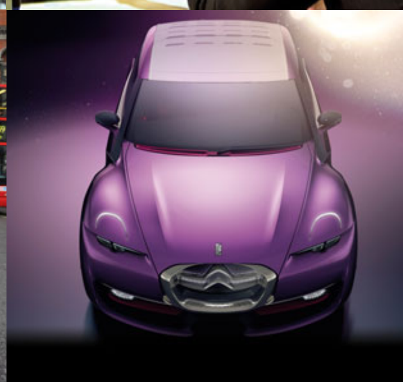


BANQUE PSA FINANCE

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STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

I hereby declare that, to the best of my knowledge, the information contained in the annual report is correct, and that all reasonable steps have been taken to that end. There are no omissions likely to alter the scope of this information, which is a fair and true reflection of the group's business development and results, and provides a description of the principal risks that the group may face.

I declare that the financial statements of 2009, prepared in accordance with applicable accounting standards, give a true and fair picture of the group's assets and liabilities, financial position, and profit or loss.

Frédéric Saint-Geours