PSA BANQUE FRANCE

STELLANTIS

2021
ANNUAL REPORT

CONTENTS

MESSAGE FROM THE CEO

IN A YEAR DISRUPTED BY THE HEALTH CRISIS AS WELL AS THE SHORTAGE OF SEMICONDUCTORS, THE PSA BANQUE GROUP FRANCE WAS ABLE TO GENERATE OPERATING INCOME OF OVER €416 MILLION IMPROVING BY NEARLY 19% COMPARED TO 2020.

Disturbed by these headwinds, the French car registration market grew by only 1.9% in 2021. The Peugeot, Citroën and DS brands of STELLANTIS saw lesser performance, with a market share of 29.4% compared to 30.1% in 2020. After a historic year in 2020, the Peugeot brand represents 17.3% of domestic registrations vs. 18.2% in 2020. By maintaining their market share at 10.9% and 1.1% respectively, the brands Citroën and DS strengthen STELLANTIS' presence in the market.

The PSA Banque France Group, for its part, committed to its main mission, namely to support the Peugeot, Citroën and DS brands of STELLANTIS in winning over and retaining customers by focusing on products that are increasingly adapted to changes in their expectations.

Of course, as at the start of the health crisis, the PSA Banque France Group continued to favour teleworking and maintain strict compliance with the health protocol.

The good management of credit risk and the announcement by the Government to postpone the repayment of the French State-Guaranteed Loans *(prêts garantis par l'État, PGE)* granted to companies for one year lead to a cost of risk that is much lower than anticipated in the budget.

It should also be noted that payment deferral measures decided by the PSA Banque France Group helped to massively support its customers (in particular the Peugeot, Citroën and DS distribution networks as well as corporate customers). These deferred payments have not generated any drift to date.

With a diversified refinancing policy, the PSA Banque France Group was able to continue its support for brands in the energy transition by offering its customers innovative and flexible formulas to meet their changing expectations in terms of "automotive" consumption.

This strategy has made it possible to progress in terms of commercial performance for both types of customers:

- for individuals, 58.5% of deliveries were financed by the PSA Banque France Group;
- for corporate customers, an increase of nearly three points resulting in a penetration rate of 34.5%.

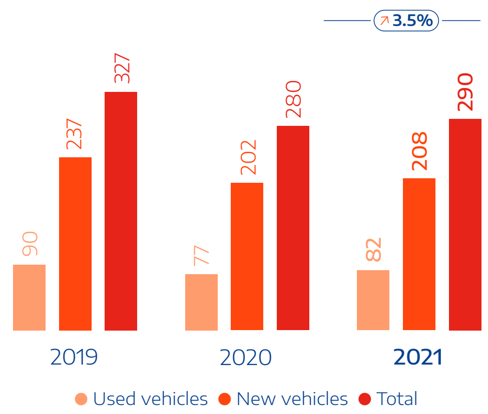
It should also be noted that despite the context of 2021, the PSA Banque France Group continued its transformation by improving its processes and deploying an ambitious robotisation and automation program.

Finally, all this was only possible thanks to the commitment and professionalism of the employees.

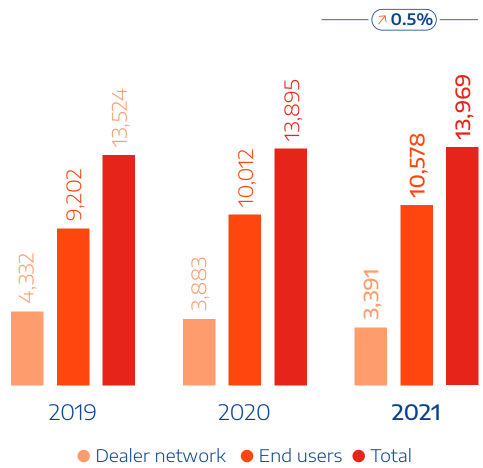
Laurent AUBINEAU
Chief Executive Officer

2021 KEY FIGURES

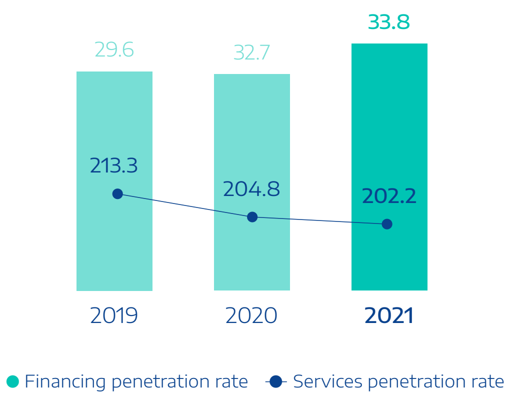
EVOLUTION OF VEHICLES FINANCED FOR END USERS
(in thousands of vehicles)



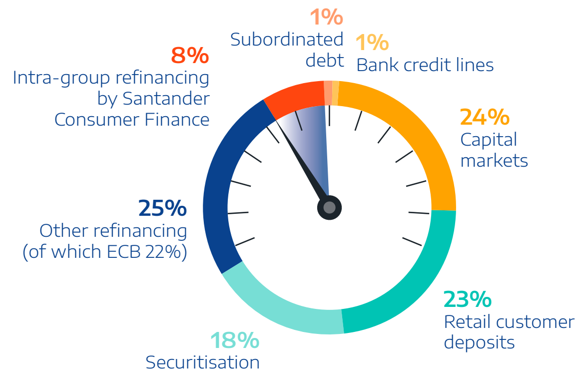
EVOLUTION OF OUTSTANDING LOANS TO END USERS AND DEALER NETWORK
(in million euros)



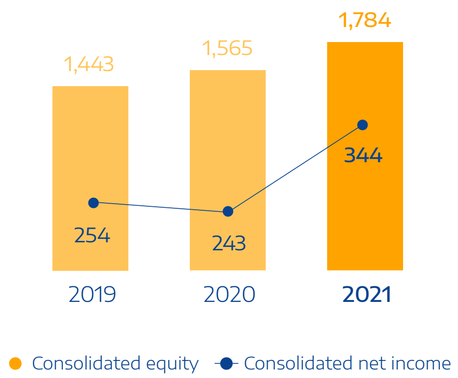
FINANCING AND SERVICE PENETRATION RATES
(in % of new vehicle sales for Peugeot, Citroën and DS / in % of financing contracts)



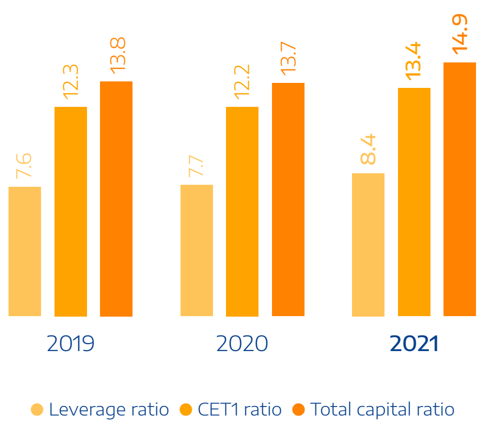
FUNDING SOURCES AS AT 31 DECEMBER 2021



EQUITY AND NET PROFIT
(in million euros)



CAPITAL RATIOS
(in %)



1 MANAGEMENT REPORT

1.1 ACTIVITIES OF THE PSA BANQUE FRANCE GROUP

1.1.1 SUMMARY OF FINANCIAL INFORMATION

The financial information presented in this annual report has been prepared in accordance with "IFRS" (International Financial Reporting Standards) adopted by the European Union member countries. The consolidated financial statements were certified as at 31 December 2021 by the Statutory Auditors of the PSA Banque France Group, PricewaterhouseCoopers Audit and Mazars.

CONSOLIDATED INCOME STATEMENT

(in million euros)	2021	2020	Change in %
Net banking revenue	603	565	6.7%
General operating expenses and equivalent	(163)	(157)	3.8%
Cost of risk	(24)	(58)	(58.6%)
Operating income	**416**	**350**	**18.9%**
Other non-operating income	0	(4)	(100%)
Pre-tax income	**417**	**346**	**20.5%**
Income taxes	(73)	(103)	(29.1%)
NET INCOME	**344**	**243**	**41.6%**

CONSOLIDATED BALANCE SHEET
(in million euros)

ASSETS	31 December 2021	31 December 2020	Change in %
Cash, central banks, post office banks	818	487	68%
Financial assets	78	-	-
Loans and advances to credit institutions	628	964	(34.9%)
Customer loans and receivables	13,969	13,895	0.5%
Tax assets	12	4	200.0%
Other assets	212	307	(30.9%)
Property and equipment	17	17	-
TOTAL ASSETS	**15,734**	**15,674**	**0.4%**

LIABILITIES	31 December 2021	31 December 2020	Change in %
Financial liabilities	0	1	(100%)
Deposits from credit institutions	3,945	4,937	(20.1%)
Due to customers	3,356	3,214	4.4%
Debt securities	5,438	4,684	16.1%
Tax liabilities	472	457	3.3%
Other liabilities	584	661	(11.6%)
Subordinated debt	155	155	-
Equity	1,784	1,565	14.0%
TOTAL LIABILITIES	**15,734**	**15,674**	**0.4%**

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)	31 December 2021	31 December 2020	Change in %
Dealer network	3,391	3,883	(12.7%)
End users	10,578	10,012	5.7%
TOTAL CUSTOMER LOANS AND RECEIVABLES	**13,969**	**13,895**	**0.5%**

1.1.2 ACTIVITIES OF THE PSA BANQUE FRANCE GROUP

1.1.2.1 PRESENTATION

Banque PSA Finance, a finance company of STELLANTIS (formed through the merger of the PSA and FCA groups in January 2021), specialising in automotive financing, and Santander Consumer Finance, the subsidiary of Banco Santander, specialising in consumer finance, signed, on 10 July 2014, a framework agreement on the creation of a banking partnership covering 11 countries in Europe.

This partnership between Banque PSA Finance and Santander Consumer Finance takes the form of joint ventures constituted in 2015 in France, the United Kingdom, Spain and Switzerland, then in 2016 in Germany, Austria, Belgium, Italy, the Netherlands, and Poland, and a commercial partnership in Portugal since August 2015. Since 2020, the joint venture created in Switzerland has been fully taken over by Santander Consumer Finance, and the banking partnership now covers ten countries in Europe.

On 2 February 2015, Banque PSA Finance and Santander Consumer Finance, after having received the authorisation of the European Central Bank on 28 January 2015, formalised their cooperation to jointly perform banking operations in France through the SOFIB Group whose legal name changed to PSA Banque France on 18 July 2016.

The PSA Banque France Group was founded in 2015 through the combination of the financing activities from the PSA Group in France operated by CREDIPAR, CLV, SOFIRA, and SOFIB. In May 2015, the subsidiary CREDIPAR absorbed SOFIRA.

The cooperation with Santander Consumer Finance enhances the activities of the PSA Banque France Group, thanks to more competitive financial offers dedicated to Peugeot, Citroën and DS customers and dealer networks. A full range of insurance products and services enables customers to benefit from a global and coherent offer at the sales point. The PSA Banque France Group also provides the dealer networks of the three brands, with financing for their stock of vehicles (new and used) and spare parts, as well as other financing solutions such as working capital.

On 17 December 2021, STELLANTIS announced the entry into exclusive negotiations with its European financial partners, aimed at reorganising the current European configuration of STELLANTIS's financing activities, thus making it possible to offer consistent and attractive financing offers to all customers, dealers and distributors of STELLANTIS brands. The "framework agreements" were signed on 31 March 2022 and Santander Consumer Finance should carry out, through joint ventures co-owned with STELLANTIS, the financing activities (excluding B2B Operational Leasing) in France, Italy, Spain, Belgium, Poland, the Netherlands and through a commercial agreement in Portugal, in order to become the exclusive partner of STELLANTIS for this segment in these countries from the first half of 2023 after obtaining the required authorisations from competition authorities and relevant regulators.

A. Organisation

PSA Banque France is 50/50 controlled by Banque PSA Finance and by Santander Consumer Banque, the French subsidiary of Santander Consumer Finance, and is fully consolidated into the Santander Group.

PSA Banque France is a credit institution and 100% parent company of CREDIPAR, which itself holds 100% of CLV. All financing activities are therefore carried out by PSA Banque France and its CREDIPAR and CLV subsidiaries.

STRUCTURE OF THE PSA BANQUE FRANCE GROUP

The PSA Banque France Group is established and operates across the French territory from its registered office at 2-10, boulevard de l'Europe, Poissy (78300), and its three agencies (Grand Paris, Lyon and Rennes).

B. Organisation of the cooperation between Banque PSA Finance and Santander Consumer Finance

The cooperation between Banque PSA Finance and Santander Consumer Finance is organised within the PSA Banque France Group through a shared governance.

The governance rule of the committees implemented in the context of the cooperation in all areas (sales, risk, finance, etc.) is compatible with the corporate governance regulatory framework.

C. Business model and strategy

Backed by its economic model based on its proximity with the three brands, Peugeot, Citroën and DS, and their dealer network, and by the financial support of the Santander Group, the PSA Banque France Group has demonstrated its ability to respond efficiently to the Covid-19 pandemic.

The main levers implemented by the PSA Banque France Group are:

- **an extended, structured and customised selection of financing solutions.** A comprehensive offering has been developed to meet the needs of the Peugeot, Citroën and DS dealer networks and their customers. A close relationship with the commercial networks helps the PSA Banque France Group developing financing solutions and services packages specifically designed to address their needs. Since 2017, the PSA Banque France offer has been proposed in the Aramis network specialised in the purchase of new vehicles (all brands) or refurbished used vehicles, either online, by phone, or from its own network. Aramis is a company of the STELLANTIS Group;
- **a privileged relationship with Peugeot, Citroën and DS and their dealer networks.** Financing, insurance and services solutions are marketed through the Peugeot, Citroën and DS dealer networks, with a global approach by packaging the financing proposal with the sale of the vehicle. Vehicle renewal rates for these brands are usually higher when customers finance their vehicles via the PSA Banque France Group. PSA Banque France is tailoring its solutions for new electrified models of brands;
- **a cutting-edge information system integrated into the point of sale which will evolve in the coming months enabling it to be as close as possible to ongoing business in the networks.** The PSA Banque France Group's information systems are integrated with those of the Peugeot, Citroën and DS brands, enabling the dealers of these brands to make a global commercial proposal that encompasses the vehicle, its financing solution as well as any ancillary services. Eligible customers can thus obtain a decision concerning their financing application directly from the vehicle's dealer;
- **diversified insurance and service offerings with a high added value.** End users have various insurance options and services related to the vehicle or ancillary to its financing, proposed either at the same time as the financing offers or during the period of vehicle detention. The idea of a "one-stop-shopping" approach is to make financing, insurance, and services overall more attractive for customers. This offering factors in the changing nature of customer behaviour in terms of greater mobility;
- **an optimal use of digital tools for the benefit of the customer experience and the relationship with the point of sale.** In order to support changes in customer habits when choosing a vehicle, the PSA Banque France Group proposes online solutions such as calculators on the websites of the brands and of the dealer networks. Customers are also offered the option of purchasing their vehicle online with its financing whilst maintaining the relationship with the network. In the context of the Covid-19 pandemic, STELLANTIS and the PSA Banque France Group launched, for the first time in France, in 2020, a complete 100%-online solution for selling and financing new vehicles. The three brands benefit from this new and growing distribution channel;
- **a diversified refinancing policy.** The PSA Banque France Group benefits from funding raised on capital markets (negotiable debt securities and bond issues under EMTN programme), provided by debt securitisation transactions, retail savings inflow from French customers, access to the refinancing operations of the European Central Bank (ECB) and bilateral bank credit lines, in addition to intra-group financing provided directly by Santander Consumer Finance. This model has demonstrated its resilience in the context of the Covid-19 pandemic by continuing to provide optimised refinancing conditions for the PSA Banque France Group.

Although it fully benefits from its status as a dedicated financial partner of STELLANTIS, the PSA Banque France Group operates according to an independent management structure focused on the success of its activities while ensuring a rigorous control of its own risks. As for commercial policy, it is closely aligned with the marketing and business strategy of the Peugeot, Citroën, and DS brands.

The asset management system relies on a robust retail credit acceptance policy based on an internally-developed credit scoring method, and high standards of credit analysis for corporate financing.

1.1.2.2 PRODUCT AND SERVICE OFFERINGS

In France, the PSA Banque France Group offers financing, insurance and services, as well as savings for retail customers:

- **financing for end users represents 76% of outstanding loans as at 31 December 2021.** Individuals and companies are offered a range of solutions including instalment loans for the purchase of new and used vehicles, as well as leasing solutions with or without a purchase option. The PSA Banque France Group is one of the operational and financial pillars of this solution for companies of all sizes via a very wide range of long-term leasing and finance lease formulas, combined with various services that make life easier for drivers and fleet managers. It provides the financial package for service and insurance solutions offered by Free2Move Lease (F2ML), as well as field support and customer management. The PSA Banque France Group continues to enhance its offer with a view to adapting to the new behaviour of individual and corporate customers who want comprehensive mobility solutions. Cars are at the heart of their mobility, but it must be part of their ecosystem which encompasses all means of transport at their disposal. The PSA Banque France Group develops offers providing solutions for this new behaviour, in particular through long-term lease offers (LLD) without time commitment on combustion-powered and electric vehicles;
- **financing for the dealer network represents 24% of outstanding loans as at 31 December 2021.** Financing solutions are available to the Peugeot, Citroën and DS dealer networks for financing their stock of new and used vehicles, spare parts, as well as other solutions for financing their working capital and their investments. The flexibility of the solutions enabled the network to weather the health crisis under the best conditions;
- **insurance products and services.** An extensive range of services and insurance products designed for end users is offered:
  - insurance related to the financing such as death and disability insurance, hospitalisation or unemployment insurance, or financial loss insurance covering the total loss of the financed vehicle (theft or accident),
  - insurance policies relating to the vehicle, such as car insurance or guarantee extensions for new and used vehicles: assistance services including mobility solutions and additional services relating, for example, to the maintenance of vehicles and to the “connected vehicle” offer. Specific formulas for connected vehicles are also offered and are very popular with customers.

  To support the development of rental formulas for individuals, a new LOCAVIE insurance was put in place in 2021 to relieve customers in the event of family events (marriage, death, etc.) or temporary events affecting their budget (hospitalisation, unemployment, etc.). In addition, the death/disability insurance offer has been extended to corporate long-term lease (LLD) customers. Since the end of 2021, the PSA Banque France Group also supports STELLANTIS’s new VO SPOTICAR label by offering a range of dedicated warranty and maintenance extension products as well as an innovative connected car insurance offer: “Drive & Connect”, developed and distributed by its insurance and broker partners.

  In order to support the arrival of new electric vehicles, a savings of days for car hire solution topped up by the Group is proposed as a financing contract option: Mobility pass. It enables a customer with an electric vehicle to rent a combustion-powered vehicle for long trips and for a defined period.

  The entire range of products and services is evolving to support STELLANTIS’s desire to expand its range of electrified vehicles, both for individuals and companies of all sizes;
- **retail savings.** The “Distingo par PSA Banque” retail savings business consists of savings accounts and term deposits. 2021 was marked by a consolidation of PSA Banque France’s position on the online savings market. The commercial success achieved also underscores the confidence of investors in the development prospects of both STELLANTIS and PSA Banque France and its ability to retain customers.

A. Loan portfolios

Financing activities and outstanding loans by portfolio are based on the following customer segments:

- end-user loans primarily consist of financing for the acquisition of vehicles by individuals, small and medium-sized companies and corporate customers, either through instalment loans or leasing contracts;
- dealer loans granted to the Peugeot, Citroën and DS brand dealer network consist of financing of the stock of new vehicles, used vehicles and spare parts. This segment also includes loans and leases provided to dealers to finance vehicles and equipment used in their everyday activity, financing of working capital requirement, treasury loans, property loans to finance their premises and other types of products, including current accounts.

B. End-user financing

The PSA Banque France Group finances the purchase and leasing, with or without a purchase option, of new and used vehicles by individual customers and companies through Peugeot, Citroën and DS dealer networks. Financing solutions include insurance and services that protect the customer and/or its vehicle.

The PSA Banque France Group is also the exclusive financial partner of the Citroën AMI quadricycle and the partner of Aramis, a STELLANTIS network specialising in the sale of new and used vehicles.

The majority of financing is provided for new vehicles. Financing is also proposed for purchasing or leasing used vehicles of any brand.

In 2021, the PSA Banque France Group supported the launch of the new Peugeot, Citroën and DS models by providing dedicated loyalty offers including financing, insurance, and service packages, in particular through leasing solutions. Free2Move Lease (F2ML) has enabled PSA Banque France to perfect its comprehensive offer through a specialised structure dedicated to long-term leasing of vehicles for companies of all sizes.

Interest rates proposed to customers are generally fixed.

Promotional offers supported by the Peugeot, Citroën and DS brands may also be proposed to customers in order to boost vehicle sales or encourage the marketing of certain models. The usual credit-scoring and pricing procedures are applied to this type of financing.

Marketing policy and penetration rate

The PSA Banque France Group works closely in a privileged partnership with the Peugeot, Citroën and DS dealer networks. It financed 33.8% of new vehicles registered in France by the three brands in 2021.

Financing solutions are marketed through these dealer networks, with a comprehensive approach in order to propose to end users, at the time of sale of a vehicle, a financing, insurance and service package. These solutions are evolving according to customers' needs for simple and easy mobility.

To support customers during the health crisis, in collaboration with the brands, solutions for payment deferral and the renewal of new or used vehicles, without overloading their monthly budget, have been put in place.

The PSA Banque France Group's information systems are integrated with that of the brands, allowing the dealer network to conduct the negotiation and customer contracting processes with strong responsiveness. This "one-stop shopping" ability is definitely an advantage that is valued by customers. Eligible customers can thus obtain a decision on their financing application directly from the dealer. About 80% of requests from individuals and over 60% of requests from companies are handled in less than one hour. This integrated information management system is also a key factor in driving down costs and application processing time. Electronic signature is possible for individuals and corporate customers whose signatory is also an executive. This approach designed to ease the customer experience and the interface with the point of sale shows the desire of the PSA Banque France Group to be the preferred partner for its customers.

To support the communication and offers of Peugeot, Citroën and DS on their websites, the PSA Banque France Group has developed available tools for simulating financing on brands and dealer network sites. Initiated in 2017, when an online financing solution was put in place, then in 2019 through integrated decisions for orders of STELLANTIS vehicles available in stock, digital solution services continued to evolve to meet customer needs during the Covid-19 pandemic. Individual customers are offered the possibility of configuring, ordering and financing their new vehicle online while also promoting relations with a point of sale in the brands' networks.

A diversified range of offers has been developed to meet the needs of the Peugeot, Citroën and DS networks and their customers. Its privileged partnership with these brands' commercial networks enables the PSA Banque France Group to develop financing solutions that also include insurance and services, to meet the expectations of end users as much as possible. The PSA Banque France Group supports Peugeot, Citroën and DS in identifying and designing solutions fulfilling the expectations of the different targeted market segments, ahead of market trends. STELLANTIS will become its customers' main mobility partner.

Penetration rates are measured by dividing the number of new financing contracts for new Peugeot, Citroën and DS vehicles by the number of passenger vehicles and utility vehicles registered in France by STELLANTIS for these three brands. The number of new registered vehicles includes vehicles purchased with cash, therefore without financing. The PSA Banque France Group's share in the total of financed Peugeot, Citroën and DS vehicles is significantly higher than the share financed by its competitors (full-service banks or banks specialised in consumer credit).

End-user instalment loans for new and used vehicles

End-user instalment loans mainly consist of fixed monthly payments covering the amortisation of principal and accrued interest. In some cases, customers may also be offered balloon loans, which feature a last instalment that is larger than the previous ones. In such cases, the owner of the vehicle financed by the loan has the option to sell his vehicle back to the dealer at the end of the contract for an amount equal to the last payment (balloon payment) in accordance with the commitment to buy back the vehicle signed by the dealer when the vehicle was sold.

The vehicle may be totally or partially financed. The borrower can opt to make a personal contribution covering a portion of the vehicle price and using financing for the remaining amount. In all cases, the amount of financing cannot exceed 100% of the price of the vehicle, including options and accessories. Many customers (mainly individuals) choose to partially finance the purchase price of their vehicle.

Loan terms typically range from one to six years. Instalments are generally monthly. In some cases it is however possible to postpone the first instalment for 60 to 90 days. The borrower may early prepay at any time. The customer may be charged a fee in such case.

Vehicle financing granted by the PSA Banque France Group may come with guarantees, depending on the type of vehicle financed and/or the risk profile of the customer, whether an individual or a company.

The PSA Banque France Group may request a third-party surety. For corporate customers, a pledge on the company or business assets may also be required.

Lease activities to end users

Lease activities include long-term leasing promoted to corporate customers by Free2Move Lease since 2017, leasing with a purchase option for individuals and finance leases for corporates. All of these different types of leases are recorded as financial leases in the PSA Banque France Group's consolidated financial statements and are included in customer loans and receivables. Leased vehicles are not recorded as fixed assets in the consolidated financial statements prepared according to international accounting standards.

The PSA Banque France Group purchases vehicles from Peugeot, Citroën and DS dealers and leases them to end-user customers. Leases are mainly granted for one to five years. The PSA Banque France Group remains the owner of the vehicle throughout the term of the lease. At the end of a lease with a purchase option or finance lease, the customer has the choice of exercising its purchase option or returning the vehicle. As for long-term lease, the dealer or in some cases the manufacturer itself is committed to repurchase the vehicle from the PSA Banque France Group when it is returned by the customer at the end of the contract, at a price determined at the inception of the contract. This repurchase value of the vehicle corresponds to the estimated residual value of the vehicle at the end of the rental period. As a result of the vehicle buy-back commitment, the PSA Banque France Group does not bear risk linked to the return and any change in its value at the end of the lease (the dealer or manufacturer complying with their buy-back obligation). The amount that the dealer or manufacturer pays to the PSA Banque France Group is not affected by any fees the customer may incur if the vehicle is not in a satisfactory condition or has exceeded the contractual mileage. However, the PSA Banque France Group will generally bear the risk on the resale value of the vehicle if during the rental period of the vehicle, the customer stops the payment of his rents. The vehicle's buy-back price set in advance by the dealer or manufacturer may not be enough to offset the loss of future payments not made by the customer. The long-term lease contracts therefore include a compensation clause for the financial loss in case of early termination of the contract.

Underwriting, payments and collection

The PSA Banque France Group has established differentiated credit scores for:

- financing on new vehicles or used vehicles;
- financing granted to individual or corporate customers;
- different types of financing solutions: loans or leasing.

The data used to assess borrowers' counterparty risk are taken from information and/or documents provided directly by customers and, as applicable, enhanced with data from internal databases set up from detailed profiles of customers and their payment histories. Information on customers is verified using various databases made available by public organisations (such as *Banque de France*). For corporate customers, the PSA Banque France Group uses various sources of public and commercial information to verify their creditworthiness. When the PSA Banque France Group refuses financing applications, it maintains records for six months that will result in automatic alerts if the same customer reapplies for financing during this period.

Instalments and lease payments are generally settled by direct debit. In cases of non-payment, a second debit order is initiated in order to automatically deal with as many arrears as possible. For residual non-payments, reminder notices are issued or the customer is called within few days after the payment incident, and this process is routinely repeated until the incident is resolved. The PSA Banque France Group uses both in-house amicable collection teams to attempt to resolve such incidents, and an external service provider who supports the in-house team by managing the first steps of the process.

If any unpaid amounts remain outstanding after 65 days, the pre-litigation collection teams take over the management of these payment incidents. Letters are sent to customers, and backed up by phone calls. According to the elements of the case and the information provided by the customer, the collection teams determine the most appropriate solution for the customer's situation in order to collect the unpaid amounts. They may request a specialist in home collection to intervene with the client or establish consolidated debt arrangements, and if no other solution is possible, to repossess the financed vehicle requiring or not a court order, thereby terminating the contract.

After recovering the vehicle, the PSA Banque France Group follows existing legal procedures (e.g., auctions) to sell the vehicle.

For any past-dues exceeding 150 days, the contract is accelerated and the litigation teams will attempt to recover the total financing balance by first attempting an ultimate amicable arrangement with the customers, before launching more binding procedures or seizing the vehicle if that could not be done previously.

When past-dues remain beyond 48 months, (in case of credit loans), or 24 months, (in case of leasing) after the acceleration of the contract, the collection and litigation teams request for the intervention of specialised external suppliers to recover the past-dues or, as applicable, proceed with the assignment of the receivables.

C. Financing for the dealer network

The PSA Banque France Group provides financing solutions for stocks of new, demonstration and used vehicles, as well as spare parts, held by dealers in the Peugeot, Citroën and DS networks. In addition to this main activity, other types of financing are also offered to dealers of these brands, to meet their operating (working capital, current accounts, etc.) or investment requirements.

Credit lines may also be granted to dealers to finance their vehicle buy-back obligations in the case of leases and balloon loans. The financing covers the full buy-back price of the vehicle for the dealers, within the global limit set for each dealer. Regular and at least annual reviews of the solvency and overall financial position of the dealers are carried out by the PSA Banque France Group so that credit limits can be adjusted if necessary.

D. Insurance products and services

Over the years, the PSA Banque France Group has expanded its product range by offering insurance products and services developed with:

- "PSA Insurance", the insurance business line that has been 50/50 held by Banque PSA Finance and Santander Consumer Finance since 2015. PSA Insurance markets in particular loan and financial loss insurance products and, since 2021, "Warranty Extension" products for used vehicles;
- "PSA Assurance", the car insurance program for the Peugeot, Citroën and DS brands of STELLANTIS supported by AXA France, is enriched with innovative products dedicated, for example, to the Citroën AMI quadricycle, the first STELLANTIS vehicle sold 100% online, to connected vehicles with "*Mon Assurance Connectée*" offers or more recently "Drive & Connect" or with guarantees designed for electric vehicles;
- insurance partners who market assistance, used vehicle warranty extension;
- Peugeot, Citroën and DS for vehicle-related services developed and distributed by STELLANTIS, such as maintenance contracts and connected services.

Thus, the PSA Banque France Group offers to its end users, whether packaged or not with the financing, a full range of personal and vehicle-related insurance products and services.

The integrated approach to the vehicle's sale, financing, and additional services that are proposed during a single visit at the vehicle's point of sale makes the automobile offer more appealing to customers. Sales offers that can be bundled, in addition to the services being offered individually, allow for even more competitive terms while providing the customer and the vehicle with optimal protection.

Highly targeted offers have been developed that include financing, insurance, and additional services, such as "Pack Perspectives" at Peugeot. Dedicated products have also been designed for used vehicles including financing, warranty extension, or a maintenance contract, to best meet the customer's need for an "all-in-one" product with the option of subscribing to each of the items individually.

When deploying the new SPOTICAR label in the Peugeot and Citroën brands (this label for used vehicle replaces the "Peugeot Occasions du Lion" and "Citroën Select" labels), a new offer "Trust & Go" was launched aiming at ensuring complete peace of mind to customers for an adequate budget.

The range of insurance and services was also enriched in 2021 with products for borrowers such as LOCAVIE, which covers individuals who have to change their vehicles on the occasion of family events (birth, marriage, etc.) or relieves them of monthly car payments in the event of temporary disability, loss of employment or hospitalisation, or for professional customers, with a death-disability product dedicated to company executives contracting a long-term lease.

In terms of car insurance, specific guarantees for electric vehicles, offers dedicated to connected vehicles (Drive & Connect) or regular campaigns to promote the PSA Assurance programme made it possible in 2021 to continue the growth of the programme among both individuals and companies.

In 2021, benefiting from its various ranges of insurance products and services, the PSA Banque France Group therefore continued to strengthen its multi-channel offering of innovative peripheral products developed specifically for STELLANTIS customers, which contribute significantly to satisfaction, customer loyalty and overall profitability.

E. Retail savings market

In 2015, the "PSA Banque" retail savings activity targeted to French customers was transferred to the PSA Banque France Group by Banque PSA Finance. Managing the retail savings business enables PSA Banque France to compete in the online savings market while at the same time diversifying its sources of financing. Passbooks and fixed-rate term deposits are intended only for individuals and tax residents of France.

F. Management and measures in the context of Covid-19

In the context of the Covid-19 pandemic, the PSA Banque France Group implemented several temporary measures to support customers, from March 2020 to May 2021 for the different periods of lockdown:

- starting at the end of March 2020, following the announcement of the first lockdown period, the support measures related to the moratoria consisted of one or more deferrals of instalments for corporate customers, certain individuals and for certain financing activities of the dealer network;
- with the second lockdown period in November 2020, the new measures on the payment moratoria of the second wave of Covid-19 in France were also implemented by the PSA Banque France Group, as part of the support provided to its customers throughout the health crisis.

The management and monitoring of moratorium measures were put in place and monitored by the Board of Directors, the Audit and Risk Committee and the Executive Management of the PSA Banque France Group. Their impacts were measured, monitored and reported to the French Prudential Control and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution, ACPR*), first weekly and then monthly based on the monitoring carried out by the various departments involved, in particular the Risk, Finance, Operations and Collection departments. These support measures expired on 31 May 2021. For more than a year, they have thus enabled PSA Banque France Group's customers to face the impacts of the health crisis, notably during the lockdown and curfew periods, facilitating a return to normal, depending on their specific situation. These measures have also had a positive impact on the performance of the PSA Banque France Group and the cost of risk.

1.1.2.3 POSITIONING

The status of the PSA Banque France Group, the financial partner of the Peugeot, Citroën and DS brands in France, allows for a close relationship with their dealer networks and naturally gives it a privileged positioning therein. Consequently, the Group is able to meet the financing needs of customers at points of sale, in close connection with the marketing policy of the three brands. Furthermore, the PSA Banque France Group stands apart from its competitors by virtue of the specific nature of the products and services it offers to end users through its “one-stop shopping” solutions. With these products and services co-designed with Peugeot, Citroën and DS, each customer’s needs can instantly be met at the point of sale. This close relationship with the brands enables the PSA Banque France Group to support STELLANTIS in deploying its policy as a major player in its customers’ mobility.

Peugeot, Citroën and DS dealers are not contractually bounded to use the PSA Banque France Group for their own needs or customer financing. This means that the PSA Banque France Group must compete with its main competitors, being commercial banks, consumer credit institutions and professional hire companies, in these two business segments. Moreover, the option given to end-user customers to purchase their vehicle in cash or with an unsecured loan (such as a personal loan) is another form of competition.

1.1.2.4 EMPLOYEES

As at 31 December 2021, the overall workforce of the PSA Banque France Group stood at 759 employees (excluding work-study), or the full-time equivalent of 730,3 employees with an additional 50 apprentices on fixed-term contracts.

1.1.2.5 REAL ESTATE

The PSA Banque France Group does not own any real estate, neither for its registered office nor for its local offices, which are rented.

1.1.2.6 LEGAL PROCEEDINGS AND INVESTIGATIONS

The PSA Banque France Group complies with applicable laws and regulations. Most of legal proceedings consist of disputes relating to non-payments by end-user customers and, to a lesser extent, by dealers, in the course of the day-to-day financing activities.

1.2 ANALYSIS OF OPERATIONAL RESULTS

Main PSA Banque France Group's business consists in providing financing solutions for the acquisition of new and used vehicles of Peugeot, Citroën and DS brands by individual and corporate customers, and financing vehicles and spare parts stocks for Peugeot, Citroën and DS dealers. The PSA Banque France Group's net banking revenue is derived primarily from net interest income on customer loans and leases. The sale of insurance products and other services offered to customers of the three automotive brands also contributes to its net banking revenue.

The operating income of the PSA Banque France Group for the 2021 financial year amounted to €416 million, compared to the €350 million obtained in 2020.

1.2.1 VEHICLE SALES OF PEUGEOT, CITROËN AND DS

In 2021, sales in France of Peugeot, Citroën and DS passenger and light utility vehicles fell slightly by 0.7% to 614,200 units, due to the health situation and the shortage of semiconductors, representing a market share of 29.4% (STELLANTIS overall market share of 35.8%).

Peugeot was down on last year with passenger car sales by 5.3% for a total of 285,900 units, despite three models placed among the ten best-selling models in France: the 208 (5.3% of market share) is the best-selling vehicle in France in 2021, the 2008 (4.5%) drops to fourth place while the 3008 (3%) maintained its seventh place. Sales of light utility vehicles represented 76,800 units, up 8.8% compared to 2020.

Citroën, for its part, saw 228,500 vehicle registrations in France, representing an increase of 2.2% compared to the previous year. This figure breaks down to 161,900 passenger cars and 66,600 light utility vehicles. In the passenger car category, the C3 fell to fifth place among the best-selling cars in France with a market share of 3.9% (down one slot compared to 2020).

Lastly, with 22,800 passenger vehicle registrations at the end of 2021, the DS brand recorded the smallest increase, with 2.7% while its passenger vehicle market share was up slightly compared to 2020, to 1.4%.

1.2.2 COMMERCIAL ACTIVITY OF THE PSA BANQUE FRANCE GROUP

1.2.2.1 END-USER FINANCING

In 2021, the PSA Banque France Group saw an increase of 3.6% in financing volumes for new and used vehicles to end users, from 279,756 to 289,910 financing contracts subscribed, for a total production of €4,710 million, up by 8.3% compared to 2020.

New vehicle penetration was 33.8% in 2021, up by 1.1 points compared to 2020.

The PSA Banque France Group financed 207,536 new vehicles from the Peugeot, Citroën and DS brands of STELLANTIS in 2021, through loans and lease contracts, up 2.5% compared to 2020.

The penetration rate for new lending to individuals increased to 58.5% as at 31 December 2021.

Refinancing conditions, the STELLANTIS brands' strategy, the strong interest of customers in the new Peugeot, Citroën and DS models, as well as the implemented government measures supporting the automotive sector, spurred financing applications and in particular for leasing solutions offered by the PSA Banque France Group.

Used vehicle financing volumes rose by 6.5% compared to 2020, with 82,374 financing contracts.

The tables below show the main indicators of the PSA Banque France Group's end-user financing activity in 2021.

PRODUCTION OF NEW END-USER FINANCING FOR NEW AND USED VEHICLES

	2021	2020	Change in %
Number of new contracts	289,910	279,756	3.6%
Amount of production (*in million euros*)	4,710	4,350	8.3%

OUTSTANDING LOANS TO END USERS

(in million euros)	31 December 2021	31 December 2020	Change in %
Outstanding loans	10,578	10,012	5.7%

1.2.2.2 DEALER NETWORK FINANCING

In 2021, outstanding loans to the dealer network of the Peugeot, Citroën and DS brands decreased by 12.7% compared to December 2020, in particular due to the shortage of semiconductors.

The table below shows the outstanding loans granted to dealers.

Furthermore, in order to strengthen its distribution model in Europe, STELLANTIS announced the termination of the sales and service distribution agreements of all STELLANTIS brands in June 2021, with two years' notice. The new dealer network will be selected and should lead to a new stage of dealer concentration.

TOTAL OUTSTANDING LOANS TO DEALER NETWORK

(in million euros)	31 December 2021	31 December 2020	Change in %
Outstanding loans	3,391	3,883	(12.7%)

1.2.2.3 INSURANCE AND SERVICES

In 2021, the number of insurance and service contracts increased by 2.3% compared to the previous year to reach 586,070 new contracts subscribed compared to 572,893 in 2020.

The PSA Banque France Group sold an average of two insurance or service contracts to each customer having taken out financing, which is comparable to the previous year.

The decrease in the number of policies sold by financing continued for financing-related insurance.

The tables below show the main indicators for the PSA Banque France Group's insurance and services activities.

PRODUCTION OF NEW INSURANCE AND SERVICE CONTRACTS

(in number of contracts)	2021	2020	Change in %
Financing-related insurances	266,478	263,763	1.0%
Car insurance and vehicle-related services	319,592	309,130	3.4%
TOTAL	**586,070**	**572,893**	**2.3%**

PENETRATION RATE ON FINANCING

(in %)	2021	2020	Change in pts
Financing-related insurances	91.9	94.3	(2.4 pts)
Car insurance and vehicle-related services	110.2	110.5	(0.3 pts)
TOTAL	**202.2**	**204.8**	**(2.6 PTS)**

1.2.2.4 RETAIL SAVINGS MARKET

The "Distingo par PSA Banque" online savings activity was acquired by the PSA Banque France Group on 1 April 2015, demonstrating the Group's intention to diversify its sources of funding. This activity used to be managed directly by Banque PSA Finance (50% shareholder of PSA Banque France). It is characterised by a high propensity to win new customers and retain existing ones, particularly through the success of the term deposit account and the objective of financing the real economy.

Savings outstanding increased by 9.4% in 2021 to reach €2,956 million at the end of the year, an increase of €128 million compared to the end of 2020.

Despite the context of the Covid-19 pandemic, the organisation set up made it possible to meet the target for savings outstanding, notably by maintaining a quality customer service, and through different marketing actions. More than 15,000 accounts were opened in 2021. Customer satisfaction surveys continue to show excellent results.

RETAIL SAVINGS BUSINESS

(in million euros)	31 December 2021	31 December 2020	Change in %
Savings outstanding	2,956	2,828	4.5%

1.2.3 RESULTS OF OPERATIONS

NET INCOME

(in million euros)	2021	2020	Change in %
Net banking revenue	**603**	**565**	**6.7%**
of which end users	*439*	*394*	*11.4%*
of which dealer network	*50*	*57*	*(12.3%)*
of which insurance and services	*130*	*127*	*2.4%*
of which unallocated and other	*(16)*	*(13)*	*23.1%*
General operating expenses and equivalent	**(163)**	**(157)**	**3.8%**
Cost of risk	**(24)**	**(58)**	**(58.6%)**
of which end users	*(13)*	*(48)*	*(72.9%)*
of which dealer network	*(11)*	*(10)*	*10.0%*
Operating income	**416**	**350**	**18.9%**
Other non-operating income	0	(4)	(100%)
Pre-tax income	**417**	**346**	**20.5%**
Income taxes	(73)	(103)	(29.1%)
NET INCOME	**344**	**243**	**41.6%**

1.2.3.1 NET BANKING REVENUE

Net banking revenue increased by 6.7% to €603 million as at 31 December 2021 compared to €565 million as at 31 December 2020.

This growth is mainly due to an increase in financing outstanding for end users as well as a reduction in funding costs in the first half of 2021, notably on the capital markets, and following the increasing participation in TLTRO-III operations.

The margin obtained on insurance and services also helped to drive up net banking revenue which gained €3 million against the previous year to stand at €130 million.

1.2.3.2 GENERAL OPERATING EXPENSES

General operating expenses and equivalent amounted to €163 million as at 31 December 2021 compared to €157 million as at 31 December 2020. This increase of €6 million is a satisfactory result for 2021 given the increase in net banking revenue and overall outstanding loans. Indeed, the cost-to-income ratio improved from 27.8% to 27.0%.

1.2.3.3 COST OF RISK

The cost of risk as at 31 December 2021 was €24 million, i.e. 0.18% of average net outstanding loans, compared with €58 million as at 31 December 2020, representing 0.44% of net outstanding loans. All of the performing and non-performing loans were provisioned.

The decrease in the cost of risk between the two periods is due to the favourable effect of the French State aid measures and to the support measures implemented by the PSA Banque France Group during the Covid-19 pandemic as well as to reinforced management (acceptance, collection, etc.).

In 2021 and as part of the application of IFRS 9 accounting standards, the IFRS 9 models were recalibrated in November 2021. This recalibration was based on macroeconomic scenarios for the third quarter of 2021 following a forward-looking approach. The impact on the cost of risk of the update of IFRS 9 parameters (PD, LGD and EAD) amounted to €3.2 million. Consequently, since this update of the forward-looking parameters, a reversal of the post-model adjustment provision of €15 million recognised at the end of 2020 (due to the absence of their update in 2020) was performed in November 2021.

In the same context of Covid-19, the PSA Banque France Group decided to allocate an additional post-model adjustment provision of €1.6 million to cover future non-performing loans arising from the possible unability of some companies to deal with the repayment of loans guaranteed by the State at their due date.

In addition, following the termination of the sales and service distribution contracts of all STELLANTIS brands in June 2021, with two years' notice, in order to strengthen the distribution model in Europe, a generic provision of €13.5 million was recognised at the end of 2021 for the possible negative impacts of this reorganisation where the new dealer network will be selected.

The cost of risk on end-user financing activities thus amounted to €13 million for 2021 compared to €48 million for 2020 for the reasons referred to above.

For the financing activity of the dealer network, the cost of risk was €11 million compared to €10 million in 2020.

1.2.3.4 CONSOLIDATED INCOME

The PSA Banque France Group's pre-tax income as at 31 December 2021 stood at €417 million, an increase of 20.5% compared to 31 December 2020. Consolidated net income for the 2021 financial year amounted to €344 million.

The effective corporate tax rate stood at 17.4% of taxable earnings, compared to 29.5% for 2020. The corporate income tax rate in 2021 was 28.4% with the tax charge being reduced by the reassessment of the deferred tax liabilities inventory (impact of €48.8 million in 2021) following the reduction in the tax rate as per the 2020 French Finance Act (see Note 30.3 – PSA Banque France Group tax proof). The tax burden for 2021 was €73 million.

1.3 FINANCIAL SITUATION

1.3.1 ASSETS

Total assets of the PSA Banque France Group as at 31 December 2021 stood at €15,734 million, up by 0.4% compared to 31 December 2020.

Total outstanding financing amounted to €13,969 million, a 0.5% increase compared to 31 December 2020. End-user loans were up by 5.6%, while dealer network financing decreased by 12.7%.

1.3.2 PROVISIONS FOR NON-PERFORMING LOANS

Impairment losses are deducted from the carrying value of loans and receivables as they are recorded, as soon as there is a revealing index of risk. The procedures for the recognition of impairment charges on outstanding loans are described in Note 2.C.4.4. When a loan or receivable is considered definitively unrecoverable, it is written off as a loss on the income statement. Any provision for previously-recognised impairment loss is then also reversed through the income statement. If collections are made on receivables after their write-off, these will also be entered as revenue on the income statement. All of these transactions are recognised in the income statement under the cost of risk heading.

The table shown in Note 29.1 details all loans, including sound loans with past-due instalments (delinquent loans) and non-performing loans with their related impairment amounts, as at 31 December 2021 and 2020.

IFRS 9

On 1 January 2018, the PSA Banque France Group adopted IFRS 9, which changed its financial asset impairment method.

The current impairment model is based on an estimate of “expected credit losses”. This model is based on the risk parameters such as probability of default (PD) or loss given default (LGD). Impairments are classified into three levels or “stages” in accordance with the principles of the IFRS 9 standard:

- “stage 1” contains assets without risk deterioration or with an insignificant risk deterioration since origination. Impairment of receivables in stage 1 is the amount of one-year expected losses;
- “stage 2” contains assets with a significant risk deterioration since origination. Therefore, the amount of allocated provisions will be the amount of expected losses over the remaining term of the assets;
- “stage 3” contains assets with an objective evidence of loss as for example non-performing loans. Impairment of these assets will aim at covering expected losses over the remaining term.

In accordance with IFRS 9, the PSA Banque France Group exercises:

- provisioning of assets throughout their residual life, once there is a significant risk deterioration;
- creation of a “stage 2” assessing outstanding for corporate loans, with the aim to define specific provision for assets whose credit risk was significantly downgraded. It should be noted that there was already a similar approach, though based exclusively on the age of the past-due items, to the retail and SME loan portfolio;
- the use of a forward-looking approach, for estimating the expected loss.

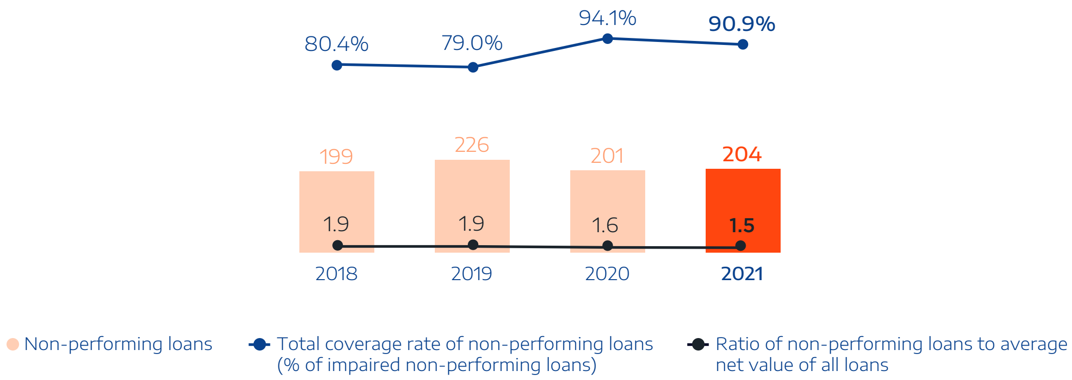
For financing to individuals and small and medium-sized companies, statistical impairment charges are recorded in respect of all debt categories (sound, delinquent, and non-performing) according to the impairment model based on an estimate of expected credit losses. This estimate is based on the classification of receivables by “stage” and the associated risk parameters.

In addition, for dealer network financing and corporate financing, each delinquent loan is analysed to determine if it presents an aggravated risk situation. If so, the loan is classified as non-performing (stage 3) and impairment charges are recorded on the income statement. Statistical impairment of sound or delinquent loans is also carried out on all corporate portfolios in order to cover the expected losses as per the risk assessment model.

Since 1 January 2021, the PSA Banque France Group has been applying the new European rules related to default (“new default definition”), introduced by the European Banking Authority (EBA) under Article 178 of Regulation (EU) No. 575/2013, in order to standardise the approaches of credit institutions among the countries of the European Union. Since the application of the new default definition, the PSA Banque France Group is pursuing a project to align this prudential approach and IFRS 9, for implementation on 1 January 2022.

NON-PERFORMING LOANS ON THE TOTAL PORTFOLIO

(in million euros, except percentage)



The risk profile remains favourable with a ratio of non-performing loans decreasing from 1.6% as at 31 December 2020 to 1.5% of the average outstanding loans as at 31 December 2021, due to the various support measures implemented during the health crisis.

Non-performing loans decreased by €16 million for end users, notably as a result of the support measures. On the other hand, non-performing loans increased by €19 million for dealer customers following the conditional default of a dealer in the second half of 2021.

The total coverage rate of non-performing loans fell slightly from 94.1% in 2020 to 90.9% as at 31 December 2021.

The coverage rate of total non-performing loans in "stage 3" also decreased, from 61% to 57% at the end of December 2021.

1.3.3 REFINANCING POLICY

The PSA Banque France Group has an adequate capital structure which results in a solid capital ratio strengthened by the quality of its assets.

The refinancing strategy of the PSA Banque France Group is based on diversifying its sources of liquidity, while ensuring that the maturities of its assets and liabilities are consistent. Since the creation of the partnership between Banque PSA Finance and Santander Consumer Finance in early 2015, the PSA Banque France Group had the opportunity to secure different sources of funding:

- on 2 February 2015, the day the joint venture was created in France, the financing granted by Banque PSA Finance to the entities of the PSA Banque France Group was substituted by refinancing provided by Santander Consumer Finance, in addition to the existing funding provided by securitisation transactions publicly placed among investors;
- on 1 April 2015, the "Distingo par PSA Banque" deposit business (retail savings accounts and term deposit accounts) covering French customers has been transferred by Banque PSA Finance to PSA Banque France;
- from June 2015, bilateral credit lines were established with various banks;
- since September 2015, the PSA Banque France Group as an approved credit institution has access (through the remittance of assets as collateral by its subsidiary CREDIPAR) to the refinancing operations of the European Central Bank (ECB);
- in June 2016, issuance programmes of negotiable debt securities (short- and medium-term) and medium-term notes (EMTN) were launched to allow access to the capital markets. The first negotiable debt securities of the PSA Banque France Group were issued as at end of the first half of 2016 and the first EMTN bond issue was launched in January 2017. Six bonds issued in an amount of €500 million each were placed, five of which are still outstanding at the end of 2021 after the redemption of the first issue in January 2020;
- in July 2016, a securitisation programme of leases with a purchase option was set up, followed in July 2017 by a securitisation programme of long-term leases. A public securitisation transaction of leases with a purchase option was placed on the markets in November 2018, followed by a second one in June 2021.

As at 31 December 2021, the refinancing of the PSA Banque France Group was split as follows:

- 1% from a drawn bank loan;
- 24% from negotiable debt security and EMTN bond issuances on the capital markets;
- 23% from repayable funds from the public in relation to deposit activity;
- 18% from securitisation transactions placed;
- 25% from other external refinancing, of which 22% from the European Central Bank (participation in the TLTRO-III operations);
- 8% from intra-group credit lines granted by Santander Consumer Finance;
- 1% of subordinated debt subscribed in equal parts by each of the two shareholders.

The following table and graphs show a breakdown of the funding sources as at 31 December 2021 compared to 31 December 2020 and 31 December 2019.

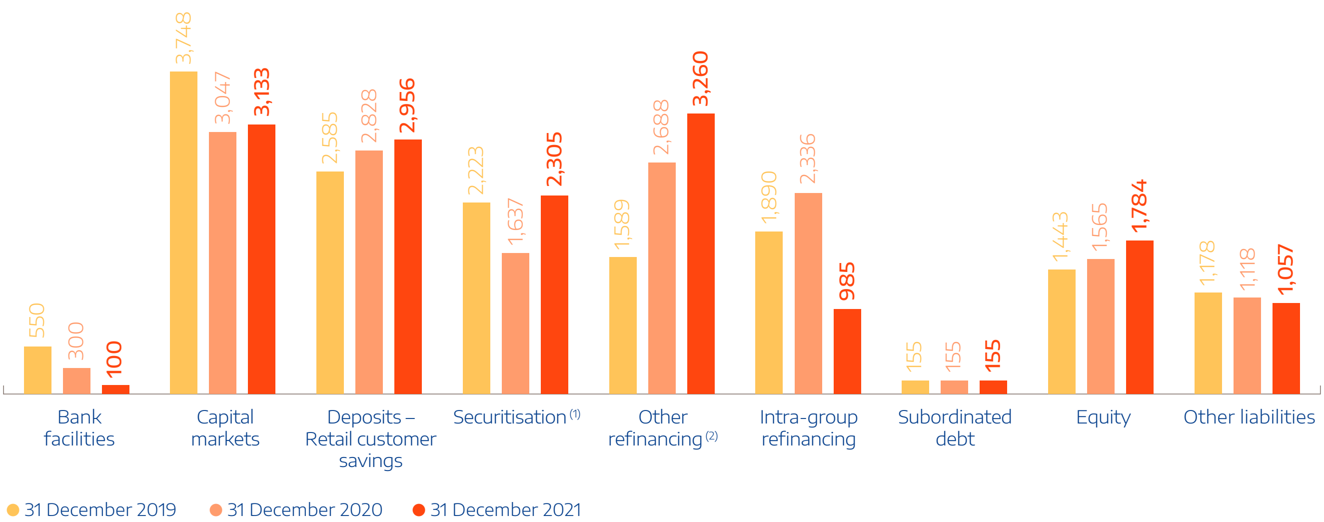
FUNDING SOURCES

(in million euros)	31 December 2021		31 December 2020		31 December 2019	
Bank facilities	100	1%	300	2%	550	4%
Capital markets	3,133	24%	3,047	23%	3,748	29%
Deposits – Retail customer savings	2,956	23%	2,828	22%	2,585	20%
Securitisation (1)	2,305	18%	1,637	13%	2,223	18%
Other refinancing (2)	3,260	25%	2,688	21%	1,589	13%
External funding	**11,754**	**91%**	**10,500**	**81%**	**10,695**	**84%**
Intra-group refinancing	**985**	**8%**	**2,336**	**18%**	**1,890**	**15%**
Subordinated debt	**155**	**1%**	**155**	**1%**	**155**	**1%**
Equity	**1,784**		**1,565**		**1,443**	
Other liabilities	**1,057**		**1,118**		**1,178**	
BALANCE SHEET TOTAL	**15,734**		**15,674**		**15,362**	

(1) Securitisation only includes the securitisations placed.
(2) Of which refinancing through the ECB (participation in TLTRO-III operations) for a total of €2,825 millions as at 31 December 2021 and dealer deposits.

FUNDING SOURCES

(in million euros)



Outstanding bank financing (in the form of drawn bilateral lines) was down to €100 million as at 31 December 2021 after the non-renewal of two loans that matured in the first half of 2021.

Outstanding capital market financing was up, notably following the sixth EMTN bond issued in January 2021 and representing €3,133 million as at 31 December 2021.

Outstandings in the retail savings segment increased to €2,956 million.

As at 31 December 2021, the PSA Banque France Group's refinancing through securitisation was based on five transactions totalling €6,238 million (see Note 8.4 of the consolidated financial statements):

- the Auto ABS French Loans Master monthly issuance programme, restructured in June 2019 with an AAsf/Aa2sf rating target for an additional four-year revolving period. Senior notes are used as collateral at the European Central Bank;
- the monthly Auto ABS DFP Master Compartment France 2013 programme restructured in September 2020 with an AAsf/Aa2sf rating target for an additional five-year revolving period. Senior notes are used as collateral at the European Central Bank;
- the Auto ABS French LT Leases Master monthly issuance programme (STS notified), restructured in November 2021 for an additional two-year revolving period and a financing commitment of €600 million;
- the Auto ABS French Leases Master Compartment 2016 monthly issuance programme (STS notified), restructured in December 2021 for an additional two-year revolving period and a financing commitment of €900 million;

- the Auto ABS French Leases 2021 second public transaction (notified STS) with a one-year revolving period, having issued €800 million of senior notes rated AAAsf/AAAsf in June 2021, of which €500 million were placed in June then €300 million in October.

Financing from securitisation transactions in the market was up to €2,305 million as at 31 December 2021.

Furthermore, the PSA Banque France Group benefits from collateralised financing obtained from the European Central Bank under the TLTRO-III refinancing operations, for a total participation increased to €2,825 million (see Note 14 of the consolidated financial statements).

1.3.4 LIQUIDITY SECURITY

The PSA Banque France Group is seeking the most relevant balance between security in terms of liquidity and optimisation of its refinancing costs. It borrows the resources required for its business continuity and balances assets and liabilities by managing exposure to interest rate risk through the use of interest rate swaps.

75% of financing as at 31 December 2021 had an initial maturity of 12 months or more.

The average maturity of the medium- and long-term financing put in place in 2021 is around 2.8 years, in particular with the continued participation in the TLTRO-III refinancing operations with a maturity of three years, with the sixth issue of EMTN bonds with a maturity of four years and with the placement or renewal of securitisation transactions (LOA 2021, Master LOA and Master LLD) with a maturity close to three years.

A single bank credit line is used as at 31 December 2021. It does not require specific obligations in terms of the constitution of sureties, default event and similar terms, beyond standard market practices. Three events could trigger the cancellation of this credit line:

- if Banque PSA Finance and Santander Consumer Finance do no longer directly or indirectly hold 50% each of the shares of PSA Banque France;
- the loss by the PSA Banque France Group of its status as a bank;
- the non-compliance with the regulatory level for the Common Equity Tier One ratio.

In addition, the PSA Banque France Group has:

- sound financial security, which is based on the support of Santander Consumer Finance;
- a €785 million liquidity reserve as at 31 December 2021, in the form of high-quality liquid assets, composed exclusively of reserves with the Central Bank, and thus Level 1, under the Liquidity Coverage Ratio (LCR) classification;
- the possibility of additional drawing from the European Central Bank of €125 million based on assets deposited as collateral (composed of senior notes from securitisation, self-retained by CREDIPAR and of eligible credit claims remitted through TRICP channel, see Note 22 of the consolidated financial statements).

As at 31 December 2021, the PSA Banque France Group had €936 million in financing commitments granted to customers and €4 million in guarantee commitments to customers (see Note 22 of the consolidated financial statements).

1.3.5 CREDIT RATINGS

After having downgraded the credit rating outlook of PSA Banque France to negative in April 2020 in the context of the Covid-19 pandemic, Standard & Poor's Global Ratings revised it to stable on 24 June 2021 and affirmed the BBB+ rating.

On 29 May 2019, Moody's Investors Service upgraded PSA Banque France's long-term credit rating to A3, with a stable outlook.

The PSA Banque France Group's rating is linked to the rating of:

- Santander Consumer Finance and its support;
- STELLANTIS and its level of activity and profitability as well as its own financial structure.

Any rating update, whether positive or negative, may affect the bank's ability to obtain financing on the market in the short-, medium-, and long-term.

CREDIT RATINGS AS AT 31 DECEMBER 2021

(in million euros)		Active programmes	Programme sizes as at 31 December 2021	Total amount outstanding of debt securities as at 31 December 2021
Moody's	**S&P**	**Short term**		
P2	A-2	CD/NEU CP	2,000	129
		Long term		
A3	BBB+	BMTN/NEU MTN	1,000	502
A3	BBB+	EMTN	4,000	2,500

1.3.6 OUTLOOK FOR 2022

In 2021, the PSA Banque France Group presented its strategic plan for the next three years: AMES. Based on the Group's five values, Enthusiasm, Creativity, Respect, Transparency and a Results Culture, this plan is driven by the development of four pillars in order to continue its transformation and establish its leading position in the competitive automotive financing market:

- securing (***A****ssurer* in French) profitable and sustainable growth through revenue development and seamless cost controls;
- mobilising (***M****obiliser*) a committed team, notably by developing teleworking;
- listening to (***É****couter*) and meeting the expectations of customers, dealer networks and end-user customers by deploying the Net Promoter Score as a tool for measuring satisfaction;
- supporting (***S****outenir*) an accelerated transformation by continuing the robotisation and automation of processes.

After supporting the brands in the energy transition, the PSA Banque France Group will have to continue this commitment but also provide loyalty-building products for used vehicles, in particular to "remarket" the first returns of these "Low Emission" vehicles.

In a 2022 automotive market that is likely to confirm the trend of 2021 where the weight of registrations to individuals has decreased, the PSA Banque France Group will have to further increase its market share in the corporate segment as in the previous two years. In this regard, Free to Move Lease has positioned itself as the market leader in long-term leasing in 2021 and should confirm this status in 2022. Every effort should be made to win back the SME market by offering packaged finance lease products to this clientele.

Building on the robustness of the used-vehicle market in 2021, which should continue into 2022, the PSA Banque France Group will have to make further progress in this market by capitalising on LOA (lease with purchase option) products that meet customer expectations but also generate new sourcing for older vehicles, which the dealer networks are seeking. This strategy of "three financing cycles for the same vehicle" should help to win new customers while improving the loyalty of dealer networks, the objective being to obtain the exclusivity of the partnership in used vehicles, as is the case with new vehicles.

As this is the second main mission of the PSA Banque France Group, customer loyalty, every effort must be made to further improve the frequency of customer renewal. To this end, an ambitious programme was launched in 2021 to train sales teams in relations with these renewal customers, called the "Fid Back Programme".

The new European configuration of STELLANTIS's financing activities is expected in the first quarter of 2023, subject to obtaining the required authorisations from the relevant competition authorities and regulators.

1.4 RISK FACTORS AND REGULATORY CAPITAL ADEQUACY – PILLAR III

This section of the management report presents the main risks to which the PSA Banque France Group is exposed in the course of its business activities and which could have, according to its estimates and if they materialise, a material adverse impact on its business, its profitability and financial position, its solvency or its ability to refinance itself. Information on the PSA Banque France Group's risk appetite is provided, as well as the systems for monitoring and controlling these risks.

The purpose of this section is to respond to:

- the disclosure obligations under Part Eight of Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR), as amended by Regulation (EU) 2019/876, known as "CRR II";
- Directive (EU) 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), amended by Directive (EU) 2019/878, known as "CRD V";
- Implementing Regulation (EU) 2021/637 which provides the statements/disclosure templates under Part Eight of the CRR to improve the comparability of information from credit institutions under the third pillar of the Basel Committee's agreement on market discipline;
- Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published with a view to the admission of securities to trading on a regulated market (Prospectus 3);
- ESMA guidelines on the format of risk factors that issuers must publish in their prospectus (ESMA 31-62-1293).

The Pillar III information is published annually, with disclosure of key metrics half-yearly. No material, proprietary or confidential information is omitted.

The main categories of risks specific to the PSA Banque France Group's business can be assessed using weighted assets or specific indicators, as for liquidity risk.

REGULATORY CAPITAL REQUIREMENT BY TYPE OF RISK

(as a % of total RWA as at 31 December 2021: €10,123 million)

CREDIT RISK EXPOSURES BY TYPE OF COUNTERPARTY

(as a % of total net exposures as at 31 December 2021: €15,897 million)

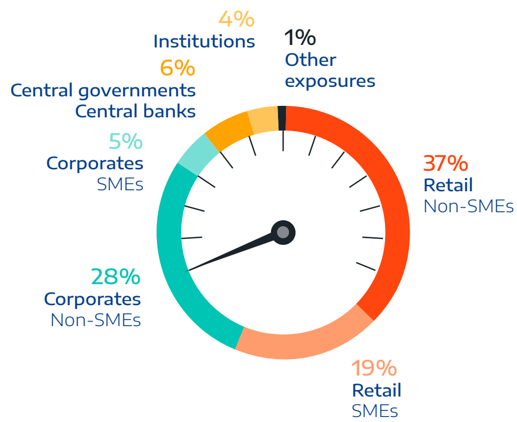


TABLE EU KM1 – KEY METRICS

This table provides an overview of key prudential regulatory metrics under Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR), amended by Regulation (EU) 2019/876, in application of points (a) to (g) of Article 447 CRR "Disclosure of key metrics" and in application of point (b) of Article 438 CRR "Disclosure of own funds requirements and risk-weighted exposure amounts". It also includes certain information on the requirements of Pillar II (in particular P2R).

	(in million euros)	31/12/2021	30/06/2021	31/12/2020
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	1,355	1,351	1,224
2	Tier 1 capital	1,355	1,351	1,224
3	Total capital	1,510	1,506	1,379
	Risk-weighted exposure amounts			
4	Total risk exposure amount	10,123	10,062	10,068
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	13.4%	13.4%	12.2%
6	Tier 1 ratio (%)	13.4%	13.4%	12.2%
7	Total capital ratio (%)	14.9%	15.0%	13.7%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU-7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.5%	1.5%	1.5%
EU-7b	*of which: to be made up of CET1 capital (percentage points)*	*0.8%*	*0.8%*	*0.8%*
EU-7c	*of which: to be made up of Tier 1 capital (percentage points)*	*1.1%*	*1.1%*	*1.1%*
EU-7d	Total SREP own funds requirements (%)	9.5%	9.5%	9.5%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%
EU-9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
EU-10a	Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	2.5%	2.5%	2.5%
EU-11a	Overall capital requirements (%)	12.0%	12.0%	12.0%
12	CET1 available after meeting the total SREP own funds requirements (%)	4.6%	4.6%	3.3%
	Leverage ratio			
13	Total exposure measure	16,062	15,695	15,819
14	Leverage ratio (%)	8.4%	8.6%	7.7%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.1%	0.1%	0.0%
EU-14b	*of which: to be made up of CET1 capital (percentage points)*	*0.1%*	*0.1%*	*0.0%*
EU-14c	Total SREP leverage ratio requirements (%)	3.2%	3.4%	3.0%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU-14d	Leverage ratio buffer requirement (%)	0.1%	0.0%	0.0%
EU-14e	Overall leverage ratio requirement (%)	3.4%	3.4%	3.0%

	(in million euros)	31/12/2021	30/06/2021	31/12/2020
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	760	559	342
EU-16a	Cash outflows – Total weighted value	1,080	1,087	1,047
EU-16b	Cash inflows – Total weighted value	1,019	1,109	1,123
16	Total net cash outflows (adjusted value)	270	272	262
17	Liquidity coverage ratio (%)	284%	210%	131%
	Net Stable Funding Ratio			
18	Total available stable funding	13,013	12,998	*
19	Total required stable funding	11,966	11,948	*
20	NSFR ratio (%)	109%	109%	*

* *Publication of data relating to prior periods is not mandatory when first published.*

1.4.1 RISK FACTORS

The PSA Banque France Group is exposed to various risk factors related to its status as a credit institution operating in the banking and automotive sectors, to changes in the macroeconomic, financial and now health environment in which it operates, and to changes in the legislative and regulatory framework applicable to it.

The risks specific to its business are therefore presented below according to four categories with three levels of severity (low, medium and high risk), in accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 (Prospectus 3) of 14 June 2017 applicable to risk factors since 21 July 2019.

Within each category, the risks that the PSA Banque France Group currently considers to be the most significant are listed first, on the basis of an assessment of their probability of occurrence and potential impact, while mentioning (to the extent possible) quantitative information on these risks. Risk management policies were taken into account in the assessment of the materiality of the various risks.

Risks related to the environment in which the PSA Banque France Group operates	Severity level
1. Risk associated with the STELLANTIS's business	High
2. Risk related to the global health situation following the occurrence of epidemics and pandemics (Covid-19)	Medium
3. Risk associated with the competitive environment	Medium
4. Legal, regulatory and tax risks	Medium
5. Environmental, social and governance (ESG) risks, in particular those related to climate change	Medium

Credit and counterparty risks	Severity level
6. Credit and concentration risks	Medium
7. Counterparty risk	Low

Financial risks	Severity level
8. Liquidity and funding risk	Medium
9. Risk associated with the funding cost	Medium
10. Interest rate risk	Low

Operational and non-compliance risks	Severity level
11. Risk associated with information systems, cybersecurity, data protection and business continuity	Medium
12. Fraud risk	Medium
13. Non-compliance risk	Medium
14. Reputation and image risk	Low

RISKS RELATED TO THE ENVIRONMENT IN WHICH THE PSA BANQUE FRANCE GROUP OPERATES

This risk category includes risks related to changes in the macroeconomic, financial and now health environment, market conditions as well as the legislative and regulatory framework applicable to the PSA Banque France Group in relation to compliance with regulations and laws governing its banking activities or various standards (environmental, social and governance).

Please refer to Section 1.4.3 "Capital management and regulatory capital adequacy" for more information on the regulatory requirements of the PSA Banque France Group for its banking activities under Basel III prudential regulations.

1. The operating income and financial position of the PSA Banque France Group depend on the business and strategy of the automotive manufacturer STELLANTIS and are mainly based on the sales volumes of vehicles sold in France by the Peugeot, Citroën and DS brands, and that the PSA Banque France Group finances, as well as the marketing policy for these brands.

The PSA Banque France Group's predominant activity, as a finance company of the STELLANTIS Group in France, consists of financing the sales of Peugeot, Citroën and DS brands vehicles, which represented more than 80% of its net banking income in 2021, with the rest coming from insurance and related services it offers. It financed 33.8% of new vehicles registered in France by the three brands, Peugeot, Citroën and DS, in 2021. The business of the PSA Banque France Group is closely dependent on that of STELLANTIS and, among other things, on its ability to sell vehicles (i.e. the sales volumes of the Peugeot, Citroën and DS brands, as well as their marketing policies, which may also include the financing transactions carried out by the PSA Banque France Group).

As a result, the PSA Banque France Group is likely to be affected by the same category of risks as those to which STELLANTIS is exposed, i.e. the macroeconomic and geopolitical environment in France and abroad (economic context slowed down by the war in Ukraine in early 2022), risks related to suppliers (global shortage of semiconductors since 2021), industrial risks, risks related to climate change, the risk of epidemics and pandemics (Covid-19 since 2020 with a drop of 23.8% in new vehicle registrations in France in 2020 followed by an increase of only 1.9% in 2021) which would partially or totally paralyse its activities.

Any adverse impact on the business of STELLANTIS in France in connection with the occurrence of these risks will have a significant impact on the level of activity of the PSA Banque France Group, and therefore on its operating income and financial position *(for more details, please refer to the description of the risks to which STELLANTIS is exposed in the "Risk Factors" section of its 2021 Annual Report).*

The business of the PSA Banque France Group relies significantly on STELLANTIS's ability to develop and launch new vehicles while ensuring their marketing. In this respect, the PSA Banque France Group prepares its business plan on the basis of STELLANTIS's sales forecasts. However, the decision to develop new vehicle models and launch them is based on marketing and profitability studies carried out several years before their actual launch. In the context of an increasingly sensitive and competitive automotive market, STELLANTIS's forecasts could prove to be less realistic, which would alter the level of activity of the PSA Banque France Group in the future.

Furthermore, the sales volumes achieved in France by the STELLANTIS brands could be affected by a change in the product mix in favour of certain vehicles, by the competitiveness of their selling price and by consumer demand for the purchase or leasing of new or used vehicles. In addition to these factors, vehicle sales volumes could be impacted by government policies intended to support the purchase of new vehicles, particularly electric ones. Lastly, the business of the PSA Banque France Group depends on consumer demand to finance the acquisition of their vehicle.

In addition, STELLANTIS, through its wholly owned subsidiary Banque PSA Finance, is involved in the decisions of the PSA Banque France Group, in particular development plans, marketing strategies and product offers. Some members of the Board of Directors of the PSA Banque France Group are also executives of Banque PSA Finance, such as the Chief Executive Officer of Banque PSA Finance. Although the PSA Banque France Group is commercially integrated into STELLANTIS with the resulting significant advantage for it, it is possible that the interests and strategies of the two entities may ultimately diverge.

Lastly, most vehicle sales are made via the dealer network, which carry out their activity under a contract with STELLANTIS, ensuring the sale and after-sale service of vehicles. In order to strengthen its distribution model in Europe, STELLANTIS announced in June 2021 that these contracts for the sale and distribution of services of all STELLANTIS brands would be terminated, with a two-year notice. The new network organisation could impact the business of the PSA Banque France Group depending on the new dealer network that will be selected, and should lead to a new stage of dealer concentration.

On 31 March 2022, STELLANTIS also announced that it had signed "framework agreements" with its European financial partners and Santander Consumer Finance is expected to carry out financing activities (excluding B2B Operational Leasing) through joint ventures co-owned with STELLANTIS in France and in certain European countries, to become the exclusive partner of STELLANTIS for this segment from the first half of 2023 after obtaining the required authorisations from the relevant competition authorities and regulators. The automotive financing activity of the PSA Banque France Group will then be extended to all the brands of the STELLANTIS Group (integration of new customers and dealers, mainly of the FIAT and OPEL brands) on a scope that will no longer include the new long-term leases provided to corporate customers, taken over by a multi-brand operational leasing company, the result of the consolidation of the activities of Leasys and Free2move Lease.

Thus, the strategic, commercial and financial ties between STELLANTIS and the PSA Banque France Group, as well as the concentration of the PSA Banque France Group's activity on the financing of the sales of the three brands Peugeot, Citroën and DS, make its business highly dependent on STELLANTIS. This indirectly exposes it to external factors affecting STELLANTIS.

2. The global health situation following the occurrence of epidemics and pandemics (Covid-19) and their economic, financial and operational consequences may adversely affect the business, operating income and financial position of the PSA Banque France Group.

Since the beginning of 2020, the PSA Banque France Group has been dealing with the economic, financial and operational consequences related to the appearance of the Covid-19 pandemic. After two epidemic waves in 2020 that led to unprecedented lockdown measures and a major economic slowdown, 2021 also saw two new waves while a strategy of mass vaccination of populations was deployed. Each of the impacts of the resulting health crisis constitutes individually a risk factor in its own right or worsens it; they are detailed below.

Consequences on the automotive financing business

The spread of Covid-19 and the series of government control measures and travel restrictions implemented around the world have disrupted the supply chains of STELLANTIS, its commercial and production activity and, consequently, that of the PSA Banque France Group, marked in 2020 by a decrease of 6.6% in the production of new financing and by 14.6% in the number of new financing contracts granted to end users. Tensions on international logistics chains remain with a shortage of semiconductors that continues to generate automotive production delays: the financing of new, demonstration and used vehicle inventories in the dealer network has thus fallen by 10.2% in 2020, then 12.7% in 2021.

Consequences on customer solvency

To support its customers in the face of this unprecedented health crisis, the PSA Banque France Group took exceptional support measures from March 2020 to May 2021, depending on the various lockdown periods:

- starting at the end of March 2020, following the announcement of the first lockdown period, with one or more deferrals of instalments for corporate customers, certain individuals and for certain financing activities of the dealer network;
- during the second lockdown in November 2020 and until May 2021, with new measures on payment moratoria for the second wave of Covid-19 in France.

With these moratoria on loans combined with the measures to support economic activity put in place by the French government such as State-guaranteed loans (*prêts garantis par l'État*, PGE), the corporate defaults initially forecasted did not materialise significantly in the financing portfolios of the PSA Banque France Group. Thus, if, in addition to the first observed economic impacts of the Covid-19 pandemic, the PSA Banque France Group had then decided in 2020 to recognise a provision for future internal macroeconomic assumptions in the form of an exceptional post-model adjustment for a total amount of €15 million increasing the cost of risk and intended to cover the potential future negative impacts of non-performing loans in the context of the crisis, this provision could be reversed after adjustment of the models in 2021. The year 2020 was thus marked by a significant increase in the cost of risk to €58 million before it fell back to €24 million in 2021. Non-performing loans also decreased from 1.6% of average outstandings in 2020 to 1.5% in 2021.

While a wave of defaults is no longer contemplated for 2022, the greatest caution regarding the solvency of the PSA Banque France Group's customers remains in the medium term and in the event of an epidemic rebound because:

- an increase in the number of defaults of the most vulnerable companies is possible, particularly at the end of the economic support measures (in particular, State-guaranteed loans);
- the favourable environment of low interest rates observed since 2018 and during the health crisis cannot be maintained by the European Central Bank in the event of intensification of inflationary pressures.

Financial consequences on funding

Faced with the significant uncertainties related to this unprecedented health crisis, the financial markets were initially very negatively impacted and the PSA Banque France Group's credit spreads increased significantly at the start of the Covid-19 pandemic in the first half of 2020 making conditions less acceptable for access to the money and bond markets for funding, before returning to pre-crisis levels in the second half of the year. Also considering that the PSA Banque France Group was not totally immune to the difficult economic context of the Covid-19 pandemic for car manufacturers, on 15 April 2020 Standard & Poor's Global Ratings then revised the outlook for PSA Banque France's credit rating from stable to negative while confirming the long-term credit rating at BBB+, before restoring the outlook to stable on 24 June 2021.

Operational consequences

From the first lockdown, the PSA Banque France Group activated its Business Continuity Plan, strengthened its remote working capabilities, enabling the majority of its employees to continue their activity and increased the dematerialisation/digitisation of its processes. This system made it possible to significantly limit the operational impacts of the health crisis by demonstrating the PSA Banque France Group's ability to adapt and to ensure its operational continuity. These measures were reactivated in the second half of 2020 and then, again, in 2021 during the following epidemic waves. In addition, the PSA Banque France Group, like the entire banking sector, has been faced with an increase in financial fraud since the start of the Covid-19 pandemic.

The emergence of new variants with a higher level of contagiousness caused a new and fifth epidemic wave at the beginning of 2022 with daily cases of infection reaching historically high levels in France, despite a population that was predominantly vaccinated. The epidemic situation remains a cause for concern there, as it is everywhere in the world, with great uncertainty about the evolution of the health situation (with a new increase in contaminations since March) and economic situation, as well as uncertainty about the level of growth in 2022, which may adversely affect the business, operating income and financial position of the PSA Banque France Group.

3. Increased competition in the sector in which it operates could adversely affect the PSA Banque France Group's operating income and financial position.

The PSA Banque France Group operates in the banking sector in a highly competitive environment, particularly in terms of financing, whether in the form of loans or leases, granted to individuals or companies. The main competitors of the PSA Banque France Group are other automotive manufacturers' financing companies, banking subsidiaries and, more recently, independent players.

The PSA Banque France Group has long-standing partnerships with the dealers of STELLANTIS, but they may no longer continue to support the financing of vehicle acquisitions by their customers through the PSA Banque France Group, in particular after the ongoing reorganisation by STELLANTIS of its distribution network. If the PSA Banque France Group were unable to maintain these partnerships, due to competition from other players, business volume and therefore its operating income could affected. The PSA Banque France Group is convinced that price, the level and quality of service, and the strength of its customer relationship are major competitive advantages in competition with well-established financial institutions.

Competitors of the PSA Banque France Group, a number of which are part of major automotive groups, could be tempted to compete aggressively in terms of price. If the terms and conditions of the PSA Banque France Group's financing offers were too different from those of its competitors, it could lose customers and/or part of its business volume. Customers may seek financing from competitors on identical or even better terms than those offered by the PSA Banque France Group. As a result, the PSA Banque France Group may not maintain its penetration rate, which would have a negative effect on its operating income. Following the downward pressure on prices introduced by its competitors, whether to maintain or increase its market share, could adversely affect the PSA Banque France Group's margins and impact its operating income and financial position.

In addition, the PSA Banque France Group must also face competition from independent suppliers for the products and services through the insurances, guarantees and roadside assistance it offers, which could affect its profitability.

As a result, increased competitive pressure could have a negative effect on the volume of financing granted, revenues and margin of the PSA Banque France Group, and therefore on its operating income and financial position.

4. The PSA Banque France Group operates in a highly regulated environment and is subject to an extensive legislative, supervisory and regulatory framework in France. The current legislative and regulatory changes could have a significant effect on the business of the PSA Banque France Group and on its financial position with the potentially incurred costs, as well as on the financial and economic environment in which it operates.

The PSA Banque France Group is subject to extensive regulation and supervision in France. The rules applicable to the PSA Banque France Group as a bank are mainly intended to limit its exposure to risk, preserve its financial stability and strength and protect its customers, depositors, creditors and investors.

Compliance with these regulations requires significant resources. Any breach of compliance could lead to financial sanctions, in addition to damaging the image of the PSA Banque France Group, or the imposed suspension of its activities, or even the withdrawal of its authorisations granted to conduct its activities (including its banking license), which could significantly affect its business and operating income.

This regulatory framework is characterised by its evolving nature and growing complexity, which increase the uncertainty about the future impacts on the business and profitability of the PSA Banque France Group. Since the beginning of the financial crisis, a series of measures has been proposed, discussed and adopted by many national and international legislative and regulatory bodies. Some of these measures have already been implemented, while others are still being discussed. The measures relating to the banking sector could be further modified, extended or strengthened. This evolving regulatory framework has an impact on the financial and economic environment in which the PSA Banque France Group operates. It is impossible to predict with precision what additional measures will be adopted or to determine their exact content and, given the complexity and uncertainty of a number of these measures, to determine precisely the future effects, or in some cases, the potential consequences of these measures for the PSA Banque France Group. The effect of these measures could negatively impact the business of the PSA Banque France Group (which will have to adapt to these new constraints) and its financial position (with the costs of bringing its activities into compliance, such as, for example, the strengthening of capital or liquidity requirements).

Among the regulations that have a significant impact on the PSA Banque France Group are the regulatory and prudential requirements applicable to credit institutions, including the Basel III prudential rules on minimum capital requirements *(please refer to Section 1.4.3 "Capital management and regulatory capital adequacy" below for more details)* and on liquidity, risk diversification, governance as defined in particular by Regulation (EU) 575/2013 (CRR) on prudential requirements applicable to credit institutions (as amended, in particular, by Regulation (EU) 2019/876 (CRR II) then by Regulation (EU) 2020/873 concerning certain adjustments to be made in response to the Covid-19 pandemic) and Directive (EU) 2013/36 (CRD IV) concerning access to the activity of credit institutions and their prudential supervision as transposed into domestic law (as amended by Directive (EU) 2019/878 (CRD V)). Under these regulations, credit institutions such as the PSA Banque France Group must comply with requirements in terms of minimum capital ratio, risk diversification, liquidity, and regulatory reporting. With regard to CRR II, the main measures came into force on 28 June 2021 and relate in particular to:

- the application of the stable funding ratio: the NSFR (Net Stable Funding Ratio) is a long-term liquidity ratio (reliable liabilities and equity within one year compared to the stable funding required due to the liquidity maturities over this same horizon) that the PSA Banque France Group is required to respect at a level of at least 100%. As at 31 December 2021, the PSA Banque France Group's NSFR amounted to 109%, with €13,013 million in stable funding available;
- the revision of the calculation of large exposures: the PSA Banque France Group now applies only the level of Tier 1 capital as the basis for calculating limits instead of total capital, i.e. a reduction in the amount of capital of €155 million from subordinated loans, Tier 2 capital.

- the standardised approach for the calculation of counterparty credit risk (SA-CCR) as the new standardised method for calculating the exposure value of derivatives, the counterparty credit risk amounted to €16 million as at 31 December 2021, i.e. 0.2% of PSA Banque France Group RWA.

As at 31 December 2021, the PSA Banque France Group had CET1 capital of €1,355 million (i.e. a CET1 ratio of 13.4%) and total regulatory capital of €1,510 million (i.e. a total capital ratio of 14.9%).

In addition, since 1 January 2021, the PSA Banque France Group has been applying the new European rules related to default ("new default definition"), introduced by the European Banking Authority (EBA) under Article 178 of Regulation (EU) 575/2013, in order to standardise the approaches of credit institutions among the countries of the European Union.

- the new definition of default had already been applied to portfolios using the IRB approach since November 2020 following the authorisation received from the European Central Bank for the calculation of capital requirements for credit risk. In addition, in accordance with the recommendation issued by the regulator, the PSA Banque France Group has applied a supplement to the amount of RWA of the fleets portfolio processed under F-IRB approach since December 2020. This amounts to 9.3% (more than €100 million) and will be applicable until the implementation of the new models scheduled for 2022, which should then lead to an increase in RWA of around €400 million on all portfolios using the IRB approach.
- for portfolios using the standard approach, the new definition of default has been applied since 1 January 2021 and had a low impact.

In 2022, the PSA Banque France Group also forecasts an impact on Expected Losses on IRB portfolios, which should lead to a reduction in CET1 capital of around €70 million, including around €20 million in reversals of provisions following the alignment of the application of the new definition of default as at 1 January 2022 between the prudential approach and the IFRS 9 approach.

The European texts are and will continue to be amended to reflect the changes in the Basel III framework. The timetable for the application of these regulations to the PSA Banque France Group may change depending on the final transposition of the Basel Committee rules into European law. Despite the measures taken by the PSA Banque France Group to adapt its practices to the new regulations and therefore reduce their negative effect, the completion of the Basel III regulatory framework could increase the capital requirements applicable to the PSA Banque France Group's activities and therefore decrease its return on equity.

Furthermore, the PSA Banque France Group is subject to the provisions of the consumer credit regulations under the 2008 European Consumer Credit Directive. This directive and French consumer protection legislation regulate matters such as consumer advertising, information to the borrower about the interest rate and loan conditions, verifications prior to the granting of credit and the possibility of cancelling financing contracts and repaying early.

In addition, the PSA Banque France Group is subject to the usual corporate tax rules, which can be complex. Changes in current tax rules, uncertainty as to the interpretation of changes in laws and their impact on the PSA Banque France Group could affect its business, net income and financial position.

5. Environmental, social and governance (ESG) risks and, in particular, those related to climate change are likely to impact the activities, operating income, financial position and reputation of the PSA Banque France Group.

ESG risks correspond to the effects that can be caused by climate and environmental events, social and societal changes as well as governance failures in the functioning and conduct of the activities of the PSA Banque France Group, which can also impact its customers. They are seen as factors that may exacerbate traditional categories of risk (credit and counterparty risks, operational and non-compliance risks, reputational risk as well as liquidity and funding risk).

The PSA Banque France Group is thus exposed to environmental risks, and in particular to risks related to climate change, through its automotive financing business. Climate risks include the physical risk (direct impact of climate change with the multiplication of extreme weather events on people and property) and transition risk (resulting from the process of transition to a low-carbon economy, marked by the appearance of new regulatory constraints, technological disruptions or changes in consumer preferences).

The PSA Banque France Group could be exposed to physical climate risk impacting its ability to maintain its services in geographical areas impacted by extreme events (such as the flooding of its registered office in Poissy, based near the Seine), as well as by the negative impact that extreme weather events would have on its customers' business or even directly on the financed vehicles.

The PSA Banque France Group could also be exposed to transition risk through its loan portfolio on its customers subject to more stringent regulations or affected by technological disruptions leading to lower profitability and significant decline in their revenues following a change in their customers' purchasing behaviour or additional costs related to the application of new environmental standards. It could also be exposed to a reputational risk if its commitments to the transition were considered insufficient by its stakeholders, in particular by investors who contribute to its funding.

Pursuant to Regulation (EU) 2020/852 of 18 June 2020 ("Taxonomy Regulation") and its various delegated acts of 2021 by the European Commission and establishing the criteria for determining whether an economic activity is considered sustainable, the PSA Banque France Group published for the first time in its Non-Financial Performance Statement the share of 5.7% of its financing eligible for this taxonomy, as well as the proportion of its assets dedicated to the financing of low-emission vehicles (electric and hybrid), up to 7.5%.

In addition, the PSA Banque France Group is exposed to social and governance risks of its own but also those of its customers, such as compliance with labour law, human resources management and workplace health and safety issues, ethics or transparency, particularly in terms of governance (for example, the fight against money laundering) that are likely to trigger or worsen the non-compliance, reputation and credit risks of the PSA Banque France Group.

All of these risks could have an impact on the business, results and reputation of the PSA Banque France Group in the short or longer term.

CREDIT AND COUNTERPARTY RISKS

As a credit institution, the PSA Banque France Group is exposed to the risk of insolvency of its customers and dealers in the dealer network of the Peugeot, Citroën and DS brands of STELLANTIS, as well as its financial counterparties, i.e. default by a borrower (mainly non-payment of monthly instalments of a loan or lease) or a counterparty of its obligations to the PSA Banque France Group in accordance with the agreed terms.

Credit risk has an impact on the PSA Banque France Group's consolidated financial statements due to the losses recorded in the income statement because, even if it has the ability to recover and resell the financed vehicle, the resale value may not offset the amount of losses due to default.

However, the PSA Banque France Group does not carry any residual value risk (net resale value of an asset at the end of a finance lease or lease that is lower than the estimate) due to the existence of commitments to buy back vehicles at the end of the lease period, mainly from dealers or STELLANTIS brands.

As at 31 December 2021, the PSA Banque France Group's risk-weighted assets related to credit risk represented €9,108 million, i.e. 90% of the Group's RWA. Total outstanding loans and receivables due from customers amounted to €13,969 million.

Please refer to Section 1.4.5 "Credit risk" for more information on the PSA Banque France Group's exposure to credit and counterparty risk.

6. The PSA Banque France Group is exposed to the credit risk of customers and dealers in the dealer network of the Peugeot, Citroën and DS brands of STELLANTIS, which may be increased by the risk of concentration, particularly on the largest dealers or companies. Late or insufficient provisions for credit risk exposure or a significant increase in new provisions may affect its operating income and financial position.

The PSA Banque France Group is exposed to credit risk with respect to many customers in the course of its day-to-day financing activities for individuals and companies, according to specific acceptance policies adapted to the credit risk of customer types:

- for financing granted to individuals, small and medium-sized companies, either applications are automatically authorised by a risk analysis expert system, or they require an additional assessment procedure by a credit analyst. The data or information used comes from external or internal databases such as payment histories (in the case of the renewal of a financing following the purchase of a new vehicle). As at 31 December 2021, the PSA Banque France Group's risk-weighted assets for this credit risk exposure category amounted to €4,567 million;
- for the large corporate financing portfolio, which also includes public bodies and dealers of the Peugeot, Citroën and DS brand network, all decisions are governed by strict rules on the delegation of powers over the maximum possible loan limits. The approval of the financing may also be made at the level of the credit committees of the PSA Banque France Group or its shareholders. As at 31 December 2021, the PSA Banque France Group's risk-weighted assets for this credit risk exposure category amounted to €4,186 million.

As part of its financing activity, the PSA Banque France Group regularly records provisions for credit losses, which are recorded in the income statement under "Cost of risk", in order to anticipate the occurrence of credit losses and reduce the volatility of its results:

- for individuals, the provisioning method is based on the use of statistical models based on historical analysis of losses and the recovery rate of the affected receivables as well as on forward-looking data;
- for corporate customers, provisions are based on the most up-to-date assessment of the recoverability of the granted amounts.

In both cases, provisions are recognised for sound, delinquent and non-performing loans. In 2021, the cost of risk amounted to €24 million (0.18% of average net outstandings) and non-performing loans to €204 million. The ratio of non-performing loans decreased slightly to 1.5% of the average outstanding loans and the total coverage rate of these non-performing loans was 90.9%.

Even if the cost of risk and the ratio of non-performing loans to outstanding loans remain at relatively low levels, they could increase in the future as a result of changes in the context (unemployment rate, inflation and real estate prices, consumer confidence, and other factors such as an epidemic or pandemic) that would change consumer behaviour, despite current credit risk management techniques.

Consequently, if customer default rates were to increase compared to the rates previously used for provisions, the PSA Banque France Group could have to record significant additional charges and provisions for non-performing or irrecoverable loans, which would have a material adverse effect on the cost of risk, results and financial position of the PSA Banque France Group.

Credit risk is increased when exposures are concentrated on a particular borrower, counterparty or business sector. The PSA Banque France Group is significantly exposed to STELLANTIS and the largest dealers in the Peugeot, Citroën and DS dealer network, as well as to the risk of sectoral concentration on corporate fleet financing:

- as at 31 December 2021, the outstanding loans of the PSA Banque France Group to STELLANTIS stood at €195 million, representing 14% of Tier 1 regulatory capital;
- on the same date, the PSA Banque France Group's ten main outstanding loans, other than those to STELLANTIS, totalled €1,782 million. These ten main outstanding loans break down into the following counterparty categories:
  - banks: €268 million,
  - insurers: €216 million,
  - dealer network (with no financial ties to STELLANTIS): €1,006 million,
  - corporates (excluding dealer network): €292 million.

As at 31 December 2021, no net exposure to a single counterparty exceeded 25% of Tier 1 regulatory capital (application of CRR II revising the calculation of large exposures, now considering only the level of Tier 1 capital as the basis for calculating limits).

Please refer to Section 1.4.5.3 "Diversification of credit risk/concentration risk" for more information on the concentration of the PSA Banque France Group's exposures.

The default of one or more major counterparties could impact its business and lead the PSA Banque France Group to incur losses with a material adverse effect on its cost of risk, results and financial position, even when economic conditions are generally favourable.

7. The PSA Banque France Group is exposed to counterparty risk through its relationships with other financial counterparties.

The PSA Banque France Group is in contact with various financial counterparties to carry out its activities, particularly in the context of cash management or interest rate derivative transactions to hedge its balance sheet. The counterparty risk is the expression of credit risk on the occasion of these market transactions or settlements, the counterparty being unable to honour its obligations to pay the PSA Banque France Group the expected flows.

However, the PSA Banque France Group has a limited number of financial counterparties (less than ten), all of which are first-rate banking counterparties, and since the implementation of the EMIR regulation, the vast majority of interest rate derivatives are cleared centrally with the LCH Clearnet clearing house via a clearing member.

With the entry into force of Regulation (EU) 2019/876 (CRR II) on 28 June 2021, exposures to derivatives previously calculated using the standardised method are now valued using the SA-CCR standardised approach. As at 31 December 2021, the counterparty risk calculated using this approach amounted to €16 million, i.e. 0.2% of the Group's RWA.

Please refer to Section 1.4.5.7 "Counterparty risk" for more information on the PSA Banque France Group's exposure to counterparty risk.

FINANCIAL RISKS

Financial risks include:

- **the risk that the PSA Banque France Group will not have the necessary resources to honour its commitments within a determined timeframe (liquidity risk). It reflects the risk of not being able to meet net cash outflows over all horizons, from the short term to the long term;**
- **one that would prevent it from financing the development of its activities according to its planned commercial objectives and at a competitive funding cost (funding risk and risk related to the funding cost);**
- **and also the risk of loss related to unfavourable changes in market parameters (interest rate risk mainly because the PSA Banque France Group has no foreign currency business that could expose it to currency risk).**

Please refer to Section 1.4.6 "Liquidity and funding risk" for more information on the PSA Banque France Group's exposure to liquidity and funding risk.

Please refer to Section 1.4.8.2 "Interest rate risk" for more information on the PSA Banque France Group's exposure to interest rate risk.

8. The PSA Banque France Group is exposed to liquidity and funding risk, which may materially affect its liquidity position, its ability to honour its obligations to its counterparties and the development of its business if access to its various funding sources was disrupted.

This risk is inherent in the exercise of the financing activities of the PSA Banque France Group, which is dependent on its access to funding and liquidity sources and may therefore increase due to various factors that it cannot control, such as: phenomena deeply affecting the financial markets (serious market disruptions/dislocation, tensions on the money and bond markets). In order to avoid any excessive dependence on a particular source of funding, the PSA Banque France Group has developed a diversified funding structure based on access to different sources of liquidity.

However, it cannot guarantee that it will be able to maintain its level of funding in the event of tensions on one of them:

- in particular if access to the money and bond markets were limited because they are the main source of funding for the PSA Banque France Group with a proportion of 24% of total funding at the end of 2021. As at 31 December 2021, the PSA Banque France Group had raised a total amount of €3,133 million on the capital markets;
- the retail customer deposit activity is also highly competitive with intense competition between the many traditional or online financial institutions to attract and hold deposits. The PSA Banque France Group must attract new customers from other existing and already well-established institutions. The ability to compete successfully with its competitors could limit the diversification of the PSA Banque France Group's sources of funding (retail customer deposits being the second largest, representing 23% at the end of 2021) and could harm the development of its business. French retail customer deposits amounted to €2,956 million at the end of 2021 compared to €2,828 million in 2020. Any increase in the rates offered on its deposit products (passbook savings accounts and term accounts) will affect the profitability of the PSA Banque France Group;
- in response to the financial crisis and for several years, the European Central Bank has taken a number of exceptional measures to facilitate the access of financial institutions to liquidity. Since 2015, the PSA Banque France Group has participated in various targeted long-term refinancing operations (TLTROs), reaching a total amount of €2,825 million at the end of 2021 (22% of total funding), which now represents its third largest source of funding. If such measures were not renewed or were significantly reduced, this could harm the PSA Banque France Group's ability to access liquidity and could also have an adverse effect on its funding cost;
- the securitisation by the PSA Banque France Group of some of its portfolios of receivables granted to individual or corporate customers represents its fourth largest source of funding with a proportion of 18% at the end of 2021. Financing from placed securitisation transactions increased from €1,637 million at the end of 2020 to €2,305 million at the end of 2021. An unexpected and exceptional deterioration in the quality of the assets sold or a sharp drop in the production of new financing granted that limits the ability to replenish transactions in the revolving period with a sufficient amount of new receivables, could lead to the activation of triggers and potentially an early amortisation, resulting in a loss of funding and greater difficulty in issuing new transactions on the Auto ABS market.

Liquidity risk is assessed by the PSA Banque France Group using various internal and regulatory indicators, such as:

- the Liquidity Coverage Ratio (LCR): this short-term liquidity ratio aims to ensure that a bank has sufficient liquid assets to cover its net cash outflows over a period of 30 days under severe stress. During 2021, the LCR ratio remained above 100%;
- the Net Stable Funding Ratio (NSFR): this longer-term liquidity ratio compares funding requirements with stable resources over a one-year horizon. From mid-2021, the NSFR ratio becomes mandatory regulatory reporting and it has always been above 100%.

With an average monthly amount of liquid assets (HQLA) of €760 million, the average LCR for the 2021 was 284%, compared to the required regulatory threshold of 100%.

Regarding the NSFR, it stood at 109% as at 31 December 2021.

At the end of 2021, the total liquidity reserve amounted to €910 million.

Please refer to Section 1.4.6 "Liquidity and funding risk" for more information on the various indicators used to monitor the PSA Banque France Group's exposure to liquidity and funding risk.

9. The PSA Banque France Group's access to certain forms of funding at an optimal cost may be made more difficult or even temporarily impossible in the event of a resurgence of financial crises, a deterioration in economic conditions or a downgrading of the PSA Banque France Group's credit ratings, increasing credit spread risk, which may have a material adverse effect on its funding cost, operating income and financial position.

In order to finance its activities at the best possible rates under normal conditions, the PSA Banque France Group has developed a diversified funding structure based on access to various sources of liquidity. If the Group were no longer able to access the money and bond markets on acceptable terms with the issuance of new debt securities or were to face cash outflows such as a significant drop in customer deposits, the PSA Banque France Group would have to resort to more expensive funding sources that would reduce its net interest margin, thus negatively impacting its financial results. The PSA Banque France Group is also exposed to the risk of an increase in credit spreads because the cost of medium- and long-term funding is directly related to the level of credit spreads, which changes according to market conditions.

The level of these spreads may also be impacted by the downgrading of the PSA Banque France Group's credit ratings by the two rating agencies, Moody's Investors Service or Standard & Poor's Global Ratings, who assess the Group. Although the rating of the PSA Banque France Group was improved to BBB+ by Standard & Poor's Global Ratings in December 2018 and to A3 by Moody's Investors Service in May 2019, a future deterioration in its liquidity position, credit risk, capital adequacy or profitability could lead rating agencies to downgrade their current ratings.

In the context of the Covid-19 pandemic, Standard & Poor's Global Ratings revised on 15 April 2020 the outlook for PSA Banque France's credit rating from stable to negative while confirming the long-term credit rating at BBB+, before restoring the outlook to stable on 24 June 2021.

10. The PSA Banque France Group is exposed to structural interest rate risk resulting from an unfavourable change in financial market interest rates or rates offered for retail customer deposits that would negatively impact its operating income and its financial position.

The interest rate risk for the PSA Banque France Group arises from the mismatch between its assets and its liabilities measured by the price adjustment differential (repricing gap) between interest-earning assets and interest-bearing liabilities:

- the financing granted to customers is mainly in the form of fixed-rate loans or leases with a maximum duration of 72 months, while the financing of the dealer networks does not exceed 12 months and is therefore renewed/readjusted in price during the year;
- the PSA Banque France Group refinances itself with fixed-rate financial instruments (bonds, intra-group loans, term and demand deposits, NEU CP, TLTRO-III until June 2022) and with variable/revisable rate funding sources (securitisations, NEU MTN, bank lines).

The PSA Banque France Group uses two indicators to measure its interest rate risk and control its exposure within the sensitivity limits defined in compliance with its risk appetite framework:

- the sensitivity of the net interest margin (NIM) to changes in interest rates under various stress scenarios, calculated on the basis of a static balance sheet and taking into account the price readjustment of new financing production;
- the sensitivity of the market value of equity (MVE) to changes in interest rates representing the impact on the net present value of assets and liabilities.

As at 31 December 2021, compared to the worst-case scenario of a rise or fall of parallel rates of +/- 25 bps:

- the NIM sensitivity stood at -€3 million; and
- the MVE sensitivity stood at -€5 million.

Please refer to Section 1.4.8.2 "Interest rate risk" for more information on the various indicators used to monitor the PSA Banque France Group's exposure to interest rate risk.

Interest rate risk monitoring is prepared on the basis of model assumptions to decide on hedging programmes. Their cost depends on the steepening of the existing yield curve when they are put in place and they may not always prove to be the most appropriate in view of a highly volatile interest rate environment, which could affect the operating income of the PSA Banque France Group and its financial position.

OPERATIONAL AND NON-COMPLIANCE RISKS

Operational risk is the risk of loss resulting from failing or inadequate internal processes, or from external events, whether accidental, deliberate or natural. Internal processes include those involving personnel and IT systems. Fires, natural disasters (floods, earthquakes, etc.) or epidemics are examples of external events. Operational risk includes risks related to information systems, fraud risks, legal and non-compliance risks, as well as reputational risks.

As at 31 December 2021, the risk-weighted assets of the PSA Banque France Group concerning operational risk amounted to €899 million, using the methodology of the standardised approach of Basel regulations, i.e. 9% of the Group's RWA.

Please refer to Section 1.4.11 "Operational risks" for more information on the PSA Banque France Group's exposure to operational risks.

11. The PSA Banque France Group is exposed to risks related to the security and reliability of its IT systems to ensure the continuation of its business.

Information systems are essential to the PSA Banque France Group's operational processes, from the acceptance of loans to the management of all loans and receivables.

The proper functioning of financial control, accounting and other data collection and processing systems is essential to the PSA Banque France Group's business and its ability to be competitive. In addition, the PSA Banque France Group has entered into framework agreements with Banque PSA Finance on the supply of information systems and IT services and benefits from the STELLANTIS cybersecurity risk alert and prevention system, which makes it possible to ensure proper control of these risks.

The risk related to difficulties in keeping all information systems fully operational following a disruptive event with or without material damage (cyberattack, natural disaster such as a flood, epidemic, or even pandemic) may adversely affect the PSA Banque France Group's capacities to continue its activities, despite the activation of the Business Continuity Plan, even if this plan was tested and strengthened in the context of the Covid-19 pandemic with the increase in remote working capacities and dematerialisation/digitisation.

Losses may result from inadequate personnel, inadequate or failed processes or internal control systems, or from external events that interrupt day-to-day business. The PSA Banque France Group is exposed to the risk of inadequate design of its controls and procedures or to the risk that these may be circumvented such that its data and/or customer files are incomplete, not recoverable, or not securely stored. And this, even though the PSA Banque France Group works with its customers, service providers, counterparties and other third parties to develop secure data and information processing, storage and transmission capacities with the aim of preventing information security risks.

Any interruption or failure of the PSA Banque France Group's IT systems could result in significant loss of customer information or an interruption in the continuation of its business.

Lastly, any breach of IT security could expose the PSA Banque France Group, outside of legal proceedings, to the disclosure or alteration of confidential information that would impact its reputation and thus undermine its customers' confidence and its profitability.

12. The PSA Banque France Group is exposed to the risk of fraud, mainly external fraud that can cause losses due to non-payment of monthly instalments on loans granted or leases.

As a credit institution granting financing to its customers, the PSA Banque Group is exposed to the risk of fraud. This risk may arise from the inadequacy or failure of internal processes, staff or information systems in the process of accepting financing and in the monitoring of its payment/repayment in monthly instalments, but fraud mainly occurs when customers request financing. The credit granting process relies heavily on documents provided by potential customers, such as proof of income and bank details to organise direct debits, by-laws (for companies) or identity documents. A risk will arise when entering into a financing contract if a customer has previously provided false documents or impersonated someone else.

Despite the systems in place, the PSA Banque France Group may not be able to detect certain fraud leading to non-payment of loans with the impossibility of recovering them, which would result in economic losses.

13. The PSA Banque France Group is exposed to the risk of non-compliance with the risk of paying damages or fines following legal or regulatory proceedings that could negatively impact its operating income and financial position.

The PSA Banque France Group is exposed to legal and non-compliance risk, which is the risk of legal, administrative or disciplinary sanctions, significant financial loss or damage to reputation, arising from non-compliance with provisions specific to its banking and financial activities, whether of a legislative or regulatory nature, or professional and ethical standards, or instructions from the executive body taken in application of the guidelines of the supervisory body.

The risk factors are linked to an incorrect interpretation of the texts or an insufficient application of them in terms of operating methods, procedures or internal instructions.

In the course of its ordinary activities, the PSA Banque France Group may be involved in various types of litigation, in particular civil, administrative, tax, criminal and arbitration disputes relating to non-compliance with the aforementioned provisions.

In these cases of default, the PSA Banque France Group is exposed to several consequences that could affect its business:

- a legal impact, when a regulatory or legal action that may result in fines or penalties is brought against the PSA Banque France Group or its employees;
- a financial impact, in the event of damage to the PSA Banque France Group's net income or potential future gains or in the event of loss of investor confidence; and
- an impact on the reputation likely to harm the image or brands of the PSA Banque France Group: for example, bad press or discussions on social networks, a loss of customer confidence or a decline in employee engagement.

In particular, due to its direct affiliation with Banque PSA Finance as well as Santander Consumer Banque (and consequently the STELLANTIS and Santander groups), the PSA Banque France Group may also be impacted by the risk of non-compliance to which these two groups are exposed. This could have a commercial impact in the event of adverse events that significantly disrupt the operation of the PSA Banque France Group, such as embargoes or site closures.

14. Any damage to the reputation or image of the PSA Banque France Group could affect its competitive position with a loss of business from its customers and a loss of confidence on the part of its counterparties and investors, which is likely to have an adverse effect on its operating income or financial position.

Reputational risk is the risk of damage to the trust that its customers, counterparties, suppliers, employees, shareholders, supervisor or any other third party have in a company whose trust is a necessary condition for normal operation of business. For the PSA Banque France Group, reputation and image risk consists mainly of:

- a specific risk, corresponding to reputation and image risk, particularly with end-user customers, Peugeot, Citroën and DS dealer networks, third-party banks and supervisory authorities (excluding internal image risk);
- possible repercussions of an operational incident.

The image and reputation risk is to a large extent related to risks already incurred and identified by the PSA Banque France Group.

Because of its direct affiliation with Banque PSA Finance and Santander Consumer Banque (and consequently to the STELLANTIS and Santander groups), the reputation and image of the PSA Banque France Group may also be influenced by the reputation and identity of these two groups.

Any damage to the reputation and image of the PSA Banque France Group could affect its business due to a loss of confidence on the part of its customers, counterparties and investors, with an adverse effect on its operating income or its financial position.

1.4.2 GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Since the creation of the cooperation between Banque PSA Finance and Santander Consumer Finance, the PSA Banque France Group has adopted a robust and efficient organisation to monitor and control its risks at all levels of the institution through risk identification and risk assessment, including those of non-compliance, implemented within all the various business lines, including for outsourced activities.

The PSA Banque France Group has a strong risk awareness approach among its employees with a continuous training and education programme on the appropriate risk profile. Risk management involves the identification, measurement, control and monitoring of risks, which are carried out by the Risk Department. The Chief Risk Officer is a member of the Executive Committee, which enables him to periodically inform the effective managers, as well as regularly reporting on his assignments to the Board of Directors and the Audit and Risk Committee.

Risk governance covers in particular their management, the validation of measurement methods or models and the setting of the desirable level of risk.

This governance is based, first of all, on a mapping and an annual additional assessment of all risks and the level to which the PSA Banque France Group is exposed, and an assessment of their potential criticality given the management policies adopted, regulatory obligations, the economic and competitive environment, as well as its business model.

1.4.2.1 RISK APPETITE FRAMEWORK

On the basis of the identification and assessment of risks, their performance and the risk strategy defined by the Board of Directors of the PSA Banque France Group, the Risk Department proposes and formalises a Risk Appetite Framework (RAF) approved by the Board of Directors. This Risk Appetite Framework serves as a reference when defining strategic and commercial objectives as well as during annual and multi-year budgeting exercises to ensure that they maintain the Group within the risk profile desired by the Board of Directors.

It also includes:

- the principle of setting alert thresholds and limits in line with the PSA Banque France Group's regulatory obligations for all strategic risks identified during the risk identification assessment. This is to ensure that risks are limited by establishing objective and verifiable limits with a management, control and reporting infrastructure that guarantees their effectiveness;
- the definition of the roles of each player in risk management and accountability of all PSA Banque France Group management to comply with the general risk management policy;
- the principles governing the escalation of alerts to the appropriate level and the timely treatment of any breach of defined limits;
- the independence of the Risk Management and Control function in relation to other business lines and the separation between the departments that generate risks and those responsible for controlling and monitoring them. The latter have sufficient authority and direct access to management and the bodies responsible for defining the risk strategy. This principle results in a three-level control structure (see Section 1.4.2.2 "Organisation of risk management" below);
- anticipation and predictability: the assessment of risks has an essentially anticipatory function;
- the risk culture in the organisation, so that all attitudes, values, skills and instructions relating to the business are integrated into all processes.

The Risk Appetite Framework is regularly reviewed and incorporates, if necessary, new indicators with limits intended for the control of risks whose occurrence or criticality would appear or increase in the risk assessment in the PSA Banque France Group's course of business.

The Risk Appetite Framework defined by the Board of Directors constitutes the general risk management policy by setting the guidelines and limits to be respected within the PSA Banque France Group.

Within this general framework, risk appetite corresponds to the overall level and types of risks that the Board of Directors of the PSA Banque France Group is prepared to assume, in line with the regulations, the bank's ability to cope with risks, and with regard to strategic and commercial objectives.

1.4.2.2 ORGANISATION OF RISK MANAGEMENT

1.4.2.2.1 Risk management and control system

In the organisation of risk management, the PSA Banque France Group adopts the three lines of defence of the risk management and control system:

- the operational or commercial functions, which are exposed primarily to risks, constitute the first level of control or first line of defence. They apply the procedures defined by the Risk Department and validated by the Board of Directors describing the various controls to be carried out in order to ensure the maintenance of an appropriate environment for the control of each of the risks associated with a business activity or function. They propose levels of appetite and limits, which, after validation by the various competent committees, are implemented, as well as the mechanisms to manage risks and keep them in line with the company's risk appetite;
- the second line of defence or second level of control is the risk management and control function and the compliance verification function performed by the permanent control team. Permanent control ensures that the risks identified in the regularly updated mapping are effectively controlled, comply with the guidelines of the European Banking Authority (EBA) and are managed in accordance with the defined level of risk appetite;
- internal audit is the third line of defence and, as the last level of control of the PSA Banque France Group, regularly assesses the policies, methods and procedures to ensure that they are adequate and effectively implemented.

There is a sufficient degree of separation between the risk control function, the internal control function and the internal audit function, to ensure that their functions are performed independently.

Risk Management and Control function

The Risk Management and Control function is independent of the other operational functions. The Risk Department conducts risk measurement and monitoring work and has direct access to the management and governance bodies responsible for establishing and supervising the strategy and the proper application of risk policies in line with the Risk Appetite Framework defined by the Board of Directors.

Using the Risk Identification and Assessment (RIA) process, the Risk Management and Control function identifies and assesses all the risks to which the bank may be exposed or could be exposed in the future.

This process introduces the risk management and control approach. It is divided into quantitative and qualitative parts:

- half-yearly Risk Performance Assessment: assess current risk exposure and determine performance through parameter and threshold indicators;
- Control Environment: assess the level of adequacy of the risk environment with the objectives of the PSA Banque France Group, by identifying any weaknesses and areas for improvement.

The risk mapping is reviewed at least annually by the Risk Management and Control function, which lists all the risks to which the PSA Banque France Group is exposed as a result of its automotive financing business. The last update was dated 22 December 2021. It helps to verify the robustness of the PSA Banque France Group's control system, by comparing the gross risks identified, the losses related to these risks as well as the results of the second-level controls and finally the residual risk.

Internal control

In accordance with the amended Order of 3 November 2014 on the internal control of credit institutions, the internal control system implemented by the PSA Banque France Group is based on:

- a first level of control, which is carried out by the operational units;
- compliance verification functions carried out by the permanent control and periodic control teams, both of which report directly to the Chief Executive Officer, who is responsible for the consistency and effectiveness of both second-level internal control (permanent control, i.e. the compliance verification function) and third-level internal control (internal audit).

The PSA Banque France Group's fundamental principles underpinning the organisation and implementation of internal control are set out in an internal control charter. The internal control charter determines the organisational structures, resources, scopes of action and tasks, as well as the functioning procedures of the PSA Banque France Group's control system.

Internal control system

First-level controls, the foundation of the internal control system

These controls are located within the operational structures. Controls are carried out by all employees as part of their daily activities, in application of procedures integrating the various controls to be carried out, or by employees dedicated to these functions within these structures. The first-level controls are monitored by permanent control.

Permanent control

Second-level control is composed of an autonomous team of three people and their manager, none of whom has an operational function, and it reports to the Secretary General, who is also responsible for the compliance verification function.

The Permanent Control Department is responsible for various missions:

- the control of operations, internal procedures and systems ensuring the prevention and permanent monitoring of non-compliance risks;
- permanent control of the operational risks of Group entities, including risks related to information technology or outsourced services.

Operational risk control missions cover:

- the recurring assessment of the level of control of operational risks achieved by the systems implemented in the Group's entities, as well as in service providers;
- the exercise of specific second-level controls in all structures;
- the coordination of a certification system for the self-assessment of first-level controls, by which operational managers certify the execution and results of key controls on major risks. This system covers the accounting, refinancing and treasury activities as well as the security of access to the PSA Banque France Group's main IT applications;
- the formalisation and follow-up of recommendations;
- the collection, analysis and monitoring of operational incidents.

The risk mapping is reviewed each year by the risk management and control function, which lists all the risks to which the PSA Banque France Group is exposed. It helps to verify the robustness of the PSA Banque France Group's control system, by comparing the risks identified, the losses related to these risks as well as the results of the second-level controls.

In accordance with the amended Order of 3 November 2014 and the guidelines of the European Banking Authority, the Annual Report on Internal Control and Risk Measurement and Monitoring (*Rapport Annuel de Contrôle Interne et de Mesure et Surveillance des Risques*, RACI) for 2021 was communicated to the directors and then sent to the French Prudential Supervisory and Resolution Authority (ACPR) before 31 March 2022 as well as a specific and separate RACI dedicated to actions to combat money laundering/terrorist financing and the freezing of assets before 30 April 2022.

Periodic control

Periodic control, a third-level control, independently verifies the quality, effectiveness and compliance of internal control, risk management and governance processes and systems.

It is carried out by the internal audit team composed of five people and the Audit Director in the form of one-off missions conducted according to a four-year plan covering all the organisations and entities of the PSA Banque France Group, including subcontracting.

The PSA Banque France Group was the subject of 15 audit missions in 2021.

By reporting on its activities to the effective managers, the Board of Directors and the Audit and Risk Committee, internal audit contributes to the improvement of the processes and risk management of the PSA Banque France Group.

Monitoring of the system by the deliberative and executive bodies

The internal control system is monitored by the deliberative and executive bodies, in particular during the meeting of the PSA Banque France Group Audit and Risk Committee that is held at least quarterly and which deals with subjects relating to the three entities of the Group, namely PSA Banque France itself, CREDIPAR and CLV.

The Board of Directors oversees the management of the main risks incurred by the PSA Banque France Group as a whole and ensures the reliability of the internal control system. Through the Audit and Risk Committee, it reviews the main findings from risk monitoring and periodic and permanent control work.

The PSA Banque France Group Audit and Risk Committee prioritises its missions according to the risks identified in each of the entities that make it up. Among its prerogatives are the planning, supervision and review of internal audits and the controls carried out by permanent control, as well as the review of the work of the Statutory Auditors. It is also responsible for monitoring plans to resolve potential weaknesses, mainly related to first-level deficiencies, in the business line process control environment identified by the external auditors.

The Audit and Risk Committee also ensures compliance with regulatory requirements, such as those defined by the Basel III agreements, and the implementation of measures to comply with these standards. Lastly, the Audit and Risk Committee reviews the consolidated financial statements and the respective financial statements of the PSA Banque France Group entities in accordance with the accounting policies used.

If necessary, the Audit and Risk Committee may ask to consult the Chairman of the Board of Directors of PSA Banque France, the Chief Executive Officers and the Statutory Auditors or any other person useful to the performance of its duties. Several times a year, the Chairman of the Audit and Risk Committee meets with the representatives of periodic and permanent controls and those of the Risk Department.

The executive body, and in particular the Chief Executive Officer, is responsible for defining and implementing the internal control system. Through the Control and Compliance Committee, it monitors its proper functioning and ensures the adequacy of missions and resources.

The organisational basis of internal control of the PSA Banque France Group

The control processes are based on a set of regular controls carried out by means of delegations applicable to the operating entities. These delegations concern in particular banking and financial transactions, credit agreements, conditions applied to customers, new products and expenditure commitments.

Within the framework of the Audit and Risk Committee or operational committees, the main guidelines of the PSA Banque France Group are specified and implemented. These specific committees deal in particular with credit risks, where changes in arrears and losses are examined and the performance of risk selection tools for the Retail and Corporate (vehicle fleets and distribution networks) portfolios is analysed.

During these committee meetings, the following are also presented for decision:

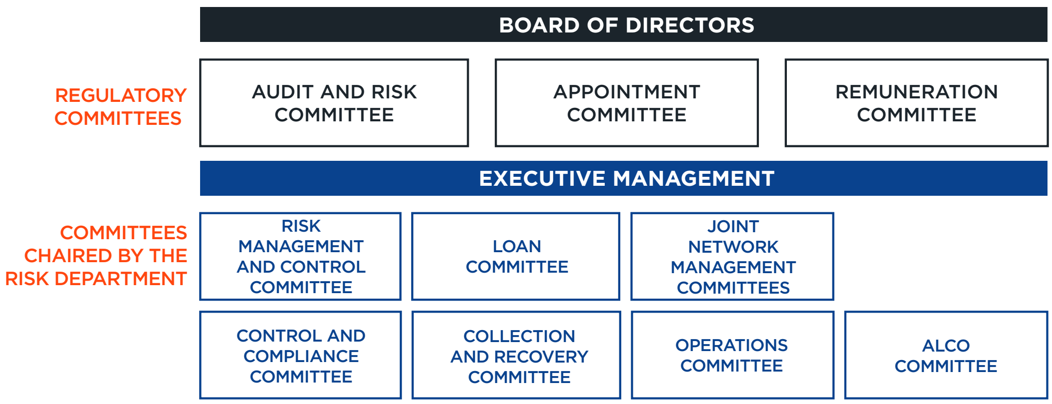
- changes to the Basel system;
- margins relating to financing activities;
- products and processes, including associated risks;
- financing applications for dealers and corporate fleets examined, either at the level of a Santander Group Credit Committee, or at the level of the PSA Banque France Group Loan Committee according to the delegations in force;
- monitoring and reviewing the results of the policy of funding and management of liquidity, interest rate and currency risks;
- the business continuity management system;
- the outsourcing system for certain essential or critical activities and the monitoring of the register of service contracts concerned;
- monitoring of the IT security policy;
- compliance and GDPR-related work.

1.4.2.2.2 Main risk management governance bodies

The governance of the PSA Banque France Group's risk management is managed at the highest level through two main bodies: the Board of Directors and the Executive Management, which is supported by a set of specialised committees whose scope includes three entities that make up the PSA Banque France Group (PSA Banque France, CREDIPAR, CLV):

- **the Board of Directors** of each PSA Banque France Group entity is the primary guarantor of the PSA Banque France Group's internal control system and oversees the management of the main risks incurred by each of the three entities. It determines the guidelines and controls the implementation by the effective managers of the monitoring systems. It regularly approves the limits proposed by the effective managers and sets the criteria and thresholds for significant incidents brought to its attention;
- **Executives** are responsible for implementing the internal control system. They monitor its proper functioning and ensure the adequacy of missions and resources. They ensure that the heads of "key functions" have the knowledge and skills appropriate for the duties they perform. The Executive Committee met on a weekly basis during the 2021 financial year.

The diversity and recruitment policy for the selection of members of the management body is described in Section 1.5.6. "Diversity policy applicable to the selection of members of the management body".



Chaired by the Risk Department, the risk management committees meet on a regular basis:

- **the Risk Management and Control Committee** reports to Executive Management, on a monthly basis, all of the risk indicators defined in the Risk Appetite Statement as well as other operational indicators covering all aspects of the PSA Banque France Group's risks;
- **the Loan Committee** part of the Executive Management, meets on a weekly basis. It is responsible for analysing, validating, modifying or rejecting credit applications. It rules on any guarantees that fall within its delegation and gives a provisional opinion on those beyond this delegation. The latter are intended to be reviewed or approved by the Cooperation Credit Committee;
- **the Joint Network Management Committees** ensure coordinated monitoring of the situation and risks presented by the dealer networks with the Peugeot, Citroën and DS brands, on a monthly basis.

The Risk Department also participates in the following decision-making committees:

- **the Audit and Risk Committee** assists the Board of Directors on a quarterly basis in the performance of its duty of managing the risks inherent in the PSA Banque France Group's commercial activity and in defining its risk appetite. Its main responsibilities concern the control of the risks to which the PSA Banque France Group is exposed, as well as the definition of its risk appetite. It assesses the quality of internal control, in particular the consistency of the risk measurement, monitoring and management systems, and proposes additional actions. The Internal Audit Department submits its audit plan annually to the Audit and Risk Committee for approval before presentation to the Board of Directors. In addition, the Internal Audit Department regularly communicates the main conclusions of the audits carried out and the degree of implementation of the recommendations issued. The Audit and Risk Committee met four times during the 2021 financial year;
- **the Control and Compliance Committee**, which meets monthly, is responsible for measuring compliance risks and implementing the means to remedy them. It also assesses the PSA Banque France Group's compliance policy;
- **the Operations Committee** presents on a monthly basis the performance of the Operations Department and in particular the volume of acceptances by score origin, fraud suffered and avoided, the achievements of the After-sales and Customer Contact Departments, as well as the progress of projects and related action plans;
- **the Collection and Recovery Committee** presents on a monthly basis the status of arrears by bucket and customer segment, the performance of out-of-court collection, litigation and auction services. This committee also presents the action plans and the progress of projects affecting the Collections Department;
- **the ALCO Committee** (Asset and Liability Management Committee) is intended to assist the Executive Committee on a monthly basis in the management of the funding of the PSA Banque France Group, the asset-liability management of the Group as well as the management of structural interest rate risk and liquidity risk.

The members of the executive body are either involved in these committees or informed of their content, the items on their agenda and the decisions taken.

The other regulatory committees (in addition to the Audit and Risk Committee) of the PSA Banque France Group, for the three entities that make it up, are as follows:

- **the Appointment Committee** is responsible for recommending to the Board of Directors the appointments of the effective managers, the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Risk Officer, and the Chief Compliance Officer. All decisions regarding the appointment of the persons holding the aforementioned functions must be taken independently. The Appointment Committee met four times in the 2021 financial year;
- **the Remuneration Committee** assists the Board of Directors in the implementation and management of the overall remuneration policy in accordance with the regulations in force and in particular Article L. 511-102 of the French Monetary and Financial Code, taking into account, in particular, the need to prevent excessive risk-taking. When preparing its opinions, the Remuneration Committee takes into account the long-term interests of the shareholders and other stakeholders of the PSA Banque France Group. The Remuneration Committee met six times during the 2021 financial year.

An Executive Committee dedicated to fraud now meets once every two months since the end of 2021.

1.4.2.3 RISK PROFILE

The risk profile is determined by all the risks inherent to the activities of the PSA Banque France Group, which are identified in the Group's risk mapping and which are regularly assessed and reviewed.

The RIA process (see Section 1.4.2.2.1 "Risk management and control system") is used to identify and assess risk profiles. This is taken into account to develop and implement rules for managing these risks, in particular to align decisions impacting the commercial strategy in line with the level of risk appetite approved by the Board of Directors and the Group's strategy.

The PSA Banque France Group's risk profile is expressed using key indicators, qualitative areas inherent to the Group's strategy and activities, which are not quantified at this stage, and alert thresholds and limits defined in a manner consistent with the key indicators.

Regulatory solvency risk/capital

The solvency risk reflects the risk of a shortfall in the PSA Banque France Group's capital that no longer enables it to meet regulatory requirements and/or its internal commercial objectives.

Its monitoring aims to ensure that risk appetite takes into account, maintains and preserves the Group's capital, while maintaining a safety margin in relation to regulatory requirements, both in the baseline scenario and stressed scenarios.

Credit risk

Credit risk results from the inability of a customer to meet the payment or other obligations of a financing contract entered into with the PSA Banque France Group.

It is assessed for the Retail and Corporate portfolios based on risk indicators (cost of risk, default coverage rate, etc.) in line with the Group's strategic and commercial plan.

Concentration risk

The concentration risk comes from a significant accumulation of exposures on certain categories, sectors, or markets.

Its monitoring aims to determine the maximum level of concentration that the bank is prepared to take in the course of its business, in accordance with its strategic plan.

Liquidity and funding risk

The liquidity risk would result from the fact that the PSA Banque France Group does not have sufficient liquidity to meet its commitments within the allotted time, and cannot satisfactorily access sources of funding and liquidity for the financial year to carry out its financing activity.

Its monitoring makes it possible to determine the minimum level of liquidity that the Group must maintain in order to constantly meet all net cash payments/outflows related to its activity, both in normal and stressed situations.

Volatility of income linked to changes in interest rates

The interest rate risk arises from possible losses due to changes in interest rates on the structure of the PSA Banque France Group's equity.

Its monitoring limits the potential negative volatility of income. These are forecasted in the PSA Banque France Group's strategic plan, in both normal and stressed situations.

Operational risk

Operational risks are the risks of losses resulting from failing or inadequate internal processes (failure of information systems, personnel) or external events with a low probability but with a potentially significant impact. It notably includes IT and information system security risks, fraud, non-compliance with the associated risk of sanctions and reputation.

1.4.2.4 RISK APPETITE STATEMENT

Risk appetite is translated at the operational level by limits and associated alert thresholds defined in the Risk Appetite Statement. The indicators used to define these limits may be qualitative and/or quantitative and cover the major risks of the PSA Banque France Group, in line with its regulatory obligations.

The Risk Appetite Statement is presented at least every quarter to the Board of Directors of the PSA Banque France Group and guarantees compliance with all the limits set, or the implementation of action plans if not. Risk management governance provides for decision-making by collegiate bodies by including in the decision-making process a variety of methodological points of view proportionate to the potential impact of the decision and the complexity of the factors involved.

The Risk Department, which controls risk appetite, prepares this report on the basis of continuous monitoring and management. This report is submitted for review to the Risk Management and Control Committee which, if necessary, will propose corrective measures to adapt the risk appetite to the risk profile.

The Board of Directors of the PSA Banque France Group makes an annual statement on risk appetite via a formal declaration.

1.4.2.5 ADEQUACY OF THE INSTITUTION'S SYSTEMS WITH RESPECT TO RISKS

At its meeting of 21 December 2021, the Board of Directors of the PSA Banque France Group, after having reviewed the Bank's position with regard to the risk appetite thresholds and limits established for 2021, validated, based on all the information submitted to it, its thresholds and limits for the year 2022 and their adequacy with the risk profile and the strategy of the PSA Banque France Group, and inter alia in terms of management of liquidity risk.

1.4.2.6 STRESS TEST SYSTEM

The stress tests, or tests in the event of crises, are an integral part of the PSA Banque France Group's risk management system. The stress tests contribute to the forward-looking management of risks and the assessment of the adequacy of the level of capital, while meeting regulatory requirements.

The stress tests include:

- **annual exercise as part of the ICAAP (Internal Capital Adequacy Assessment Process):** this measures the potential risks for the determination of the capital requirement under Pillar II. ICAAP is mainly carried out by the Finance Department and the Risk Department with contributions from the various other departments. The ICAAP report is approved by the Board of Directors. The entire ICAAP exercise is simulated using a baseline scenario which is based on provisional plans (budget and medium-term plan) and a stress scenario built from data derived from the use of forward-looking statistical models, specific analyses and historical data. It also includes idiosyncratic events specific to the business of the PSA Banque France Group and its environment;
- **stress tests relating to credit risk:** the models of stress tests, specific to the PSA Banque France Group, which had been developed in 2016, were adapted following the implementation of IFRS 9. The models are based on parameters and portfolios;
- **monthly liquidity stress test exercise:** this determines the liquidity time horizon for business continuity according to various crisis scenarios;

- **interest rate sensitivity stress test exercise:** this assesses the impact of parallel and non-parallel rate shocks according to the regulatory requirement. The PSA Banque France Group thus calculates the SOT scenarios on a quarterly basis in accordance with Directive EBA/GL/2018/02 by applying the dynamic floor to the reference curve. The risks related to potential changes in interest rates affecting the MVE and NIM of the PSA Banque France Group's banking book, in accordance with Articles 84 and 98 (5) CRD, are presented in the table below;
- **other regulatory stress tests:** this typology of stress tests includes all requests from the ECB, the EBA or from another supervisor. At the end of 2021, the PSA Banque France Group thus contributed for the first time to the Santander Group's climate change stress test exercise.

TABLE EU IRRBB – INTEREST RATE RISK IN THE BANKING BOOK (SOT FOR MVE/NIM)

	31 December 2021	31 December 2020	31 December 2021	31 December 2020
(in million euros)	Changes of the market value of equity (MVE)		Changes of the net interest margin (NIM)	
Supervisory shock scenarios	**Current period**	**Last period**	**Current period**	**Last period**
Parallel shock up	(43)	(56)	(5)	(1)
Parallel shock down	10	11	(5)	(6)
Steepener shock	19	13	(19)	(13)
Flattener shock	(34)	(26)	18	15
Short rates shock up	(45)	(42)	25	22
Short rates shock down	14	11	(17)	(13)

1.4.3 CAPITAL MANAGEMENT AND REGULATORY CAPITAL ADEQUACY

1.4.3.1 SCOPE AND APPLICATION

The prudential scope used to calculate the solvency ratio is identical to the scope of consolidation described in the notes to the IFRS Financial Statements (Note 1.C).

Since 1 January 2014, the PSA Banque France Group has been subject to compliance with the prudential regulations defined by the Basel III agreements: Regulation (EU) 575/2013 of the European Parliament and of the Council (CRR), as amended by Regulation (EU) 2019/876 (CRR II), and Directive 2013/36/EU (CRD IV), as amended by Directive (EU) 2019/878 (CRD V).

Note that, in principle, banking institutions must be subjected to a two-fold monitoring process, on a consolidated basis and on an individual basis. However, on 29 January 2015, the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel et de Résolution*, ACPR) endorsed the application for exemption that was submitted to it for prudential supervision on an exclusively consolidated basis, as per Regulation CRR Article 7. There are no obstructions to the transfer of regulatory capital between PSA Banque France and its subsidiaries.

TRANSITION TABLE FROM ACCOUNTING EQUITY TO REGULATORY CAPITAL

(in million euros)	31 December 2021	31 December 2020
Accounting Equity (1)	**1,784**	**1,565**
Share of net income for the year yet to be allocated (2)	344	117
Distributable income (2)	-	126
Negative amounts resulting from the calculation of the expected loss	77	77
Other prudential deductions	8	21
Tier 1 regulatory capital	**1,355**	**1,224**
Tier 2 subordinated loans	155	155
Tier 1 and Tier 2 regulatory capital	**1,510**	**1,379**

(1) Accounting and prudential equity are equal.
(2) The result for the year 2021 of €344 million, pending allocation, was excluded from the calculation of equity.

1.4.3.2 REGULATORY CAPITAL AND REGULATORY CAPITAL REQUIREMENTS

The information in this section is not covered by the Statutory Auditors' opinion on the consolidated financial statements.

The regulatory capital is broken down into three tiers (core Tier 1 capital, additional Tier 1 capital, and Tier 2 capital) composed of equity or debt instruments, which are subjected to regulatory adjustments. The PSA Banque France Group has Tier 1 and 2 capital instruments.

Tier 1 capital instruments are composed of the following:

- share capital and the corresponding issuance premiums;
- retained earnings and other reserves;
- components of income recognised directly in equity.

Regulatory deductions made to this regulatory capital include the following items:

- share of income for the financial year yet to be allocated;
- estimated amounts of projected dividend distributions;
- negative difference between recognised impairment and the expected losses statistically calculated for Risk Weighted Assets (RWA) stated using the Internal Rating Based (IRB) method;
- other prudential deductions corresponding to the contributions of the PSA Banque France Group to the *Fonds de Garantie des Dépôts et de Résolution* (FGDR) and the *Fonds de Résolution Unique* (FRU) deducted from Tier 1 regulatory capital.

Tier 2 capital instruments are composed exclusively of subordinated debt.

A total of three levels of solvency ratio are calculated:

- the core Tier 1 capital ratio or CET1 ratio;
- the Tier 1 capital ratio or T1 ratio;
- the total capital ratio.

These ratios are calculated by dividing each category of the Group's regulatory capital by the sum of risk-weighted assets.

TABLE EU CCYB1 – GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER

This table provides the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of the countercyclical capital buffer, in application of point (a) of Article 440 CRR "Disclosure of countercyclical capital buffers".

	General credit exposures		Relevant credit exposures – Market risk			
(in million euros)	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value
France	1,675	12,871	-	-	856	15,402
Spain	80	-	-	-	-	80
TOTAL	**1,755**	**12,871**	**-**	**-**	**856**	**15,482**

	Own fund requirements						
(in million euros)	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
France	724	-	9	733	9,161	99.8%	0.0%
Spain	1	-	-	1	16	0.2%	0.0%
TOTAL	**725**	**-**	**9**	**734**	**9,177**	**100.0%**	

TABLE EU CCYB2 – AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

This table provides the amount of the institution-specific countercyclical capital buffer, in application of point (b) of Article 440 CRR "Disclosure of countercyclical capital buffers".

(in million euros)	
Total risk exposure amount	**10,123**
Institution specific countercyclical capital buffer rate	0.0%
INSTITUTION SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER REQUIREMENT	**-**

In December 2021, the High Financial Stability Board decided to keep the countercyclical capital buffer rate for France unchanged at 0%, in force since 2 April 2020 (decision No. D-HCSF-2020-2 of 1 April 2020).

TABLE EU CC1 – COMPOSITION OF REGULATORY OWN FUNDS

This table provides a breakdown of the constituent elements of regulatory own funds, in application of points (a), (d), (e) and (f) of Article 437 CRR “Disclosure of own funds”.

	(in million euros)	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	738	(a)
	of which: Instrument type 1	*738*	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	311	(b)
3	Accumulated other comprehensive income (and other reserves)	391	(b),(c)
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,440**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	0	
8	Intangible assets (net of related tax liability) (negative amount)	-	
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	(77)	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	-	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	
EU-20c	*of which: securitisation positions (negative amount)*	-	

	(in million euros)	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
EU-20d	*of which: free deliveries (negative amount)*	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	
24	Not applicable	-	
25	*of which: deferred tax assets arising from temporary differences*	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(8)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(85)**	
29	**Common Equity Tier 1 (CET1) capital**	**1,355**	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	-	
31	*of which: classified as equity under applicable accounting standards*	-	
32	*of which: classified as liabilities under applicable accounting standards*	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable	-	

(in million euros)		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,355**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	155	(d)
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**155**	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a.	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**155**	
59	**Total capital (TC = T1 + T2)**	**1,510**	
60	**Total Risk exposure amount**	**10,123**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	13.4%	
62	Tier 1 capital	13.4%	
63	Total capital	14.9%	
64	Institution CET1 overall capital requirements	7.8%	

(in million euros)		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
65	*of which: capital conservation buffer requirement*	*2.5%*	
66	*of which: countercyclical capital buffer requirement*	*0.0%*	
67	*of which: systemic risk buffer requirement*	*0.0%*	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	*0.0%*	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*0.8%*	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**4.6%**	
	National minima (if different from Basel III)		
69	Not applicable	-	
70	Not applicable	-	
71	Not applicable	-	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

TABLE EU CC2 – RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

This table enables to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the balance sheet in published financial statements and the numbers that are used in the composition of capital disclosure table EU CC1, in application of point (a) of Article 437 CRR "Disclosure of own funds".

(in million euros)	Balance sheet as in published financial statements as at 31/12/2021	Under regulatory scope of consolidation as at 31/12/2021	Reference
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Cash, central banks	818	818	
Financial assets at fair value through profit or loss	7	7	
Hedging instruments	1	1	
Financial assets at fair value through Equity	70	70	
Loans and advances to credit institutions at amortised cost	628	628	
Customer loans and receivables at amortised cost	13,969	13,969	
Fair value adjustments to finance receivables portfolios hedged against interest rate risk	(12)	(12)	
Current tax assets	8	8	
Deferred tax assets	4	4	
Accruals and other assets	224	224	
Property and equipment	17	17	
TOTAL ASSETS	**15,734**	**15,734**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
Central banks	0	0	
Financial liabilities at fair value through profit or loss	0	0	
Hedging instruments	0	0	
Deposits from credit institutions	3,945	3,945	
Due to customers	3,356	3,356	
Debt securities	5,438	5,438	
Current tax liabilities	2	2	
Deferred tax liabilities	470	470	
Accruals and other liabilities	561	561	
Provisions	23	23	
Subordinated debt	155	155	(d)
Equity	1,784	1,784	
TOTAL LIABILITIES	**15,734**	**15,734**	
Shareholders' Equity			
Equity attributable to equity holders of the parent	1,784	1,784	
Share capital and other reserves	757	757	(a)
Consolidated reserves	1,029	1,029	(b)
of which Net income - equity holders of the parent	*344*	*344*	
Gains and losses recognised directly in Equity	(2)	(2)	(c)
Minority interests	-	-	
TOTAL SHAREHOLDERS' EQUITY	**1,784**	**1,784**	

1.4.3.2.1 Regulatory capital

As at 31 December 2021, the Basel III (CRD IV) Tier 1 capital ratio in respect of Pillar I stood at 13.4%, and the total capital ratio was 14.9%. Basel III Tier 1 regulatory capital amounted to €1,355 million at the closing date of financial year 2021, taking into account the deduction of the difference between recognised impairment and expected losses of -€77 million on IRB scope. The regulatory capital requirement stood at €810 million as at 31 December 2021.

GROUP CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

(in million euros)	RWA	Capital requirements	RWA	Capital requirements	RWA	Capital requirements
	31/12/2021		30/06/2021		31/12/2020	
Credit risk	**9,108**	**729**	**9,072**	**726**	**9,030**	**722**
Standard method	**989**	**79**	**1,052**	**85**	**1,087**	**87**
Sovereigns, Central Banks, and Administrations	16	1	17	1	14	1
Institutions	130	10	148	12	182	15
Corporate	328	26	319	26	324	26
Retail	306	25	287	23	266	21
Other assets	209	17	281	23	301	24
Foundation Internal Ratings-Based approach (F-IRB)	**3,858**	**309**	**3,917**	**313**	**4,165**	**333**
Corporate	3,858	309	3,917	313	4,165	333
Advanced Internal Ratings-Based approach (A-IRB)	**4,261**	**341**	**4,103**	**328**	**3,778**	**302**
Retail	4,261	341	4,103	328	3,778	302
Securitisation exposures in the banking book (after the cap)	**116**	**9**	**155**	**12**	**203**	**16**
Operational risk (standard method)	**899**	**72**	**835**	**67**	**835**	**67**
Market risk	**-**	**-**	**-**		**-**	**-**
TOTAL RISKS	**10,123**	**810**	**10,062**	**805**	**10,068**	**805**

Tier 1 regulatory capital	**1,355**	**1,351**	**1,224**
Tier 1 capital ratio	**13.4%**	**13.4%**	**12.2%**
Total regulatory capital	**1,510**	**1,506**	**1,379**
Total capital ratio	**14.9%**	**15.0%**	**13.7%**

Core CET1 capital

Core capital corresponds to the share capital and associated issue premiums, reserves, income net of taxes before allocation and other items of accumulated comprehensive income and minority interests after application of the transitional provisions for the prudential filters.

The core CET1 capital of the PSA Banque France Group accounted for 90% of total regulatory capital at the end of December 2021 and totalled €1,355 million.

AT1 capital

AT1 regulatory capital consists of equity instruments net of any repayment incentives or obligations in accordance with Articles 51 and 52 of the CRR. The PSA Banque France Group does not hold any such instruments.

T2 capital

T2 regulatory capital consists of subordinated debt instruments with a minimum duration of five years with no early repayment during the first five years, in accordance with Articles 62 and 63 of the CRR. They amounted to €155 million as at 31 December 2021 in the subordinated loan category, following two loans whose treatment must be identical and simultaneous (impairment and/or conversion).

TABLE EU CCA – MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS

This table provides a description of the main features of regulatory own funds instruments and eligible liabilities instruments, in application of points (b) and (c) of Article 437 CRR “Disclosure of own funds”.

		Qualitative or quantitative information	
1	Issuer	PSA Banque France	PSA Banque France
2	Unique identifier	PSA Finance Nederland Subordinated Loan	Santander Consumer Finance Subordinated Loan
2a	Public or private placement	Private	Private
3	Governing law(s) of the instrument	French	French
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 (T2) capital	Tier 2 (T2) capital
5	Post-transitional CRR rules	Tier 2 (T2) capital	Tier 2 (T2) capital
6	Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated	Sub-consolidated	Sub-consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated loan	Subordinated loan
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€77,500 thousand	€77,500 thousand
9	Nominal amount of instrument	€77,500 thousand	€77,500 thousand
EU-9a	Issue price	Not applicable	Not applicable
EU-9b	Redemption price	Not applicable	Not applicable
10	Accounting classification	Liabilities at amortised cost	Liabilities at amortised cost
11	Original date of issuance	15 December 2017	15 December 2017
12	Perpetual or dated	Dated	Dated
13	Original maturity date	15 December 2027	15 December 2027
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	From 15 December 2022 with notional amount repayment - subject to a similar treatment in the subordinated loan “Santander Consumer Finance Subordinated Loan”	From 15 December 2022 with notional amount repayment - subject to the same treatment in the subordinated loan “PSA Finance Nederland Subordinated Loan”
16	Subsequent call dates, if applicable	Possibility of repayment at any date after 15 December 2022	Possibility of repayment at any date after 15 December 2022
	Coupons/dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	E3M+1.91%	E3M+1.91%
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non convertible*	Non convertible*
24	If convertible, conversion trigger(s)	Not applicable	Not applicable

		Qualitative or quantitative information	
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable
30	Write-down features	No*	No*
31	If write-down, write-down trigger(s)	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34a	Type of subordination (only for eligible liabilities)	Not applicable	Not applicable
EU-34b	Ranking of the instrument in normal insolvency proceedings	Subordinated	Subordinated
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable
37a	Link to the full term and conditions of the instrument (signposting)	Not applicable (private contract)	Not applicable (private contract)

* *Regulatory provisions apply – i.e. depreciation or conversion into ordinary shares as decided by the regulator.*

1.4.3.2.2 Regulatory capital requirements

Regulatory requirements are determined in accordance with the laws and transitional provisions applicable as of 1 January 2014 to credit institutions and investment companies as published in the Official Journal of the European Union on 26 June 2013: Regulation (EU) No. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV).

On 6 April 2009, the ACPR authorised Banque PSA Finance to use the Advanced Internal Ratings-Based Approach (A-IRB) to calculate the regulatory capital requirement for the Retail portfolio, and the Foundation Internal Ratings-Based Approach (F-IRB) for the Corporate portfolio. This measure has been applied to the entities of the PSA Banque France Group since 1 January 2009.

In the context of the implementation of the cooperation between Banque PSA Finance and Santander Consumer Finance in 2015, the two partners aimed to keep using the internal ratings models developed by Banque PSA Finance, after review and validation of these models by Santander Group's Internal Validation Team, and after approval by the competent supervisory authorities.

As such, the PSA Banque France Group's internal rating system was inspected by the European Central Bank, further to which the PSA Banque France Group received authorisation in 2017 to maintain the internal rating methods originally developed by Banque PSA Finance for calculating risk-weighted assets (RWA). Since 2019, following the implementation of a synthetic risk transfer transaction, the senior securities held by CREDIPAR have been assessed using the SEC IRB approach.

All of the data used to model and calculate credit risk are extracted from the management accounting systems. The latter feed into the common risk databases: BRC (the central risk database for Retail customers) and BUIC (the Corporate customer database) that are used to uniformly track all risk parameters applicable to the PSA Banque France Group. The information from the risk management databases feeds the central regulatory capital management tool (Risk Authority).

At the same time, some accounting data are also integrated with this central tool. After reconciling management and statutory accounting data, the minimum capital requirement is calculated using the aforementioned tools, and regulatory capital reports are produced.

Operational risk is measured using the standard approach. Thus, the minimum capital requirement is calculated by applying a 12% ratio to retail net banking income and a 15% ratio to non-retail net banking income from other asset segments.

TABLE EU OV1 – OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS

This table provides an overview of total RWA forming the denominator of the risk-based capital requirements, in application of point (d) of Article 438 CRR "Disclosure of own funds requirements and risk-weighted exposure amounts".

		Total risk exposure amounts (TREA)		Total own funds requirements
(in million euros)		**31/12/2021**	**30/06/2021**	**31/12/2021**
1	**Credit risk (excluding CCR)**	**9,092**	**9,057**	**728**
2	*of which the standardised approach*	*973*	*1,037*	*78*
3	*of which the Foundation IRB (F-IRB) approach*	*3,858*	*3,917*	*309*
4	*of which slotting approach*	-	-	-
EU-4a	*of which equities under the simple risk-weighted approach*	-	-	-
5	*of which the Advanced IRB (A-IRB) approach*	*4,261*	*4,103*	*341*
6	**Counterparty credit risk - CCR**	**16**	**15**	**1**
7	*of which the standardised approach*	*15*	*15*	*1*
8	*of which internal model method (IMM)*	-	-	-
EU-8a	*of which exposures to a CCP*	*1*	*0*	*0*
EU-8b	*of which credit valuation adjustment - CVA*	-	-	-
9	*of which other CCR*	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**116**	**155**	**9**
17	*of which SEC-IRBA approach*	*116*	*155*	*9*
18	*of which SEC-ERBA (including IAA)*	-	-	-
19	*of which SEC-SA approach*	-	-	-
EU-19a	*of which 1,250%/deduction*	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**-**	**-**	**-**
21	*of which the standardised approach*	-	-	-
22	*of which IMA*	-	-	-
EU-22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**899**	**835**	**72**
EU-23a	*of which basic indicator approach*			
EU-23b	*of which standardised approach*	*899*	*835*	*72*
EU-23c	*of which advanced measurement approach*	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**TOTAL**	**10,123**	**10,062**	**810**

Risk Weighted Assets (RWA) for credit risk, market risk and operational risk were €10,123 million as at 31 December 2021 compared to €10,062 million as at 30 June 2021.

The increase in RWA reflects the growth in the overall activity of the PSA Banque France Group, mitigated by the SRT transaction implemented since November 2019 on the Retail portfolio of traditional loans.

1.4.3.2.3 Management of internal capital

The capital policy, approved by the Group's two shareholders, determines the criteria to be applied to define the internal capital objectives of the PSA Banque France Group and identify the share capital required to comply with regulatory ratios (Pillar I and Pillar II) and the Return On Equity (ROE).

The internal capital requirement corresponds to the minimum capital threshold the management of the PSA Banque France Group believes it needs to manage its risk profile and strategy.

The dividend distribution policy defines the criteria to establish the profit which can be distributed by the PSA Banque France Group to its two shareholders: Banque PSA Finance and Santander Consumer Finance.

It is proposed and approved by the ALCO Committee as part of internal capital management. It is consistent with the risk profile of the Group and is intended to meet regulatory requirements.

1.4.4 LEVERAGE RATIO

The leverage ratio compares Tier 1 regulatory capital (the numerator) to an exposure consisting of the balance sheet items and off-balance sheet items which are not risk-weighted (denominator).

The leverage ratio is not sensitive to risk factors and, as such, is considered to be a measure that complements the solvency and liquidity management system already making it possible to control balance sheet growth.

The risk of excessive leverage may lead to the taking of corrective measures not provided for by the financial and capital trajectory, including the sale of assets. The leverage ratio is part of the risk management system. This ratio is included in a dashboard presented to the Board on a monthly basis. Monthly monitoring therefore ensures that the leverage ratio is in line with the target set by the PSA Banque France Group.

As at 31 December 2021, the leverage ratio stood at 8.4% (compared to 7.7% as at 31 December 2020), above the regulatory threshold adjusted to 3.2% according to the announcement from the European Central Bank that euro area banks may continue to exclude certain central bank exposures from the leverage ratio until 31 March 2022, as exceptional macroeconomic circumstances due to Covid-19 pandemic continue.

Compared to 31 December 2020, the Tier 1 capital (in the numerator) increased by €131 million due to:

- changes in equity of €117 million;
- €16 million impact of the Equity tranche treatment of the SRT transaction with now a higher level of provisions on referenced receivables;
- a decrease of €2 million in other CET1 adjustments.

The leverage exposure (in the denominator) showed an overall increase of €243 million:

- €65 million for exposures relating to derivatives and Sets and gross amount of guarantees on derivatives provided, following the application of the SA-CCR calculation in accordance with CCR2, on forward financial instruments which increased from €2,069 million as at 31 December 2020 to €4,842 million as at 31 December 2021;
- €89 million related to central bank exposures. The deduction amount of the central bank exposure taking into account a pre-pandemic benchmark (€420 million) was €398 million at the end of 2021;
- €16 million for regulatory adjustments;
- €26 million for off-balance sheet exposures;
- €47 million for balance sheet exposures excluding derivatives and securities financing, related to the current activities of the PSA Banque France Group.

This ratio is included in the risk dashboard sent quarterly to the Audit and Risk Committee and the Board of Directors. Even if this ratio is higher than the regulatory requirements, the internal limit aims for a level higher than 6%.

TABLE EU LR1 – LRSUM – SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

This table reconciles the total assets in the published financial statements to the leverage ratio exposure measure, in application of point (b) Article 451(1) CRR "Disclosure of the leverage ratio".

(in million euros)		**Applicable amount**
1	**Total assets as per published financial statements**	**15,734**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	(398)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	55
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	745
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(74)
13	**TOTAL EXPOSURE MEASURE**	**16,062**

TABLE EU LR2 – LRCOM – LEVERAGE RATIO COMMON DISCLOSURE

This table provides a detailed breakdown of the components of the leverage ratio denominator, as well as a information on the actual leverage ratio, minimum requirements and buffers, in application of points (a) and (b) Article 451(1) CRR and Article 451(3) CRR "Disclosure of the leverage ratio", taking into account, where applicable, point (c) Article 451(1) and Article 451(2) CRR.

		CRR leverage ratio exposures	
(in million euros)		**31/12/2021**	**30/06/2021**
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	15,720	16,211
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	16	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(77)	(81)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**15,659**	**16,130**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	17	0
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	39	10
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**56**	**10**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**-**	**-**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	944	2,272
20	(Adjustments for conversion to credit equivalent amounts)	(199)	(1,517)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**745**	**755**

(in million euros)		CRR leverage ratio exposures 31/12/2021	CRR leverage ratio exposures 30/06/2021
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	(398)	(1,200)
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**(398)**	**(1,200)**
	Capital and total exposure measure		
23	**Tier 1 capital**	**1,355**	**1,351**
24	**Total exposure measure**	**16,062**	**15,695**
	Leverage ratio		
25	**Leverage ratio (%)**	**8.4%**	**8.6%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.4%	8.6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.2%	8.0%
26	Regulatory minimum leverage ratio requirement (%)	3.1%	0.1%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.1%	0.1%
EU-26b	*of which: to be made up of CET1 capital*	*0.1%*	*0.1%*
27	Leverage ratio buffer requirement (%)	0.1%	0.0%
EU-27a	**Overall leverage ratio requirement (%)**	**3.4%**	**3.4%**
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-

(in million euros)		CRR leverage ratio exposures 31/12/2021	CRR leverage ratio exposures 30/06/2021
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	16,062	15,694
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	16,460	16,895
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.4%	8.6%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.2%	8.0%

TABLE EU LR3 – LRSPL – SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

This table provides a breakdown of the leverage ratio on-balance total exposure measure in application of point (b) Article 451(1) CRR "Disclosure of the leverage ratio".

(in million euros)		CRR leverage ratio exposures
EU-1	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS, AND EXEMPTED EXPOSURES), OF WHICH:**	**15,799**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	15,799
EU-4	*Covered bonds*	*-*
EU-5	*Exposures treated as sovereigns*	*950*
EU-6	*Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns*	*61*
EU-7	*Institutions*	*94*
EU-8	*Secured by mortgages of immovable properties*	*-*
EU-9	*Retail exposures*	*8,335*
EU-10	*Corporates*	*4,650*
EU-11	*Exposures in default*	*101*
EU-12	*Other exposures (eg equity, securitisations, and other non-credit obligation assets)*	*1,608*

1.4.5 CREDIT RISK

1.4.5.1 CREDIT RISK EXPOSURE

Exposure in the event of default (EAD) includes credit exposures as recorded in the balance sheet and off-balance sheet.

The PSA Banque France Group uses three levels of classification of receivables (stages) and determines impairments on an individual or collective basis as described in Section 1.3.2 “Provisions for non-performing loans”.

The segmentation of the PSA Banque France Group’s business portfolios follows the Basel classification: the two business units, Fleet (financing of corporate and government vehicle fleets) and Wholesale (financing of STELLANTIS dealer networks) are exclusively dedicated to the Basel Corporate – Banks – Local authorities – Sovereigns portfolios, while the Retail financing business (Individuals, SMEs) makes up the Basel Retail portfolio.

The rating systems in this framework are also split into Retail and Corporate. The resulting parameters (PD, LGD, EAD) are those used to calculate the regulatory capital requirements for credit risk.

TOTAL NET AMOUNT OF EXPOSURES

The table below presents the total amounts of net exposures as at 31 December 2021 by exposure class.

(in million euros)	**Net value of exposures as at 31/12/2021**
Central governments or central banks	-
Institutions	-
Corporates	4,635
of which: Specialised lending	-
of which: SMEs	*549*
Retail	8,402
Secured by real estate property	-
SMEs	-
Non-SMEs	-
Qualifying revolving	-
Other retail	*8,402*
SMEs	*2,761*
Non-SMEs	*5,641*
Equity	-
Total IRB approach	**13,037**
Central governments or central banks	951
Regional governments or local authorities	65
Public sector entities	-
Multilateral development banks	-
International organisations	-
Institutions	173
Corporates	510
of which: SMEs	*172*
Retail	469
of which: SMEs	*267*
Secured by mortgages on immovable property	-
of which: SMEs	-
Exposures in default	9
Items associated with particularly high risk	-
Covered bonds	-
Claims on institutions and corporates with a short-term credit assessment	478
Collective investments undertakings	-
Equity exposures	-
Other exposures	205
Total standardised approach	**2,860**
TOTAL	**15,897**

TABLE EU CR1 – PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

This table provides a comprehensive view of the quality of performing and non-performing exposures and related provisions, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received by exposure class, in application of points (c) and (e) of Article 442 CRR "Disclosure of exposures to credit risk and dilution risk".

	Gross carrying amount/ nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
(in million euros)		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
Cash balances at central banks and other demand deposits	**1,446**	**1,446**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**13,928**	**13,175**	**748**	**227**	**20**	**150**	**(67)**	**(40)**	**(26)**	**(119)**	**(2)**	**(103)**	**-**	**363**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	69	63	6	3	-	2	0	0	0	(1)	0	(1)	-	-	-
Credit institutions	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	7,523	6,925	593	137	8	74	(44)	(28)	(16)	(58)	(1)	(44)	-	363	-
of which SMEs	*3,501*	*3,349*	*150*	*87*	*1*	*52*	*(24)*	*(16)*	*(7)*	*(45)*	*(1)*	*(35)*	-	-	-
Households	6,335	6,186	149	87	12	74	(22)	(12)	(10)	(60)	(1)	(58)	-	-	-
Debt securities	**70**	**70**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	70	70	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures	**1,076**	**1,063**	**13**	**3**	**-**	**3**	**2**	**2**	**0**	**3**	**-**	**3**		**-**	**-**
Central banks	140	140	-	-	-	-	-	-	-	-	-	-		-	-
General governments	4	4	-	0	-	0	0	0	-	0		0		-	-
Credit institutions	0	0	-	-	-	-	0	0	-	-	-	-		-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Non-financial corporations	678	665	13	3	-	3	2	2	0	-	-	-		-	-
Households	254	254	-	-	-	-	0	0	-	3	-	3		-	-
TOTAL	**16,520**	**15,754**	**761**	**230**	**20**	**153**	**(65)**	**(38)**	**(26)**	**(116)**	**(2)**	**(100)**	**-**	**363**	**-**

TABLE EU CR1-A – MATURITY OF EXPOSURES

This table provides the breakdown of net exposure values by residual maturity and exposure class, in application of point (g) of Article 442 CRR "Disclosure of exposures to credit risk and dilution risk".

	Net exposure value					
(in million euros)	**On demand**	**≤ 1 year**	**> 1 year ≤ 5 years**	**> 5 years**	**No stated maturity**	**Total**
Loans and advances	-	4,358	2,158	11	7,442	13,969
Debt securities	-	70	-	-	-	70
TOTAL	**-**	**4,428**	**2,158**	**11**	**7,442**	**14,039**

TABLE EU CQ1 – CREDIT QUALITY OF FORBORNE EXPOSURES

This table provides an overview of the quality of forborne exposures, in application of point (c) of Article 442 CRR "Disclosure of exposures to credit risk and dilution risk".

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
		Non-performing forborne							
(in million euros)	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Cash balances at central banks and other demand deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**12**	**37**	**36**	**29**	**(1)**	**(27)**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	0	0	0	-	0	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	2	13	13	6	0	(11)	-	-	-
Households	10	24	23	23	(1)	(16)	-	-	-
Debt Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loan commitments given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**12**	**37**	**36**	**29**	**(1)**	**(27)**	**-**	**-**	**-**

TABLE EU CQ3 – CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

This table provides an ageing analysis of accounting past due exposures, in application of point (d) of Article 442 CRR "Disclosure of exposures to credit risk and dilution risk".

	Gross carrying amount/nominal amount											
	Performing exposures			**Non-performing exposures**								
(in million euros)		**Not past due or past due ≤ 30 days**	**Past due > 30 days ≤ 90 days**		**Unlikely to pay that are not past due or are past due ≤ 90 days**	**Past due > 90 days ≤ 180 days**	**Past due > 180 days ≤ 1 year**	**Past due > 1 year ≤ 2 years**	**Past due > 2 years ≤ 5 years**	**Past due > 5 years ≤ 7 years**	**Past due > 7 years**	**Of which defaulted**
Cash balances at central banks and other demand deposits	**1,446**	**1,446**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**13,928**	**13,869**	**59**	**227**	**137**	**26**	**18**	**15**	**29**	**1**	**1**	**204**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	69	69	0	3	3	0	0	0	0	0	-	2
Credit institutions	1	1	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	7,523	7,506	17	137	96	13	7	11	8	1	1	127
of which SMEs	*3,501*	*3,487*	*14*	*87*	*62*	*8*	*4*	*7*	*5*	*0*	*1*	*86*
Households	6,335	6,293	42	87	38	13	11	4	21	0	0	75
Debt securities	**70**	**70**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	70	70	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures	**1,076**			**3**								**0**
Central banks	140			-								-
General governments	4			0								0
Credit institutions	0			-								-
Other financial corporations	-			-								-
Non-financial corporations	678			3								0
Households	254			-								-
TOTAL	**16,520**	**15,385**	**59**	**230**	**137**	**26**	**18**	**15**	**29**	**1**	**1**	**204**

1.4.5.2 CREDIT RISK MANAGEMENT

Credit risk is the risk of loss resulting from the inability of a customer to meet the payment or other obligations of a contract entered into with the PSA Banque France Group. While the Group is generally able to take back and resell the financed vehicle following a payment default, the resale price of a vehicle may not be sufficient to cover the loss incurred as a result of payment default. In addition, contractually, the PSA Banque France Group does not bear any residual value risk in view of the commitments to buy back vehicles by the car dealers or the manufacturer itself.

Regardless of the prudent customer selection policy, the level of credit risk is influenced by the economic environment, both in terms of defaults and the market value of vehicles that are recovered and sold on the secondary market.

1.4.5.2.1 Credit risk measurement

The risk is measured on a daily basis.

At the time financing is granted, the risk measurement is based on internal rating models developed and backtested by risk experts. Customer selection is based on rating models (for Corporate customers) or score decision-making tools (for Retail customers), both managed and controlled by the Risk Department of the PSA Banque France Group with the support of the shareholders, Banque PSA Finance and Santander Consumer Finance. Decision-making systems are configured according to the characteristics of the French automotive market, thus optimising its efficiency and ensuring its compliance. Monitoring is carried out on a very regular basis to measure the effectiveness of the tools used.

For financing granted to individual customers and small and medium-sized companies (qualified as Retail customers), either the lending decisions are automatic, or they require additional analyses requested within the framework of the expert risk analysis systems or carried out at the initiative of the credit analyst. The models are enriched with data from external databases, or internal information such as the payment behaviour of a customer (in the event of renewal of financing following the purchase of a new vehicle). Monitoring of Retail lending decisions is submitted to the PSA Banque France Group Loan Committee or the Cooperation Credit Committee depending on the level of delegation.

For the Corporate portfolios (consisting of large companies and public entities and of the dealer network of the Peugeot, Citroën and DS brands), the granting decisions follow the same approach and go until the approval of the local Loan Committee or the Cooperation Credit Committee managed by the shareholders.

The brand dealer network portfolio is closely monitored and supervised by the Joint Network Management Committees with the Peugeot, Citroën and DS brands.

1.4.5.2.2 Credit risk management

Credit risk management is based in particular on:

- a product offering that sets out the legal nature of the product and the associated guarantees, the maximum duration of the product, the minimum contribution level, step-up amounts, if applicable, and residual values;
- a verification of the risk of over-invoicing of the financed amount as well as a verification of double financing;
- loans granted that may be subject to certain conditions (contribution rate, guarantee, etc.);
- a strict loan granting procedure and strict delegation rules;
- a verification, before the financing is set up, of the supporting documents requested for the granting of the loan, including any guarantees that were conditional on the granting of the loan.

In addition, for the Corporate dealer portfolios:

- the setting of credit lines and the associated validity periods. The credit lines are individualised by financial product and are not fungible with each other, except in the case of inventory financing;
- collective guarantee schemes or guarantees taken at the time of entering into a relationship, at the time of the renewal of lines or in the event of a deterioration in the level of risk between two renewals of credit lines. Guarantees may be personal, relate to identified assets or be given by credit insurers or in the form of bank guarantees;
- daily monitoring of any payment incidents;
- a graduated alert system ranging from placing on watch to default, including in the form of conditional default, i.e. even in the absence of any arrears;
- qualification of the entire portfolio according to the Santander Consumer Finance methodology, which consists of defining a general credit strategy according to the risk profile of each Corporate customer;
- a system that triggers a new dealer rating according to changes in financial or commercial indicators of its activity;
- inventory audits, the frequency of which depends on the risk profile of the dealer as well as the retention of registration documents for certain used vehicle financing or at certain dealers;
- and lastly, network financing contracts which provide that, at any time, according to the provisions in force, the financed vehicles may be pledged.

1.4.5.2.3 Credit risk monitoring

For the Retail business, risk monitoring covers:

- changes in the quality of financing applications and the quality of new financing production;
- changes in arrears by type of customer and origin of the request (brand, point of sale, acceptance entity);
- payment behaviour indicators by type of financing, customer segment, year of production, etc.;
- the Basel portfolio contract risk measurement indicators.

The risk monitoring indicators are analysed by PSA Banque France Group analysts. The risk areas identified may lead to changes in the measurement or control of the risk.

For the Corporate portfolios, risk monitoring is mainly carried out via:

- monitoring the drawdowns of credit lines;
- the regular monitoring of the financial position and interim results of the counterparty in absolute value and in relative value compared to the overall results of the network;

- the monitoring of payment incidents and unpaid debts and their resolution;
- the monitoring, through automatic reporting of information, of potentially serious events such as cessations of activity, restructuring or court-ordered liquidations;
- monitoring of credit line drawdowns, any payment incidents and findings from inventory audits for network financing;
- the close monitoring of dealers appearing in the watch list or in a situation of default or conditional default and/or for which the strategy defined by the PSA Banque France Group in terms of credit is to reduce or withdraw from the financing;
- an internal Corporate Dealer Monitoring Committee with the Risk Management and Control Committee meeting on a monthly basis, in which the representatives in charge of managing the Peugeot, Citroën and DS brands participate without voting rights.

Cross-functional risk monitoring is also carried out on an ongoing basis by the risk management and control function. Very regular monitoring (quantitative and qualitative) on credit risk is carried out on all portfolios and communicated within the PSA Banque France Group and to shareholders. Credit risk control and monitoring across all portfolios (Retail and Corporate) are supervised by the Risk Management and Control Committee and their results are reported monthly to Executive Management through this committee.

1.4.5.2.4 Specific monitoring of credit risk on moratorium measures in response to the Covid-19 crisis

In the context of the Covid-19 pandemic, following the implementation of moratorium measures (see paragraph 1.1.2.2 F "Management and measures in the context of Covid-19"), the PSA Banque France Group has put in place specific monitoring of portfolios that have benefited from payment moratoria. Regular monitoring is carried out to monitor the status of payments and default in order to assess changes in credit risk.

The movement of post-model adjustment provisions is marked by the following events:

- the post-model adjustment provision was recognised in 2020 for a total amount of €15 million, due to the absence of the update of forward-looking assumptions during 2020. In November 2021, the forward-looking parameters were updated based on macroeconomic scenarios of the third quarter of 2021. As a result, this provision of €15 million was subject to a full reversal as at 31 December 2021;
- the PSA Banque France Group decided to recognise an additional provision for post-model adjustment of €1.6 million in 2021, in the context of Covid-19, to cover future non-performing loans arising from the possible incapacity of certain companies to repay State-guaranteed loans when they become due.

1.4.5.3 DIVERSIFICATION OF CREDIT/CONCENTRATION RISK

1.4.5.3.1 Risk factors

The concentration risk comes from a significant accumulation of exposures on certain categories, sectors, or markets.

The PSA Banque France Group is subject to several types of concentration risk:

- concentration risk related to the granting of credit to individuals;
- and sectorial concentration risk for credit transactions.

1.4.5.3.2 Concentration risk measurement, management and monitoring

The individual concentration risk is governed by internal limits and the regulatory limit of 25% of Tier 1 regulatory capital, in accordance with the Risk Appetite Framework.

The level of concentration risk is measured by concentration indices for sectorial and individual concentration risks in credit transactions. Risk limits have been set for the risks of individual concentration, sector concentration and the concentration of credit institutions granting bank lines to PSA Banque France Group entities.

Depending on their nature, concentration risk limits are presented monthly to the Risk Management and Control Committee and to the various supervisory bodies of the PSA Banque France Group.

The PSA Banque France Group closely monitors the level of its commitments to STELLANTIS.

As at 31 December 2021, the outstanding loans of the PSA Banque France Group to STELLANTIS stood at €195 million, representing 14.4% of Tier 1 regulatory capital.

On the same date, the PSA Banque France Group's ten main outstanding loans, other than those to STELLANTIS, totalled €1,782 million.

These ten main outstanding loans break down into the following counterparty categories:

- banks: €268 million;
- insurers: €216 million;
- dealer network (with no financial ties to STELLANTIS): €1,006 million;
- corporates (excluding dealer network): €292 million.

As at 31 December 2021, there was no net exposure on a single counterparty in excess of 25% of Tier 1 regulatory capital. This is partly made possible by the implementation of two credit insurance policies with two leading insurers to partially cover the risk related to the financing of vehicle inventories and spare parts financed by the PSA Banque France Group.

1.4.5.4 STANDARDISED APPROACH

Central governments and central banks, banking institutions and local authorities are assessed using the standard method for calculating regulatory capital requirements.

In order to calculate the capital requirement for credit risk using the standard method, the PSA Banque France Group's external rating system consists of assigning a short-/long-term rating to each counterparty based on three External Credit Assessment Institutions (ECAI): by order of priority Standard & Poor's, Moody's and Fitch.

The reconciliation of these ratings with the credit quality steps provided for by the regulations complies with the supervisory requirements. ECAIs are used for the following exposure categories: governments and central banks, banking institutions and local authorities.

The counterparty's step and weighting are determined according to its rating. This weighting is associated with the asset issued by the counterparty. Currently, according to the decision tree, all banks in relation with the PSA Banque France Group are in step 2, with a weighting of 20%. For the following counterparties: multinational banks, sovereign central bank, without rating, the French rating (i.e. AA, or step 1) is used. In fact, the weighting applicable to the sovereign central bank is 0%. The weighting applicable to multinational banks is 20%. For exposures without a rating, the PSA Banque France Group relies on the decision tree of unlisted counterparties.

Beyond this framework, the use of an external rating that is not directly applicable is non-existent. For unrated exposures, the PSA Banque France Group applies the regulatory weightings, in accordance with the provisions mentioned in the CRR.

MAPPING TABLES

These tables specify the correspondence between the credit risk assessments of external credit assessment institutions and the credit quality steps set out in Regulation (EU) 575/2013 for the purposes of Article 16 of the Commission Implementing Regulation (EU) 2016/1799 amended by the Commission Implementing Regulation (EU) 2021/2005 of 16 November 2021, entered into force on 6 December 2021.

Credit quality step	**1**	**2**	**3**	**4**	**5**	**6**
STANDARD & POOR'S GLOBAL RATINGS EUROPE LIMITED						
Long-term issuer credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, R, SD/D
Long-term issue credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Insurer financial strength rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, SD/D, R
Long-term Financial Institution Resolution Counterparty Ratings	AAA, AA	A	BBB	BB	B	CCC, CC, SD, D
Mid-Market Evaluation rating scale		MM1	MM2	MM3, MM4	MM5, MM6	MM7, MM8, MMD
Short-term issuer credit rating scale	A-1+	A-1	A-2, A-3	B, C, R, SD/D		
Short-term issue credit rating scale	A-1+	A-1	A-2, A-3	B, C, D		
Short-term Financial Institution Resolution Counterparty Ratings	A-1+	A-1	A-2, A-3	B, C, SD/D		
MOODY'S INVESTORS SERVICE						
Global long-term rating scale	Aaa, Aa	A	Baa	Ba	B	Caa, Ca, C
Global short-term rating scale	P-1	P-2	P-3	NP		
FITCH RATINGS IRELAND LIMITED						
Long-term issuer default rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, RD, D
Corporate finance obligations — long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C
Long-term international Insurer Financial Strength rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C
Derivative counterparty rating scale	AAA dcr, AA dcr	A dcr	BBB dcr	BB dcr	B dcr	CCC dcr, CC dcr, C dcr
Short-term rating scale	F1+	F1	F2, F3	B, C, RD, D		
Short-term IFS rating scale	F1+	F1	F2, F3	B, C		

TABLE EU CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS

This table illustrates the effects of credit risk mitigation techniques on capital requirement calculations under the standardised approach for credit risk by exposure class, in application of points (g), (h) and (i) of Article 453 CRR "Disclosure of the use of credit risk mitigation techniques" and point (e) of Article 444 CRR "Disclosure of the use of the Standardised Approach".

RWA density provides a synthetic metric on the riskiness of each portfolio.

Exposure classes	**Exposures before CCF and before CRM**		**Exposures post CCF and post CRM**		**RWA and RWA density**	
(in million euros)	**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**RWA**	**RWA density (%)**
Central governments or central banks	950	1	950	1	-	0%
Regional government or local authorities	61	4	61	4	13	20%
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	94	0	94	0	19	20%
Corporates	236	274	525	69	322	54%
Retail	448	21	448	21	304	65%
Secured by mortgages on immovable property	-	-	-	-	-	-
Exposures in default	5	4	5	4	11	122%
Exposures associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	478	0	478	0	96	20%
Collective investment undertakings	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Other items	205	0	205	0	208	101%
TOTAL	**2,477**	**304**	**2,766**	**99**	**973**	**34%**

TABLE EU CR5 – STANDARDISED APPROACH

This table presents the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardised approach), in application of point (e) of Article 444 CRR "Disclosure of the use of the Standardised Approach".

Exposure classes	Risk weight																Of which
(in million euros)	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1,250%**	**Others**	**Total**	**unrated**
Central governments or central banks	951	-	-	-	-	-	-	-	-	-	-	-	-	-	-	951	951
Regional government or local authorities	-	-	-	-	65	-	-	-	-	-	-	-	-	-	-	65	65
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Institutions	-	-	-	-	94	-	-	-	-	-	-	-	-	-	-	94	94
Corporates	-	-	-	-	289	-	-	-	-	305	-	-	-	-	-	594	305
Retail exposures	-	-	-	-	-	-	-	-	469	-	-	-	-	-	-	469	469
Exposures secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	5	4	-	-	-	-	9	8
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	478	-	-	-	-	-	-	-	-	-	-	478	-
Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	203	-	2	-	-	-	205	205
TOTAL	**951**	**-**	**-**	**-**	**926**	**-**	**-**	**-**	**469**	**513**	**4**	**2**	**-**	**-**	**-**	**2,865**	**2,097**

1.4.5.5 ADVANCED APPROACH (ARTICLE 452)

1.4.5.5.1 Scope of application of the internal ratings (IRB)

In 2017, the Governing Council of the European Central Bank confirmed the authorisation granted to PSA Banque France Group to use an approach based on internal ratings to calculate its weighted exposure amounts based on the following procedures.

Advanced approach (A-IRB)

The exposures managed under the advanced approach are those of retail customers (Retail portfolios) which includes all financing (loans and leases) granted to natural persons (Individuals and Professionals) and SMEs whose outstanding amount does not exceed €500,000. The segmentations of the models are as follows:

(in million euros)	**Portfolios**	**Pattern**	**EAD post CCF and CRM**	**RWA**	**Model description**
PD	Households	PD – households	5,712	2,998	Statistical model with a long-term average PD
	SMEs	PD – SMEs with financial data	860	352	Statistical model with a long-term average PD
		PD – SMEs without financial data	1,927	904	Statistical model with a long-term average PD
		PD – households	22	8	Statistical model with a long-term average PD
TOTAL			**8,522**	**4,261**	

(in million euros)	**Portfolios**	**Pattern**	**EAD post CCF and CRM**	**RWA**	**Model description**
EAD	Retail	CCF – on-balance sheet outstanding	8,049	4,061	By applying a 100% CCF
		CCF – off-balance sheet outstanding	473	200	By applying a 100% CCF
TOTAL			**8,522**	**4,261**	

(in million euros)	**Portfolios**	**Pattern**	**EAD post CCF and CRM**	**RWA**	**Model description**
LGD	Performing portfolio	LGD – loans – new cars	325	148	Statistical model applying a LGD in low cycle conditions
		LGD – loans – used cars	1,157	894	Statistical model applying a LGD in low cycle conditions
		LGD – rental cars	6,920	3,064	Statistical model applying a LGD in low cycle conditions
	Defaulted portfolio	LGD of the defaulted portfolio	120	156	Statistical model applying a LGD in low cycle conditions
TOTAL			**8,522**	**4,261**	

Foundation approach (F-IRB)

F-IRB approach applies to exposures on Fleets Portfolio (SMEs and Large Corporate companies) and Wholesale portfolio (dealer network and affiliates to STELLANTIS). The models are segmented as follows:

(in million euros)	Portfolios	Pattern	EAD post CCF and CRM	RWA	Model description
PD	Fleets	Rating fleets	1,299	1,226	Statistical model with a long-term average PD
	Wholesale	Rating Wholesale	2,986	2,545	Statistical model with a long-term average PD
	SMEs	PD – SMEs with financial data	22	31	Statistical model with a long-term average PD
		PD – SMEs without financial data	43	57	Statistical model with a long-term average PD
TOTAL			**4,350**	**3,858**	

Standard approach (STD)

The PSA Banque France Group uses the standard approach for the following exposure categories:

- central governments and central banks;
- regional and local governments;
- public sector entities;
- international organisations;
- institutions;
- exposures of non-dealer agents of the STELLANTIS network;
- outstandings resulting from free payment offers to customers at points of sale.

1.4.5.5.2 Description of the internal rating models

All of PSA Banque France Group's internal rating models are based on the regulatory definition of default, namely: payment default within 90 days, or a strong presumption of non-payment of future maturities; these models have been adapted to the new definition of default issued by the EBA in its guidelines of September 2016, and applied from 1 January 2021. They are still awaiting validation by the regulator; as a result, the previous models, designed under the old definition of default, still apply.

1.4.5.5.2.1 Advanced internal rating models: Retail customers

PD model

Retail customer PD models are built on a long history of PSA Banque France Group customer profile and payment behaviour data. They are assessed on the basis of a significant default rate history in order to obtain a medium- to long-term estimate of the probability of default

PDs are calculated for each rating grade for three types of customers: individuals, SMEs that disclose their financial information and SMEs that do not disclose it publicly. Within each of these categories, exposures are ranked according to their credit risk using a specific behaviour score, then assigned to a grade (homogeneous risk class).

PDs are affected by a regulatory floor of 0.03%.

OUTSTANDING BY GRADE OF PD

(in million euros)	Households	SMEs with financial data	SMEs without financial data	Total
[0.03% – 0.10%[	-	-	-	-
[0.10% – 0.25%[	-	-	-	-
[0.25% – 0.50%[	302	182	-	484
[0.50% – 0.75%[	-	142	256	398
[0.75% – 1.75%[	3,906	244	284	4,434
[1.75% – 2.50%[	-	-	428	428
[2.50% – 5.00%[	1,272	184	798	2,254
[5.00% – 10.00%[	-	73	72	144
[10.00% – 20.00%[	126	19	30	176
[20.00% – 30.00%[	-	-	-	-
[30.00% – 99.99%]	53	4	27	83
100% (default)	76	12	33	120
TOTAL	**5,735**	**860**	**1,927**	**8,522**

LGD model

Three LGD models apply to retail customer exposures:

- the first model, known as the LGD on performing loans, applies to all performing exposures (not in default). These exposures are segmented into three categories, depending on the type of automotive financing involved: new vehicle loan, used vehicle loan, vehicle lease financing;
- the second model, known as the default LGD, applies to defaulted exposures;
- the third model, known as the ELBE model, also applies to exposures in default and estimates the probable final loss, based on current economic conditions.

These models are derived from statistical models, based on the observation of the loss rates of defaulted exposures. These loss rates take into account all economic losses incurred, and include in particular the costs of recovering receivables due, as well as the cost of carrying outstandings throughout the recovery period.

The calculated LGD (LGD on performing loans and default LGD), or "downturn", is calibrated on the highest loss rates observed between those of the low economic cycle years and the most recent years. In addition to these observed loss rates (weighted by number of contracts), capital buffers are added, in particular incorporating the average volatility of these loss rates.

The loss rates are observed at the end of a five-year recovery period (representative of over 90% of the recovery flows). The recovery processes in progress which have not reached five years are extended to five years to prevent any estimation bias.

OUTSTANDING BY GRADE OF LGD

(in million euros)	EAD post-CRM and post-CCF
43.0%	6,920
43.3%	325
59.9%	1,157
TOTAL	**8,402**

Note: average LGDs are calculated by model and 100% PDs are excluded from this table.

CCF models

The PSA Banque France Group does not use a conversion factor model for its Retail exposures carried on the bank's balance sheet, the financing being credited in full to the customer's account. Contracts not yet enforced but accepted (recognised in the bank's off-balance sheet) are automatically assigned a conversion factor of 100%.

1.4.5.5.2.2 Internal foundation rating models: Corporate customers

Two PD models are used for corporates, each based on a specific rating model:

- the rating assigned to Corporate Wholesale is based on a statistical model, which includes financial and behavioural data analysis, and is used by the analysts. The model is specifically adapted to the automotive market of the STELLANTIS dealers;
- the principle is similar for Corporate Fleets, but the rating model is different: it is based on a financial analysis of the rated company (standard ratios and general opinion of the risk analyst), its payment behaviour and its *Banque de France* rating. A breakdown of the group rating is carried out for all of its subsidiaries based on spread parameters compared to those of the parent company, to determine ratings for each subsidiary.

Each of the two PD models assigns an average probability of default to each rating, based on the average of default rates observed over a long history, including low periods of economic cycles. For portfolios with a low number of observed defaults, capital buffers are added to the estimated PD to cover the uncertainties and volatility of default rate observations.

OUTSTANDING BY RATING

(in million euros)	Fleets	Wholesale	Total
[0.03% - 0.10%[	-	-	-
[0.10% - 0.25%[	-	-	-
[0.25% - 0.50%[	498	750	1,248
[0.50% - 0.75%[	2	718	720
[0.75% - 1.75%[	458	1,115	1,573
[1.75% - 2.50%[	5	-	5
[2.50% - 5.00%[	324	307	630
[5.00% - 10.00%[	5	-	5
[10.00% - 20.00%[	60	27	87
[20.00% - 30.00%[	-	-	-
[30.00% - 99.99%]	1	-	1
100% (default)	11	69	80
TOTAL	**1,364**	**2,986**	**4,350**

1.4.5.5.2.3 Overview of the internal rating models

The average parameters applied to internal ratings are presented in the table below:

Retail	**A-IRB**	**PD average***	**LGD average**	**LGD of defaulted outstandings**
	Households	1.9%		
	SMEs	2.9%	45.4%	89.5%
Corporate	**F-IRB**	**PD average***		
	Fleets	1.9%		
	Wholesale	1.1%		

* *100% PDs are not included in this calculation.*

1.4.5.5.3 Internal rating process

Retail customers are rated automatically: the PD and LGD models are computed every month for all customers, within a data warehouse recording all PSA Banque France Group's financing contracts.

Corporate customers are scored by the PSA Banque France Group's risk analysts at least once a year (or more often depending on their risk level), and they attribute them a rating. An average long-term default probability is assigned to each rating. It is based on the default rates observed over a long period.

Note that the risk analysts have access to *Banque de France*'s external ratings for their Corporate customers (FIBEN rating). This rating is also included in the rating models.

The ratings assigned are not exclusively used to calculate the weighted exposure amounts: they are more broadly used as part of the PSA Banque France Group's risk management policy (definition and monitoring of the bank's risk appetite; loan granting and/or renewal) for the calculation of the expected profitability thresholds (Retail) and single credit transactions (Corporate) and to determine provisions for the impairment of receivables.

Lastly, a number of management and control reports use the Basel II rating as a characteristic and/or as a segmentation factor.

1.4.5.5.4 Internal rating system quality

The overall quality of the internal rating system is guaranteed by the following:

Governance of internal rating models

The PSA Banque France Group applies the governance principles of the models established by the Santander Group, based on an organisation with three lines of defence; The development of the models and their IT implementation are carried out by dedicated employees of Banque PSA Finance, according to methodological standards established by the Santander Group:

- the first line of defence, independent of the developers, is made up of the owners of the models, belonging to the PSA Banque France Group's Risk Department, and responsible for the construction and day-to-day monitoring of the models, as well as the validation of compliance of their implementation in IT systems. The Credit Risk Control function, part of the same Risk Department, ensures a second level of quality control of internal rating models, and assesses the risk of the models that come from them;
- the second line of defence is provided by the Santander Group's independent Internal Model Validation function, which is responsible for periodically validating internal models and parameters. This body is also in charge of validating any modification/evolution relating to the models;
- the third line of defence is provided by the PSA Banque France Group's Internal Audit Department, which examines the complete environment of the internal models during its annual missions.

The conclusions of these three lines of defence are regularly communicated to the Risk Management and Control Committee.

Before its effective implementation, each model or each change is reviewed and approved by dedicated committees (Santander Group Model Committees, PSA Banque France Group's Risk Management and Control Committee).

According to the materiality of the change, the model is sent to the European Central Bank for approval.

Data quality

A permanent control of the data quality is carried out, and where necessary corrective actions are carried out, in order to guarantee that the models are applied correctly and on data that complies in all respects with their statistical construction.

Model and parameter monitoring

Internal rating systems are backtested fully on an annual basis, and monitored more often as part of dedicated monitoring.

The backtesting is carried out by Banque PSA Finance, by analysts who are independent of the rating model construction teams. It is then analysed within a dedicated structure of the PSA Banque France Group, housed within the Risk Department, which is also independent of the construction teams as well as the internal rating teams (risk analysts).

At the same time, monthly monitoring of the quality of the data used in the rating enables the PSA Banque France Group to ensure the relevance of these models.

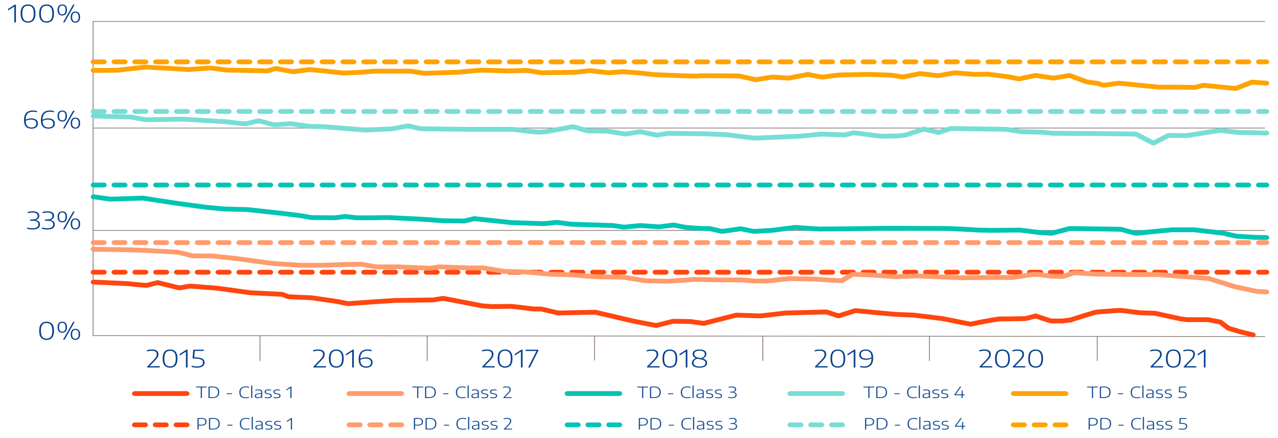
The backtesting of models and parameters relate in particular to:

- the overall performance of the model;
- the stability of the variables (stability over time of the distribution of variables by bucket), of the rating score (PD models) and of the segmentation (LGD models and ELBE);
- the performance of the variables (variable predictability, contribution to the model);
- the stability of the risk classes (via the migration matrices), their performance, and their homogeneity (model calibration quality);
- the suitability of the parameter (comparison of the parameter with the values observed for the default, conversion and loss rates).

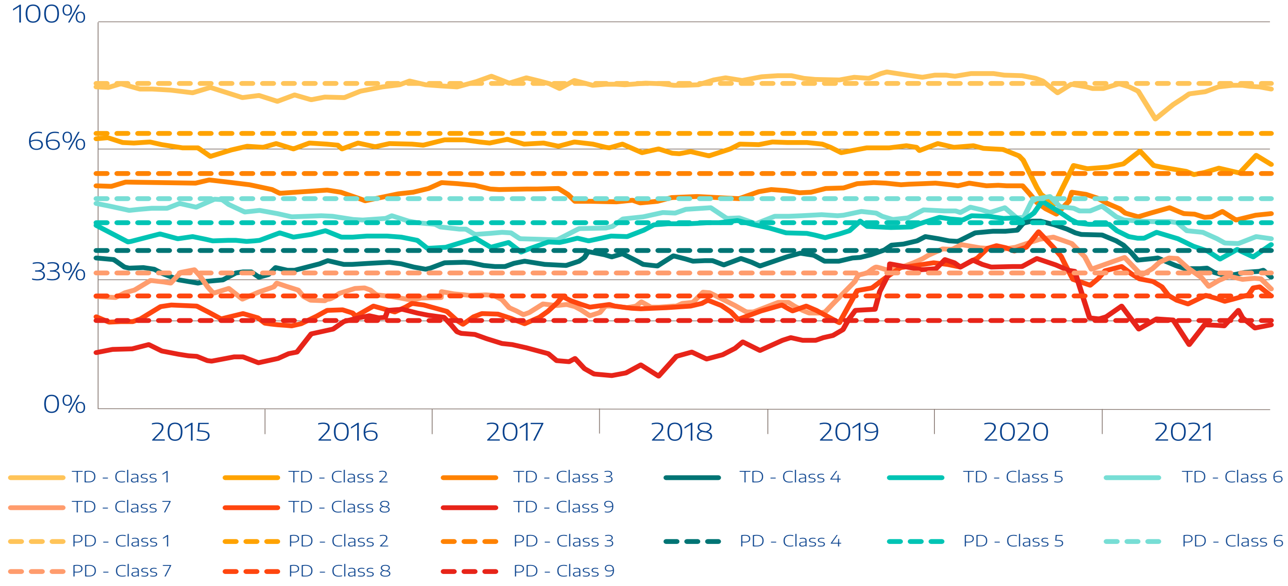
The parameters appear to be sufficiently prudent in the latest backtesting exercises.

A quarterly management report on all internal rating models is sent to the Board of Directors of the PSA Banque France Group, as well as to the Risk Management and Control Committee; this reporting, prepared by the entity that owns the internal rating models, presents the general mapping of these models, as well as a summary of the quality of each model (conclusions of the backtesting exercises, and all recommendations and action plans and remediation of any deficiencies).

RETAIL CUSTOMERS - PD OF INDIVIDUALS



RETAIL CUSTOMERS - PD OF SMES WITH FINANCIAL INFORMATION



RETAIL CUSTOMERS - PD OF SMES WITHOUT FINANCIAL INFORMATION

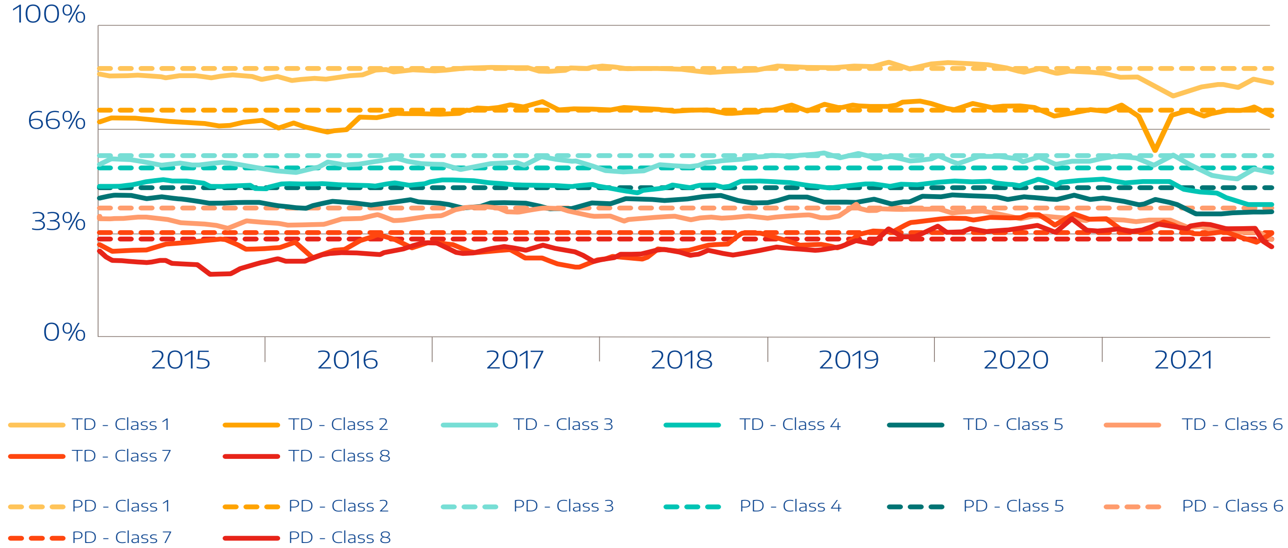


TABLE EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE

This table provides the main parameters used for the calculation of capital requirements for IRB approach in order to enhance the transparency of RWA calculations and the reliability of regulatory measures, in application of points (g), (i) to (v) of Article 452 CRR "Disclosure of the use of the IRB Approach to credit risk".

(in million euros)	PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
A-IRB Retail – SMEs	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	154	29	100%	183	0.5%	11,849	43.1%	0	44	24.2%	0	(1)
	0.50 to <0.75	125	17	100%	142	0.7%	9,604	43.1%	0	44	30.7%	1	(1)
	0.75 to <2.50	1,146	83	100%	1,229	1.3%	87,638	43.1%	0	479	38.9%	7	(11)
	0.75 to <1.75	741	60	100%	801	1.1%	55,788	43.1%	0	293	36.6%	4	(7)
	1.75 to <2.50	405	23	100%	428	1.8%	31,850	43.1%	0	186	43.3%	3	(4)
	2.50 to <10.00	1,037	92	100%	1,129	3.7%	86,171	43.2%	0	559	49.5%	18	(9)
	2.50 to <5.00	911	74	100%	985	3.4%	73,876	43.2%	0	483	49.1%	14	(8)
	5.00 to <10.00	126	18	100%	144	6.2%	12,295	43.2%	0	76	52.7%	4	(1)
	10.00 to <100.00	80	1	100%	81	23.3%	6,901	43.2%	0	62	77.3%	8	(1)
	10.00 to <20.00	50	1	100%	51	14.8%	4,273	43.2%	0	34	68.2%	3	(1)
	20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	30	-	-	30	37.3%	2,628	43.2%	0	28	92.4%	5	0
	100.00 (default)	45	-	-	45	100.0%	5,237	84.6%	0	75	167.8%	32	(25)
Subtotal		**2,587**	**222**	**100%**	**2,809**	**4.4%**	**207,400**	**43.8%**	**0**	**1 263**	**45.0%**	**66**	**(48)**

(in million euros)	PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
A-IRB Retail – Other	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	0.10 to <0.15	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	286	15	100%	301	0.4%	97,260	46.8%	0	94	31.3%	1	(1)
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	3,681	207	100%	3,888	0.8%	347,901	44.7%	0	1,673	43.0%	13	(11)
	0.75 to <1.75	*3,681*	*207*	*100%*	*3,888*	*0.8%*	*347,901*	*44.,7%*	*0*	*1,673*	*43.0%*	*13*	*(11)*
	1.75 to <2.50	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	2.50 to <10.00	1,241	29	100%	1,270	2.7%	155,179	51.7%	0	954	75.1%	18	(6)
	2.50 to <5.00	*1,241*	*29*	*100%*	*1,270*	*2.7%*	*155,179*	*51.7%*	*0*	*954*	*75.1%*	*18*	*(6)*
	5.00 to <10.00	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	10.00 to <100.00	179	-	-	179	22.1%	22,008	48.2%	0	196	110.0%	19	(1)
	10.00 to <20.00	*126*	*-*	*-*	*126*	*14.2%*	*14,735*	*47.2%*	*0*	*121*	*96.3%*	*8*	*(1)*
	20.00 to <30.00	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	30.00 to <100.00	*53*	*-*	*-*	*53*	*40.9%*	*7,273*	*50.6%*	*0*	*75*	*142.6%*	*11*	*0*
	100.00 (default)	75	-	-	75	100.0%	12,334	92.4%	0	81	107.5%	63	(53)
Subtotal		**5,462**	**251**	**100%**	**5,713**	**3.2%**	**634,682**	**47.1%**	**0**	**2,998**	**52.5%**	**114**	**(72)**
TOTAL A-IRB		**8,049**	**473**	**100%**	**8,522**		**842,082**		**0**	**4,261**	**50.0%**	**180**	**(120)**

(in million euros)	PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
F-IRB Corporates – SMEs	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	0.10 to <0.15	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	165	7	75%	170	0.3%	179	45.0%	3	70	41.2%	0	(1)
	0.50 to <0.75	26	-	0%	26	0.5%	11	45.0%	3	14	53.7%	0	0
	0.75 to <2.50	170	25	75%	189	0.9%	323	45.0%	3	126	66.8%	1	(1)
	0.75 to <1.75	*170*	*25*	*75%*	*189*	*0.9%*	*323*	*45.0%*	*3*	*126*	*66.8%*	*1*	*(1)*
	1.75 to <2.50	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	2.50 to <10.00	94	7	75%	100	3.5%	370	45.0%	3	95	95.6%	2	0
	2.50 to <5.00	*94*	*7*	*75%*	*100*	*3.5%*	*370*	*45.0%*	*3*	*95*	*95.6%*	*2*	*0*
	5.00 to <10.00	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	10.00 to <100.00	29	3	75%	31	15.7%	201	45.0%	3	49	158.6%	2	0
	10.00 to <20.00	*24*	*3*	*75%*	*26*	*14.2%*	*147*	*45.0%*	*3*	*41*	*158.2%*	*2*	*0*
	20.00 to <30.00	*5*	*0*	*75%*	*5*	*23.35%*	*54*	*45.0%*	*3*	*8*	*160.5%*	*0*	*0*
	30.00 to <100.00	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	100.00 (default)	39	-	0%	39	100.0%	42	45.0%	3	0	0.0%	17	(14)
Subtotal		**523**	**42**	**75%**	**555**	**8.9%**	**1,126**	**45.0%**	**3**	**354**	**63.9%**	**22**	**(16)**

(in million euros)	PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
F-IRB Corporates - Other	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	1,118	48	75%	1,078	0.3%	1,230	45.0%	3	644	59.7%	1	(5)
	0.50 to <0.75	799	10	75%	694	0.5%	201	45.0%	3	527	76.0%	2	(4)
	0.75 to <2.50	1,457	33	75%	1,389	1.1%	1,426	45.0%	3	1,416	101.9%	7	(7)
	0.75 to <1.75	*1,452*	*33*	*75%*	*1,384*	*1.1%*	*1,321*	*45.0%*	*3*	*1,409*	*101.8%*	*7*	*(7)*
	1.75 to <2.50	*5*	*0*	*75%*	*5*	*1.8%*	*105*	*45.0%*	*3*	*7*	*128.2%*	*0*	*0*
	2.50 to <10.00	524	29	75%	536	3.3%	1,099	45.0%	3	776	144.8%	8	(2)
	2.50 to <5.00	*519*	*29*	*75%*	*531*	*3.2%*	*990*	*45.0%*	*3*	*766*	*144.4%*	*8*	*(2)*
	5.00 to <10.00	*5*	*0*	*75%*	*5*	*6.3%*	*109*	*45.0%*	*3*	*10*	*188.4%*	*0*	*0*
	10.00 to <100.00	53	5	75%	57	15.4%	434	45.0%	3	141	246.8%	4	0
	10.00 to <20.00	*46*	*4*	*75%*	*50*	*13.9%*	*375*	*45.0%*	*3*	*121*	*244.4%*	*3*	*0*
	20.00 to <30.00	*6*	*1*	*75%*	*6*	*23.4%*	*28*	*45.0%*	*3*	*16*	*259.3%*	*1*	*0*
	30.00 to <100.00	*1*	*-*	*0%*	*1*	*36.4%*	*31*	*45.0%*	*3*	*4*	*283.1%*	*0*	*0*
	100.00 (default)	41	0	75%	41	100.0%	101	45.0%	3	0	0.0%	18	(12)
Subtotal		**3,992**	**125**	**75%**	**3,795**	**2.3%**	**4,491**	**45.0%**	**3**	**3,504**	**92.3%**	**40**	**(30)**
TOTAL F-IRB		**4,515**	**167**	**75%**	**4,350**		**5,617**		**3**	**3,858**	**88.7%**	**62**	**(46)**

TABLE EU CR6-A – SCOPE OF THE USE OF IRB AND SA APPROACHES

This table presents the breakdown of exposure value subject to the Standardised Approach or to the IRB Approach between the exposure classes as defined under the IRB Approach, in application of point (b) of 452 CRR "Disclosure of the use of the IRB Approach to credit risk".

(in million euros)	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
Central governments or central banks	**-**	**951**	**-**	**100.0%**	**-**
of which: Regional governments or local authorities		-	-	-	-
of which: Public sector entities		-	-	-	-
Institutions	**-**	**720**	**-**	**100.0%**	**-**
Corporates	**4,640**	**4,952**	**-**	**6.3%**	**93.7%**
of which: Corporates - Specialised lending, excluding slotting approach		-	-	-	-
of which: Corporates - Specialised lending under slotting approach		-	-	-	-
Retail	**8,522**	**8,997**	**-**	**5.3%**	**94.7%**
of which: Retail – Secured by real estate SMEs		-	-	-	-
of which: Retail – Secured by real estate non-SMEs		-	-	-	-
of which: Retail – Qualifying revolving		-	-	-	-
of which: Retail – Other SMEs		*3,082*	-	*8.9%*	*91.2%*
of which: Retail – Other non-SMEs		*5,915*	-	*3.4%*	*96.6%*
Equity	**-**	**-**	**-**	**-**	**-**
Other non-credit obligation assets	**-**	**-**	**-**	**-**	**-**
TOTAL	**13,162**	**15,620**	**-**	**15.7%**	**84.3%**

TABLE EU CR7 – IRB APPROACH – EFFECT ON THE RWAS OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES

This table illustrates the effect of credit derivatives on the IRB approach capital requirements' calculations, in application of point (j) of Article 453 CRR "Disclosure of the use of credit risk mitigation techniques".

(in million euros)	**Pre-credit derivatives RWA**	**Actual RWA**
Exposures under F-IRB	**3,858**	**3,858**
Central governments and central banks	-	-
Institutions	-	-
Corporates	3,858	3,858
of which: Corporates - SMEs	*355*	*355*
of which: Corporates - Specialised lending	-	-
Exposures under A-IRB	**4,261**	**4,261**
Central governments and central banks	-	-
Institutions	-	-
Corporates	-	-
of which: Corporates - SMEs	-	-
of which: Corporates - Specialised lending	-	-
Retail	4,261	4,261
of which: Retail – SMEs - Secured by immovable property collateral	-	-
of which: Retail – non-SMEs - Secured by immovable property collateral	-	-
of which: Retail – Qualifying revolving	-	-
of which: Retail – SMEs - Other	*1,263*	*1,263*
of which: Retail – Non-SMEs - Other	*2,998*	*2,998*
TOTAL (INCLUDING F-IRB EXPOSURES AND A-IRB EXPOSURES)	**8,119**	**8,119**

TABLE EU CR7-A – IRB APPROACH – DISCLOSURE OF THE EXTENT OF THE USE OF CRM TECHNIQUES

This table provides granular information on credit risk mitigation (CRM) techniques, separately for exposures under foundation approach (F-IRB) and advanced approach (A-IRB), in application of point (g) of Article 453 CRR "Disclosure of the use of credit risk mitigation techniques".

Advanced Internal Ratings-Based Approach:

	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWAs	
		Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
			Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)							
(in million euros)		Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWA without substitution effects (reduction effects only)	RWA with substitution effects (both reduction and substitution effects)
Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Corporates – SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Corporates – Specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Corporates – Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail	**8,522**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**4,633**	**4,261**
of which: Retail – Immovable property SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Retail – Immovable property non-SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Retail – Qualifying revolving	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Retail – Other SMEs	*2,809*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1,635*	*1,263*
of which: Retail – Other non-SMEs	*5,713*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*2,998*	*2,998*
TOTAL A-IRB	**8,522**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**4,633**	**4,261**

Foundation Internal Ratings-Based Approach:

(in million euros)	Total exposures	Credit risk Mitigation techniques – Funded credit Protection (FCP): Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Unfunded credit Protection (UFCP): Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	Credit risk Mitigation methods in the calculation of RWEAs: RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and susbtitution effects)
Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	4,350	0%	0%	0%	0%	0%	0%	0%	0%	0%	6.7%	0%	3,959	3,858
of which: Corporates – SMEs	*555*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*455*	*355*
of which: Corporates – Specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Corporates – Other	*3,795*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*7.7%*	*0%*	*3,504*	*3,504*
TOTAL F-IRB	**4,350**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**6.7%**	**0%**	**3,959**	**3,858**

TABLE EU CR8 – RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH

This table provides the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of the IRB Approach, including an outline of the key drivers explaining those variations, in application of points (h) of Article 438 CRR "Disclosure of own funds requirements and risk-weighted exposure amounts".

(in million euros)		**Risk weighted exposure amount**
Risk weighted exposure amount as at the end of the previous reporting period	**30 June 2021**	**8,020**
Asset size (+/-)		(564)
Asset quality (+/-)		49
Model updates (+/-)		-
Methodology and policy (+/-)		-
Acquisitions and disposals (+/-)		-
Foreign exchange movements (+/-)		-
Other (+/-)		-
Risk weighted exposure amount as at the end of the reporting period	**30 September 2021**	**7,505**

(in million euros)		**Risk weighted exposure amount**
Risk weighted exposure amount as at the end of the previous reporting period	**30 September 2021**	**7,505**
Asset size (+/-)		797
Asset quality (+/-)		(183)
Model updates (+/-)		-
Methodology and policy (+/-)		-
Acquisitions and disposals (+/-)		-
Foreign exchange movements (+/-)		-
Other (+/-)		-
Risk weighted exposure amount as at the end of the reporting period	**31 December 2021**	**8,119**

TABLE EU CR9 – IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (FIXED PD SCALE)

This table provides backtesting data to validate the reliability of PD calculations, in application of point (h) of Article 452 CRR "Disclosure of the use of the IRB Approach to credit risk".

In particular, the table compares the PDs used in IRB capital calculations. These PDs are grouped by fixed level and presenting the effective default rates of obligors.For an easier comparability of the information published by the different institutions, the PD scale used in this table is based on fixed and pre-defined levels reflecting the PD levels in the table EU CR6.

Advanced Internal Ratings-Based Approach:

(in million euros)	PD range	Number of obligors at the end of previous year	of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
A-IRB Retail – SMEs	0.00 to <0.15	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	9,842	33	0.3%	0.5%	0.5%	0.5%
	0.50 to <0.75	8,209	71	0.9%	0.7%	0.7%	0.7%
	0.75 to <2.50	83,130	677	0.8%	1.3%	1.3%	1.3%
	0.75 to <1.75	*53,754*	*420*	*0.8%*	*1.1%*	*1.1%*	*1.1%*
	1.75 to <2.50	*29,376*	*257*	*0.9%*	*1.8%*	*1.8%*	*1.9%*
	2.50 to <10.00	86,927	1,637	1.9%	3.7%	3.9%	3.7%
	2.50 to <5.00	*70,751*	*1,145*	*1.6%*	*3.4%*	*3.4%*	*3.2%*
	5.00 to <10.00	*16,176*	*492*	*3.0%*	*6.2%*	*6.1%*	*5.3%*
	10.00 to <100.00	9,709	1,866	19.2%	23.3%	21.8%	20.5%
	10.00 to <20.00	*6,629*	*836*	*12.6%*	*14.8%*	*14.7%*	*13.1%*
	20.00 to <30.00	-	-	-	-	-	-
	30.00 to <100.00	*3,080*	*1,030*	*33.4%*	*37.3%*	*37.0%*	*37.5%*
	100.00 (default)	6,407	6,407	100%	100%	100%	100%
A-IRB Retail – Other	0.00 to <0.15	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	109,005	113	0.1%	0.4%	0.4%	0.3%
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	348,845	1,048	0.3%	0.8%	0.8%	0.7%
	0.75 to <1.75	*348,845*	*1,048*	*0.3%*	*0.8%*	*0.8%*	*0.7%*
	1.75 to <2.50	-	-	-	-	-	-
	2.50 to <10.00	162,467	1,859	1.1%	2.7%	2.7%	2.5%
	2.50 to <5.00	*162,467*	*1,859*	*1.1%*	*2.7%*	*2.7%*	*2.5%*
	5.00 to <10.00	-	-	-	-	-	-
	10.00 to <100.00	23,668	4,010	16.9%	22.1%	21.7%	20.7%
	10.00 to <20.00	*17,043*	*1,872*	*11.0%*	*14.2%*	*14.2%*	*14.9%*
	20.00 to <30.00	-	-	-	-	-	-
	30.00 to <100.00	*6,625*	*2,138*	*32.3%*	*40.9%*	*40.9%*	*41.2%*
	100.00 (default)	12,791	12,791	100%	100%	100%	100%

Foundation Internal Ratings-Based Approach:

(in million euros)	PD range	Number of obligors at the end of previous year	of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
F-IRB Corporates – SMEs	0.00 to <0.15	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	153	-	-	0.3%	0.3%	0.1%
	0.50 to <0.75	14	-	-	0.5%	0.5%	0.2%
	0.75 to <2.50	275	-	-	0.9%	0.9%	0.5%
	0.75 to <1.75	*275*	-	-	*0.9%*	*0.9%*	*0.5%*
	1.75 to <2.50	-	-	-	-	-	-
	2.50 to <10.00	410	2	0.5%	3.5%	3.6%	1.8%
	2.50 to <5.00	*410*	*2*	*0.5%*	*3.5%*	*3.6%*	*1.8%*
	5.00 to <10.00	-	-	-	-	-	-
	10.00 to <100.00	132	1	0.8%	15.7%	17.7%	5.4%
	10.00 to <20.00	*81*	*1*	*1.2%*	*14.2%*	*14.2%*	*5.6%*
	20.00 to <30.00	*51*	-	-	*23.4%*	*23.4%*	*4.2%*
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (default)	59	59	100%	100%	100%	100%
F-IRB Corporates - Other	0.00 to <0.15	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	1,261	-	-	0.3%	0.3%	0.2%
	0.50 to <0.75	355	-	-	0.5%	0.6%	-
	0.75 to <2.50	1,120	-	-	1.1%	1.1%	0.4%
	0.75 to <1.75	*991*	-	-	*1.1%*	*1.0%*	*0.4%*
	1.75 to <2.50	*129*	-	-	*1.8%*	*1.8%*	-
	2.50 to <10.00	1,072	5	0.5%	3.3%	3.8%	1.5%
	2.50 to <5.00	*959*	*5*	*0.5%*	*3.2%*	*3.5%*	*1.5%*
	5.00 to <10.00	*113*	-	-	*6.3%*	*6.2%*	-
	10.00 to <100.00	349	18	5.2%	15.4%	16.3%	6.0%
	10.00 to <20.00	*311*	*18*	*5.8%*	*13.9%*	*14.3%*	*6.1%*
	20.00 to <30.00	*12*	-	-	*23.4%*	*23.4%*	*3.8%*
	30.00 to <100.00	*26*	-	-	*36.4%*	*37.1%*	-
	100.00 (default)	110	110	100%	100%	100%	100%

1.4.5.6 CREDIT RISK MITIGATION TECHNIQUES

As part of its regulatory obligations, the PSA Banque France Group strives to reduce its credit risk whenever possible. To do so, in addition to the quality of the counterparty and of the application file, which are essential elements of decision-making, the Group also seeks guarantees to limit its losses in the event of counterparty default.

For this purpose, the Group has implemented standards for guarantee types, a procedure and rules for selection of guarantors it will accept.

Two types of guarantee are implemented within the PSA Banque France Group:

- those contributing solely to risk mitigation;
- those that also reduce the associated RWA.

Guarantees intended solely to mitigate credit risk

These guarantees can take the form of:

- personal collateral provided by a natural person or legal entity, notably a joint and several guarantee, first demand guarantee, letter of intent or commitment for a third party, etc.;
- a security right, notably lenders' liens, mortgages, pledging of business assets, pledging of securities, pledging of mortgages, etc.;
- various commitments, notably commitments to continue leases, commitments to take back vehicles at any time, etc.

These guarantees can also make it possible to consolidate a file and reverse an initial refusal.

Guarantees are never taken into account in the calculation of the grading of the customer and are not used to reduce the RWA of the underlying loans.

The guarantees must have a financial value, if possible quantified or at least quantifiable, and be legally valid. However, these guarantees are not exercised by the PSA Banque France Group.

Guarantees for credit mitigation and associated RWA reduction

As part of the application of Article 453 point (b) of the Capital Requirement Regulation (CRR) and since 2019, the PSA Banque France Group has set up diversified credit insurance policies with leading insurers to partially hedge the risk related to vehicle and spare parts inventory financing transactions for the main dealers financed by the PSA Banque France Group. These insurance policies enable the PSA Banque France Group to reduce its exposure to concentration risk in the context of major risks for the customers concerned while reducing the associated RWA by substituting those of credit insurers for the amount of net cover obtained. and according to their credit rating assigned by ECAIs (substitution principle in force since June 2021 with the application of CRR II):

- the first policy, which was signed with an insurer rated respectively A2/AA by Moody's and Fitch, hedges the risks of new, demonstration and used vehicles inventory financing of the two largest dealers in the Peugeot, Citroën and DS networks in the gross amount of €79 million and €75 million net as at 31 December 2021, with an associated RWA gain of €50 million;
- the second policy, signed with another insurer, rated AA by Standard & Poor's, hedges the risks:
  - of financing the spare parts inventories of 27 dealers financed by the PSA Banque France Group, in the total gross amount of €226 million and €201 million net as at 31 December 2021, with an associated RWA gain of €116 million,
  - of new, demonstration and used vehicle stock financing of a dealer of the Peugeot, Citroën and DS networks in the gross amount of €30 million and €15 million net as at 31 December 2021, with an associated RWA gain of €12 million.

In order to mitigate the exposure to risk and save on the capital resources consumed, the PSA Banque France Group carried out a synthetic SRT (Significant Risk Transfer) transaction during the 2019 financial year. The transaction enabled the transfer of part of the risk on the portfolio to investors. The portfolio consists of loans securitised in instalment contracts granted to consumers in France for the purchase of new and used vehicles which have a relatively high RWA level, primarily as a result of the high proportion of used vehicles. Thanks to this transaction, RWA were reduced by €416 million as at 31 December 2021.

These guarantees, intended to mitigate the PSA Banque France Group's credit risk, have been subject to a legal opinion as to their validity and enforceability.

TABLE EU CR3 – CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

This table provides provides information on the extent of use of credit risk mitigation (CRM) techniques by an institution in application of point (f) of Article 453 CRR "Disclosure of the use of credit risk mitigation techniques".

(in million euros)	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	15,239	363	-	363	-
Debt securities	70	-	-	-	
TOTAL	**15,309**	**363**	**-**	**363**	**-**
of which: non-performing exposures	*227*	-	-	-	-
of which: defaulted	*204*	-			

1.4.5.7 COUNTERPARTY RISK

Counterparty risk corresponds to the exposure of credit risk on market, investment and/or settlement transactions. It corresponds to the risk that the financial counterparty may not be able to honour its obligations to the entities of the PSA Banque France Group.

The counterparty risk of the PSA Banque France Group is also directly or indirectly related to the Santander Group, with which the derivatives are either treated bilaterally (for non-clearable swaps), or cleared in the clearing house via the Santander Group acting as clearing member for the PSA Banque France Group. These derivatives transactions with or via the Santander Group are subject to a limit exemption. However, bilateral derivative transactions with other bank counterparties generate counterparty and concentration risk and must comply with internal limits that are reviewed at least once a year and subject to Santander Group approval. With the entry into force of Regulation (EU) 2019/876 (CRR II) on 28 June 2021, exposures to derivatives previously calculated using the standardised method are now valued using the SA-CCR standardised approach.

The PSA Banque France Group implements several counterparty risk mitigation mechanisms:

- systematic signature of bilateral framework netting agreements (ISDA/FBF) for hedging interest rate derivatives traded with counterparties selected as leading financial institutions;
- daily exchange of collateral, i.e. with the LCH Clearnet clearing house via a clearing member for centrally cleared transactions or directly with the counterparty for contracts not centrally cleared, in accordance with the European EMIR regulation.

The counterparty risk is mitigated and shared between the different members of the clearing house via auction when a counterparty defaults (no general or specific wrong way risk).

The PSA Banque France Group has no collateral to provide if its credit rating were downgraded.

The PSA Banque France Group has no further relevant risk management objectives and policies related to counterparty credit risk other than those described above.

The calculated counterparty risk is not material for the PSA Banque France Group at €16 million out of a total RWA of €10,123 million as at 31 December 2021:

- €15 million under the SA-CCR approach (see table EU CCR1);
- and €1 million on eligible central counterparties (see table EU CCR8).

TABLE EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH

This table provides a comprehensive view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used for each method, in application of points (f), (g) and (k) of Article 439 CRR "Disclosure of exposures to counterparty credit risk". This table excludes exposures to a central counterparty (Section 9 of Chapter 6 of Title II of Part Three CRR) as defined for the purposes of table EU CCR8.

(in million euros)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
EU-1 EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2 EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1 SA-CCR (for derivatives)	2	19		1.4	44	29	29	15
2 IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a *of which: securities financing transactions netting sets*			-		-	-	-	-
2b *of which: derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c *of which: from contractual cross-product netting sets*			-		-	-	-	-
3 Financial collateral simple method (for SFTs)					-	-	-	-
4 Financial collateral comprehensive method (for SFTs)					-	-	-	-
5 VaR for SFTs					-	-	-	-
6 TOTAL					**44**	**29**	**29**	**15**

TABLE EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS

This table provides a breakdown of counterparty credit risk exposures calculated in accordance with Chapter 6 of Part Three, Title II CRR and risk weighted in accordance with Chapter 3 of Part Three, Title I by portfolio (type of counterparties) and by risk weight (riskiness attributed according to standardised approach), in application of point (e) of Article 444 CRR "Disclosure of the use of the Standardised Approach".

	Risk weight											Total exposure value
(in million euros)	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	50	-	-	-	29	-	-	-	-	-	79
Corporates	-	-	-	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPOSURE VALUE	**-**	**50**	**-**	**-**	**-**	**29**	**-**	**-**	**-**	**-**	**-**	**79**

TABLE EU CCR5 – COMPOSITION OF COLLATERAL FOR CCR EXPOSURES

This table provides a breakdown of all types of collateral posted or received to support or reduce exposures the counterparty credit risk related to derivative transactions or to SFTS, including transactions cleared through a CCP, in application of point (e) of Article 439 CRR "Disclosure of exposures to counterparty credit risk".

	Collateral used in derivative transactions				Collateral used in SFTs			
Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
(in million euros)	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency	12	-	26	2	-	-	-	-
Cash – other currencies	-	-	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-	-	-
TOTAL	**12**	**-**	**26**	**2**	**-**	**-**	**-**	**-**

TABLE EU CCR8 – EXPOSURES TO CCPS

This table provides an overview of exposure value to central counterparties, in application of point (i) of Article 439 CRR "Disclosure of exposures to counterparty credit risk".

(in million euros)	**Exposure value**	**RWA**
Exposures to QCCPs (total)		**1**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	16	0
(i) OTC derivatives	*16*	*0*
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	33	1
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-
Exposures to non-QCCPs (total)		**-**
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

1.4.6 LIQUIDITY AND FUNDING RISK

RISK FACTORS

The PSA Banque France Group refinances itself with funding raised on the capital markets (negotiable debt securities and bond issuances under EMTN programmes) and provided by securitisation transactions, retail savings inflows from French customers, access to the refinancing operations of the European Central Bank (ECB) and bilateral bank credit lines, in addition to the intra-group funding provided directly by Santander Consumer Finance. Liquidity risk is therefore one of the main financial risks to which the Group is exposed.

This risk arises from the possibility that, over a given period, the bank might not be able to fulfil its commitments in due time due to external factors (global financial market situation, inter-bank liquidity crises, etc.) or internal parameters (related, for example, to the Group's rating by the rating agencies).

The main objectives of liquidity risk management are therefore to:

- reduce as much as possible the negative effects of any market developments that could impact the Group's funding capacity;
- manage to respond to seasonal variations in funding sources and customer credit applications;
- be able to respond quickly to changes in economic cycles that affect the availability and the demand for funds;
- overcome the consequences of a given crisis situation.

These are supported by the following implementation principles:

- establish stable liquidity requirements on the balance sheet in the medium- and long-term;
- diversify funding sources in terms of instruments and markets;
- comply with the specific obligations established by the regulatory authorities.

The analysis and monitoring of liquidity risk is based on the following assumptions:

- balance sheet at the end of the period with the assumption of contractual or standard outflow; and
- taking into account behavioural data, such as early repayment assumptions.

Since February 2016, the PSA Banque France Group has benefited from a favourable opinion from the European Central Bank on the request for an exemption from the application of liquidity requirements on an individual basis submitted to it pursuant to Article 8 of Regulation (EU) 575/2013 (CRR). The liquidity subgroup consists of the PSA Banque France, CREDIPAR and CLV entities.

LIQUIDITY RISK GOVERNANCE

The **Board of Directors** sets the refinancing policy and the risk profile and monitors compliance with the level of risk tolerance.

The **Risk Department** assesses the level of risk management and monitors compliance with limits and their consumption. The results of the controls are reported monthly to the Risk Management and Control Committee and to the ALCO Committee.

The **ALM Department** provides a first-level control to ensure overall compliance with the internal and regulatory liquidity limits in balance sheet management processes, including forecasts, notably for the budget.

The **Treasury, Refinancing and Means of Payment Department** ensures compliance with the limits and thresholds defined and the compliance of transactions with the liquidity risk policy.

LIQUIDITY RISK MEASUREMENT, MANAGEMENT AND MONITORING

With reference to the standard methodology of both shareholder groups, the main liquidity risk assessment indicators are calculated on a monthly basis. These indicators are broken down into two categories:

Internal liquidity risk management indicators

- **liquidity gap:** the liquidity gap is defined as the difference between asset flows and liability flows for a given period. Liquidity gaps enable the determination, by maturity, of the gaps between asset items and Group liability commitments in order to:
  - measure the gaps between resources and uses,
  - ensure that the funding needs that bridge these gaps are covered at all times, with an average maturity of the liabilities/funding that is greater than that of the assets to be financed;

AVERAGE MATURITY OF BALANCE-SHEET ITEMS

(in months)	31 December 2021	31 December 2020
Assets	13.2	13.1
Liabilities	21.9	19.8

- **liquidity reserve:** this includes cash deposited with the *Banque de France* and assets available (not used as a guarantee or collateral) to be used to meet cash outflows under stress. This reserve is made up of:
  - high-quality liquid assets (HQLA) as defined by the Basel Committee for the calculation of the LCR. The HQLA of the PSA Banque France Group consists solely of cash deposited with the *Banque de France*, with the exception of its minimum reserves,
  - non-HQLA-eligible assets with the *Banque de France* deposited as collateral and giving an additional drawing right with it (in the form of self-subscribed senior notes of securitisation funds and of credit claims remitted through the TRICP channel);

LIQUIDITY RESERVE

(in million euros)	31 December 2021	31 December 2020
Central bank deposits (excluding mandatory reserves)	785	450
HQLA securities available (after haircut)	0	0
Other available central bank-eligible assets (after haircut)	125	817
TOTAL LIQUIDITY RESERVE	**910**	**1,267**

- **liquidity stress tests:** they provide estimates of the time (liquidity horizon) from the liquidity gap, during which the PSA Banque France Group can ensure the continuity of its business by using its liquidity reserve to absorb different types of cash outflows according to several crisis scenarios. Each of these scenarios includes assumptions of deposit flight, loss of access to new funding, potential collateral calls, realisation of off-balance sheet commitments, partial unavailability of certain elements of the liquidity reserve as well as new loan production forecasts. These stress tests are included in the construction of provisional funding plans, with respect to a minimum timeframe. They are also the starting point for the Liquidity Contingency Plan prepared annually, which describes the measures that may be implemented during the various crisis scenarios to obtain additional liquidity. The ALCO Committee and the Risk Committee are informed each month of the liquidity horizon;
- **Early Warning Indicators (EWI):** this system of early warning indicators for liquidity risk, composed of quantitative and qualitative indicators, makes it possible to identify in advance situations of liquidity stress or potential weaknesses in liquidity or refinancing needs. Gradual alert levels are defined, enabling specific action plans to be drawn up if necessary;
- **Key Intraday Warning Indicators (KIWI):** intraday liquidity risk management and monitoring indicators;
- **other liquidity indicators:** additional liquidity indicators that complement the “traditional” indicators and measure other liquidity risk factors not covered elsewhere. These indicators notably include measures of concentration (such as the main counterparties financed and the concentration of network financing, etc.).

Regulatory indicators

- **Basel liquidity ratios** such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) as part of the European CRR requirements (Capital Requirements Regulation). The LCR and NSFR ratios are mandatory and supervised by the regulators (the NSFR ratio entered into force in mid-2021):
  - the LCR ratio is calculated monthly while the NSFR ratio is calculated quarterly. With regard to the LCR ratio, the average level of the ratio during the 2021 financial year was 284%. The LCR ratio is proactively managed by the Finance Department based on expected and/or highly predictable cash outflows. The PSA Banque France Group’s cash inflows mainly come from commercial and financial assets. Cash outflows are mainly due to maturing financing liabilities and operating debts and deposit flight. The liquidity requirement related to derivative transactions is limited and represents insignificant amounts,
  - with regard to the NSFR ratio, it was 109% as at 31 December 2021;
- in addition to the previous indicators, to increase the effective monitoring of liquidity and comply with the prudential requirement of the European Commission, the PSA Banque France Group has implemented additional liquidity monitoring through monthly reports (Additional Liquidity Monitoring Metrics) since 2016.

In 2020, the PSA Banque France Group strengthened its liquidity risk management system while complying with the recommendations of the EBA. The first ILAAP (Internal Liquidity Adequacy Assessment Process) report was approved by the Board of Directors at the end of 2020.

The 2021 ILAAP will be approved by the Board of Directors in the first half of 2022.

TABLE EU LIQ1 – QUANTITATIVE INFORMATION OF LCR

This table presents the breakdown of cash outflows and cash inflows, as well as the available high-quality liquid assets (HQLA), as measured and defined according to the LCR standard (simple averages of month-end observations over the twelve months preceding the end of each quarter), in application of Article 451a(2) CRR "Disclosure of liquidity requirements".

Scope of consolidation: consolidated *(in million euros)*	**Total unweighted value (average)**				**Total weighted value (average)**			
Quarter ending on	**03/2021**	**06/2021**	**09/2021**	**12/2021**	**03/2021**	**06/2021**	**09/2021**	**12/2021**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					**456**	**559**	**681**	**760**
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	**2,853**	**2,904**	**2,943**	**2,981**	**349**	**354**	**358**	**362**
Stable deposits	-	-	-	-	-	-	-	-
Less stable deposits	*2,853*	*2,904*	*2,943*	*2,981*	*349*	*354*	*358*	*362*
Unsecured wholesale funding	**614**	**574**	**548**	**512**	**385**	**356**	**338**	**303**
Operational deposits (all counterparties) and deposits in networks of cooperative banks	*305*	*291*	*281*	*278*	*76*	*73*	*70*	*70*
Non-operational deposits (all counterparties)	*162*	*175*	*180*	*153*	*162*	*175*	*180*	*153*
Unsecured debt	*147*	*108*	*87*	*81*	*147*	*108*	*87*	*81*
Secured wholesale funding					**-**	**-**	**-**	**-**
Additional requirements	**777**	**869**	**863**	**893**	**121**	**143**	**159**	**169**
Outflows related to derivative exposures and other collateral requirements	*60*	*75*	*88*	*94*	*60*	*75*	*88*	*94*
Outflows related to loss of funding on debt products	-	-	*4*	*7*	-	-	*4*	*7*
Credit and liquidity facilities	*717*	*794*	*771*	*793*	*61*	*68*	*67*	*69*
Other contractual funding obligations	**293**	**280**	**282**	**285**	**244**	**234**	**240**	**246**
Other contingent funding obligations								
TOTAL CASH OUTFLOWS					**1,099**	**1,087**	**1,095**	**1,080**
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Inflows from fully performing exposures	**2,373**	**2,350**	**2,261**	**2,173**	**827**	**813**	**784**	**774**
Other cash inflows	**374**	**382**	**352**	**329**	**290**	**296**	**269**	**245**
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					**-**	**-**	**-**	**-**
(Excess inflows from a related specialised credit institution)					**-**	**-**	**-**	**-**
TOTAL CASH INFLOWS	**2,747**	**2,732**	**2,613**	**2,502**	**1,117**	**1,109**	**1,053**	**1,019**
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	*2,747*	*2,732*	*2,613*	*2,502*	*1,117*	*1,109*	*1,053*	*1,019*
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					**431**	**559**	**681**	**760**
TOTAL NET CASH OUTFLOWS					**275**	**272**	**274**	**270**
LIQUIDITY COVERAGE RATIO (%)					**159%**	**210%**	**252%**	**284%**

1

TABLE EU LIQ2 – NET STABLE FUNDING RATIO

This table provides quantitative information about Net Stable Funding Ratio (NSFR), in application of Article 451a(3) CRR "Disclosure of liquidity requirements".

		Unweighted value by residual maturity				
(in million euros)		**No maturity**	**< 6 months**	**6 months to < 1 year**	**≥ 1year**	**Weighted value**
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	**Capital items and instruments**	**1,784**	**0**	**0**	**155**	**1,939**
2	*Own funds*	*1,784*	*0*	*0*	*155*	*1,939*
3	*Other capital instruments*		*0*	*0*	*0*	*0*
4	**Retail deposits**		**2,703**	**86**	**217**	**2,727**
5	*Stable deposits*		*0*	*0*	*0*	*0*
6	*Less stable deposits*		*2,703*	*86*	*217*	*2,727*
7	**Wholesale funding**		**1,108**	**1,129**	**7,205**	**7,853**
8	*Operational deposits*		*291*	*0*	*0*	*81*
9	*Other wholesale funding*		*817*	*1,129*	*7,205*	*7,772*
10	**Interdependent liabilities**		**0**	**0**	**0**	**0**
11	**Other liabilities**		**593**	**100**	**363**	**413**
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		*593*	*100*	*363*	*413*
14	**TOTAL AVAILABLE STABLE FUNDING (ASF)**					**13,013**
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	**Total high-quality liquid assets (HQLA)**					**0**
EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**0**	**0**	**0**	**0**
16	**Deposits held at other financial institutions for operational purposes**		**119**	**0**	**0**	**59**
17	**Performing loans and securities**		**5,385**	**1,861**	**7,284**	**11,707**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*0*	*0*	*0*	*0*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*456*	*17*	*38*	*92*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*4,859*	*1,844*	*7,246*	*11,545*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*19*	*12*	*38*	*40*
22	*Performing residential mortgages, of which:*		*0*	*0*	*0*	*0*
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*0*	*0*	*0*	*0*
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*70*	*0*	*0*	*70*
25	**Interdependent assets**		**0**	**0**	**0**	**0**

	(in million euros)	Unweighted value by residual maturity: No maturity	< 6 months	6 months to < 1 year	≥ 1year	Weighted value
26	**Other assets**		**262**	**2**	**37**	**153**
27	*Physical traded commodities*				*0*	*0*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			*0*		*0*
29	*NSFR derivative assets*		*3*	*-*	*-*	*2*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*1*	*-*	*-*	*-*
31	*All other assets not included in the above categories*		*259*	*2*	*37*	*151*
32	**Off-balance sheet items**		**936**	**0**	**0**	**47**
33	**TOTAL RSF**					**11,966**
34	**NET STABLE FUNDING RATIO (%)**					**109%**

Ability to access several external funding and liquidity sources

In addition to the financial support provided by Santander Consumer Finance in the form of intra-group funding, the PSA Banque France Group has also diversified funding and liquidity sources to support the growth of its business activities:

- a €4 billion EMTN programme for the issuance of Notes in order to refinance part of its medium-and long-term needs;
- a NEU CP issue programme, increased to €2 billion in 2019 to refinance part of its short-term needs;
- a NEU MTN issue programme of €1 billion to complete the refinancing of its medium-term needs;
- four securitisation warehousing programmes for all of receivables portfolios (traditional loans, leasing with a purchase option, leases and financing of the dealer network vehicle inventory) and standalone transactions;
- deposits with the collection of retail savings from French customers;
- access to refinancing from the European Central Bank with participation in several TLTRO operations;
- bank loans including subordinated loans.

1.4.7 ENCUMBERED ASSETS

Balance sheet assets and assets received as collateral that have been used as a pledge, guarantee or enhancement for a PSA Banque France Group's financial operation from which they cannot be freely withdrawn are considered as encumbered.

The main operations encumbering assets are as follows:

- assets assigned to securitisation vehicles when these assets have not been derecognised;
- assets (self-subscribed notes for securitisation, receivables remitted via the TRICP channel, sovereign debt securities of the French State) given as collateral for ECB financing operations;

Self-subscribed notes are not considered to be encumbered if they are not used as collateral or pledged.

TABLE EU AE1 – ENCUMBERED AND UNENCUMBERED ASSETS

This table provides quantitative information on the encumbered and unencumbered assets, in application of Article 443 CRR "Disclosure of encumbered and unencumbered assets".

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
(in million euros)		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the disclosing institution	**7,159**	**70**			**8,575**	**785**		
Equity instruments	-	-	-	-	4	-	4	-
Debt securities	70	70	70	70	1		1	-
of which: covered bonds	-	-	-	-	-	-	-	-
of which: securitisations	-	-	-	-	-	-	-	-
of which: issued by general governments	*70*	*70*	*70*	*70*	-	-	-	-
of which: issued by financial corporations	-	-	-	-	-	-	-	-
of which: issued by non-financial corporations	-	-	-	-	*1*	-	*1*	-
Other assets	7,089	-			8,570	785		

TABLE EU AE2 – COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED

This table provides quantitative information concerning collateral received and own debt securities issued, in application of Article 443 CRR "Disclosure of encumbered and unencumbered assets".

			Unencumbered	
	Fair value of encumbered collateral received or own debt securities issued		**Fair value of collateral received or own debt securities issued available for encumbrance**	
(in million euros)		**of which notionally eligible EHQLA and HQLA**		**of which EHQLA and HQLA**
Collateral received by the disclosing institution	**-**	**-**	**-**	**-**
Loans on demand	-	-	-	-
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
of which: covered bonds	-	-	-	-
of which: securitisations	-	-	-	-
of which: issued by general governments	-	-	-	-
of which: issued by financial corporations	-	-	-	-
of which: issued by non-financial corporations	-	-	-	-
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or securitisations	**-**	**-**	**-**	**-**
Own covered bonds and securitisations issued and not yet pledged		**-**	**66**	**-**
TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**7,159**	**70**		

TABLE EU AE3 – SOURCES OF ENCUMBRANCE

This table provides quantitative information on sources of encumbrance, in application of Article 443 CRR "Disclosure of encumbered and unencumbered assets".

(in million euros)	**Matching liabilities, contingent liabilities or securities lent**	**Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered**
Carrying amount of selected financial liabilities	**5,113**	**7,159**

TABLE EU AE4 – ACCOMPANYING NARRATIVE INFORMATION

The additional descriptive information on the encumbered assets complies with Article 443 of the CRR, "Disclosure on encumbered and unencumbered assets".

The sale of receivables to securitsation funds allows the PSA Banque France Group to diversify its funding sources, through the issuance of ABS.

The use of credit claims (TRICP) or securities as collateral can also occur as part of ECB monetary policy operations.

1.4.8 CURRENCY AND INTEREST RATE RISKS

1.4.8.1 CURRENCY RISK

The PSA Banque France Group has no activity in foreign currencies that could expose the bank to currency risk.

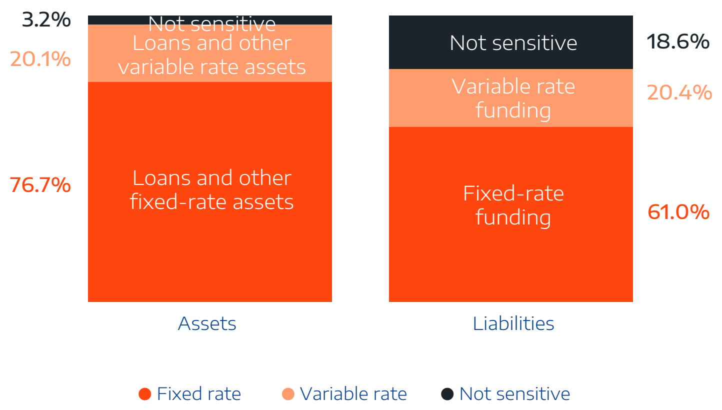
Nevertheless, in case of foreign exchange positions, the hedging of transactions in currencies would be validated by the competent committee.

1.4.8.2 INTEREST RATE RISK

Risk factors

The interest rate risk is the potential for loss due to the impact of interest rate movements on the structure of the entity's equity (through revenues, expenses, assets, liabilities and other balance-sheet transactions).

The financing granted to customers is primarily in the form of fixed-rate loans or lease offers with a maximum duration of 72 months, whereas the financing of the dealer networks does not exceed 12 months and prices are, therefore, renewed/adjusted during the year. The PSA Banque France Group refinances itself with fixed-rate financial instruments (bonds, intra-group loans, term and sight deposits, NEU CP, TLTRO-III until June 2022) and with variable/revisable rate funding sources (securitisations, NEU MTN, bank lines).



The PSA Banque France Group's objective is to limit the negative effects of market rates evolution on its profits and economic value, and to increase its security and solidity. To adjust the borrowing rate structure to the customer loan structure, guided flexibility is allowed in hedging the interest rate risk.

The policy in terms of interest rate risk tends to be conservative and avoids any speculation. Its purpose is to control and supervise interest rate risk positions within sensitivity limits in accordance with the defined risk appetite.

The management of interest rate risk consists of compliance with this policy and ensuring it with regular controls and hedging measures.

The interest rate swap portfolio is the key element used to hedge exposure to the balance sheet rate risk.

Interest rate measurement, management and monitoring

Interest rate risk can primarily affect the net interest margin and the market value of the PSA Banque France Group's regulatory capital. Management of the interest rate risk is governed by sensitivity limits in accordance with risk appetite.

The main risk evaluation indicators are calculated on a monthly basis:

- **the interest rate gap:** this is a repricing gap in which the assets and liabilities are placed on the review date (variable rate) and on their maturity date (fixed rate). The gap corresponds to the difference between interest-earning assets and interest-bearing liabilities over the given periods, including off-balance sheet amounts;
- **the sensitivity of the Net Interest Margin (NIM)** measures the additional losses or profits on the bank's interest margin, caused by a change in interest rates within the next 12, 24 or 36 months. Evaluation of the sensitivity of the Net Interest Margin is a short-term approach and is based on the analysis from interest rate gap tools;
- **the sensitivity of the market value of equity (MVE):** is the impact on the present value of the entity's assets and liabilities when the interest rate changes. The concept of the MVE refers to a long-term approach. The sensitivity of the market value of equity is also calculated using interest rate gap analysis.

The interest rate risk measurement tool was updated to be in compliance with Directive EBA/GL/2018/02 on the structural interest rate risk in bank balance sheets.

The interest rate risk monitoring indicators are based on the following assumptions:

- static balance sheet: the amounts that reach maturity are renewed by the new production of an identical quantity, such that the balances remain constant;
- the analysis is based on contractual and conventional maturity and repricing dates;
- the calculations take into account a zero coupon rate curve and various parallel and non-parallel interest rate change scenarios, such as:
  - parallel scenarios at +/- 100 bps; +/- 75 bps; +/- 50 bps and +/- 25 bps (even if interest rate risk limits only apply to +/- 25 bps),
  - non-parallel scenarios with steepening, flattening or inversion of the rate curve.

Interest rate risk limits are set by reference to the interest rate risk indicators such as NIM change sensitivity over 12 months or MVE sensitivity in accordance with risk appetite as defined by the PSA Banque France Group. The limits are formally approved by the Board of Directors of the PSA Banque France Group.

At the same time, as part of risk control, hedging efficiency tests are carried out when setting up new instruments with exposure to interest rate risk.

Lastly, the control of interest rate risk is ensured by the monthly monitoring of these indicators, control of compliance with established limits and any measures to be taken to even better measure, control or monitor this risk category.

This monitoring is subject to monthly management reports to the Asset/Liability Committee (ALCO) and to the Risk Management and Control Committee.

In 2021, all interest rate risk indicators remained compliant with the limits set by the Board of Directors of PSA Banque France.

The table below shows the interest rate gap as at 31 December 2021, along with the various indicators' sensitivity to the worst-case risk scenario (parallel scenario).

INTEREST RATE GAP AS AT 31 DECEMBER 2021

(in million euros)	**Total**	**≤ 1 month**	**≤ 3 months**	**≤ 1 year**	**≤ 2 years**	**≤ 5 years**	**> 5 years**	**Non Sensitive**
Assets	15,734	3,705	2,168	3,055	3,038	3,265	18	484
Equity and liabilities	15,734	3,227	920	4,857	1,448	1,853	603	2,826
Off-balance sheet	0	356	2,184	146	(530)	(2,157)	1	0
REPRICING GAP	**0**	**834**	**3,432**	**(1,655)**	**1,060**	**(744)**	**(584)**	**(2,342)**

- At the end of December 2021, NIM sensitivity compared to the worst increase or decrease scenario for parallel rates of 25 bps was -€3 million.
- At the end of December 2021, MVE sensitivity compared to the worst increase or decrease scenario for parallel rates of 25 bps was -€5 million.

1.4.9 MARKET RISK

RISK FACTORS

The policy of the PSA Banque France Group is to refrain from creating exposure to market risk within the meaning of banking regulations. The PSA Banque France Group is not authorised to carry out any speculative market activities, either on behalf of its customers or for its own account. There is, therefore, no market risk with respect to a trading book.

RISK MEASUREMENT, CONTROL AND MONITORING

The Group consistently ensures compliance with this rule and that the hedging instrument and hedged item are correctly matched.

The governance bodies must be immediately notified of any market risk exposure through the main competent committees.

The PSA Banque France Group does not have any speculative activities and does not have a trading book. As a result, monitoring focuses on the limits for structural interest rate risk implemented for the bank portfolio. The derivative rate instrument transactions undertaken are intended to hedge balance sheet items and are not intended for sale in the short-term.

1.4.10 SECURITISATION

The PSA Banque France Group uses securitisation as a source of diversification of its refinancing and, since 2019, as a tool for optimising its regulatory capital requirements. The PSA Banque France Group does not sponsor any securitisation transactions. The PSA Banque France Group does not carry out any re-securitisation transactions or NPL (Non-Performing Loans) transactions.

The PSA Banque France Group does not invest in securitisation transactions where the underlying receivables are originated by third parties:

- **for its refinancing**, the PSA Banque France Group, through its CREDIPAR subsidiary, securitises some of its portfolios of receivables granted to individual or corporate customers.

  The Auto ABS French Loans Master, Auto ABS DFP Compartment France 2013, Auto ABS French Leases Master Compartment 2016, Auto ABS French LT Leases Master, Auto ABS French Leases 2018 and Auto ABS French Leases 2021 entities acquire receivables originated by CREDIPAR, a subsidiary of PSA Banque France.

  CREDIPAR acts as servicer.

  CREDIPAR is also the grantor of a pledge on vehicles, whose lease receivables are securitised in the Auto ABS French Leases Master Compartment 2016, Auto ABS French LT Leases Master, Auto ABS French Leases 2018 and Auto ABS French Leases 2021 securitisation funds.

  PSA Banque France acts as cash manager for the Auto ABS French LT Leases Master and Auto ABS French Loans Master funds.

  None of the entities of the PSA Banque France Group provide support to these funds and they are not swap counterparties of these funds.

  The notes issued as part of these transactions may be placed either publicly or with a limited pool of investors, in which case CREDIPAR chooses to structure these transactions within the specific framework created for simple, transparent and standardised securitisations (STS) introduced by European Regulation 2017/2402 of 12 December 2017, or subscribed directly by the PSA Banque France Group (via its CREDIPAR subsidiary) in order to be used as eligible collateral with the European Central Bank. So far, the self-subscribed transactions by the PSA Banque France Group are not structured to be recognised as STS transactions.

  As part of its operations, CREDIPAR does not usually mandate rating agencies for transactions placed with a limited pool of investors. CREDIPAR mandates at least two agencies for senior and mezzanine notes of transactions placed on the market (as at 31 December 2021: Auto ABS French Leases 2021, rated by DBRS and S&P) and self-subscribed transactions used as collateral at the ECB (as at 31 December 2021: Auto ABS French Loans Master, rated by Fitch and Moody's; Auto ABS DFP Compartment France 2013, rated by Moody's and S&P). The junior notes of these operations are never rated.

In respect of compliance with its economic retention obligation defined by Regulation (EU) 575/2013 (CRR), the PSA Banque France Group, via its CREDIPAR subsidiary, subscribes to:

- at least 5% of the different classes of notes issued – known as vertical retention – as is the case for Auto ABS French Loans Master, Auto ABS DFP Compartment France 2013, Auto ABS French Leases Master Compartment 2016 transactions,
- or all of the junior notes representing at least 5% of the net economic interest of the transaction, as is the case for Auto ABS French Leases 2018, Auto ABS French Leases 2021, Auto ABS French LT Leases.

Pragmatically, regardless of the retention method used, the PSA Banque France Group, via its CREDIPAR subsidiary, subscribes all of the junior notes (first loss tranche) in all these financing transactions, and systematically holds the residual units. Within the PSA Banque France group, only the CREDIPAR entity holds notes issued by these securitisation funds.

When CREDIPAR refinances itself through traditional securitisation, it uses securitisation funds (*Fonds Commun de Titrisation*, FCT) to which it assigns its receivables. These funds are special purpose entities that are fully consolidated by the PSA Banque France Group as its CREDIPAR subsidiary is exposed to the majority of the risks (mainly credit risk) and benefits from the majority of rewards (net banking revenue). For traditional securitisations (without risk transfer), the outstandings represented by the underlying assets are therefore kept as assets of the PSA Banque France Group and the notes placed are recorded as liabilities. The notes self-subscribed by the PSA Banque France Group are eliminated as intra-group transactions.

In the absence of any significant risk transfer under prudential regulations, these transactions have no impact on the PSA Banque France Group's regulatory capital. PSA Banque France is not required under Article 247(2) of Regulation (EU) 575/2013 (CRR) to calculate risk-weighted exposure amounts for its positions in its securitisations: it continues to include underlying exposures in the calculation of risk-weighted exposure amounts and, where applicable, expected loss amounts as if they had not been securitised. The STS or non-STS classification of these transactions therefore has no impact, and the rating or not by ECAIs or by internal valuation of the notes also has no impact.

- **as part of the optimisation of its regulatory capital requirements**, the PSA Banque France Group set up a first synthetic transaction at the end of 2019 with a significant credit risk transfer (SRT) on a portfolio of loans to individual customers of its CREDIPAR subsidiary. This transaction was not structured to obtain STS qualification. As part of this transaction, CREDIPAR did not mandate a rating agency to assess the credit of the various risk tranches.

  This risk transfer was effected by the purchase by CREDIPAR of protection in the form of a financial guarantee from the Auto ABS Synthetic French Loans fund.

  CREDIPAR retains a net economic interest of at least 5% in this securitisation transaction through the holding of at least 5% of the nominal value of the selected receivables, in respect of its economic retention obligation defined by Regulation (EU) 575/2013. The financing of the guarantee was materialised by the subscription by investors of the mezzanine risk position on this portfolio. CREDIPAR bought the residual units issued by this fund.

  For synthetic securitisation, there was no assignment of receivables and no notes were issued to materialise the tranches of risks held by CREDIPAR. The amount of the guarantee provided by investors (corresponding to the amount of the proceeds of the issue of Class B notes) is deposited in a pledged account for the benefit of the latter. This guarantee is recognised off-balance sheet. Its amount is adjusted on the basis of losses recorded, and in the amortisation phase, according to the amortisation of the reference portfolio. The payment of the premium for this guarantee is recorded monthly.

  The PSA Banque France Group has retained the senior and junior risk positions, which are subject to a capital requirement calculation: PSA Banque France values the senior tranche according to the SEC-IRBA methodology in accordance with Article 254 of Regulation (EU) 575/2013 while the junior tranche does not directly participate in the calculation of risk-weighted assets. PSA Banque France uses the option of deduction of the latter from CET1 equity, in accordance with Article 36(1) of the CRR, instead of applying a weighted risk of 1,250%. As of 31 December 2021, the senior position participates in risk-weighted assets in the amount of €116 million.

Day-to-day monitoring of operations

The performance and credit quality of the funds' main counterparties are monitored monthly and disclosed to investors. This monitoring makes it possible to detect any deviations in the performance of securitised receivables or the need to replace a counterparty whose credit rating has become insufficient with regard to the (public or implicit) rating of the fund's notes. An unexpected and exceptional deterioration in the quality of the securitised assets or a sharp drop in the production of new financing granted, limiting capacity to provide securitisation operations in the revolving period with a sufficient amount of new loans could lead, beyond a certain threshold, to the activation of:

- mechanisms for the early amortisation of refinancing transactions, which, in addition to the loss of financing on the transaction(s) affected, could lead to a reputational risk and greater difficulty in placing new transactions on the ABS Auto market;
- sequential amortisation mechanisms for the senior and mezzanine positions of the synthetic transaction, which could lead to greater difficulty in placing new significant risk transfer transactions.

TABLE EU SEC1 – SECURITISATION EXPOSURES IN THE NON-TRADING BOOK

This table provides securitisation exposures in the non-trading book, in application of point (j) of Article 449 CRR "Disclosure of exposures to securitisation positions".

	Institution acts as originator						
	Traditional				Synthetic		Subtotal
	STS		Non-STS				
(in million euros)		of which SRT		of which SRT		of which SRT	
TOTAL EXPOSURES	-	-	-	-	784	784	784
Retail (total)	-	-	-	-	784	784	784
Residential mortgage	-	-	-	-	-	-	-
Credit card	-	-	-	-	-	-	-
Other retail exposures	-	-	-	-	784	784	784
Re-securitisation	-	-	-	-	-	-	-
Wholesale (total)	-	-	-	-	-	-	-
Loans to corporates	-	-	-	-	-	-	-
Commercial mortgage	-	-	-	-	-	-	-
Lease and receivables	-	-	-	-	-	-	-
Other wholesale	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-

	Institution acts as sponsor				Institution acts as investor			
	Traditional		Synthetic	Subtotal	Traditional		Synthetic	Subtotal
(in million euros)	STS	Non-STS			STS	Non-STS		
TOTAL EXPOSURES	-	-	-	-	-	-	-	-
Retail (total)	-	-	-	-	-	-	-	-
Residential mortgage	-	-	-	-	-	-	-	-
Credit card	-	-	-	-	-	-	-	-
Other retail exposures	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-
Wholesale (total)	-	-	-	-	-	-	-	-
Loans to corporates	-	-	-	-	-	-	-	-
Commercial mortgage	-	-	-	-	-	-	-	-
Lease and receivables	-	-	-	-	-	-	-	-
Other wholesale	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-

TABLE EU SEC3 – SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS ORIGINATOR OR AS SPONSOR

This table provides information about securitisation exposures in the non-trading book and associated regulatory capital requirements where institution act as originator or as sponsor, in application of points (k) and (i) of Article 449 CRR "Disclosure of exposures to securitisation positions".

	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
(in million euros)	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% RW	1,250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250% RW/ deductions
TOTAL EXPOSURES	**774**	**-**	**-**	**-**	**10**	**774**	**-**	**-**	**10**
Traditional transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Securitisation	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-
of which: STS	-	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-	-
of which: STS	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-
Synthetic transactions	**774**	**-**	**-**	**-**	**10**	**774**	**-**	**-**	**10**
Securitisation	774	-	-	-	10	774	-	-	10
Retail underlying	*774*	-	-	-	*10*	*774*	-	-	*10*
Wholesale	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-

	RWEA (by regulatory approach)				Capital charge after cap			
(in million euros)	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250% RW/ deductions
TOTAL EXPOSURES	**116**	**-**	**-**	**-**	**9**	**-**	**-**	**-**
Traditional transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Securitisation	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-
of which: STS	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-
of which: STS	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-
Synthetic transactions	**116**	**-**	**-**	**-**	**9**	**-**	**-**	**-**
Securitisation	116	-	-	-	9	-	-	-
Retail underlying	*116*	-	-	-	*9*	-	-	-
Wholesale	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-

TABLE EU SEC5 – EXPOSURES SECURITISED BY THE INSTITUTION - EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS

This table provides securitised exposures in default and specific credit risk adjustments made during the period, in application of point (l) of Article 449 CRR "Disclosure of exposures to securitisation positions".

	Exposures securitised by the institution – Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
(in million euros)		Of which exposures in default	
TOTAL EXPOSURES	**6,322**	**52**	**-**
Retail (total)	**1,950**	**33**	**-**
Residential mortgage	-	-	-
Credit card	-	-	-
Other retail exposures	1,950	33	-
Re-securitisation	-	-	-
Wholesale (total)	**4,372**	**19**	**-**
Loans to corporates	-	-	-
Commercial mortgage	-	-	-
Lease and receivables*	3,604	19	-
Other wholesale	768	-	-
Re-securitisation	-	-	-

* *The classification of these assets as wholesale customers is based on the classification implemented in Commission Implementing Regulation (EU) 2021/451 of 17 December 2020. In practice, more than 90% of securitised receivables correspond to Retail exposures.*

1.4.11 OPERATIONAL RISKS

In accordance with Regulation (EU) 575/2013 of 26 June 2013 and the Order of 3 November 2014, the definition of operational risk covers the "risk of losses resulting from an insufficiency or failure of processes, from personnel and internal systems or from external events". Operational risk notably includes risks related to events with a low probability of occurrence but with a high impact, risks related to information systems, the risk of internal and external fraud, legal and non-compliance risks and reputational risks.

RISK IDENTIFICATION, MEASUREMENT AND MANAGEMENT

The risk mapping covering all of the PSA Banque France Group's activities identifies and prioritises three levels of operational and non-compliance risk, classified by activity, process and sub-process. They consist of operational risks related to credit risk, such as external fraud and, to a lesser extent, of risks related to activities outsourced to service providers or partners.

Risk management is implemented via mechanisms integrated in working procedures or instructions and is subject to second-level controls by the bank's permanent control function. They may also take the form of decision and discretionary limits rules, as well as specific processes incorporated in IT systems. Business continuity plans have been defined and deployed for premises and information systems. These are tested at least once a year.

The PSA Banque France Group's operational risks management system follows the standard operational risk approach.

INFORMATION SYSTEM RISK

Information systems are essential to the operational processes of the PSA Banque France Group, from credit underwriting to the management of all loans and receivables.

The smooth operation of financial control, accounting and data collection and processing systems is essential to the PSA Banque France Group's business and its ability to compete. In addition, the PSA Banque France Group has signed framework agreements with Banque PSA Finance for the supply of information systems and services and benefits from the cybersecurity risk alert and prevention system of STELLANTIS, which enables it to manage the risks.

The risk resulting from the difficulty to ensure that all information systems remain fully functional following a disruptive event, regardless if it results in material damage or not (cyberattack, natural disasters such as flooding, etc.) can have a negative impact on the PSA Banque France Group's ability to continue its activities, despite the activation of the Business Continuity Plan.

Losses can result from a personnel mismatch, from an internal control process or system mismatch or failure, or from external events which interrupt day-to-day activities. The PSA Banque France Group is exposed to the risk of an insufficiency in the design of its controls and procedures or that they will be bypassed such that its data and/or customer files are incomplete, non-recoverable or not stored in a secure way. This may occur despite the fact that the PSA Banque France Group works with its customers, service providers, counterparties and other third parties to develop secure data processing, storage and transmission capabilities in order to avoid information security risks.

FRAUD RISK

The PSA Banque France Group is exposed to the risk of fraud, primarily external fraud resulting in losses due to unpaid loans or rents.

As a credit institution granting loans and leases to its customers, the PSA Banque France Group is exposed to the risk of fraud. This risk can result from a mismatch or failure of internal processes or personnel and information systems but fraud mainly occurs when customers request financing.

The PSA Banque France Group's credit granting process depends to a large extent on the documents provided by potential customers, including proof of income and the related bank contact information required to set up automatic payment, by-laws (for companies) and identity documents. A risk can arise at the time a financing contract is signed if the customer provides false documents or has stolen another person's identity. This risk has increased recently due to a rise in organised crime and the development of techniques to create false documents (for individuals and companies).

As part of the operational incident collection procedure, any fraud resulting in a prejudice in excess of €100,000 is consistently reported to the Legal Department of STELLANTIS to enable it to determine any potential means of recourse.

The PSA Banque France Group has insurance policies which cover fraud, malicious intent, material damage and operational losses, underwritten by the STELLANTIS Insurance Department.

NON COMPLIANCE RISK

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

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

As part of its day-to-day activities, the PSA Banque France Group can be involved in different types of litigation, notably civil, administrative, tax, criminal and arbitration cases resulting from non-compliance with the above provisions.

In these cases, the PSA Banque France Group is exposed to a number of outcomes which may adversely affect its business:

- a legal impact if regulatory or judicial actions resulting in fines or penalties are taken against the PSA Banque France Group or its employees;
- a financial impact in the event of a prejudice affecting the net income of the PSA Banque France Group or its future potential earnings or in the case of investor loss of confidence;
- a reputational impact with the potential to harm the image or brands of the PSA Banque France Group: for example, bad press or discussions on social networks, a loss of customer confidence or a decline in employee commitment.

In particular, due to the fact that it belongs directly to Banque PSA Finance and Santander Consumer Banque (and, as a result, the STELLANTIS and Santander groups), the PSA Banque France Group may also be impacted by the non-compliance risk to which these two groups are exposed. This could have an impact on sales revenue in the case of negative events which significantly disrupt the operations of the PSA Banque France Group, such as embargoes and site closures.

Risk is measured upstream via a regulatory watch system which tracks changes and the reasons for sanctions issued by the supervisory authorities and analyses the information collected to assess the impact on customer relationships, the processes and the organisation, the information systems, the scope of activity and, generally, the business model.

The risk of non-compliance is controlled by adapting procedures, instructions or operating methods, detecting people who are exposed politically or whose assets have been frozen, setting materiality criteria and thresholds to identify money-laundering and the financing of terrorism, as well as a report-compilation system. Risks of non compliance are monitored through the implementation of a programme of first-level controls by the Compliance Department and of second-line controls by the Permanent Control Department. The results of these checks are presented to the Control and Compliance Committee meetings, which are organised on a monthly basis.

REPUTATIONAL AND IMAGE RISK

For the PSA Banque France Group, reputational and image risk consists mainly of:

- a specific risk, corresponding to reputation and image risk, particularly with end-user customers, Peugeot, Citroën and DS dealer networks, third-party banks and supervisory authorities (excluding internal image risk)
- possible repercussions of an operational incident.

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

Due to its direct affiliation to Banque PSA Finance and Santander Consumer Banque (and consequently to the STELLANTIS and Santander groups), the reputation and image of the PSA Banque France Group can also be impacted by the reputation and identity of its two shareholders.

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

- compliance with banking secrecy and the obligation for professional confidentiality for which the employees of the PSA Banque France Group take special training courses;
- approval of standard letters to customers and advertising messages by the Legal Department;
- monitoring of the quality of customer relations;
- approval of new products by the Risk, Legal, Tax and Compliance Departments;
- the report compilation system;
- a specific system for approving loans to certain sensitive business sectors (the media, arms, sports clubs, etc.) which are delegated to the PSA Banque France Board of Directors.

TABLE EU OR1 – OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

In application of Article 446 CRR "Disclosure of operational risk management" and Article 454 CRR "Disclosure of the use of the Advanced Measurement Approaches to operational risk", this table provides information about operational risk own funds requirements under:

- Basic Indicator Approach (BIA);
- Standardised Approach (TSA);
- Alternative Standardised Approach (ASA);
- Advanced Measurement Approach (AMA).

	Relevant indicator				
(in million euros)	**Year-3**	**Year-2**	**Last year**	**Own funds requirements**	**Risk exposure amount**
Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	539	568	615	72	899
Subject to TSA:	*539*	*568*	*615*	-	
Subject to ASA:	-	-	-	-	
Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

1.4.12 REMUNERATION POLICY

The remuneration policy sets the remuneration framework for employees, executives, control bodies, risk takers and members of the Board of Directors of the three entities of the PSA Banque France Group.

The principles laid down by the PSA Banque France Group's Remuneration Policy take into account shareholders' guidelines (Santander Consumer Finance and Banque PSA Finance).

The Board of Directors determines and approves the scope and application of this policy, which was previously proposed jointly by the Remuneration Committee and the Appointment Committee each for the parts that concern it (Article L. 511-72 of the French Monetary and Financial Code).

The first version of the remuneration policy was adopted by a decision of the Board of Directors of PSA Banque France at a meeting held on 11 February 2016. It was then reviewed annually in accordance with Article L. 511-72 of the French Monetary and Financial Code, and for its latest version by the Board of Directors at its meeting held on 22 June 2021 in order to respond to the recommendations made following an audit of the internal audit of the PSA Banque France Group.

The Chief Human Resources Officer is in charge of interpreting the remuneration policy within the PSA Banque France Group. He communicates with the Board of Directors and the Remuneration Committee and inform them of the implementation of this policy in accordance with Article L. 511-72 of the French Monetary and Financial Code, and paragraph 28 of the EBA Guidelines.

Any deviation from this policy must be submitted for approval to the PSA Banque France Remuneration Committee in order to ensure consistency with the PSA Banque France Group policy. This policy applies to PSA Banque France itself as well as to its direct subsidiary CREDIPAR and its indirect subsidiary CLV.

At the end of 2021, a leading law firm was asked to comment on the latest version of the PSA Banque France Group's remuneration policy.

The PSA Banque France Group has implemented a variable remuneration policy that mainly includes an annual bonus linked to individual and collective objectives.

All variable remuneration plans must:

- reward performance;
- promote good conduct (respect for the values of the company "Be one to be first" on the way in which employees must conduct business and make decisions, and the way in which they interact with customers, shareholders and society); credit, operational and reputational risk management;
- do not promote the sale of a product or service when another product or service is better suited to the customer's needs (principle aimed at employees with a mission;
- provide for a minimum ratio and a maximum ratio in relation to the fixed remuneration. In this respect, the variable remuneration must not exceed 100% of the fixed component.

The **individual objectives** must take into account the risk at the level of the PSA Banque France Group without any incentive to take reprehensible risks, under the responsibility of the managers with risk-takers in their team. In their definition, the objectives meet the "SMART" principle (Specific, Measurable, Ambitious, Realistic and Time-bound).

The **collective objectives** are set at the level of each department and relate to the various ambitions of the strategic plan (in particular on cost control, improvement of customer satisfaction, the management of transformation projects or the implementation of audit recommendations). Collective or individual objectives must not be subject to conflicts of interest with the control missions entrusted to them within the PSA Banque France Group. The total variable remuneration must not exceed the ceiling of 100% of fixed remuneration, even in cases of exceptional performance (possible outperformance limited to 115% for some quantitative objectives with the obligation of specifying a challenging threshold). Variable remuneration is only granted to employees if it does not prejudice the PSA Banque France Group's compliance with its capital ratios. In addition, it must be possible for the result of the variable remuneration to be zero if the PSA Banque France Group does not achieve at least a percentage of achievement of the objectives set annually.

Due to the specific nature of PSA Banque France's automotive financing and service distribution activities, the variable remuneration policy for risk takers in this area of activity does not differ from that of other employees and complies with the terms and conditions of Article L. 511-82 of the French Monetary and Financial Code. In accordance with Article L. 511-75 of the Monetary and Financial Code, personnel performing control functions are paid according to the achievement of the objectives related to their functions and not according to the performance of the controlled activities.

Each year, the Board of Directors reviews the variable remuneration of Executive Management, the members of the Executive Committee and the risk takers and personnel belonging to the control functions, granted in cash, except in the case of variable remuneration above the threshold of €50,000, the third part of which would result in the form of a financial instrument.

The annual variable remuneration granted may include a deferred portion corresponding to 40% of the total amount if the latter exceeds €50,000 gross.

Variable remuneration will be granted, subject to continued employment in the company, and subject to the non-application of the clawback clause, as follows:

- 30% will be granted in cash in year N+1, net of all social and tax charges and withholdings;
- 30% will be granted in the form of a financial instrument (virtual shares) converted into cash in year N+1. As this sum represents the expression in cash of a financial instrument (virtual shares), its effective payment will be deferred for a period of one year from its granting, net of all social and tax charges and withholdings;
- the remaining 40% will be granted in instalments over a period of three years (N+2, N+3, and N+4) in equal thirds. Each year, half of the deferred portion will be allocated in cash and the other half in a financial instrument (virtual shares) converted into cash. As these amounts represent the expression in cash of a financial instrument (virtual shares), their effective payment will be deferred for a period of one year from their granting, net of all social and tax charges and withholdings.

This section defines the process of identifying, evaluating and reviewing events that may require a correction or a restitution of the variable remuneration of the risk takers depending in particular on the actions or behaviour of the person concerned.

These actions may apply in particular if:

- the person has caused or is responsible for significant losses for the Company;
- the person did not comply with the applicable standards in terms of business ethics, compliance or financial commitment or risk;
- the person committed a serious fault or error generating regulatory sanctions.

In order to determine the size of the correction, events can be classified into three categories:

- minor event: an event that concerns a single person and has a limited risk, financial or reputational impact on the company;
- significant event: an event that concerns a limited number of employees and has a significant risk, financial or reputational impact on the company;
- very significant event: an event that has a significant adverse impact on the company's risk profile, financial performance or reputation.

As PSA Banque France is a company whose shares are not admitted to trading on a regulated market, no shareholding is granted to employees and consequently no shareholding requirement is imposed.

REMUNERATION COMMITTEE AS AT 31 DECEMBER 2021

Name	Position within the PSA Banque France Group
Martin THOMAS, Chairman	Director of PSA Banque France
Rafael MORAL SALARICH	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Hélène BOUTELEAU	Director of PSA Banque France

The Remuneration Committee met six times in 2021.

The overall remuneration policy for PSA Banque France Group employees, including that of the 35 identified peole who meet the criteria defined in Article L. 511-71 of the French Monetary and Financial Code (only 28 of whom receive remuneration paid by the PSA Banque France Group) due to the impact that their function may have on the Group's risk profile is presented at least once a year to the Remuneration Committee for approval.

In accordance with Article L. 511-73 of the French Monetary and Financial Code, the total amount of remunerations of all kinds paid to these persons during the 2021 financial year amounted to a total amount (gross of tax) of €3,500,804, broken down into fixed remunerations of €2,885,366, variable remunerations of €405,295 and benefits in kind of €210,143 without any payment in 2021 in respect of exceptional items, it being specified that no employee receives annual remuneration exceeding €1 million.

TABLE EU REM1 – REMUNERATION AWARDED FOR THE FINANCIAL YEAR

This table provides quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile, in application of points (h) (i) to (ii) of Article 450(1) CRR "Disclosure of remuneration policy".

(in euros)			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	**Fixed remuneration**	**Number of identified staff**	**-***	**12**	**-**	**16**
2		**Total fixed remuneration**	**-***	**1,497,916**	**-**	**1,387,450**
3		*of which: cash-based*	-	*1,497,916*	-	*1,387,450*
4		*(Not applicable in the EU)*	-	-	-	-
EU-4a		*of which: shares or equivalent ownership interests*	-	-	-	-
5		*of which: share-linked instruments or equivalent non-cash instruments*	-	-	-	-
EU-5x		*of which: other instruments*	-	-	-	-
6		*(Not applicable in the EU)*				
7		*of which: other forms*	-	-	-	-
8		*(Not applicable in the EU)*				
9	**Variable remuneration**	**Number of identified staff**	**-***	**12**	**-**	**16**
10		**Total variable remuneration**	**-***	**268,723**	**-**	**136,572**
11		*of which: cash-based*	-	*265,038*	-	*136,572*
12		*of which: deferred*	-	*3,685*	-	-
EU-13 a		*of which: shares or equivalent ownership interests*	-	-	-	
EU-14 a		*of which: deferred*	-	-	-	-
EU-13b		*of which: share-linked instruments or equivalent non-cash instruments*	-	*3,685*	-	-
EU-14b		*of which: deferred*	-	*3,685*	-	-
EU-14x		*of which: other instruments*	-	-	-	-
EU-14y		*of which: deferred*	-	-	-	-
15		*of which: other forms*	-	-	-	-
16		of which: deferred	-	-	-	-
17	**TOTAL REMUNERATION (2 + 10)**		**-***	**1,766,639**	**-**	**1,524,022**

* *The duties of Director and Chairman of the Board of Directors do not give rise to the payment of directors' fees.*

TABLE EU REM3 – DEFERRED REMUNERATION

This table provides quantitative information on deferred and retained remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile, in application of points (h)(iii) to (iv) of Article 450(1) CRR "Disclosure of remuneration policy".

Deferred and retained remuneration *(in euros)*	**Total amount of deferred remuneration awarded for previous performance periods**	**Of which due to vest in the financial year**	**Of which vesting in subsequent financial years**	**Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year**	**Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years**	**Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)**	**Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year**	**Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods**
MB Supervisory function	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
MB Management function	**43,277**	**7,370**	**35,907**	**-**	**-**	**-**	**-**	**-**
Cash-based	21,638	3,685	17,953	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	21,638	3,685	17,953	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other senior management	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other identified staff	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
TOTAL AMOUNT	**43,277**	**7,370**	**35,907**	**-**	**-**	**-**	**-**	**-**

TABLE EU REM5 – INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON RISK PROFILE (IDENTIFIED STAFF)

This table provides quantitative information on remuneration of staff whose professional activities have a material impact on risk profile, broken down by business area, in application of point (g) of Article 450(1) CRR "Disclosure of remuneration policy".

	Management body remuneration			Business areas						
(in euros)	**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**	**Retail banking**	**Asset mana-gement**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
Total number of identified staff										**35 (2)**
of which: members of the MB	*18 (1)*	*12*	*-*							
of which: other senior management				*-*	*-*	*-*	*-*	*-*	*-*	
of which: other identified staff				*-*	*16*	*-*	*-*	*-*	*-*	
Total remuneration of identified staff	**- (3)**	**1,766,639**	**-**	**-**	**1,524,022**	**-**	**-**	**-**	**-**	
of which: variable remuneration	*-*	*268,723*	*-*	*-*	*136,572*	*-*	*-*	*-*	*-*	
of which: fixed remuneration	*-*	*1,497,916*	*-*	*-*	*1,387,450*	*-*	*-*	*-*	*-*	

(1) Total number of directorships in three entities of the PSA Banque France Group (PSA Banque France: 6, CREDIPAR: 9, CLV: 3).

(2) 35 people identified whose professional activities have a significant impact on the PSA Banque France Group's risk profile (only 28 of whom receive remuneration paid by the Group).

(3) The duties of Director and Chairman of the Board of Directors do not give rise to the payment of directors' fees.

1.4.13 INFORMATION ON EXPOSURES SUBJECT TO MEASURES APPLIED IN RESPONSE TO THE COVID-19 PANDEMIC

The following tables provide information on exposures subject to legislative and non-legislative moratoria on loan repayments applied in the specific context of the Covid-19 pandemic, on newly originated exposures subject to public guarantee schemes and the relating provisions.

1.4.13.1 INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

The table below provides an overview of the credit quality of loans and advances subject to loan repayment moratoria applied in light of the Covid-19 pandemic, in accordance with EBA/GL/2020/02.

LIVE IN 2021

	Gross carrying amount						
		Performing exposures			Non-performing exposures		
(in million euros)			**of which: exposures with forbearance measures**	**of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)**		**of which: exposures with forbearance measures**	**of which: unlikely to pay that are not past-due or past-due ≤ 90 days**
Loans and advances subject to moratorium	-	-	-	-	-	-	-
of which: Households	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	-	-	-	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

MATURED IN 2021

	Gross carrying amount						
		Performing exposures			Non-performing exposures		
(in million euros)			**of which: exposures with forbearance measures**	**of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)**		**of which: exposures with forbearance measures**	**of which: unlikely to pay that are not past-due or past-due ≤ 90 days**
Loans and advances subject to moratorium	846	827	3	62	19	2	6
of which: Households	*92*	*90*	*1*	*5*	*2*	*1*	*0*
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	*754*	*737*	*2*	*57*	*17*	*1*	*6*
of which: Small and Medium-sized Enterprises	*676*	*661*	*2*	*35*	*15*	*1*	*6*
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

LIVE IN 2021

(in million euros)	Accumulated impairment, accumulated negative changes in fair value due to credit risk	Performing exposures	of which: exposures with forbearance measures	of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)	Non-performing exposures	of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due ≤ 90 days	Gross carrying amount – Inflows to non-performing exposures
Loans and advances subject to moratorium	-	-	-	-	-	-	-	-
of which: Households	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-
of which: Non-financial corporations	-	-	-	-	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-

MATURED IN 2021

(in million euros)	Accumulated impairment, accumulated negative changes in fair value due to credit risk	Performing exposures	of which: exposures with forbearance measures	of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)	Non-performing exposures	of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due ≤ 90 days	Gross carrying amount – Inflows to non-performing exposures
Loans and advances subject to moratorium	(18)	(6)	0	(3)	(12)	(1)	(3)	18
of which: Households	*(1)*	*0*	*0*	*0*	*(1)*	*0*	*0*	*1*
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-
of which: Non-financial corporations	*(17)*	*(6)*	*0*	*(3)*	*(11)*	*(1)*	*(3)*	*17*
of which: Small and Medium-sized Enterprises	*(15)*	*(5)*	*0*	*(2)*	*(10)*	*(1)*	*(2)*	*15*
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-

1.4.13.2 BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY OF MORATORIA

Loans and advances subject to moratoria decreased from €1,157 million in June 2021 to €846 million at the end of December 2021. The table below provides an overview of the volume of loans and advances subject to legislative and non-legislative moratoria in accordance with the EBA/GL/2020/02 guidelines by residual maturity of these moratoria.

		Gross carrying amount							
					Residual maturity of moratoria				
(in million euros)	Number of obligors		of which: legislative moratoria	of which: expired	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances subject to moratorium	79,925	1,184	-	-	-	-	-	-	-
Loans and advances subject to moratorium (granted)	56,779	846	-	846	-	-	-	-	-
of which: Households		*92*	-	*92*	-	-	-	-	-
of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
of which: Non-financial corporations		*754*	-	*754*	-	-	-	-	-
of which: Small and Medium-sized Enterprises		*676*	-	*676*	-	-	-	-	-
of which: Collateralised by commercial immovable property		-	-	-	-	-	-	-	-

1.4.13.3 INFORMATION ON NEWLY ORIGINATED LOANS AND ADVANCES PROVIDED UNDER NEWLY APPLICABLE PUBLIC GUARANTEE SCHEMES INTRODUCED IN RESPONSE TO COVID-19 PANDEMIC

The table below provides an overview of the stock of new loans and advances granted subject to the public guarantee systems put in place in response to the Covid-19 crisis.

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
(in million euros)		of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	-	-	-	-
of which: Households	-			-
of which: Collateralised by residential immovable property	-			-
of which: Non-financial corporations	-	-	-	-
of which: Small and Medium-sized Enterprises	-			-
of which: Collateralised by commercial immovable property	-			-

The PSA Banque France Group has not granted any loans and advances guaranteed by the French State (PGE).

CROSS-REFERENCE TABLE

	CRR	Concordance	
Article 431	**Disclosure requirements and policies**	**1.4.5.7 - Counterparty risk** **1.4.14 - Pillar III disclosures statement**	**CCRA**
Article 432	**Non-material, proprietary or confidential information**	**1.4. Introduction**	
Article 433	**Frequency and scope of disclosures**	**1.4. Introduction**	
Article 435	**Disclosure of risk management objectives and policies**		
1a		1.4.2.2 - Organisation of risk management 1.4.2.6 - Stress test system 1.4.5.2 - Credit risk management 1.4.5.3 - Diversification of credit/concentration risk 1.4.5.7 - Counterparty risk 1.4.6 - Liquidity and funding risk 1.4.8 - Currency and interest rate risk 1.4.9 - Market risk 1.4.11 - Operational risks	OVA + CRA + MRA + ORA
1b		1.4.2.1 - Risk Appetite Framework 1.4.2.2 - Organisation of risk management 1.4.5.2 - Credit risk management 1.4.11 - Operational risks	OVA + CRA + ORA
1c		1.4.2.3 - Risk profile 1.4.2.4 - Risk appetite statement 1.4.11 - Operational risks	OVA + ORA
1d		1.4.5.6 - Credit risk mitigation techniques 1.4.11 - Operational risks	OVA + CRA + ORA
1e		1.4.2.5 - Adequacy of the institution's systems with respect to risks	OVA
1f		1.4.2.3 - Risk profile	OVA + CRA
2a-c		1.4.2.2.2 - Main risk management governance bodies	OVB
2d, e		1.4.2.2.2 - Main risk management governance bodies	OVB
Article 436	**Disclosure of the scope of application**		
a		1.4. Introduction	
b		Not applicable: no difference between the accounting scope and the scope of prudential consolidation	LIA(NA) + LI1(NA) + LI2(NA) + LI3(NA)
c		Not applicable	LI1(NA) + LI3(NA)
d		Not applicable	LIA(NA) + LI2(NA)
e		Not applicable: no PVA	PV1(NA)
f-h		Not applicable	LIB(NA)
Article 437	**Disclosure of own funds**		
a		1.4.3.2 - Regulatory capital and regulatory capital requirements	CC1 + CC2
b-c		1.4.3.2.1 - Regulatory capital	CCA
d, e-f		1.4.3.2 - Regulatory capital and regulatory capital requirements	CC1
Article 437a	**Disclosure of own funds and eligible liabilities**	**Not applicable: Banco Santander is the resolution entity**	
Article 438	**Disclosure of own funds requirements and risk-weighted exposure amounts**		
a		1.4.2.6 - Stress test system	OVC
b		1.4 Introduction	KM1
c		Not applicable: no request by the Regulator	
d		1.4.3.2.2 - Regulatory capital requirements 1.4.11 - Operational risks	OV1 + OR1
e		Not applicable: no specialised lending and equity exposure under the simple riskweighted approach	CR10(NA)
f-g		Not applicable: no insurance entity	INS1(NA) + INS2(NA)
h		1.4.5.5 - Advanced approach (article 452)	CR8 + CCR7(NA) + MR2-B(NA)

	CRR	Concordance	
Article 439	**Disclosure of exposures to counterparty credit risk**		
a-g		1.4.5.7 - Counterparty risk	CCRA + CCR1+ CCR5
h		Not applicable: no CVA risk	CCR2(NA)
i		1.4.5.7 - Counterparty risk	CCR8
j		Not applicable: no credit derivatives exposures	CCR6(NA)
k-m		1.4.5.7 - Counterparty risk	CCR1 + CCR3 + CCR4(NA)
Article 440	**Disclosure of countercyclical capital buffers**		
a		1.4.3.2 - Regulatory capital and regulatory capital requirements	CCyB1
b		1.4.3.2 - Regulatory capital and regulatory capital requirements	CCyB2
Article 441	**Disclosure of indicators of global systemic importance**	**Not applicable: the PSA Banque France Group is not subject to a global systemically important bank (G-SIB) buffer**	
Article 442	**Disclosure of exposures to credit risk and dilution risk**		
a-b		1.4.5.1 - Credit risk exposure	CRB
c		1.4.5.1 - Credit risk exposure	CR1 + CR2a(NA) + CQ1 + CQ2(NA) + CQ4(NA) + CQ5(NA) + CQ6(NA) + CQ7 + CQ8(NA)
d		1.4.5.1 - Credit risk exposure	CQ3
e		1.4.5.1 - Credit risk exposure	CR1 + CQ1 + CQ4(NA) + CQ5(NA) + CQ7
f		1.4.5.1 - Credit risk exposure	CR1 + CR2 + CR2a(NA) + CQ1 + CQ2(NA) + CQ4(NA) + CQ5(NA) + CQ6(NA) + CQ7 + CQ8(NA)
g		1.4.5.1 - Credit risk exposure	CR1-A
Article 443	**Disclosure of encumbered and unencumbered assets**	**1.4.7 - Encumbered assets**	**AE1 + AE2 + AE3 + AE4**
Article 444	**Disclosure of the use of the Standardised Approach**		
a-d		1.4.5.4 - Standardised approach	CRD
e		1.4.5.4 - Standardised approach 1.4.5.7 - Counterparty risk	CR4 + CR5 + CCR3
Article 445	**Disclosure of exposure to market risk**	**Not applicable: the PSA Banque France Group has no market risk**	**MR1(NA)**
Article 446	**Disclosure of operational risk management**	**1.4.11 - Operational risks**	**ORA + OR1**
Article 447	**Disclosure of key metrics**	**1.4 Introduction**	**KM1**
Article 448	**Disclosure of exposures to interest rate risk on positions not held in the trading book**	**1.4.8 - Currency and interest rate risk**	**IRRBBA + IRRBB1**
Article 449	**Disclosure of exposures to securitisation positions**		
a-i		1.4.10 - Securitisation	SECA
j		1.4.10 - Securitisation	SEC1 + SEC2(NA)
k i)		1.4.10 - Securitisation	SEC3
k ii)		Not applicable: the PSA Banque France Group does not act as an investor	SEC4(NA)
l		1.4.10 - Securitisation	SEC5
Article 449a	**Disclosure of environmental, social and governance risks (ESG risks)**	**1.4.1 - Risk factors**	

	CRR	Concordance	
Article 450	**Disclosure of remuneration policy**		
a-f		1.4.12 - Remuneration policy	REMA
g		1.4.12 - Remuneration policy	REM4(NA) + REM5
h i-ii		1.4.12 - Remuneration policy	REM1
h iii-iv		1.4.12 - Remuneration policy	REM3
h v-vii		1.4.12 - Remuneration policy	REM2(NA)
i		1.4.12 - Remuneration policy	REM4(NA) + REM5
j-k		1.4.12 - Remuneration policy	REMA
Article 451	**Disclosure of the leverage ratio**		
1a		1.4.4 - Leverage ratio	LR2
1b		1.4.4 - Leverage ratio	LR1 + LR2 + LR3
1c		1.4.4 - Leverage ratio	LR2, if applicable
1d-e		1.4.4 - Leverage ratio	LRA
2		1.4.4 - Leverage ratio	LR2, if applicable
Article 451a	**Disclosure of liquidity requirements**		
1		1.4.6 - Liquidity and funding risk	LIQA
2		1.4.6 - Liquidity and funding risk	LIQ1
3		1.4.6 - Liquidity and funding risk	LIQ2
4		1.4.6 - Liquidity and funding risk	LIQA
Article 452	**Disclosure of the use of the IRB Approach to credit risk**		
a		1.4.5.1 - Scope of application of the internal ratings (IRB)	CRE
b		1.4.5.5 - Advanced approach (article 452)	CR6-A
c-e		1.4.5.5 - Advanced approach (article 452)	CRE
f		1.4.5.2 - Description of the internal rating models 1.4.5.3 - Internal rating process	CRE
g		1.4.5.5 - Advanced approach (article 452) 1.4.5.7 - Counterparty risk	CR6 + CCR4(NA)
h		1.4.5.5 - Advanced approach (article 452)	CR9 + CR9.1(NA)
Article 453	**Disclosure of the use of credit risk mitigation techniques**		
a-e		1.4.5.6 - Credit risk mitigation techniques	CRC
f		1.4.5.6 - Credit risk mitigation techniques	CR3
g		1.4.5.4 - Standardised approach 1.4.5.5 - Advanced approach (article 452)	CR4 + CR7-A
h-i		1.4.5.4 - Standardised approach	CR4
j		1.4.5.5 - Advanced approach (article 452)	CR7
Article 454	**Disclosure of the use of the Advanced Measurement Approaches to operational risk**	**Not applicable: no Advanced Measurement Approach**	**ORA + OR1**
Article 455	**Use of internal market risk models**	**Not applicable: the PSA Banque France Group has no market risk**	**MRB(NA) + MR2-A(NA) + MR3(NA) + MR4(NA)**

1.4.14 PILLAR III DISCLOSURES STATEMENT

I hereby certify that the PSA Banque France Group publishes in the Pillar III report the information required under Part 8 of Regulation (EU) 575/2013 subsequently amended by Regulation (EU) 2019/876 in accordance with the formal policies and procedures, systems and internal controls.

After taking all reasonable steps to this effect, I confirm that the information disclosed as at 31 December 2021 has been subject to the same level of internal verification as the other information provided in the 2021 Annual Report.

Poissy, 13 April 2022

Laurent AUBINEAU
Chief Executive Officer of PSA Banque France

1.5 CORPORATE GOVERNANCE – GENERAL INFORMATION CONCERNING PSA BANQUE FRANCE

1.5.1 PSA BANQUE FRANCE OVERVIEW

Company name: PSA Banque France

Nationality: French

Registered office: 2-10, boulevard de l'Europe,
78300 Poissy, France
Tel: +33 (0) 1 46 39 65 55

Legal form: limited liability company (*société anonyme*) with a Board of Directors whose shares are not tradable on a regulated market.

Registry and identification number: PSA Banque France is registered in the Trade and Companies Register of Versailles.

> **Siren No.: 652 034 638**
> **Siret No.: 652 034 638 00047**
> **APE/NAF business identifier code: 6419Z**
> **LEI: 969500JK1O192KI3E882**

PSA Banque France is a credit institution approved under the supervision of the European bank regulator, the European Central Bank since 2015, while continuing to send the required information to the French regulator, the *Autorité de Contrôle Prudentiel et de Résolution*.

Date of incorporation and duration: PSA Banque France (originally SOFIB) was incorporated on 24 June 1965 and has been registered since 20 July 1965. The expiry date of the Company is 31 December 2064.

The corporate purpose of the Company is the one of a fully-fledged bank.

Financial year: the corporate financial year begins on 1 January and closes as at 31 December of each year.

As an Investment Service Provider, PSA Banque France is subject to the General Regulation of the French Financial Market Authority (*Autorité des Marchés Financiers* (AMF)). The Deputy Chief Executive Officer of PSA Banque France, who is accredited by the AMF and holds the required license, serves as Investment Service Compliance Officer (RCSI) pursuant to Articles 313 *et seq.* of the AMF's General Regulation.

1.5.2 SHAREHOLDERS – STRUCTURE OF SHARE CAPITAL

Shareholders

As at 31 December 2021, the share capital of PSA Banque France stood at €144,842,528 divided into 9,052,658 shares with a value of €16 each, fully paid-up, with equal distribution between:

- Banque PSA Finance, which holds 4,526,329 shares and the same number of voting rights;
- Santander Consumer Banque, which holds 4,526,329 shares and the same number of voting rights.

Banque PSA Finance is a directly and indirectly held, wholly-owned subsidiary of STELLANTIS (after the merger of the PSA and FCA groups in January 2021) while Santander Consumer Banque is an indirectly held, wholly-owned subsidiary of Banco Santander. STELLANTIS and Banco Santander are companies whose shares are traded on a regulated market in one or more countries of the European Union.

Changes in the distribution of capital during the last three years

There have been no changes in the composition of the share capital of PSA Banque France since 2 February 2015.

The shareholders' agreement entered into on that date, when the joint venture of PSA Banque France was created, sets out restrictions on the exercise of the transfer of shares by both shareholders. Such exercise is not free but is subject to a lock-up period for the duration of the cooperation period.

Listing of securities

PSA Banque France's equity securities are not listed on the stock exchange. Nonetheless, certain debt securities (EMTN) are listed on Euronext Paris.

1.5.3 BOARD OF DIRECTORS AND MANAGEMENT BODIES

The Board of Directors of PSA Banque France has six members appointed for a renewable term of six years. Three members are chosen by each of the two shareholders. Every three years the office of Chair of the Board of Directors held by a non-executive director rotates between the two shareholders in PSA Banque France, i.e. Banque PSA Finance and Santander Consumer Banque. The same applies to the positions of Chief Executive Officer and Deputy Chief Executive Officer:

- a first rotation occurred on 28 August 2017 which expired on 31 August 2020. Accordingly, during that period the office of Non-Executive Chairman was held by a director appointed by Banque PSA Finance, in this case Mr Rémy BAYLE. The position of Chief Executive Officer was held by a director appointed by Santander Consumer Banque, in this case Mr Jean-Paul DUPARC and the position of Deputy Chief Executive Officer was held by a director appointed by Banque PSA Finance, namely Mr Laurent AUBINEAU;
- a second rotation became effective on 1 September 2020 with the office of Non-Executive Chairman held this time by a director appointed by Santander Consumer Banque, Mr David TURIEL LOPEZ, replaced by Mr Rafael MORAL SALARICH on 11 December 2020. Since 1 September 2020, the position of Chief Executive Officer is held by a director appointed by Banque PSA Finance, Mr Laurent AUBINEAU and the position of Deputy Chief Executive Officer by a director appointed by Santander Consumer Banque, Mr Jean-Paul DUPARC.

Mr Rafael MORAL SALARICH's terms of office as director and Chairman of the Board of Directors, like those of the other PSA Banque France directors, do not give rise to the payment of directors' fees.

The Chairman, with the Board of Directors and its specialised committees, monitor the activity of PSA Banque France, run by the Chief Executive Officer, the Deputy Chief Executive Officer, the Executive Committee, and the operational committees.

Seven meetings of the Board of Directors were held in 2021.

Currently, there is no conflict of interest between the obligations of the members of the management bodies and their private interests with regard to the PSA Banque France Group. No agreements have been entered into, either directly or via a third party, between any of the Company officers or any of the directors or shareholders, with the exception of agreements about usual transactions and entered into under normal conditions.

There is no delegation currently valid or used during the 2021 period, granted by the General Meeting to the Board of Directors, for any capital increase, capital issuance, or redemption of shares.

PSA Banque France does not use a corporate governance code. However, PSA Banque France voluntarily applies some of the recommendations of the AFEP-MEDEF Code on the corporate governance of listed companies.

Pursuant to Article L. 225-37-4.1 of the French Commercial Code, the following is a list of all mandates or positions held during the past financial year by each of the members of the Board of Directors of PSA Banque France.

1.5.4 INFORMATION ABOUT THE ADMINISTRATIVE AND MANAGEMENT BODIES

1.5.4.1 BOARD OF DIRECTORS

LIST OF POSITIONS HELD DURING THE 2021 FINANCIAL YEAR BY THE DIRECTORS OF PSA BANQUE FRANCE AND THE PERMANENT REPRESENTATIVES OF DIRECTORS, AND POSITIONS THAT EXPIRED DURING THE YEAR.

RAFAEL MORAL SALARICH

Born on
18 October 1981

Chairman of the Board of Directors
First appointed to the Board on 11 December 2020
Current term expires in 2023

Director
First appointed to the Board on 11 December 2020
Current term expires in 2027

Committees
- Audit and Risk
- Appointment
- Remuneration

Other positions held in 2021

Business Development Director (executive)
- Santander Consumer Finance S.A. (Spain)

Director
- Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
- Banca PSA Italia Sp.A. (Italy)
- Santander Consumer Bank S.p.A. (Italy)
- TimFIN S.p.A. (Italy)

Member of the Supervisory Board
- PSA Bank Deutschland GmbH (Germany)
- Santander Consumer Holding GmbH (Germany)
- Santander Consumer Bank AG (Germany)

LAURENT AUBINEAU

Born on
29 December 1962

Chief Executive Officer
First appointed on 1 September 2020
Current term expires in 2023

Director
First appointed to the Board on 28 August 2017
Current term expires in 2027

Committees
- Executive

Other positions held in 2021

Chief Executive Officer and Director
- Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)

JEAN-PAUL DUPARC

Born on
16 May 1968

Deputy Chief Executive Officer
First appointed on 1 September 2020
Current term expires in 2023

Director
First appointed to the Board on 28 August 2017
Current term expires in 2024

Committees
- Executive

Other positions held in 2021

Deputy Chief Executive Officer and Director
- Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)

Permanent Representative of the Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
- Board of Directors of the Compagnie pour la Location de Véhicules – CLV (France)

RÉMY BAYLE

Born on
26 December 1961

Director
First appointed to the Board on 23 April 2015
Current term expires in 2027

Committees
> **Audit and Risk**
> **Appointment**
> **Remuneration**

Other positions held in 2021
Chief Executive Officer and Director
> Banque PSA Finance (France)
Vice-Chairman of the Board of Directors and Director
> Opel Bank S.A. (France)
Chairman of the Board of Directors
> Compagnie pour la Location de Véhicules – CLV (France)
Vice-Chairman and Member of the Board
> Association Française des Sociétés Financières (France)
Director
> Compagnie pour la Location de Véhicules – CLV (France)

MARTIN THOMAS

Born on
22 February 1974

Director
First appointed to the Board on 2 February 2015
Current term expires in 2027

Committees
> **Audit and Risk**
> **Appointment**
> **Remuneration**

Other positions held in 2021
Chairman of the Board of Directors and Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
Chairman of the Managing Board
> Santander Consumer Banque S.A. (France)

HÉLÈNE BOUTELEAU

Born on
22 July 1975

Director
First appointed to the Board on 27 July 2021
Current term expires in 2027

Committees
> **Audit and Risk**
> **Appointment**
> **Remuneration**

Other positions held in 2021
Deputy Chief Executive Office
> Banque PSA Finance (France) – *since 1 April 2021*
Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France) – *since 27 July 2021*
> Opel bank S.A.(France) – *since 30 April 2021*
> PSA Finance UK Limited (United Kingdom) – *since 23 July 2021*
> PSA Finance Services Spain EFC, SA (Spain) – *since 31 August 2021*
> Banca PSA Italia S.p.A (Italy) – *since 30 December 2021*
Member of the Supervisory Board
> PSA Bank Deutschland GmbH (Germany) – *since 1 November 2021*

ARNAUD DE LAMOTHE

Committees
> Audit and Risk
> Appointment
> Remuneration

Born on
24 September 1966

Director
First appointed to the Board on 8 February 2017
Term expired on 27 July 2021

Other positions held in 2021

Deputy Chief Executive Office
- Banque PSA Finance (France) – *until 1 April 2021*

Chairman of the Board of Directors
- PSA Financial Services Spain, E.F.C., SA (Spain) – *until 31 August 2021*
- Bank PSA Finance Rus (Russian Federation) – *until 1 August 2021*

Director
- Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France) – *until 27 July 2021*
- OPEL Bank SA (France)
- PSA Finance Services Spain E.F.C., SA (Spain) – *until 31 August 2021*
- PSA Bank Deutschland GmbH (Germany) – *until 1 November 2021*
- PSA Finance UK Limited (United Kingdom) – *until 23 July 2021*
- Bank PSA Finance Rus (Russian Federation) – *until 1 August 2021*

Member of the Supervisory Board
- PSA Bank Deutschland GmbH (Germany) – *until 1 November 2021*

1.5.4.2 REGULATORY AND EXECUTIVE COMMITTEES OF THE PSA BANQUE FRANCE GROUP

A. Audit and Risk Committee

As at 31 December 2021, the Audit and Risk Committee had the following members:

Name	Position within the PSA Banque France Group
Rafael MORAL SALARICH, Chairman	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Martin THOMAS	Director of PSA Banque France
Hélène BOUTELEAU	Director of PSA Banque France

B. Appointment Committee

As at 31 December 2021, the Appointment Committee had the following members:

Name	Position within the PSA Banque France Group
Martin THOMAS, Chairman	Director of PSA Banque France
Rafael MORAL SALARICH	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Hélène BOUTELEAU	Director of PSA Banque France

C. Remuneration Committee

As at 31 December 2021, the Remuneration Committee had the following members:

Name	Position within the PSA Banque France Group
Martin THOMAS, Chairman	Director of PSA Banque France
Rafael MORAL SALARICH	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Hélène BOUTELEAU	Director of PSA Banque France

D. Executive Committee

As at 31 December 2021, the Executive Committee had the following members:

Name	Position
Laurent AUBINEAU	Chief Executive Officer
Jean-Paul DUPARC	Deputy Chief Executive Officer
Jean-Charles BATTAGLIA	Chief Risk Officer
Gregory BONNIN	Chief Human Resources Officer
Philippe CHAILLOUT	Chief Sales Officer
Charles DUMAS ALONSO	Audit Director
Laure DURAND	Chief Operations Officer
Fayssal JOUINI	Chief Marketing and Digital Officer
Catherine NOGUIER	Secretary General and responsible for the compliance function
Gilles PEREZ	Chief Collection Officer
Stéphane RIEHL	Chief Financial Officer
Corinne YONNET	Responsible Person for I.T. Systems

1.5.5 EXECUTIVE OFFICERS' REMUNERATION

No compensation or directors' fees were paid by PSA Banque France to its directors or its Chairman in financial year 2021, the latter holding a remunerated office within the PSA Banque France consolidating entity. Information on his compensation in respect of this other office, exercised outside France, may be published by the said entity.

The same applies to the compensation paid to the corporate officers of PSA Banque France who also hold an office within the entities of the Banco Santander group or the STELLANTIS group, which jointly control it.

PSA Banque France does not grant any shares or stock options to its executives.

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

PSA Banque France has a diverse management team that is a source of added value and performance for the Company.

Indeed, by building on the representation on its Board of Directors and in its Executive Committee of different social and demographic categories, which are appraised using objective performance criteria in an effort to achieve synergy, PSA Banque France turns these differences to its advantage, reflecting the richness generated by the partnership agreement between Banque PSA Finance and Santander Consumer Finance, which has been in place since February 2015.

By gradually extending these same practices throughout the Company, PSA Banque France also aims to cultivate the commitment and motivation of every employee.

PSA Banque France continues to aim to achieve a balanced representation of women and men on the Board of Directors, as evidenced by the appointment in July 2021 of the director Mrs Hélène BOUTELEAU.

PSA Banque France is an entity owned by two shareholders, Banque PSA Finance and Santander Consumer Banque, who decide equally on the composition of the six members of the Board of Directors.

Thus, even if the initial cooperation agreements between the two shareholders did not expressly include a diversity policy, each new appointment to the Board of Directors is assessed on the basis of the findings and recommendations of the Appointment Committee, which oversees the diversity of the composition of the Board as a whole according to the so-called "fit & proper" criteria, in particular in terms of complementary experience, expertise, age, etc. These criteria of competence and good repute, defined by the European Central Bank for the selection of candidates for key functions within the PSA Banque France Group, cover:

- the candidate's knowledge, qualifications and experience in the banking world and whether they have demonstrated integrity in their past duties and offices;
- if their appointment is a potential conflict of interest for the Group;
- if the candidate is available to devote the time required to perform the proposed function or mandate;
- special attention will also be paid to the way in which the candidate can integrate within the management body to ensure a balance between its members (in terms of knowledge, skills and diversity).

1.5.7 PERSONS RESPONSIBLE FOR AUDITING THE ACCOUNTS

PricewaterhouseCoopers Audit

Crystal Park, 63, rue de Villiers,

92200 Neuilly-sur-Seine,

a simplified joint stock company (*société par actions simplifiée*) with capital of €2,510,460, entered in the R.C.S. (Trade and Companies Register number) of Nanterre under No. 672 006 483.

Statutory Auditors and member of the *Compagnie régionale de Versailles*.

Term of mandate: six years.

Date of end of mandate: 2022 financial year.

Represented as at 31 December 2021 by Isabelle GALLOIS.

Mazars

61, rue Henri Régnault,

92400 Courbevoie,

a limited liability company (*société anonyme*) with capital of €8,320,000, entered in the Trade and Companies Register of Nanterre under No. 784 824 153.

Statutory Auditors and member of the *Compagnie régionale de Versailles.*

Term of mandate: six years.

Date of end of mandate: 2026 financial year.

Represented as at 31 December 2021 by Matthew BROWN and Olivier GATARD.

1.5.8 INVESTMENTS

PRINCIPAL INVESTMENTS MADE DURING THE LAST FIVE YEARS

Years	Disposals – dissolutions – mergers	Acquisitions
2016-2021	-	-
2015	1 May 2015: absorption merger of SOFIRA into CREDIPAR	30 January 2015: acquisition of CREDIPAR and SOFIRA

1.5.9 INTRA-GROUP AGREEMENTS

The PSA Banque France Group benefits from support services supplied by Banque PSA Finance, particularly relating to accountancy and IT services. Furthermore, the PSA Banque France Group is also linked to Santander Consumer Banque and with other entities in the Santander Group concerning certain services such as internal audit, supervision, evaluation, and risk monitoring.

Apart from these service agreements existing since 2015 and any amendments entered into between PSA Banque France with one or other of its shareholders or one of their affiliated companies, agreements which have continued to have an impact on the Group during the 2021 financial year, a distribution agreement was signed with each of the Automobiles Peugeot and Automobiles Citroën/DS brands concerning the distribution of financing and products and services of the PSA Banque France Group in the context of vehicle sales to STELLANTIS employees.

No agreement has been entered into between the Company and any of its corporate officers.

1.5.10 RESOLUTIONS PRESENTED TO THE ORDINARY GENERAL MEETING OF 14 APRIL 2022, AS PROPOSED BY THE BOARD OF DIRECTORS ON 24 FEBRUARY 2022, CONCERNING THE PSA BANQUE FRANCE AND CONSOLIDATED FINANCIAL STATEMENTS

First resolution

Approval of the annual financial statements for the financial year ended 31 December 2021

The General Meeting approves the financial statements for the financial year ended 31 December 2021, as they are presented, which show net income of €73,556,046.08.

Second resolution

Approval of the management report on PSA Banque financial statements and the Statutory Auditors' general report

The General Meeting, after having reviewed the financial statements for the 2021 financial year, the Board of Directors' management report for that financial year, and the Statutory Auditors' general report on those financial statements, approves, in all of its provisions, the Board of Directors' management report.

Third resolution

Approval of the consolidated financial statements for the financial year ended 31 December 2021

The General Meeting, after having reviewed the consolidated financial statements for the 2021 financial year, prepared according to IFRS standards, which show net banking revenue of €603,211 thousand and net income of €344,194 thousand, approves the financial statements as presented.

Fourth resolution

Approval of the management report on the consolidated financial statements and the Statutory Auditors' general report

The General Meeting, after having reviewed the consolidated financial statements for the 2021 financial year, the Board of Directors' consolidated management report for that financial year, and the Statutory Auditors' general report on those financial statements, approves, in all of its provisions, the Board of Directors' consolidated management report.

Fifth resolution

Allocation of income

The General Meeting, on the proposal of the Board of Directors, notes that the distributable profit amounts to €384,764,492.72, comprising the profit for the 2021 financial year in the amount of €73,556,046.08, along with the balance of "Prior retained earnings" amounting to €311,208,446.64.

The General Meeting, in view of the medium-term trajectory of equity, resolves to allocate the distributable profit for the 2021 financial year as follows:

- to "retained earnings": €384,764,492.72;
- to shares: €0.00.

The General Meeting therefore notes that there will be no dividend payment for the 2021 financial year.

The General Meeting recalls that a dividend of €13.94 was paid in respect of the 2020 financial year, a dividend of €13.29 was paid in respect of the 2019 financial year, and a dividend of €12.83 was paid in respect of the 2018 financial year.

Sixth resolution

Approval of the Statutory Auditors' special report on regulated agreements

The General Meeting, after having heard the reading of the special report presented by the Statutory Auditors on regulated agreements approves this report.

Seventh resolution

Ratification of the co-option of a new director, Mrs Hélène BOUTELEAU

The General Meeting resolves to ratify the co-option of Mrs Hélène BOUTELEAU, born on 22 July 1975, domiciled at 30, chemin de Peyroules, 34660 Cournonterral, as a Director, in accordance with the decision taken by the Board of Directors on 27 July 2021 in replacement of Mr Arnaud DE LAMOTHE, who resigned, for the remainder of his term of office, i.e. until the General Meeting called in 2027 to approve the financial statements for the 2026 financial year.

Eighth resolution

Overall amount of remunerations of all kinds paid to directors, managers and certain categories of personnel

In accordance with the provisions of Article L. 511-73 of the French Monetary and Financial Code, the total amount of remunerations paid by the Company during the 2021 financial year, to the 35 people who meet, strictly speaking, the criteria defined in Article L. 511-71 of the same Code (only 28 of whom receive remuneration paid by the PSA Banque France Group), amounted to a total amount (gross of tax) of €3,500,804, broken down into fixed remunerations of €2,885,366, variable remunerations of €405,295 and benefits in kind of €210,143 without any payment in 2021 in respect of exceptional items, it being specified that no employee receives annual remuneration exceeding €1 million.

Regarding the amount of compensation paid to the individuals identified as "risk takers" for the 2021 financial year, who are not employees of the Company and who also hold a mandate within the parent entities having control of the Company, this information may be published by them pursuant to their applicable regulations. If the variable remuneration reaches an amount above a threshold, maintained at €50,000 for the 2021 financial year, it is spread over a period of three years and may partly take the form of a payment in financial instruments not redeemable for cash during their first year of ownership.

No compensation or directors' fees have been paid by PSA Banque France to its directors or its Chairman, who exercise their office free of charge and may also hold a paid office in an entity jointly controlling PSA Banque France.

Ninth resolution

Powers for formalities

The General Meeting hereby grants all powers to the holders of a copy or extract of the minutes of this meeting to carry out all legal and administrative formalities, as well as all publicity measures, more particularly the registration at the Registry of the Commercial Court in compliance with the current legislation.


ENDOLLA
BARCELONA

1.6 STATEMENT OF NON-FINANCIAL PERFORMANCE (SNFP) – CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the ordinance of 19 July 2017 which transposes European Directive 2014/95/EU on the publication of social and environmental information, the PSA Banque France Group has published its Statement of Non-Financial Performance (SNFP) in Section 1.6 of its 2021 Annual Report, including notably the materiality matrix and the business model.

1.6.1 SUSTAINABLE DEVELOPMENT CONTEXT

Owned on a 50/50 basis by Banque PSA Finance and Santander Consumer Banque since 2 February 2015, PSA Banque France and its affiliated companies, CREDIPAR and CLV, integrate the CSR dimension into both their medium- and long-term strategies as well as their daily operations.

The PSA Banque France Group operates in the automotive financing market in France, which has experienced very strong growth over the last ten years, driven in particular by the development of the leasing offering with a purchase option (now more than 80% in value of new car financing for 45% of registered models) and an environment of historically low financial rates, before the sector was impacted in 2020 by the consequences of the Covid-19 pandemic. In 2021, it almost returned to its pre-crisis level of activity thanks to used vehicles because the French market for new vehicle registrations collapsed by 25% compared to 2019 and only grew by 1.9% compared to 2020. On average over 2021, automotive financing increased:

- by 5.4% to €9 billion for new passenger cars – down 4.9% compared to 2019;
- and by 17.7% to €5.3 billion for used vehicles – also up 10% compared to 2019 (source: ASF).

The popularity of greener vehicles among customers was clearly confirmed in 2021, notably as a result of the government assistance scheme for the purchase of new electric (share increasing from 1.9% in 2019 to 6.7% in 2020 and to 9.8% in 2021) or plug-in hybrid (from 0.8% to 4.5% in 2020 and to 8.5% to 2021) vehicles (source: CCFA). The share of hybrids increased by 11 points in 2021 to now reach 25.8% of new vehicles (source: CCFA).

In France, the PSA Banque France Group offers:

- financing for individual and corporate customers with a range of solutions including instalment loans for the purchase of new and used vehicles, as well as leasing solutions with or without a purchase option. Free2Move Lease (F2ML) is the long-term lease structure at STELLANTIS, which is part of its global Free2Move mobility for all policy;
- financing the dealer network with solutions to finance inventories of new vehicles, used vehicles and spare parts, as well as working capital requirements or investment needs;
- insurance and services for end users with services including mobility solutions. The entire range of products and services is evolving to support STELLANTIS's desire to expand its range of electrified vehicles, both for individuals and companies of all sizes;
- retail savings made up of savings accounts and fixed-term accounts.

STRUCTURE OF THE PSA BANQUE FRANCE GROUP

With over 800 employees, the PSA Banque France Group operates throughout France from its registered office (2-10 boulevard de l'Europe, Poissy - 78300), and its three agencies (Grand Paris, Lyon and Rennes).

PSA Banque France is:

- controlled on a 50/50 basis by Banque PSA Finance and Santander Consumer Banque, a wholly-owned French subsidiary of Santander Consumer Finance;
- a limited liability company (*société anonyme*) with a Board of Directors whose shares are not tradable on a regulated market;
- a credit institution and the company exclusively controlling CREDIPAR, which itself controls 100% of the capital of CLV, dedicated to the leasing business of the Citroën and DS brands for public contracts.

All the financing activities of the PSA Banque France Group are thus carried out by the entity PSA Banque France and its subsidiaries CREDIPAR and CLV.

For the PSA Banque France Group, adopting a responsible and transparent behaviour in all its activities is the way to ensure its development and economic performance on a sustainable and long-term basis. It has thus developed a framework for dialogue with its various stakeholders and has set up a governance structure for managing its non-financial risks based on policies and programmes addressing different environmental, social and governance (ESG) issues to:

- identify ESG risks and opportunities related to its activity, as well as new trends, or even obligations that may arise;
- define monitoring indicators with associated targets to be achieved;
- implement and monitor the action plans for the management of identified non-financial risks.

The policies and programmes covering ESG topics as well as the risk management system are integrated into the risk governance structures of the PSA Banque France Group.

> The published quantitative information was chosen to best reflect the performance of the PSA Banque France Group in relation to the various issues and to assess the progress of the CSR approach.
>
> The concordance tables per Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and requirements of the SNFP are provided in the appendices.

1.6.2 BUSINESS MODEL

The PSA Banque France Group business model is based on its close relationships with the three STELLANTIS brands, Peugeot, Citroën and DS, and their dealer networks in France. Its goal is, thanks to innovative financing and service solutions, to facilitate access to its mobility solutions for the greatest number of customers possible. Since early 2015, it has also relied on its partnership with Santander Consumer Finance. The latter provides financial support for its refinancing in addition to its diversified sources of funding.

Despite the Covid-19 crisis impacting the automotive sector and the automotive financing market in which it operates in France, the PSA Banque France Group has demonstrated the resilience of its activities and its business model with:

- an increase of 0.5% over the year in outstanding loans granted to €13,969 million, i.e. a loans/deposits ratio of 4.7 with retail customer deposits up by 4.5% to €2,956 million; and
- an increase of 19% in its operating income to €416 million (i.e. a net interest margin of around 3%) as well as its net income of 42% to €344 million;
- a Tier 1 capital (CET1) ratio of 13.4% and a non-performing loan ratio decreasing to 1.5% in 2021.

With an end-user customer penetration rate which rose to 33.8% in 2021, the PSA Banque France Group continued to support the manufacturer’s sales, in particular by supporting the electrification of its range, with the implementation of innovative financing solutions and mobility services. It was also able to count on the commitment and mobilisation of its employees during this unprecedented crisis.

BUSINESS MODEL OF PSA BANQUE FRANCE GROUP

OUR RESOURCES

HUMAN

Over **700,000** customers

More than **800** employees

FINANCIAL

Loans and financing to our customers with outstandings of **€14 billion** of which **€4.7 billion** in new financing granted in 2021

€10.6 billion in external funding of which **€3 billion** in retail customer deposits

€1.8 billion in equity

PARTNERSHIPS

Financial partner of the **Peugeot, Citroën** and **DS** brands networks

with ambitions in terms of electric mobility (all models in plug-in hybrid version or 100% electric from 2025)

Financial partnership with **Santander Consumer Finance** since 2015

OUR PRIORITIES

COMMITMENT TOWARDS OUR CUSTOMERS WITH OFFERS TAILORED TO THEIR REQUIREMENTS

COMMITMENT OF OUR EMPLOYEES

PROFITABLE LONG-TERM GROWTH

SUPPORTING THE ENERGY TRANSITION

DIGITAL TRANSFORMATION

CREATING SHARE VALUE

CUSTOMERS

End-user penetration rate
33.8%

Dealer satisfaction rate
82%

EMPLOYEES

Committed employees
64%

Professional gender equality index
93%

Women in management
43%

Employee training
20.6 hours
(on average)

FINANCIAL STRENGTH

CET1 ratio in equity
13.4%

Leverage ratio
8.4%

Moderate cost of risk
0.18%

Long-term credit ratings
Moody's: A3
S&P: BBB+

ENVIRONMENT

Financing of greener vehicles (electric/hybrid)
Percentage of electric vehicle financing
84%

Urban mobility offers (F2ML, Mobility Pass linked with financing agreement) **and innovative products**

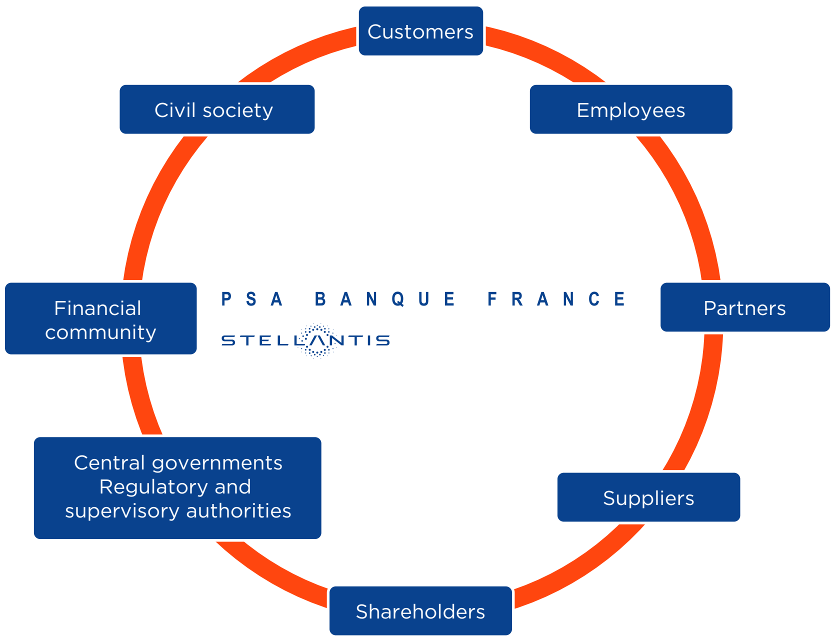
Paperless exchanges
Percentage of financing agreements signed electronically
72%

Share of 100% online Distingo savings account subscriptions
69%

1.6.3 DIALOGUE WITH STAKEHOLDERS AND MATERIALITY MATRIX

In 2020, the PSA Banque France Group updated the mapping of its stakeholders with opportunities for dialogue with each of them in order to better anticipate non-financial risks and also to identify opportunities that could be created.

MAPPING OF PSA BANQUE FRANCE GROUP STAKEHOLDERS



In 2021, the following stakeholders were the subject of dialogue and/or communication with the PSA Banque France Group, according to a dialogue mechanism in place.

STAKEHOLDERS CONCERNED	DIALOGUE SYSTEM
Customers	Monitoring and analysing customer satisfaction (satisfaction surveys); Personal online space with request forms; Proactive measures to extend deadlines in the context of the Covid-19 pandemic; Over-indebtedness prevention system
Employees	Annual employee commitment survey; Individual professional interview and individual performance interview; Whistleblowing system
Labour partners	Dialogue with employee representative bodies; Social and Economic Committee (*Comité Social et Économique,* CSE)
Suppliers	Review of contracts between project managers and order givers; Generic mailboxes for public tenders and late payments
Civil society	Social networks
Investors	Investor meetings
Rating agencies (Moody's, S&P)	Exchanges and monitoring of financial performance evaluations; Monitoring of non-financial performance evaluations
Regulators and supervisors (ECB, ACPR, AMF)	Close relations with: > banking and financial supervisory authorities; and > regulatory bodies; Participation in market consultations and events
Shareholders	Boards of Directors and various committees

MATERIALITY MATRIX

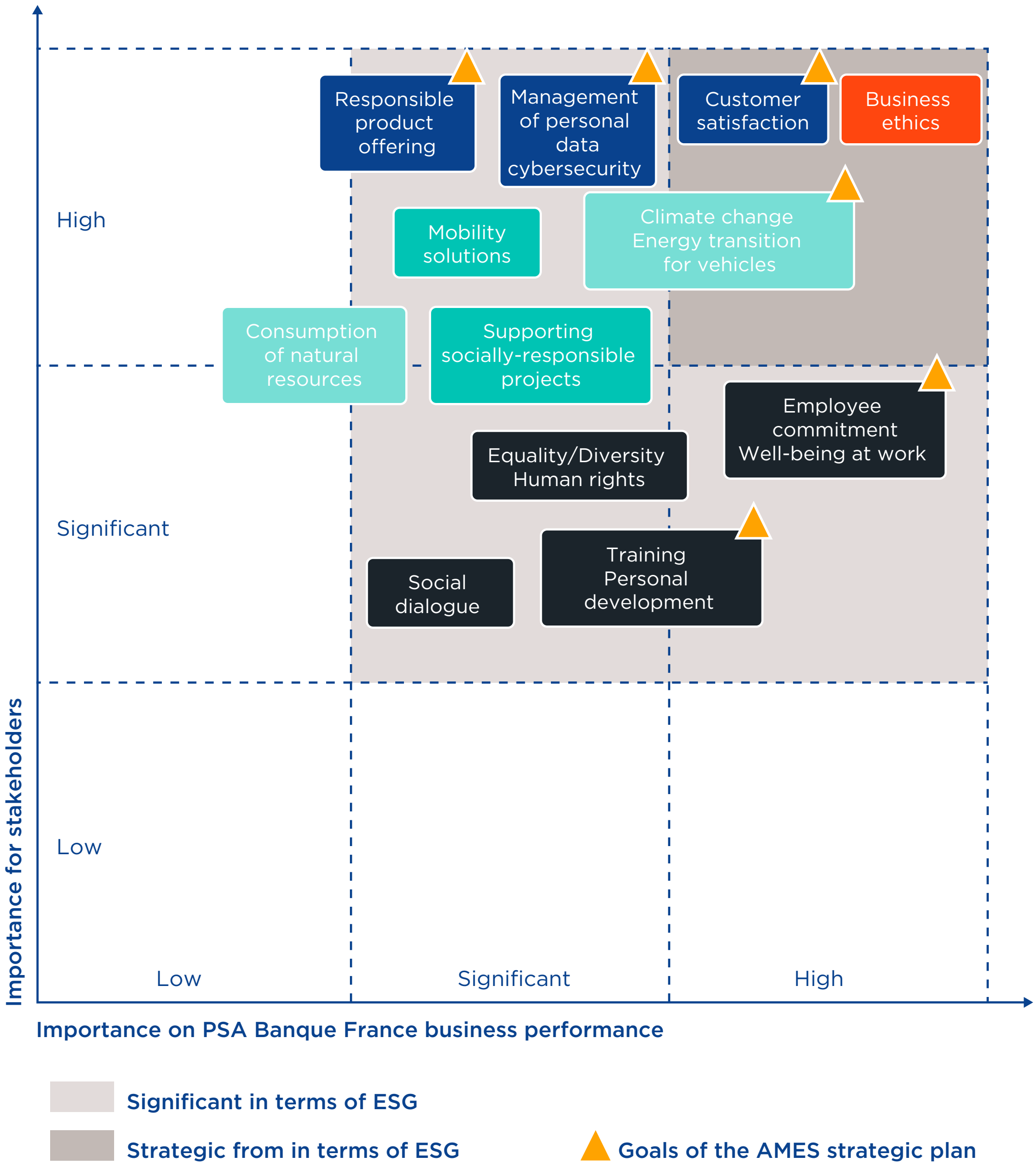
The PSA Banque France Group has identified five categories of non-financial risks/challenges as material for itself and its stakeholders. According to the Global Reporting Initiative (GRI), material risks are those that have significant economic, environmental and social impacts or that have a significant influence on the assessment and decision-making of stakeholders. This identification is the first step in risk assessment, which is based on two pillars:

- impact of the risk/challenge on the financial performance of the PSA Banque France Group;
- and level of stakeholder expectations.

The materiality matrix of non-financial risks/challenges, shown below, mentions the 12 risks/challenges that are the most strategic for the Group, according to a method described in the appendix.

For each one, the PSA Banque France Group adopts measures proportional to its significance in the materiality matrix.

The most recent version of the materiality matrix was approved during the Board of Directors meeting of 24 February 2022.



Five risk categories are identified:

- **customer satisfaction and protection;**
- **business ethics and governance;**
- **societal innovations for a responsible future;**
- **environmental challenges;**
- **responsible employer.**

1.6.4 PSA BANQUE FRANCE GROUP CSR STRATEGY

In early 2021, the PSA Banque France Group presented its latest AMES (***A**ssurer*, ***M**obiliser*, ***É**couter*, ***S**outenir* in French) strategic plan, which incorporates Corporate Social Responsibility (CSR) goals into all of its activities, fully aware of its responsibility in the exercise of its financing activities in the automotive sector.

Thus, the goals of the PSA Banque France Group revolve around three themes that govern its business conduct:

- customer satisfaction and protection;
- ethics and governance;
- challenges of a responsible employer;

and around guidelines on the impact its activities might have:

- societal innovations for a responsible future;
- environmental challenges.

Since the beginning of 2017 the Executive Management has also deployed a set of five values (transparency, respect, a result-oriented culture, creativity and enthusiasm) which are adapted to executive officers, managers and employees, and raise awareness across the whole company with regard to developing a behaviour that contributes to its success and commitments and, in particular, the satisfaction of its customers.

CUSTOMER SATISFACTION AND PROTECTION

For the past 20 years, PSA Banque France has been committed to a quality certification process (ISO 9001) for all its automotive customer financing activities and for the sales networks of the STELLANTIS brands, Peugeot, Citroën and DS. The implementation of the Quality approach is reflected in a strong desire to make the bank's processes even more focused on customer satisfaction. The PSA Banque France Group also strives to be as attentive as possible to customer expectations, through a responsible product offering approach, by ensuring that new projects are well received.

Customer protection is a key challenge for the PSA Banque France Group. With the deployment of new communication tools, the development of the digitisation of contractual relationships and remote sales techniques, the bank is strengthening its vigilance and monitoring of some of its risks, in particular those related to cybercrime and external fraud. Aware of its new challenges, the bank is taking initiatives to improve tools, raise awareness, and train all employees. This customer protection is also at the heart of the PSA Banque France Group's Insurance & Services strategy. Thanks to agile and innovative partnerships, the offer is regularly enriched with products with greater coverage adapted to the current concerns of customers or new uses of vehicles. With its intermediaries or through digital communications, the PSA Banque France Group is also listening to its individual or corporate customers and ensuring that offers are adapted to the risks they may encounter.

BUSINESS ETHICS AND GOVERNANCE

The highest standards of integrity are demanded of employees in accordance with an updated Code of Ethics and an Anti-Bribery Code of Conduct.

Every employee of the PSA Banque France Group is aware of their responsibilities and has been made aware of the importance of ethics (anti-bribery), compliance (anti-money laundering and financing of terrorism) and the different regulatory requirements, notably in relation to the banking sector.

SOCIETAL INNOVATIONS FOR A RESPONSIBLE FUTURE

The PSA Banque France Group, through its wholly-owned subsidiary CREDIPAR, actively participates in the STELLANTIS mobility offer: Free2Move. Free2Move contributes to achieving STELLANTIS's goal of becoming the preferred mobility supplier, globally, by 2030. It aims to provide customers, both individuals and companies, with the most comprehensive and practical set of mobility solutions, meeting their requirements in the best possible way. CREDIPAR, with its dedicated structure Free2Move Lease, is one of the pillars of the long-term lease offer of STELLANTIS, which is built into the mobility offer as a service and not as a mere financing tool.

In addition, as part of its vehicle fleet financing activities, the PSA Banque France Group monitors the financing put in place for companies and associations involved in activities with a social, societal or environmental promotion dimension, with a view to developing this type of financing.

ENVIRONMENTAL CHALLENGES

In its capacity as the brand's financing entity, the PSA Banque France Group actively supports the electrification strategy of the Peugeot, Citroën and DS ranges by designing and marketing specific financing and service offers to customers of the aforementioned brands, thus taking into account environmental risks.

In addition, the PSA Banque France Group has undertaken several digitisation projects that aim to dematerialise exchanges with customers and dealer networks, in a paperless approach and as part of its transformation plan.

RESPONSIBLE EMPLOYER

The PSA Banque France Group fosters stable employment, which promotes the commitment, motivation and skills of the teams at the registered office and the Grand Paris branch in Poissy since the end of 2020, and at the two main regional agencies (Lyon and Rennes).

The PSA Banque France Group HR policy aims to foster dynamic management of career paths and give priority to the internal mobility of employees, while also promoting gender equality.

In a similar manner to workplace equality, the parties consider that today the fact of taking into account diversity and equal opportunities represents a fundamental challenge that must be placed at the heart of the Company's social policy. The diversity of teams with regard to age, social, ethnic or cultural origins ensures both balance and the fact that employees complement each other.

These principles of neutrality and openness have been reaffirmed within the Company since the signing, on 27 June 2018, of a company agreement concerning equal opportunities, diversity and quality of life in the workplace as well through the circulation to all managers of a recruitment guide implementing these principles.

In consequence, the numerous new hires of recent years have led to increasing diversity which the PSA Banque France Group encourages and supports.

The deployment of teleworking, which is open to a wide range of employees, allows those who so chose to optimise their professional/personal quality of life and protect their health. Widespread teleworking was immediately implemented in the context of the Covid-19 pandemic.

Periodic employee surveys provide the Group with a series of indicators with regard to the commitment of the teams to the PSA Banque France Group values and enable it to put in place corrective actions if necessary.

The implementation of these combined dimensions makes the PSA Banque France Group a responsible player aware of the evolution of new behaviours related to ESG themes for which it has various precisely-defined goals and associated strategies, in order to best respond to the new expectations of the various stakeholders, notably its end-user individual and corporate customers and the auto dealer networks of the Peugeot, Citroën and DS brands.

1.6.5 MAPPING OF THE MAIN NON-FINANCIAL RISKS AND CHALLENGES

The PSA Banque France Group implements its CSR policy, which is currently structured around five categories of identified non-financial risks and challenges. All its actions are managed using policies and programmes, as well as indicators with associated targets, relating to the objectives defined for each of the key challenges.

SUPPORT FOR THE SUSTAINABLE DEVELOPMENT GOALS (SDG) DEFINED BY THE UNITED NATIONS

The United Nations Sustainable Development Goals (SDG) set out 17 interconnected goals to be achieved by 2030 to meet global challenges such as the fight against poverty, the fight against inequalities, and the fight against climate change and the environmental degradation and with a view to building a better and more sustainable future.

The PSA Banque France Group's CSR policy actively contributes to 11 SDG through its activities and the financing it provides.

LIST OF THE MAIN RISKS AND CHALLENGES BY CATEGORY IN RELATION TO THE PSA BANQUE FRANCE GROUP'S BUSINESS SECTOR, WITH THEIR DEFINITION AND ASSOCIATED OBJECTIVES/OPPORTUNITIES AS WELL AS THE POLICIES AND PROGRAMMES IMPLEMENTED TO MANAGE THEM

RISK CATEGORIES/CHALLENGES	OBJECTIVES/OPPORTUNITIES	POLICIES AND PROGRAMMES
CUSTOMER SATISFACTION AND PROTECTION RISKS • Customer dissatisfaction/negative perception, particularly in financially vulnerable situations • Insufficient protection of customer data and IT system failures, including cybercrime	• Monitor customer satisfaction • Providing a responsible product offering (responsible lending, in particular) • Protecting customer data	• Customer satisfaction survey • Personal online space with request forms • Vulnerable customer scoring and support system • Personal data protection procedure/cybersecurity management programme • Generic DPO email account available to customers to exercise their rights • GDPR compliance monitoring and control system • GDPR training/cybersecurity awareness of employees
BUSINESS ETHICS AND GOVERNANCE RISKS • Non-compliance with business ethics including bribery, money laundering or tax evasion • Inappropriate conduct of staff, *e.g.* due to non-compliance with the code of conduct	• Promoting a code of conduct and ethics among all employees	• Code of Ethics • The anti-money laundering/financing of terrorism policy (AML-FT procedure, KYC, alert management) • Code of Conduct covering acts of bribery • System for collecting reports (whistleblowing)
SOCIETAL INNOVATIONS FOR A RESPONSIBLE FUTURE RISKS • Unsustainable growth • Unsustainable cities in France • Unaccompanied customers, particularly in the transformation of their more sustainable and social business model	• Promoting urban mobility offers • Supporting socially-responsible projects	• Free2Move Lease (F2ML) • Mobility Pass associated with financing agreements • Fleet financing for companies exercising socially-responsible activities
ENVIRONMENTAL CHALLENGES RISKS • Climate change • Inappropriate use of natural resources and weak waste management • Failure to support the ecological transition	• Managing the environmental footprint • Supporting the energy transition • Digital transformation	• Financing of greener vehicles (electric/hybrid) • Innovative products ("Connected Insurance" solution) • Reducing paper consumption through the digitisation of exchanges (electronic signature of financing agreements and opening a Distingo savings account 100% online, personal online space with request forms) • Declaration of information on the financing of eligible activities within the meaning of Article 8 of the European Taxonomy

RESPONSIBLE EMPLOYER
RISKS
• Weak human resources management
• Non-compliance with labour regulations and rules, personal health and safety standards or weak working conditions
• Discriminatory practices and human rights violations
• Weak management of careers, skills, non-anticipation of changes in business lines or lack of personnel
	• Employee commitment
	• Equality, diversity and quality of life in the workplace
	• Actions undertaken to promote human rights
	• Social dialogue
	• Personal development and employability
	• Protecting employee health in the context of the Covid-19 pandemic
		• Annual employee survey on their commitment and adherence to values
		• Recruitment guide (non-discrimination when hiring and diversity)
		• Company agreements signed, including in particular:
		  • agreement on professional equality, diversity, quality of life in the workplace and the right to disconnect
		  • agreement on the forward-looking management of jobs and skills
		• Training programmes
		• Digital skills assessment tool with personal development plan (PDP)
		• Mobility charter
		• Development of teleworking
		  • generalisation in the context of the Covid-19 pandemic
		  • teleworking charter in 2021 offering employees the possibility of teleworking up to three days per week
		  • training to adapt to remote working

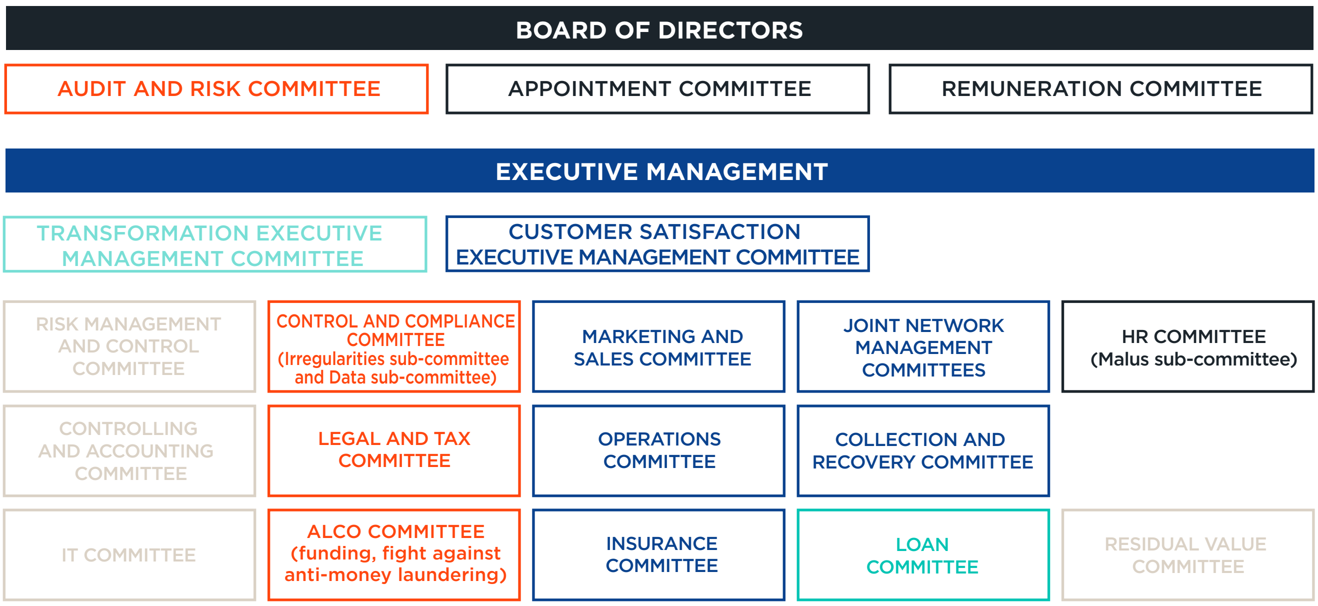
1.6.6 EXISTING GOVERNANCE, PROGRAMMES AND POLICIES

To define its strategy and roll out its CSR policy, the PSA Banque France Group relies on its governance structure. The CSR approach is taken to the highest level of the Company.

EXECUTIVE BODIES OF THE PSA BANQUE FRANCE GROUP

The PSA Banque France Group bases its governance on:

- a Board of Directors and its Chairman (who does not hold an executive position within PSA Banque France Group);
- an Executive Management composed of a Chief Executive Officer and a Deputy Chief Executive Officer;
- various Specialised Decision-Making Committees, presented below. The Board of Directors and the Executive Committee are directly involved in the CSR approach for each of the five categories of risks and challenges identified (colour of each category shown in the committees that address it).



The various Specialised Decision-Making Committees thus participated in the mapping of non-financial risks and challenges to establish the materiality matrix, taking into account their criticality as well as the interests and expectations of the internal or external stakeholders concerned.

The Statement of Non-Financial Performance with the materiality matrix is approved by the Board of Directors.

Once a month, two Executive Committees are each devoted to the priority topics of the five risk categories and challenges identified:

- on the one hand, on customer satisfaction;
- on the other hand, on the transformation of the PSA Banque France Group, notably through technological innovation projects, incorporating all ESG themes.

ESG commitments are present at all levels of the PSA Banque France Group's governance, from the employees of the executive committees and the operational staff to the control functions and through to the Board of Directors. The management of non-financial risks is integrated into the conduct of the business at the PSA Banque France Group, in a rapidly changing environment, to ensure and preserve long-term value creation.

The Compliance and Business Ethics Department, reporting to Executive Management, was created in 2019. Its missions (defined in the Compliance and Business Ethics Charter), in addition to monitoring the risks of non-compliance with the regulations in force, are to supervise the ethics approach in the conduct of business and to ensure the proper application by all employees of the internal rules and systems that have been put in place. In addition, this entity is in charge of monitoring the quality of the processes delivered to customers in terms of automotive financing. Through the processing of complaints and the exercise of rights managed by the department in charge of consumers that reports directly to it, this department has the means to identify malfunctions requiring corrective measures in order to meet customer expectations and prevent any damage to the image and reputation of the PSA Banque France Group.

An Executive Committee dedicated to fraud now meets once every two months since the end of 2021.

For more information on governance and the internal control system, please refer to Sections 1.4 and 1.5 of the 2021 Annual Report.

NON-FINANCIAL RISK MANAGEMENT PROGRAMMES AND POLICIES

PSA Banque France's governance policies and programmes are established to prevent, reduce and avoid as far as possible any significant consequences stemming from the various risks of the five categories identified. These policies and procedures are validated by the Board of Directors periodically, and each time a policy or procedure is substantially modified, in order to ensure that it remains relevant to the PSA Banque France Group's strategy and activities, but also with regard to changes in its regulatory environment or to ESG issues. An ad hoc review of a policy may also be carried out at the request of the Board of Directors or on the proposal of one of the Specialised Decision-Making Committees.

POLICIES AND PROGRAMMES SUPPORTING THE PSA BANQUE FRANCE GROUP CSR STRATEGY

Code of Ethics	**Updated in 2018**

It stems from the goal relating to the collective commitments made to the main counterparties, and notably customers, employees, shareholders and partners. Made official in internal policies and contracts, and through compliance with international standards, these commitments on responsible development frame the actions of the PSA Banque France Group, notably in the fields of social and environmental responsibility, quality, financial information and communications. To achieve the objectives set out in these commitments, PSA Banque France Group employees must all comply with the rules of ethical conduct presented in this Code of Conduct.
 	
These rules cover:
> respect for the law;
  > rule No. 1: compliance with laws and regulations,
  > rule No. 2: non-communication of inside information,
  > rule No. 3: accuracy of accounting data, information and indicators,
> respect for people and the environment;
  > rule No. 4: respect for fundamental human rights,
  > rule No. 5: compliance with health and safety rules in the workplace,
  > rule No. 6: respect for the environment,
  > rule No. 7: prohibition of discrimination, harassment, and disrespectful behaviours; respect for privacy,
  > rule No. 8: reporting system - communications,
> respect for customers and their needs;
  > rule No. 9: accuracy of information provided to customers,
  > rule No. 10: confidentiality of customer data,
> respect for the PSA Banque France Group and its shareholders/probity;
  > rule No. 11: transparency of relations with competitors, customers and suppliers,
  > rule No. 12: upper limit for gifts and invitations,
  > rule No. 13: use and protection of company assets,
  > rule No. 14: maintenance of confidentiality,
  > rule No. 15: company representative,
  > rule No. 16: clear separation between professional and political activities.
 	
All employees must apply these rules of good conduct when performing their duties. A breach of these rules may result in penalties for labour law violation, in addition to all sanctions set out in administrative law or criminal law which may arise from such a breach.	

Compliance and Business Ethics Charter	**Updated in 2021**
The Compliance and Business Ethics Charter establishes a common policy for the management of non compliance risks (identification, measurement, management and control of non-compliance risks). The Compliance and Business Ethics scope covers regulatory compliance, AML-FT, internal and external fraud, personal data protection, data quality, customer protection, whistleblowing management (whistleblower) and consumer quality monitoring.	

Code of Conduct covering acts of bribery	**Updated in 2021**

The PSA Banque France Group ensures that its activities are carried out in accordance with the standards defined in its Code of Ethics and comply with all applicable legal provisions.
Bribery, in particular, is illegal and is not suitable with the values and ethical principles that the PSA Banque France Group has adopted as a framework for conduct and therefore prohibits its employees from any act of bribery, in all forms or for any purpose whatsoever.

The Code of Conduct covering acts of bribery sets out the ethical principles and rules of conduct that must govern the behaviour of all PSA Banque France Group employees:

- obligation to know and comply with the code of conduct;
- monitoring the application of the code of conduct;
- gifts, commissions, financial advantages or bribes;
- relations with individual and corporate customers:
  - conflict of interest risk: this risk arises when an employee's personal interests compromise their ability to fully and objectively assume their responsibilities for the benefit of the Company:
    - No employee may personally accept, without the prior written authorisation of the Human Resources Department, a fiduciary commitment, mandate or power of attorney from clients to carry out their transactions with the PSA Banque France Group. Employees prohibit exclusive relationships with a customer that may give rise to an excessive personal connection or that restrict the customer's access to other employees of the PSA Banque France Group. Under no circumstances do employees encourage the carrying out of a transaction aimed at harming one customer for the benefit of another. Employees inform customers of any other economic ties that could lead to conflicts of interest with them,
  - risk of corruption:
    - It is strictly forbidden for employees to act in such a way as to reduce the free will and informed judgment of individual and corporate customers. In particular, it is prohibited to grant gifts, services or favours to customers that are not part of commercial and marketing plans or an incentive duly validated in advance by the Compliance and Business Ethics Department.
      The payment, promise or offer of any kind of payment, commission, gift or remuneration to any employees, executives or directors of other companies or entities, whether directly or through related persons or companies, with the aim, unlike its obligations in the sale of products, services or transaction of goods, to favour the PSA Banque France Group over its competitors is prohibited;
- relations with suppliers and points of sale;
- relations with public authorities;
  - risk of corruption of civil servants:
    - It is strictly forbidden for employees to give, promise or offer any type of payment (or payment facility), commission, gift or remuneration to any official, authority, employee or manager of a company or public body, either directly or through related persons or companies, and that the beneficiary is that same civil servant or public official or any other person designated by him or her. This prohibition concerns the authorities, civil servants or public employees of any country;
- donations, political or charitable grants;
- customary tolerances (gifts received/gifts offered with reporting thresholds);
- procedure for reporting breaches, infringements and malfunctioning;
- whistleblowing.

It applies to the members of the Board of Directors, the Executive Committee and all employees (permanent contracts, fixed-term contracts, work-study contracts, internships, temporary workers, service providers).
It includes all types of bribery: active bribery, passive bribery, direct or indirect bribery, influence peddling, bribery of public or private officers, facilitation payments, favouritism, extortion, collusion with a supplier, a customer or a partner, money laundering, misappropriation of funds, gifts or excessive benefits granted or received, which undermine impartiality towards a supplier, customer or partner.
Its purpose is to inform employees of the various areas and circumstances in which these prohibitions apply and the behaviour to be adopted to prevent any corruption/influence peddling.

Programme for fighting money laundering and the financing of terrorism including Politically Exposed Persons (PEP)	**Updated in 2021**

It ensures that the system put in place by the Group is known to each employee in order to fully meet regulatory requirements in this area and to prevent the employee from being involuntarily involved in illicit activities, money laundering or the financing of terrorism.

System for collecting alerts (whistleblowing procedure)	**Updated in 2019**

It gives each employee an opportunity to report problems that could seriously impact the activities of the PSA Banque France Group or seriously engage its liability. This system is used in addition to the other existing whistleblowing mechanisms (notably reporting to the hierarchy, employee representatives).

Recruitment Guide (non-discrimination when hiring and diversity)	**Updated in 2019**
This guide provides all the information needed to support the recruitment process. It specifies the various stages of candidate selection and recruitment process, the attitudes and behaviours expected of the recruiter, and legal obligations, in particular the rights of the candidates. It highlights all best practices, in particular the importance that PSA Banque France attaches to the diversity of talents, to technical and managerial skills, and to the contribution candidates make to the development of PSA Banque France while respecting its values.	

Employee mobility charter	**2017**
It sets out 14 best practice principles ranging from preparing for relocation to its implementation, as well as from the processing of applications to their finalisation.	

Company agreement concerning workplace equality, diversity, quality of life in the workplace and the right to disconnect	**2018**
It involves the entire company, and in particular managers, who are responsible for ensuring the well-being of employees on a daily basis, as well as ensuring economic performance and customer satisfaction: > professional equality between men and women; > diversity and the principle of non-discrimination; > quality of life at work, including teleworking, the right to disconnect and measures to facilitate the reconciliation of personal and professional life.	

Personal data protection policy/GDPR	**Updated in 2021**
It describes the governance, management structures, methods and procedures to ensure compliance with applicable laws and regulations on the protection of personal data and primarily with the General Data Protection Regulation.	

Procedure for launching new financial products or modifying existing financial products	**Updated in February 2022**
Its purpose is to define the process to validate and launch new financial products or to make substantial changes to existing products.	

Policy to approve new products or modify existing insurance products	**Updated in February 2022**
Its purpose is to define the process to validate and launch new insurance products or to make substantial changes to existing products.	

Competition policy (antitrust/competition law)	**2018**
Its purpose is to raise the awareness of all employees of PSA Banque France's objectives of acting fairly and in accordance with the rules of competition law in all its commercial transactions on the markets, and of acting in the interests of its customers; it is an essential pillar of the success and reputation of its organisation. This policy aims to promote a proactive awareness-raising and compliance culture within the PSA Banque France Group.	

Diversity policy applicable to the selection of members of the management body (integrated into the Corporate Policy)	**Since 2015, following the partnership with Santander Consumer Finance**
The PSA Banque France Group has a diverse management team, which is a source of added value and performance for the Company. Indeed, by promoting the representation on its Executive Committee of different socio-demographic categories and different skills, assessed on the basis of objective criteria on results with a view to complementarity, the PSA Banque France Group recognises that these differences are an asset. This variety stems from a team sourced from its two shareholders, Banque PSA Finance and Santander Consumer Finance. The objective of PSA Banque France is to achieve balanced gender representation on its Executive Committee, which currently comprises 33% women, excluding employee executives.	

Purchasing/supplier relations process in line with the STELLANTIS responsible purchasing policy and with regulatory requirements for essential service providers	**-**

CONSIDERATION OF CSR PRINCIPLES IN REMUNERATION

The PSA Banque France Group's CSR issues are taken into account in the remuneration of employees and members of the Executive Management and the Executive Committee at several levels:

- in the variable compensation subject to 50% of the overall collective objectives being achieved, including a portion of measured CSR objectives (customer satisfaction, transformation projects or resolution of audit recommendations in terms of governance);
- in the collective compensation of employees according to the profit-sharing agreement, the amount of which depends on the achievement of a CSR objective in addition to a financial performance objective (in 2021, measurement of the quality of services provided to customers/customer satisfaction by the NPS approach – Net Promoter Score).

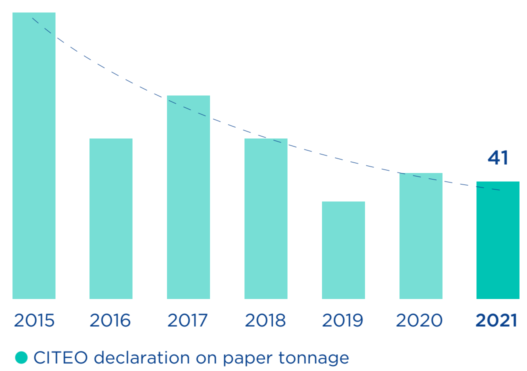
1.6.7 ENVIRONMENTAL CHALLENGES

	2019	2020	2021	Target
Real estate footprint *(m²)*	11,722	9,345	7,510	< 9,500
CITEO declaration on paper tonnage *(t)*	34	44	41	< 50
Eligible employees on permanent contracts who have signed a teleworking rider *(% of employees)*	29%	30%*	80%*	-

* *As soon as possible in the context of the Covid-19 pandemic, employees benefited from health teleworking.*

For several years, the PSA Banque France Group has been asserting its commitment and undertaking actions within the framework of sustainable development and environment. As a general rule, when making its decisions, the PSA Banque France Group integrates the ecological and energy efficiency aspects of its projects to the greatest extent possible:

- as part of the refurbishment work it conducted in 2020 on its registered office on the Poissy site, the PSA Banque France Group reduced its real estate footprint:
  - by 20% in 2020 (including the premises of its regional agencies),
  - then again by 20% in 2021 with the implementation of flex office,
  - it also chose LED panels for the lighting of its platforms and optimised its printing resources by moving from 50 multi-function devices to 26;
- the waste sorting for paper and non-hazardous industrial waste is in place: voluntary transfer to collection points;
- a print management system for shared printers to control paper consumption (double-sided printing, A4 format and black printing as standard settings, secure on-demand printing, access to colour printing limited to a few users);
- the PSA Banque France Group ordering parties or issuers of printed documents give priority to paper sourced from sustainably managed forests (with the following labels: PEFC – promoting sustainably managed forests; or FSC – forest stewardship council) and entrust, in the majority of cases, their printing requirements to printers who have "IMPRIM'VERT" (vegetable-based ink users) and/or PEFC and/or FSC certification. Starting in 2006, the PSA Banque France Group began informing CITEO each year of the tonnage of printed documents that it issues or has issued by third parties on the market. Since 2014, the PSA Banque France Group, as a CITEO member, has been affixing the certification body's logo on some printed documents;



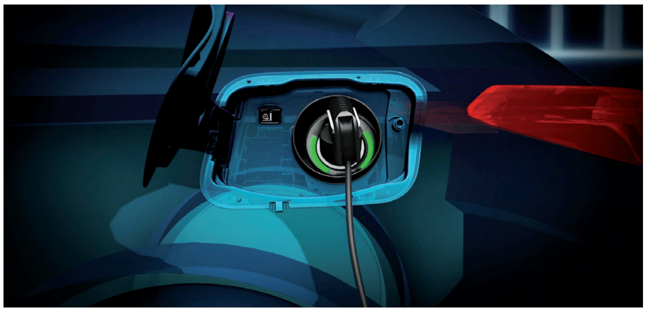
- conducting paperless projects.

As part of the streamlining of travel, the PSA Banque France Group encourages the use of remote meetings (audio-conferences or tele-presence). It introduced teleworking since 2015. It became widespread in the context of the Covid-19 pandemic and with the teleworking charter of 2021.

FINANCING OF GREENER VEHICLES (ELECTRIC AND HYBRID)

	2019	2020	2021	Target
Percentage of electric vehicle financing granted *(% of financing for new electric vehicles delivered to individuals)*	74%	70%	84%	> 90%
Electric Quest training system *(% of employees who completed the last module available)*	63%	77%	89%	> 70%

Since the end of 2019, all new models of the three brands – Peugeot, Citroën and DS – offer end-user customers the possibility of an electric or hybrid drive system. In 2021, the all-electric version of the new 208 (e-208) represented 19% of all new 208s ordered. The PSA Banque France Group supports the electrification of the STELLANTIS range by setting up financing solutions and training its employees in the Electric Quest system so that they understand the evolution of electrification technologies and appropriate them (e.g. specificities of BEV and PHEV technologies, customer benefits, electrified vehicle ecosystem, brand strategy).



TECHNOLOGICAL INNOVATIONS OF PRODUCTS FOR THE PREVENTION OF ENVIRONMENTAL RISKS

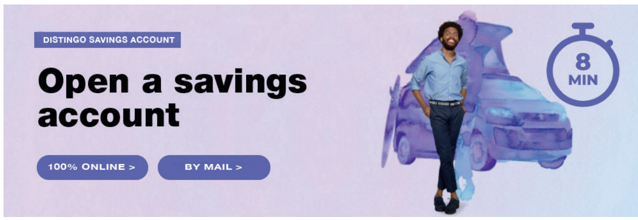
	2019	2020	2021	Target
Connected insurance *(thousands of subscriptions)*	7.9	16.1	35.5	-
Percentage of financing agreements signed electronically by individuals *(% of customers eligible for e-signature)*	49%	61%	72%	> 60%
100% online subscription to Distingo *(% of passbook opening requests)*	1%	64%	69%	> 75%

The prevention of environmental risks is at the heart of the technological innovations developed by CREDIPAR. The proactive management of long-term lease agreements and the availability of connected services on three trim levels enables vehicle fleet managers to encourage their drivers to drive responsibly. It results in reduced consumption, fewer polluting emissions, reducing stress for drivers and fewer accidents. The signing of a partnership with a major player in fleet management will enable greater support for fleet managers helping them manage their whole fleet in a more eco-friendly manner, for all brands.

With its automotive insurance offer, the "Connected insurance" solution available across all the Peugeot, Citroën and DS ranges enables individuals to benefit from lower premiums thanks to driving responsibly. As of now, when the vehicle is fitted with ADAS (Advanced Driver-Assistance Systems) premiums are optimised. These offers are adapted to STELLANTIS electrified vehicles and will soon be open to professionals.

Furthermore, CREDIPAR has launched several digitalisation projects with a view to achieving paperless communication with customers and dealer networks, with a paperless approach:

- electronic signature for financing agreements, at the point of sale, was rolled out in 2018, and was initially reserved for individuals. It was extended at the end of 2019 to small and medium-sized companies with a signatory with a physically identified proxy. The electronic signature solution is designed with a view to reducing in a significant manner the use of paper, with agreements signed no longer being printed but being made available to customers in a personalised and secure digital safe;
- it has been possible, since the end of 2019, to open a Distingo passbook savings account without any paper being used; supporting documents can be uploaded and an electronic signature used. This 100% online process also enables smoother account opening;



- the customer web space sees its number of members continuously increase (nearly 60,000 in 2021 for a total of more than 310,000 customer web spaces at the end of 2021), allowing individual customers to consult their financing contracts as well as their personal data and request management acts, update their personal data, obtain a statement or amortisation schedule in a dematerialised manner on a durable medium. When entering into an agreement, new customers are requested to create their own customer area, a process which is simple and user-friendly.

DECLARATION OF INFORMATION ON THE FINANCING OF ELIGIBLE ECONOMIC ACTIVITIES UNDER THE ARTICLE 8 OF THE EUROPEAN TAXONOMY

Reminder of the regulatory framework and disclosure obligation for credit institutions

Regulation (EU) 2020/852 of 18 June 2020 ("Taxonomy Regulation") establishes a framework to promote sustainable investments applicable from 1 January 2022. Taxonomy is a system for classifying economic activities according to their contribution to the six environmental objectives defined by the European Commission:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

Article 8 deals with the transparency of companies in their non-financial declarations and was supplemented by two delegated acts in 2021:

- Delegated Regulation (EU) 2021/2139 of 4 June 2021 ("Climate Delegated Act"), mentioning the technical screening criteria to determine the conditions under which an economic activity can be considered as contributing substantially to the mitigation of climate change or adaptation to it. Another delegated act, relating to the technical screening criteria for the other four environmental objectives will be developed and adopted at a later stage;
- Delegated Regulation (EU) 2021/2178 of 6 July 2021, ("Disclosures Delegated Act") providing details on the content and presentation of the information to be published by companies on their sustainable economic activities in terms of the environment, as well as the method to be followed to comply with this information obligation. In particular, it defines the ratio of green assets as the main key performance indicator (Green Asset Ratio or GAR) which shows the proportion of exposures related to activities aligned with the taxonomy in the total assets of the credit institution.

The taxonomy is thus based on concepts associated with the economic activities of companies subject to European Directive 2014/95/EU of 22 October 2014 on non-financial reporting (Non-Financial Reporting Directive or NFRD):

- **eligibility** initially. An economic activity is considered "eligible" if it is included in the evolving list of activities in the delegated acts of the Taxonomy Regulation. These are the activities selected at this stage by the European Commission, which are likely to make a substantial contribution to at least one of the environmental objectives. An eligible economic activity does not necessarily meet the technical criteria to be considered aligned with the European taxonomy;
- **alignment** from 2023 for non-financial companies then from 2024 for financial companies (including credit institutions). An economic activity is considered "aligned" with one of the six environmental objectives if:
  - it makes a substantial contribution to achieving this objective (compliance with specific technical criteria),
  - it does not harm any of the other five objectives ("Do No Significant Harm" criterion),
  - minimum guarantees are also respected.

Article 10 of the delegated act of 6 July 2021, together with Appendix V, specifies the list of information that credit institutions must publish for the period from 1 January 2022 to 31 December 2023 relating to the eligibility of financed activities according to a mandatory declaration:

- the proportion in the total assets of exposures to Taxonomy-eligible economic activities;
- the proportion in the total assets of exposures to Taxonomy non-eligible economic activities;
- the proportion in the total assets of the exposures to central governments, central banks and supranational issuers;
- the proportion in the total assets of the exposures to companies that are not obliged to publish non-financial information under the NFRD regulation;
- the proportion in the total assets of derivatives;
- the proportion in the total assets of the trading book;
- the proportion in the total assets of on demand interbank loans.

Voluntary declaration is also possible.

Scope of financial assets and eligibility

Appendix V of the Delegated Act of 6 July 2021 defines the scope of the various financial assets on the balance sheet to be analysed for eligibility (notion of total covered assets) and those that are excluded for the calculation of the numerator or denominator of the various proportions in the total assets:

- outstanding financial assets are expressed at gross carrying amount (before taking into account provisions included in the balance sheet), according to the data from the FINREP prudential consolidation reporting;
- the loans and advances of the PSA Banque France Group relate exclusively to the financing of vehicles, which makes it possible to consider them as 100% eligible assets because:
  - they correspond to the economic activity classified No. 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles" of the list published by the European Commission (EU Taxonomy Compass) and whose description is the "purchase, **financing, renting, leasing** and operation of vehicles designated as category M_1 [(1)], N_1 [(2)], both falling under the scope of Regulation (EC) No. 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles)",
  - therefore, they have a **known use of proceeds**, which makes it possible to dispense with the key performance indicators (KPIs) for turnover published by non-financial companies subject to the declaration obligations of the NFRD. The KPIs reflect the proportion of eligible economic activities and are used to weight the gross carrying amount of all loans and advances whose use of the proceeds is not known (loans with no determined allocation);

- Numerator:
  - **assets covered and in the scope of eligibility analysis**, of which:
    - > vehicle financing of financial companies, non-financial companies subject to the declaration obligations of the NFRD (with more than 500 employees and having issued securities on a regulated market) or local governments. To determine the non-financial companies subject to the declaration obligations of the NFRD, the analysis focused on companies with a material threshold of total financing of more than €200 thousand,
    - > households – of which motor vehicle loans. Section 1.2.1.3 ii) entitled "Retail - Credits consumptions loans for cars" of Annex V to the Delegated Act of 6 July 2021 specifies that credit institutions must take into account car loans granted that meet the technical screening criteria of Annex I, Section 6.5 of the Climate Delegated Act (electric or hybrid vehicles emitting less than 50 g/km of CO_2) from the date of application of the disclosure obligations, i.e. 1 January 2022. In Annex VI, it is also re-specified in the template "1. Assets for the calculation of GAR" in footnote 4 that for motor vehicle loans, institutions shall only include exposures generated after the date of application of the disclosure,
    - > financing of local governments. They relate to the category of "specialised project financing" for which automotive financing are not eligible,

Voluntary declaration: however, the PSA Banque France Group has decided to present in a voluntary declaration now the outstanding automotive loans at the end of 2021 for vehicles with low CO_2 emissions (electric and hybrid), in particular for households and companies not subject to the disclosure obligations of the NFRD by choosing to include them in the numerator.

  - **assets covered and excluded from the scope of eligibility analysis:**
    - > exposure to companies not subject to the declaration obligations of the NFRD (mainly SMEs with dealers in the dealer network and large companies that have not issued securities on a regulated market),
    - > derivatives,
    - > on demand interbank loans,
    - > cash and cash equivalents,
    - > other assets,
  - **assets not covered:**
    - > exposures to central governments, central banks or national issuers,
    - > trading book;

- Denominator:
  - for assets not covered: prudential assets on the FINREP balance sheet,
  - for assets covered: prudential assets from the FINREP balance sheet excluding:
    - > exposures to central governments, central banks or national issuers,
    - > the trading book.

As identified in its non-financial risk materiality matrix, the fight against climate change is a priority area of the PSA Banque France Group's CSR ambition. It supports its customers in their energy transition by offering them adapted solutions for financing vehicles with low CO_2 emissions (electric and hybrid).

(1) *Motor vehicles with no more than eight seats in addition to the driver's seat and no space for standing passengers, whether or not the number of seats is limited to that of the driver.*

(2) *Motor vehicles with a maximum weight not exceeding 3.5 tonnes.*

(in million euros)	Total gross carrying amount	Assets for the calculation of GAR	Of which assets eligible for Taxonomy	%	Of which assets not-eligible for Taxonomy	%	Total assets ratio
	31 December 2021 – Mandatory declaration on the financing of eligible economic activities under the European Taxonomy						
GAR – Covered assets in both numerator and denominator							
Financial companies	1	1	1	0.0%	-	0%	
Non-financial companies subject to NFRD disclosure obligations	488	488	488	5.7%	-	0%	
Households – motor vehicle loans	6,422	- (1)	-	-	-	-	
Local governments financing	72	72	- (2)	0%	72	0.8%	
TOTAL ASSETS USED FOR THE ELIGIBILITY ANALYSIS (INCLUDED IN THE NUMERATOR AND THE DENOMINATOR)	**6,983**	**561**	**489**	**5.7%**	**72**	**0.8%**	
Other covered assets excluded from the numerator (but covered in the denominator)							
European non-financial companies not subject to NFRD disclosure obligations	7,171	7,171					83.3%
Derivatives	1	1					0.0%
On demand interbank loans	628	628					7.3%
Cash and cash-related assets	-	-					-
Other assets	248	248					2.9%
TOTAL COVERED ASSETS – GAR (ASSETS IN NUMERATOR)	**15,032**	**8,610**					
Sovereigns	70	70					0.7%
Central banks exposure	818	818					8.6%
Trading book	-	-					-
OTHER ASSETS NOT INCLUDED IN THE CALCULATION OF GAR (EXCLUDED FROM THE NUMERATOR AND DENOMINATOR)	**888**	**888**					
TOTAL ASSETS BEFORE PROVISIONS AND IMPAIRMENT	**15,920**	**9,498**					

(1) Car loans granted from 1 January 2022 as detailed in note 4 of the template "1. Assets for the calculation of GAR" of Annex VI of the Delegated Act of 6 July 2021.
(2) Specialised project financing only.

(in million euros)	Total gross carrying amount	Of which financing of electric and hybrid vehicles	%	Of which financing of combustion-powered vehicles	%	Total assets ratio
	31 December 2021 – Voluntary declaration on the financing of vehicles with low CO_2 emissions					
GAR – Covered assets in both numerator and denominator						
Financial companies	1	0.2	0.0%	0.8	0.0%	
Non-financial companies	7,660	433	2.9%	7,227	48.1%	
Households – motor vehicle loans	6,422	686	4.6%	5,736	38.2%	
Local governments financing	72	3	0.0%	69	0.5%	
TOTAL ASSETS USED FOR THE ELIGIBILITY ANALYSIS (INCLUDED IN THE NUMERATOR AND THE DENOMINATOR)	**14,155**	**1,122**	**7.5%**	**13,033**	**86.7%**	
Other covered assets excluded from the numerator (but covered in the denominator)						
Derivatives	1					0.0%
On demand interbank loans	628					4.2%
Cash and cash-related assets	-					-
Other assets	248					1.6%
TOTAL COVERED ASSETS – GAR (ASSETS IN NUMERATOR)	**15,032**					
Sovereigns	70					0.4%
Central banks exposure	818					5.1%
Trading book	-					-
OTHER ASSETS NOT INCLUDED IN THE CALCULATION OF GAR (EXCLUDED FROM THE NUMERATOR AND DENOMINATOR)	**888**					
TOTAL ASSETS BEFORE PROVISIONS AND IMPAIRMENT	**15,920**					

1.6.8 SOCIETAL CHALLENGES

CUSTOMER SATISFACTION AND PROTECTION

Responsible product offering

The products and services designed and distributed by the PSA Banque France Group are subject to monitoring and evaluation through various systems, including audits (internal, periodic, quality) or activity-specific indicators, and through claims analysis. Controls are integrated into each process and carried out either by the operational staff themselves or by the bank's internal control system. Increased vigilance is exercised when new contracts are recognised as revenue, as this step triggers customer invoicing. Systematic controls are carried out to ensure that the financing contracts communicated by the banking intermediaries comply with different requirements (internal, contractual, regulatory, legal). The marketing of a new product (financing, insurance, service) intended for customers follows a structured approach that begins systematically with an opportunity study which notably takes into account customer expectations. The product file prepared by the teams in charge of its implementation follows a rigorous validation and approval process aimed at ensuring the project's reliability and its compliance with regulations. The decision to launch the development of a product in design follows validation by various ad hoc committees (Marketing and Sales Committee, Control and Compliance Committee). The decision to market the new product, after all checks and tests have been carried out, is taken by the Executive Management of the PSA Banque France Group (after approval by the Board of Directors).

Measures taken to promote customer health and safety

	2019	2020	2021	Target
Customer recovery disputes/complaints *(% linked to the management of the PSA Banque France Group)*	22%	15%	18%	min.
Management of over-indebtedness cases *(processing time in months)*	0	0.25	0	< 1 month
Rate of awareness of subscription to an insurance product *(% of customers having taken out death insurance)*	95%	93%	84%	> 90%

Moreover, within the framework of the regulations regarding consumer protection, training is delivered to new employees in order to make them fully aware of their duty to inform and advise customers.

The granting of consumer credit, which represents almost 70% of the total credit granted, is the subject of specific regulations, protecting consumer rights.

The PSA Banque France Group has a process of identifying its individual customers who are financially vulnerable in application of the Charter on banking inclusion and prevention of over-indebtedness (*Charte d'inclusion bancaire et de prévention du surendettement*) adopted by the *Association Française des Établissements de Crédit et des Companies d'Investissement* (AFECEI). This mechanism implemented in after-sales service and in Collection and Recovery Department makes it possible, based on predefined criteria, to identify the customers at risk at an early stage, support and guide them, and find internal solutions to prevent their financial situation from worsening. The employees concerned by this system attend a specific training course on an annual basis.

More broadly, with a view to ensuring quality and improving its customer processes, the PSA Banque France Group has set up in place a system for handling the customer complaints aimed in particular at ensuring the quality of their processing (commitment concerning response times, requirement for written replies on a permanent medium). This system requires the appointment of a person to manage the processing of complaints, to handle the complaints received in accordance with its provisions, to track these complaints (in terms of quantity and type), to analyse them and, if the analysis is revealing dysfunctions, to apply the appropriate corrective measures.

The PSA Banque France Group adheres to the mediation system of the *Fédération Bancaire Française* (French Banking Federation). CREDIPAR, its wholly-owned subsidiary, adheres to the mediation system implemented by the *Association Française des Sociétés Financières* – ASF – (Association of French Financial Companies) and specifies, in its financing agreements, the contact details of this independent mediator, as well as those of its Consumer Department in charge of processing complaints. All negative answers from the Consumer Department to complaints made by individuals give rise to communication of the contact details of the independent mediator.

The PSA Banque France Group, through its CREDIPAR subsidiary, adheres to the "Agreement on amicable consumer credit debt recovery" signed by the ASF and different consumer organisations, and which aims to guarantee customers the application of a certain number of rules of good conduct (gradual nature of the debt recovery process, respect of confidentiality and privacy, transparency of relations with customers) and favours, in consequence, amicable debt rescheduling in the event of unpaid overdue amounts in order to proactively prevent over-indebtedness.

The PSA Banque France Group, through its CREDIPAR subsidiary, also participates within ASF in working groups concerning consumer protection (borrowers) and the fight against over-indebtedness.

In the context of the Covid-19 pandemic, the PSA Banque France Group implemented several temporary measures to support customers, from March 2020 to May 2021 for the different periods of lockdown:

- starting at the end of March 2020, following the announcement of the first lockdown period, the support measures related to the moratoria consisted of one or more deferrals of instalments for corporate customers, certain end-user customers who are natural persons, and for certain financing activities of the dealer network;

- with the second lockdown period in November 2020, the new measures on the payment moratoria of the second wave of Covid-19 in France were also implemented by the PSA Banque France Group, as part of the support provided to its customers throughout the health crisis.

These support measures expired on 31 May 2021. For more than a year, they have thus enabled PSA Banque France Group's customers to face impacts of the health crisis, notably during the lockdown and curfew periods, facilitating a return to normal, depending on their specific situation.

Customer satisfaction

	2019	2020	2021	Target
Customer satisfaction surveys *(thousands of customer responses received)*	57	55	94	-
Dealer satisfaction survey on new vehicle financing *(% satisfied and very satisfied)*	88%	76%	82%	> 90%
Overall satisfaction *(% satisfied and very satisfied)*	70.2%	54.6%	70.2%	-
NPS – Net Promoter Score	-	-	17	> 0

The extension of the offer to new mobility services and the digitisation of tools reinforce the requirements that the PSA Banque France Group must have *vis-à-vis* its customers.

To guarantee the reliability of its offers and services at the highest level, Executive Management regularly communicates to its employees on the importance of placing the customer at the heart of their concerns and ensures the setting and monitoring of Quality objectives. The PSA Banque France Group has a Quality certification (ISO 9001 standard). Since October 2020, the customer contact centre (*Plate-forme Relation Client*, PRC) has held ISO 18295-1 "customer contact centre" certification, which guarantees the level of requirements and quality of contact in the exchanges with customers for the management of their financing (fluidity of communication, employee involvement, handling of complaints, etc.).

A major study was conducted in early 2021 to produce a consolidated transformation roadmap for the PSA Banque France Group focused on customer satisfaction. The first deployments were already implemented in 2021.

All of PSA Banque France's operational processes are focused on customers and are regularly updated with indicators measuring the level of quality delivered to them:

- satisfaction surveys are conducted to measure the level of quality as perceived by all its customers (individuals, companies, dealers). For example, the PSA Banque France Group conducts online surveys among its customers to improve the effectiveness of its after-sales teams. Over 94,000 customers responded in 2021. Dissatisfied customers are called back to clarify their situation in order to provide the best possible response whenever possible;
- the establishment of a Net Promoter Score (to measure recommendations by customers) was generalised in 2021 among all end-user customers, whether individuals or companies.

ACTIONS UNDERTAKEN TO PROTECT CUSTOMER DATA/CYBERSECURITY

	2019	2020	2021	Target
Monitoring of employee training on personal data protection and the GDPR regulation *(% of workforce)*	95%	97%	98%	> 90%
Monitoring of cybersecurity awareness training (12 modules including 9 in 2020) *(in % of employees having reached or exceeded the score of 60/80 in 2020 then 75/100 in 2021, i.e. a maximum of 25% of incorrect answers or modules not taken)*	-	53%	69%	-

Protection of customer data

For the PSA Banque France Group, the protection of personal data is a fundamental right, a factor of trust for its customers, prospects and employees. The established policy applies to all personal data collected and processed by the company, its partners and subcontractors. The PSA Banque France Group constantly ensures compliance with the rules governing the processing of personal data (lawfulness and limitation of processing, transparency towards the customer, adequacy of the data collected for the strict purpose of the processing that will be carried out, and concerning the accuracy, integrity, confidentiality and retention of the data). Thus, when collecting personal data from its prospects and customers by means of dedicated questionnaires, the PSA Banque France Group informs these persons in a clear and concise manner of all the characteristics of the data processing, namely all of the regulatory and contractual purposes of the data processing, the various recipients, retention periods, international flows, the various rights that they may exercise as well as specific rights in terms of commercial prospecting, opposition or acceptance, that they may express before finalisation of this data collection. All of these provisions are included in the terms and conditions of the various products of the PSA Banque France Group. Prospects and customers have the choice to implement all their rights by contacting the Consumer Department of the PSA Banque France Group institutions by post, or by emailing the PSA Banque France Group's Data Protection Officer. In addition, customers can request certain changes and updates to their personal data directly online in their "personal customer area". Each year, the PSA Banque France Group updates a register of all its processing operations involving personal data and is particularly vigilant about the transfer of personal data from its customers to its subcontractors. Thus, all of the service providers are contractually governed by the strict implementation of the provisions of the GDPR on subcontracting. And concerning the security of processing, the service providers are required to provide an operational "security assurance plan" which is reviewed and validated by the PSA Banque France Group's Information Systems Security Manager. More specific instructions, such as the data protection control procedure for outsourced services define the progressive levels of controls implemented. A Data Processing Agreement (DPA) in addition to the supplier contract is established to ensure compliance with the GDPR regulations. Audits are also carried out on suppliers.

The PSA Banque France Group has a general procedure and specific procedures for the protection of personal data. Thus, it implements a personal data protection policy describing the governance, management structures, methods and procedures to ensure compliance with the standards in force. This policy describes the measures to be adopted in the event of a personal data breach, as well as the implementation of the GDPR principles of "data protection by design and data protection by default". It also specifies the process for conducting data protection impact assessments.

A data protection division, reporting to Compliance and Business Ethics, ensures that files, IT systems and contracts containing personal data (customers, prospects, suppliers, employees) comply at all times with legal provisions and more specifically the French data protection act (*loi Informatique et Libertés*), the GDPR and the banking regulations relating to the *Banque de France* (BDF)/National Register of Household Credit Repayment Incidents (*Fichier des incidents de remboursement des crédits aux particuliers*, FICP) file. The monthly Control and Compliance Committee meeting makes it possible to postpone, review and make the most important decisions necessary in the area of data protection. In 2021, the PSA Banque France Group did not receive any complaints concerning breaches of customer confidentiality from external stakeholders or regulatory authorities.

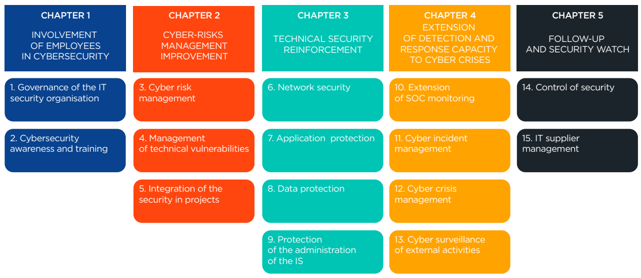
A centre of expertise relating to the Data Office makes it possible to define and coordinate the governance of data within the PSA Banque France Group in order to improve and guarantee data quality. In this respect, the Data Office supports the data protection division to ensure that complete, accurate and up-to-date data is kept. The work undertaken and implemented is now monitored on a monthly basis by a Data subcommittee.

Each new IT project or major upgrade to an existing system must apply the Quality Gate procedure (GDPR). This procedure consists of assessing the risk, updating the processing register and performing a Data Protection Impact Assessment (DPIA) if necessary. These elements make it possible to assess the Availability, Integrity, Confidentiality, and Traceability criteria (in French, *Disponibilité, Intégrité, Confidentialité, Traçabilité*, DICT) and the non-functional requirements to be implemented in the application. The DICT for each application is assessed annually. An audit and a review of the level of GDPR risk were carried out in 2021 on all applications. As such, several awareness-raising operations on privacy by design were carried out with the IT teams.

Cybersecurity

The PSA Banque France Group relies on the information systems security policy and the crisis and information security incident management policy of its shareholder, Banque PSA Finance. It has a programme for managing cybersecurity issues in terms of IT systems security strategy, behavioural and application security, and infrastructure. It is structured around 15 areas organised into five categories:

- employee involvement;
- improved risk management;
- enhanced technical security;
- extension of detection of and response capacity to cybersecurity crises;
- security monitoring and keeping knowledge of security issues up-to-date.



Phishing test campaigns are conducted every six months among employees to measure and strengthen their vigilance. Cybersecurity awareness training for all employees was also implemented in 2020 and continued into 2021.

All IT applications are subject to a review of user rights by the hierarchical structures every six months as well as a review of the rights of administrative and privileged accounts. Several computer applications have been subject to intrusion tests (or pentests) in 2021.

IT audits were carried out in 2021, on GDPR, PSD2, physical security management, licences, identities and access. An audit according to the NIST (National Institute of Standards and Technology) cybersecurity standard was also carried out at the end of 2021 by an external audit firm. ISO 27001 certification is expected soon.

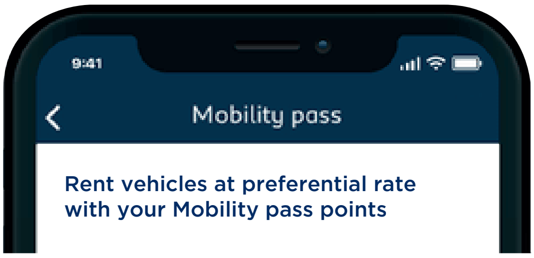
PROMOTING MOBILITY OFFERS

In 2021, PSA Banque France, via its wholly-owned subsidiary, CREDIPAR, actively participated in the STELLANTIS mobility offer: Free2Move. Free2Move contributes to achieving the STELLANTIS's goal of becoming the preferred mobility supplier, globally, by 2030. It aims to provide customers, both individuals and companies, with the most comprehensive and practical set of mobility solutions, meeting their requirements in the best possible way. CREDIPAR, with its dedicated Free2Move Lease structure, is one of the pillars of the STELLANTIS long-term lease offer, which is integrated into the mobility offer as a service and not simply as a financing tool. With a fleet of nearly 242,500 vehicles in long-term leases, CREDIPAR is a major player in the financing of corporate fleets in France, ranking fourth in the French market (source: SESAMLLD). In 2021, Free2Move Lease also ranked first among the BtoB long-term leasing players in terms of vehicles put on the road (AAA Data registrations). Vehicle fleet financing solutions enable companies to opt either for a variable rental charge based on actual mileage driven, or for a fixed budget for companies with a stable use. "Interparc", an extranet web site, is at the disposal of customer companies to enable their fleet managers to control, in real time, the costs of using vehicles – TCO, Total Cost of Ownership –, optimise them, and manage them in the best possible way (consumption, etc.) through data feedback from the fleet's connected vehicles. Free2Move Lease assists companies in their CSR approach, through advice and solutions to progressively convert its customers' fleets to electrified mobility, whether they are private vehicles or utility vehicles for construction sites and urban deliveries. Maintenance contracts based on baskets of spare parts from the circular economy are proposed to reduce the environmental impact of fleets put on the road. Free2Move Lease offers solutions to its customers to support their activity in the context of the Covid-19 pandemic:

- the Jockey/Jockey on Demand offers allow a driver who delivers a vehicle to the site chosen by the customer, a delivery and return trip to the maintenance/repair site, or the return of the vehicle at the end of the contract;
- the Clean&Check service allows a vehicle to be completely washed and disinfected at the site chosen by the customer (company premises, employee home).

The PSA Banque France Group has adopted a start-up mindset intended to facilitate mobility for individuals and companies. This is built with a desire for simplicity, to enable the dealer networks to offer customers these major developments without changing their habits. The PSA Banque France Group made the choice to adapt – and not revolutionise – its offer to facilitate the electrification of the range of vehicles of the three brands (100% by 2025).

The PSA Banque France Group supports the electrification of the STELLANTIS range by putting in place innovative financing and mobility service solutions. For example, owners of an electric vehicle can sign up, as an option to their financing agreement, for access to a car hire service (in particular, internal combustion engine vehicles for long trips) with advantageous conditions. Monthly payments are topped up enabling owners to optimise their leasing capacity. They are also entitled to a reduction in the cost of the lease. For the Peugeot brand, this service is referred to as Mobility pass.



FINANCING OF SOCIALLY RESPONSIBLE ACTIVITIES

	2019	2020	2021	Target
Percentage of vehicle fleet financing of companies operating in socially responsible sectors *(% of company vehicle fleet outstandings)*	8%	11%	11%	> 10%

As part of its vehicle fleet financing activities, the PSA Banque France Group monitors the financing put in place for companies and associations involved in activities with a social, societal or environmental dimension.

Monthly monitoring of the proportion of outstandings financed for the benefit of these companies and associations, in relation to the total outstandings on vehicle fleets, is carried out with a view to developing this type of financing.

1.6.9 SOCIAL CHALLENGES

RESPONSIBLE EMPLOYER

	2019	2020	2021	Target
Share of committed employees *(% of workforce in relation to the Company according to the annual survey)*	54%	60%	64%	> 60%
Commitment to values *(% of workforce in relation to the Company according to the annual survey)*	52%	55%	62%	> 60%
Percentage of employees trained *(% of workforce)*	99.1%	100%	96%	100%
Number of training hours per employee per year *(hours)*	22.6	18.0	20.6	> 1 day
Turnover *(% of workforce, including retirements and restructuring)*	11.8%	11.9%	3.5%	< 15%
Paid sick leave absenteeism rate *(excluding maternity leave and sick leave for workplace accidents)*	2.5%	1.3%	2.7%	< 4%
Employees who benefited from teleworking *(% of employees)*	29%	30%*	80%*	-

* *As soon as possible in the context of the Covid-19 pandemic, employees benefited from health teleworking.*

The human resources policy is based on the shared values of Respect, Enthusiasm, Transparency, Creativity and a Result-oriented Culture.

The first pillar is the management and development throughout professional life:

- anticipate changes in jobs and skills;
- promote the professional development of all employees to help maintain their employability throughout their professional lives;
- support employees in the transformations relating to competitive, technological or regulatory changes. The second pillar is labour relations and well-being at work;
- promote the principles of equality, diversity and quality of life at work;
- develop an ongoing labour dialogue that contributes to the Company's operational efficiency and employee commitment, thereby strengthening internal workforce cohesion;
- promote active labour communication and life based on a collaborative management contributing to quality working conditions;
- guarantee the health and safety of employees.

The PSA Banque France Group applies a policy of close relations between managers and employees. These close relationships enable the Company to tackle, in an agile and responsive manner, issues related to health and safety, well-being at the workplace, social dialogue, the promotion of diversity, employment management and skills development.

The PSA Banque France Group uses some of the STELLANTIS's HRMS tools that are made available to all employees, with a view to improving HR interfaces and skills management: managing absenteeism and teleworking days, appraisal interviews, personal development interviews with the personal development plan and self-study modules.

A three-year training programme intended for all managers started in 2018 and continued in 2020. It is comprised of five modules (communication, organisation, team management, developing motivation and skills enhancement) and is designed to promote collaborative management within the PSA Banque France Group by providing managers with the tools required to achieve the Company's strategic goals. PSA Banque France Group managers are expected to act in an exemplary manner and embody the Company's values on a daily basis.

In 2020 and 2021, remote working modules were rolled out to give everyone the means to have a positive experience teleworking. In 2021, a best practices guide was distributed on remote working with webinars to help managers.

The PSA Banque France Group also endeavours to identify, train and promote the managers of tomorrow. In 2018 and 2019, a 360° questionnaire was issued to all executives and certain managers to enable them to assess in the best way possible the manner in which they are viewed by their employees, peers and hierarchy. Consolidating these results enables the HR Departments to guide the development of management practices.

In 2019, a new agreement concerning the management planning for jobs and skills was signed by the Management and Employee Representatives. This agreement aims to anticipate and plan in advance in the best manner possible for the major changes impacting the banking industry and in particular those related to new customer behaviours resulting from the increased use of new technologies and the changing nature of the prudential rules that guide, in a reinforced manner, business activity. In order to do so, the PSA Banque France Group undertakes, firstly, to identify future changes and the related challenges in order to inform employees about their personal development prospects and career opportunities and, secondly, to put in place the means enabling employees to develop their skills throughout their careers.

In 2020, a labour support agreement for employees as part of the relocation of the registered office from Gennevilliers to Poissy was signed and implemented. In 2021, the flex-office approach within the premises and a new teleworking charter for those who could benefit for up to three days a week were implemented, with reaffirmation of the right to disconnect.

The PSA Banque France Group also signed an agreement to change the variable working hours system for technicians to modernise the monitoring tool and change the entry and exit times for employees in order to improve their work/life balance and contribute to the collective performance of the company.

The PSA Banque France Group takes the necessary measures to ensure the safety and health of its employees:

- actions to prevent occupational risks, notably through:
  - the identification and assessment of occupational risks,
  - a safety & prevention onboarding booklet,
  - the provision of a psychological support service (24/7 telephone number),
  - ad hoc surveys to assess stress, well-being and motivation;
- information and training initiatives, notably on safety guidelines or to raise awareness among managers;
- the provision of an appropriate organisation and adapted resources;
- a complementary collective health insurance (providence) plan for all employees set up by the PSA Banque France Group.

It ensures that these measures are adapted to take into account any changes that might occur and with a view to improving existing conditions. Thus, in the context of the Covid-19 pandemic, it strictly applied all the measures suggested by the World Health Organisation (WHO) and the French authorities, while ensuring the continuity of its operations through the generalisation of teleworking by introducing systematic teleworking as soon as possible and establishing a reinforced safety protocol to manage health risks. Training was organised to adapt to remote working in order to allow employees to optimise their way of working away from their colleagues or their manager, maintain their motivation, communicate effectively and manage their working time in this new context.

EMPLOYMENT

	2019	2020	2021	Target
Number of new hires on permanent contracts *(during the year in question)*	94	80	17	-
Professional integration of young people *(number of work-study contracts at the end of the year)*	49	48	50	-

The PSA Banque France Group is a responsible employer:

- it committed to retaining talent. The average seniority observed is 15 years, and is proof of the specific attention paid to each employee with a view to their development within the Company or its two parent companies. Employees are also guaranteed equal opportunities;
- in terms of the professional integration of young people, there were 50 work-study contracts at the end of 2021, mainly from three major partnerships with schools, which relate to the activities of the PSA Banque France Group. The PSA Banque France Group also offers students internships and seasonal jobs during the summer months;
- a mobility charter and a recruitment guide explain the social and ethical principles advocated by PSA Banque France Group.

LABOUR DIALOGUE/RELATIONS

	2019	2020	2021	Target
Number of agreements signed during the year	7	6	6	-

The Bank's national collective agreement applies to the PSA Banque France Group as a company authorised in France as a bank pursuant to Article L. 511-9 of the French Monetary and Financial Code.

As part of the labour dialogue and consultation, the Social and Economic Committee (*Comité Social et Économique*, CSE) must be informed of any project affecting the Company, its economic and financial position, its labour policy, and working and employment conditions at the PSA Banque France Group. It meets at least once a month, with the exception of August per an agreement.

Collective agreements concern all employees of the PSA Banque France Group.

Six agreements were signed in 2021:

- amendment No. 24 to the agreement on the implementation of the reduction in working time of 05/05/2021;
- agreement on the 2021 salary policy of 01/06/2021;
- teleworking charter of 08/06/2021;
- agreements on profit-sharing and incentive schemes of 28/06/2021;
- agreement on the mandatory pension plan of 29/04/2021;
- agreement on the occupational insurance scheme of 24/12/2021.

A list of existing agreements is presented below:

- rider No. 23 to the agreement on the implementation of the reduction in working time signed on 22/12/2020;
- agreement on variable working hours of 01/09/2020;
- agreement on the allocation of an exceptional purchasing power bonus at CREDIPAR of 07/05/2020;
- labour agreement on the management of the Covid-19 health crisis of 14/04/2020;
- collective performance agreement on measures to support the transfer of CREDIPAR Gennevilliers activities to the CEMR of Poissy, signed on 03/02/2020;
- rider No. 22 to the agreement on the implementation of the reduction in working time of 27/02/2020;
- rider to the agreement on the additional reimbursements of medical expenses of 20/12/2019;
- agreement on the forward-looking management of jobs and skills of 30/10/2019;
- agreement on the introduction of a fixed number of working days for itinerant technicians of 10/10/2019;
- agreement on 2019 salaries of 18/03/2019;
- agreement on the payment of the one-time bonus to boost purchasing power of 15/03/2019;
- rider No. 21 to the agreement on the implementation of a reduction in working time signed on 11/02/2019;
- agreement on the establishment of new employee representative bodies and the exercise of trade union rights of 20/09/2018;
- company agreement on workplace equality, diversity, quality of life in the workplace and the right to disconnect of 28/06/2018;
- agreement on profit-sharing and incentive schemes signed on 22/06/2018;
- agreement on the implementation of a new defined-contribution supplementary pension plan of 13/05/2002;
- agreement on the retirement bonus of 24/02/2000;
- agreement on home childcare of 24/02/2000;
- agreement on the additional reimbursement of medical expenses of 30/12/1993;
- agreement on the occupational insurance scheme of 30/06/1993.

ACTIONS UNDERTAKEN TO PROMOTE HUMAN RIGHTS

	2019	2020	2021	Target
Professional gender equality index *(points)*	88	93	93	> 85
Percentage women in management *(% of workforce)*	42%	42%	43%	50%

The PSA Banque France Group strives to combat social exclusion and promote respect for human rights by fostering gender equality and diversity in the recruitment of its employees.

In this field, the PSA Banque France Group obtained 93 points out of 100 on the gender equality index for 2021. This rating confirms that the HR policies applied for several years, notably concerning salaries, have had a positive impact on the position of women in the Company.

	Points obtained	Maximum number of calculable indicator points
1. Pay gap *(%)*	38	40
2. Differences in individual salary increases *(% points)*	20	20
3. Differences in promotions *(% points)*	15	15
4. Percentage of employees who received a salary increase on return from maternity leave *(%)*	15	15
5. Number of employees of the under-represented gender among the ten highest paid employees	5	10
Professional gender equality index *(out of 100 points)*	**93**	**100**

In a similar manner to workplace equality, the parties consider that today the fact of taking into account diversity and equal opportunities represents a fundamental challenge that must be placed at the heart of the Company's social policy. The diversity of teams with regard to age, social, ethnic or cultural origins ensures both balance and the fact that employees complement each other.

These principles of neutrality and openness have been reaffirmed within the Company since the signing, on 27 June 2018, of a company agreement concerning equal opportunities, diversity and quality of life in the workplace as well through the circulation to all managers of a recruitment guide implementing these principles.

In 2021, the PSA Banque France Group did not identify any cases of non-compliance with social and economic laws and/or regulations.

1.6.10 BUSINESS ETHICS AND GOVERNANCE

FAIR PRACTICE

In order to promote the concepts of corporate responsible development, the main principles that must govern employee activity were defined in a Code of Ethics in 2016, updated in 2018. This ambition takes the form of collective commitments made with regard to the main counterparties and, in particular, customers, employees, shareholders and partners.

Made official in internal policies, these commitments on responsible development, formalised in the rules of ethical conduct, frame the actions of the PSA Banque France Group, notably in the fields of social and environmental responsibility, quality, financial information and communications.

These rules cover:

- respect for the law;
- respect for people and the environment;
- respect for customers and their needs;
- protecting personal data and, in particular, customer data;
- respect for the information system security risk control system with a view to an ever-stricter fight against cybercrime;
- respect for the PSA Banque France Group and its shareholders.

All employees must apply these rules of good conduct when performing their duties. Breaching these rules may result in disciplinary action for failure to respect labour law in addition to all sanctions set out in administrative law or criminal law which may arise from such a breach.

ACTIONS UNDERTAKEN TO PREVENT BRIBERY AND TO FIGHT AGAINST MONEY LAUNDERING AND TERRORISM FINANCING

	2019	2020	2021	Target
Regulatory non-compliance *(number of cases identified/reported)*	0	0	0	0
Employee training *(% of workforce)*				
- on anti-money laundering	95%	92%	93%	> 90%
- on anti-bribery/the report-collection system	97%	97%	99%	> 90%

In accordance with Act No. 2016-1691, referred to as the “Sapin II Act”, regarding transparency, the fight against bribery and the modernisation of business practice, the PSA Banque France Group decided to reinforce its system designed to prevent and detect acts of bribery or influence peddling in France or abroad. New procedures have been approved by the Board of Directors and applied throughout the Company, such as the crime prevention procedure and its accompanying manual, a procedure to fight bribery (**anti-bribery code** updated in 2021 with a system to report gifts received, accepted or refused with a threshold set at €50 and a threshold of €150 for those proposed) and an internal control model covering the prevention of risks and crimes. An assessment of the exposure of the PSA Banque France Group to all of these risks has been conducted and has not revealed any major flaws.

The anti-money laundering/financing of terrorism (AML-FT) system was further reinforced as the AML-FT procedure was updated in 2020 and the KYC (Know Your Customer) procedure in 2021 with accompanying instruction notes (beneficial owner and INPI verification, strengthening of the threshold for unusual operations). Furthermore, a training programme for all employees and salesmen at the points of sale of the dealer network is in place. All the staff has had to complete a quiz to ensure they have fully acquired the necessary knowledge. Lastly, a set of controls (with three levels) is in place, concerning the risks identified for each operational process. In this respect, the PSA Banque France Group has, in particular, tools for detecting individuals who are the subject of an assets freeze measure (lists of sanctions from the UN, the EU and France). The qualification of politically exposed person is also systematically checked. The required due diligence, in particular in terms of identification, verification and the source of funds are undertaken in order to ensure good knowledge of customers and transactions.

The PSA Banque France Group has a system of **collection of whistleblower reports** for all its employees regardless of the nature of their contractual relationship, which allows any Group employee to inform the Compliance Officer of any situation of non-compliance related to activities or any malfunctions of which they would have knowledge. This tool, placed within a context of strict respect of rules set by internal procedures (describing the expectations regarding each employee in particular in terms of the reliability of information provided, respecting the law, respecting customers, respecting the Company and respecting people), and obligations of confidentiality, is part of the system designed for the fight against internal fraud and conflicts of interest. Employees and third parties can send an email to the generic mailbox, managed by the Business Ethics Department:
jvfralerte-conformite@psabanquefrance.com
or via the BKMS platform (at STELLANTIS
https://secure.ethicspoint.eu/
with a 24/7 integrity helpline for France:
0800-90-4871).

A reminder of the rules governing the collection of alerts was carried out in 2021, the alert must relate to:

- a crime or an offence;
- a serious and manifest violation of the law or regulation;
- a threat or serious harm to the public interest of which the whistleblower was personally aware;

- proven or intended behaviour or action that could compromise the company's image with third parties and the public in general;
- the obligations defined by European regulations and by the French Monetary and Financial Code or the general regulation of the *Autorité des Marchés Financiers*, which are supervised by the *Autorité des Marchés Financiers* or the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel et de Résolution*, ACPR);
- the existence of conduct or situations contrary to the PSA Banque France Group's Code of Ethics and Code of Conduct concerning acts of corruption or influence peddling.

The PSA Banque France Group Irregularities Committee, which analyses the reports collected, has the following objectives:

- to assess the impact of non-compliance with internal rules or external regulations, in addition to irregularities committed by employees, detected or reported, in accordance with the partnership's Compliance internal control model and the code of ethics;
- to decide on the measures to be taken, notably: further inquiries, reporting to the authorities, legal action, termination of the contractual relationship with a third party, request made to HR to start disciplinary proceedings against the employee(s) involved in the breach of the governance of the internal control levels of the Company;
- to examine the activities of whistleblowers;
- to examine lobbying activities;
- to uphold and reinforce the Company's code of ethics and internal control model, as well as the associated reference documents..

This committee met twice in 2021.

ACTIONS UNDERTAKEN AGAINST ANTI-COMPETITIVE PRACTICES

	2019	2020	2021	Target
Monitoring of employee training on competition law *(% of workforce)*	78%	94%	98%	> 90%

In order to guarantee its employees follow best practices in terms of competition law, the PSA Banque France Group has set itself the goal of training all its employees without distinction every year since 2019. The purpose of this training is to raise their awareness of the fundamentals of competition law, namely the proper functioning of the market, free pricing and consumer protection.

In 2021, 98% of PSA Banque France employees were trained on the practices authorised and the practices prohibited by competition law, such as abuse of a dominant position; or agreements whose purpose or effect is to prevent, restrict or distort competition in a given product or service market; or concerted practices that may result in meetings that will address current prices, future prices, profitability, rates charged, or even the identity of customers. This training is intended to teach employees that the exchange of information between competitors, whether directly or via a professional association, constitutes an infringement of competition law. Said practices are prohibited by the PSA Banque France Group, which expects all its employees to be vigilant and behave in an exemplary manner when they participate, in particular on behalf of the Company, in meetings with competitors, in lobbying initiatives within professional federations, or in benchmarking actions.

ACTIONS UNDERTAKEN TO PREVENT TAX EVASION

The tax policy of the PSA Banque France Group is compliant with the rules of transparency and responsibility. The Legal and Tax Committee, which meets at least quarterly, is responsible for monitoring and managing tax changes and risks, as well as ensuring that the tax strategy complies with regulations. The Committee advises and proposes guidelines on tax policy for the PSA Banque France Group to Executive Management, and where applicable to the Board of Directors.

It is based on the following principles:

- tax policy complies at all times with the applicable laws and regulations. It is guided by the national laws and regulations to which the Group is subject in France, in addition to the international reference standards (including the OECD guidelines), in their spirit and letter. Tax declarations, payments of income tax and duties as well as keeping Company accounts or taxation reporting are undertaken in accordance with all of these rules;
- the PSA Banque France Group handles all tax matters with integrity and transparency. It aims to maintain constructive partnerships with the tax authorities in order to optimize the time taken to process cases. However, taxation laws and procedures are complex fields and, in the event of different interpretations of legislation impossible to be quickly and satisfactorily resolved with the tax authorities, the Group uses all the possibilities of review available in order to ensure its rightful position prevails;
- the PSA Banque France Group manages tax matters proactively:
  - it does not use artificial structures or arrangements that would not meet the intention of the legislator and would be used for tax avoidance purposes,
  - it seeks to meet two objectives: to optimise the creation of value for its shareholders and to be fully compliant with all relevant statutory and regulatory obligations, in line with the expectations of different stakeholders;
- the tax policy implemented by the PSA Banque France Group also demonstrate its responsible behaviour. It pays the amounts of duties and income tax legally owed within the framework of the usual performance of its business.

1.6.11 APPENDICES

REPORTING PRACTICE AND METHODOLOGY

Reporting scope

The CSR scope of consolidation includes the three entities of the PSA Banque France Group's financial scope of consolidation as at 31 December 2021: PSA Banque France, CREDIPAR and CLV.

Reporting period

The information and indicators relate to 2021. Figures are calculated for the period from 1 January 2021 to 31 December 2021 (12 months), with data as at 31 December 2021. Most indicators are presented over a three-year period.

Reporting cycle

The Statement of Non-Financial Performance is published annually.

Date of publication

This Statement of Non-Financial Performance for 2021 was published in May 2022, the previous one, in respect of 2020, was published in May 2021.

Contact

For further information, you can write to the PSA Banque France Group Communications Department,

2-10, boulevard de l'Europe, Poissy (78300)

or contact them by email:

communication-credipar@psabanquefrance.com.

Reporting principles

The four reporting principles that underpin the content of the Statement of Non-Financial Performance are:

- the sustainable development context;
- to take into account stakeholders;
- materiality; and
- comprehensiveness.

in order to present transparent information of the highest quality possible, in compliance with regulations, and to assess the progress of the CSR approach.

Thus, it complies with the requirements of the ordinance 19 July 2017 which transposes European Directive 2014/95/EU on the publication of social and environmental information (SNFP) and relies wherever possible on the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) which are the benchmark international reporting standard.

Method used to develop and update the materiality matrix

The PSA Banque France Group identified its various non-financial risks using a materiality matrix. The latest version of this matrix, which prioritises 12 risks according to five categories, was approved by the members of the Board of Directors at their meeting of 24 February 2022. To identify these risks, the PSA Banque France Group conducted a review of the risks reported by its industry peers as well as by its shareholders, including the Banco Santander and STELLANTIS groups, with an analysis of existing reference frameworks and standards in terms of ESG reporting (including Global Reporting Initiative Standards and the requirements of the SNFP).

A structured approach enables the Group to draw up a list of all risk factors of a material nature. Non-financial risks are plotted on a two-dimensional chart, with a mention of those covered by the goals of the AMES strategic plan:

- on the x-axis, according to their importance for the performance of the PSA Banque France Group's business according to three criteria:
  - likelihood that the threat will materialise, as well as the opportunities created by the problem,
  - the severity of the impact for the Group, in terms of its business and reputation,
  - the impact on its long-term performance;
- on the y-axis, according to their importance in terms of stakeholders' expectations, taking into account the ability and legitimacy of each one to express an opinion on each problem.

CONCORDANCE TABLES

GRI STANDARDS – CONCORDANCE TABLE

GRI	Disclosures	Section numbers
102	GENERAL DISCLOSURES	
	Organisational profile	
	102-1 Name of the organisation	1. Sustainable development context
	102-2 Activities, brands, products, and services	1. Sustainable development context
	102-3 Location of headquarters	1. Sustainable development context
	102-4 Location of operations	1. Sustainable development context
	102-5 Ownership and legal form	1. Sustainable development context
	102-6 Markets served	1. Sustainable development context; 2. Business model
	102-7 Scale of the organisation	1. Sustainable development context; 2. Business model
	102-9 Supply chain	1. Sustainable development context; 2. Business model
	102-11 Precautionary principle or approach	1. Sustainable development context: Structure of the PSA Banque France Group; 3. Dialogue with stakeholders and materiality matrix: Materiality matrix; 5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies
	Strategy	
	102-15 Key impacts, risks, and opportunities	5. Mapping of the main non-financial risks and challenges Targets and performance against targets specified in each section; 7. Environmental challenges; 8. Societal challenges; 9. Social challenges; 10. Business ethics and governance
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behaviour	4. PSA Banque France Group CSR strategy; 6. Existing governance, programmes and policies: Policies and programmes supporting the PSA Banque France Group CSR strategy; 9. Social challenges; 10. Business ethics and governance
	102-17 Mechanisms for advice and concerns about ethics	10. Business ethics and governance
	Governance	
	102-18 Governance structure	6. Existing governance, programmes and policies
	102-21 Consulting stakeholders on economic, environmental, and social topics	3. Dialogue with stakeholders and materiality matrix
	102-22 Composition of the highest governance body and its committees	6. Existing governance, programmes and policies
	102-23 Chair of the highest governance body	6. Existing governance, programmes and policies
	102-25 Conflicts of interest	10. Business ethics and governance: Actions undertaken to prevent bribery and to fight against money laundering and terrorism financing
	102-26 Role of highest governance body in setting purpose, values, and strategy	6. Existing governance, programmes and policies

GRI	Disclosures	Section numbers
	102-29 Identifying and managing economic, environmental, and social impacts	4. PSA Banque France Group CSR strategy; 5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies
	102-31 Review of economic, environmental, and social topics	5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies
	102-32 Highest governance body's role in sustainability reporting	5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies
	Stakeholder engagement	
	102-40 List of stakeholder groups	3. Dialogue with stakeholders and materiality matrix: Mapping of PSA Banque France Group stakeholders
	102-41 Collective bargaining agreements	9. Social challenges: Labour dialogue/relations
	102-42 Identifying and selecting stakeholders	3. Dialogue with stakeholders and materiality matrix: Mapping of PSA Banque France Group stakeholders
	102-43 Approach to stakeholder engagement	3. Dialogue with stakeholders and materiality matrix
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	1. Sustainable development context: Structure of the PSA Banque France Group; 11. Appendices: Reporting practice and methodology
	102-46 Defining report content and topic boundaries	3. Dialogue with stakeholders and materiality matrix; 11. Appendices: Reporting practice and methodology
	102-47 List of material topics	3. Dialogue with stakeholders and materiality matrix
	102-50 Reporting period	11. Appendices: Reporting practice and methodology
	102-51 Date of most recent report	11. Appendices: Reporting practice and methodology
	102-52 Reporting cycle	11. Appendices: Reporting practice and methodology
	102-53 Contact point for questions regarding the report	11. Appendices: Reporting practice and methodology
	102-55 GRI content index	11. Appendices: GRI Standards - Concordance Table
	102-56 External assurance	12. Report by the independent third-party body on the consolidated Non-Financial Statement included in the Group Management Report
200	ECONOMIC TOPICS	
	103-1 Explanation of the material topic and its boundary	5. Mapping of the main non-financial risks and challenges; 10. Business ethics and governance
	103-2 The management approach and its components	5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies: Policies and programmes supporting the PSA Banque France Group CSR strategy; 10. Business ethics and governance
	103-3 Evaluation of the management approach	10. Business ethics and governance
	Anti-corruption	
	205-1 Operations assessed for risks related to corruption	6. Existing governance, programmes and policies: Policies and programmes supporting the PSA Banque France Group CSR strategy; 10. Business ethics and governance: Actions undertaken to prevent bribery and to fight against money laundering and terrorism financing
	205-2 Communication and training about anti-corruption policies and procedures	10. Business ethics and governance: Actions undertaken to prevent bribery and to fight against money laundering and terrorism financing
	Tax	
	207-1 Approach to tax	10. Business ethics and governance: Actions undertaken to prevent tax evasion
	207-2 Tax governance, control, and risk management	10. Business ethics and governance: Actions undertaken to prevent tax evasion

GRI	Disclosures	Section numbers
300	ENVIRONMENTAL TOPICS	
	103.1 Explanation of the material topic and its boundary	5. Mapping of the main non-financial risks and challenges; 7. Environmental challenges
	103.2 The management approach and its components	5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies: Policies and programmes supporting the PSA Banque France Group CSR strategy; 7. Environmental challenges
	103.3 Evaluation of the management approach	7. Environmental challenges
	301-1 Materials used by weight or volume	7. Environmental challenges: CITEO declaration on paper tonnage
	305-5 Reduction of GHG emissions	7. Environmental challenges: Financing of greener vehicles (electric and hybrid)
400	SOCIAL TOPICS	
	103.1 Explanation of the material topic and its boundary	5. Mapping of the main non-financial risks and challenges; 8. Societal challenges; 9. Social challenges
	103.2 The management approach and its components	5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies: Policies and programmes supporting the PSA Banque France Group CSR strategy; 8. Societal challenges; 9. Social challenges
	103.3 Evaluation of the management approach	8. Societal challenges; 9. Social challenges
	Employment	
	401-1 New employee hires and employee turnover	4. PSA Banque France Group CSR strategy: Responsible employer; 6. Existing governance, programmes and policies: Policies and programmes supporting the PSA Banque France Group CSR strategy; 9. Social challenges: Responsible employer; 9. Social challenges: Employment
	Occupational Health and Safety	
	403-1 Occupational health and safety management system	9. Social challenges: Responsible employer
	403-2 Hazard identification, risk assessment, and incident investigation	9. Social challenges: Responsible employer
	403-4 Worker participation, consultation, and communication on occupational health and safety	9. Social challenges: Responsible employer
	403-5 Worker training on occupational health and safety	9. Social challenges: Responsible employer
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	9. Social challenges: Responsible employer
	Training and education	
	404-1 Average hours of training per year per employee	9. Social challenges: Responsible employer
	Diversity and equal opportunity	
	405-1 Diversity of governance bodies and employees	9. Social challenges: Actions undertaken to promote human rights
	Customer privacy	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	8. Societal challenges: Actions undertaken to protect customer data/cybersecurity
	Socioeconomic compliance	
	419-1 Non-compliance with laws and regulations in the social and economic area	9. Social challenges

STATEMENT OF NON-FINANCIAL PERFORMANCE (SNFP) – CONCORDANCE TABLE

Items	Reference texts	Section numbers
Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	2. Business model
Description of principal risks related to the Group's business	Articles L. 225-102-1 and R. 225-105, I. 1° of the French Commercial Code	3. Dialogue with stakeholders and materiality matrix: Materiality matrix; 5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies
Information about the way the Group takes into account of the social and environmental consequences of its operations, and the effects of those operations on human rights and the fight against bribery (description of the policies and due diligence procedures implemented to prevent, identify, mitigate the principal risks related to the Group's business)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I. 2° of the French Commercial Code	3. Dialogue with stakeholders and materiality matrix: Materiality matrix; 4. PSA Banque France Group CSR strategy; 5. Mapping of the main non-financial risks and challenges; 6. Existing governance, programmes and policies; 10. Business ethics and governance
Outcomes of Group policies implemented, including Key Performance Indicators	Articles L. 225-102-1 and R. 225-105, I. 3° of the French Commercial Code	Indicator figures presented in the following sections: 7. Environmental challenges; 8. Societal challenges; 9. Social challenges; 10. Business ethics and governance
Social information (employment, labour organisation, health and safety, labour relations, training, equality of treatment)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code	9. Social challenges
Environmental information (general environmental policy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code	7. Environmental challenges; 10. Business ethics and governance
Societal information (societal commitments in favour of Sustainable Development, fair practice)	Articles L. 225-102-1 and R. 225-105, II. A. 3° of the French Commercial Code	8. Societal challenges; 10. Business ethics and governance
Information on the fight against bribery	Articles L. 225-102-1 and R. 225-105, II. B. 1° of the French Commercial Code	10. Business ethics and governance: Actions undertaken to prevent bribery and to fight against money laundering and terrorism financing
Information on the actions in favour of human rights	Articles L. 225-102-1 and R. 225-105, II. B. 2° of the French Commercial Code	9. Social challenges: Actions undertaken to promote human rights
Collective agreements signed by the Group	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	9. Social challenges: Labour dialogue/relations
Certification by the independent third-party body of disclosure in the Statement of Non-Financial Performance (SNFP)	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code	12. Report by the independent third-party body on the consolidated Non-Financial Statement included in the Management Report

1.6.12 REPORT BY THE INDEPENDENT THIRD-PARTY BODY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE MANAGEMENT REPORT

PSA BANQUE FRANCE

For the year ended 31 December 2021

This is a free translation into English of the report on the consolidated non-financial statement issued in French by the independent third-party body and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as an independent third party of PSA Banque France and accredited by COFRAC (under number No. 3-1080, whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2021 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Executive Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third-party body

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of anti-corruption;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated;

- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights;
- we have verified that the Statement presents the information provided for in II of Article R. 225-105 when it is relevant to the main risks and that it includes, where applicable, an explanation of the reasons justifying the absence of the information required by the second paragraph of III of Article L. 225-102-1;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important [(1)];
- we verified that the Statement covers the scope of consolidation, i.e., all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes [(2)] that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities [(3)] and covers 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of the consolidated entities.

We believe that the work performed, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work involved 3 persons and was conducted between January and March 2022 during a 2-week period.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted interviews with people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Neuilly-sur-Seine, 29 March 2022

Original French report signed by:

Independent third-party body

Grant Thornton

French member of Grant Thornton International

Bertille Crichton

Partner

(1) Qualitative information on the following parts: "Policies and programmes supporting the PSA Banque France Group CSR strategy", "Business ethics and governance", "Technological innovations of products for the prevention of environmental risks".

(2) Percentage of electric vehicle financing granted, Electric Quest training system, Percentage of vehicle fleet financing of companies operating in socially responsible sectors, Customer recovery disputes/complaints, Management of over-indebtedness files, Net Promoter Score, Percentage of employees trained, Number of training hours per employee per year, CITEO declaration of paper tonnage, Turnover, Paid sick leave absenteeism rate, Number of new hires on permanent contracts, Percentage of women in management, Monitoring of cybersecurity awareness training.

(3) PSA Banque France.

2 CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

2.1 CONSOLIDATED BALANCE SHEET

(in million euros)	***Notes***	**31/12/2021**	**31/12/2020**
ASSETS			
Cash, central banks	*3*	818	487
Financial assets at fair value through profit or loss	*4*	7	0
Hedging instruments	*5*	1	0
Financial assets at fair value through other comprehensive income	*6*	70	-
Loans and advances to credit institutions at amortised cost	*7*	628	964
Customer loans and receivables at amortised cost	*8 and 29*	13,969	13,895
Fair value adjustments to finance receivables portfolios hedged against interest rate risk	*9 and 26.1*	(12)	(1)
Current tax assets	*30.1*	8	1
Deferred tax assets	*30.1*	4	3
Accruals and other assets	*10*	224	308
Property and equipment	*11*	17	17
TOTAL ASSETS		**15,734**	**15,674**

(in million euros)	***Notes***	**31/12/2021**	**31/12/2020**
EQUITY AND LIABILITIES			
Central banks		0	0
Financial liabilities at fair value through profit or loss	*12*	0	1
Hedging instruments	*13*	0	0
Deposits from credit institutions	*14*	3,945	4,937
Due to customers	*15*	3,356	3,214
Debt securities	*16*	5,438	4,684
Current tax liabilities	*30.1*	2	8
Deferred tax liabilities	*30.1*	470	449
Accruals and other liabilities	*17*	561	639
Provisions	*18*	23	22
Subordinated debt	*19*	155	155
Equity		1,784	1,565
Equity attributable to equity holders of the parent		1,784	1,565
Share capital and other reserves		757	757
Consolidated reserves		1,029	810
of which Net income - equity holders of the parent		*344*	*243*
Gains and losses recognised directly in equity		(2)	(2)
TOTAL EQUITY AND LIABILITIES		**15,734**	**15,674**

2.2 CONSOLIDATED INCOME STATEMENT

(in million euros)	***Notes***	**31/12/2021**	**31/12/2020**
Interest and similar income	*23*	536	509
Interest and similar expenses	*24*	(79)	(88)
Fees and commissions income	*25*	152	147
Fees and commissions expenses	*25*	(4)	(5)
Net gains or losses on financial instruments at fair value through profit or loss	*26*	5	0
Net gains or losses on financial instruments at fair value through other comprehensive income		(1)	-
Income on other activities	*27*	30	21
Expenses on other activities	*27*	(36)	(19)
Net banking revenue		**603**	**565**
General operating expenses	***28***	**(157)**	**(154)**
Personnel costs		(66)	(65)
Other general operating expenses		(91)	(89)
Depreciation and amortisation of intangible and tangible assets		**(6)**	**(3)**
Gross operating income		**440**	**408**
Cost of risk	***29***	**(24)**	**(58)**
Operating income		**416**	**350**
Pension obligation - expenses		(0)	0
Pension obligation - income		-	-
Other non-operating items		0	(4)
Pre-tax income		**417**	**346**
Income taxes	*30.2 and 30.3*	(73)	(103)
Net income		**344**	**243**
of which attributable to equity holders of the parent		*344*	*243*
Earnings per share *(in euros)*		**38.00**	**26.84**

2.3 NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

	31/12/2021			31/12/2020		
(in million euros)	**Before tax**	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Net income	**417**	**(73)**	**344**	**346**	**(103)**	**243**
of which minority interest			-			-
Recyclable in profit and loss elements	**-**	**-**	**-**	**-**	**-**	**-**
Fair value adjustments to hedging instruments	-	-	-	-	-	-
of which revaluation reversed in net income	-	-	-	-	-	-
of which revaluation directly in equity	-	-	-	-	-	-
Not recyclable in profit and loss elements	**-**	**-**	**-**			
Actuarial gains and losses on pension obligations	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total gains and losses recognised directly in Equity	**-**	**-**	**-**	**-**	**-**	**-**
of which minority interest			-			-
Total net income and gains and losses recognised directly in Equity	**417**	**(73)**	**344**	**346**	**(103)**	**243**
of which minority interest			-			-
of which attributable to equity holders of the parent			*344*			*243*

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and other reserves				Fair value adjustments - Equity holders of the parent				
(in million euros)	Share capital	Issue, share and merger premiums	Legal reserve and other reserves	Consolidated reserves	Actuarial gains and losses on pension obligations	Financial assets at fair value through other comprehensive income: revaluation	Equity attributable to equity holders of the parent	Minority interests	Total equity
As at 1 January 2020	**145**	**593**	**19**	**688**	**(2)**	**-**	**1,443**	**-**	**1,443**
Appropriation of profit from the previous financial year	-	-	-	-	-	-	-	-	-
Net income and gains and losses recognised directly in equity	-	-	-	243	-	-	243	-	243
Dividend paid to Santander Consumer Finance	-	-	-	(60)	-	-	(60)	-	(60)
Dividend paid to Banque PSA Finance	-	-	-	(60)	-	-	(60)	-	(60)
As at 31 December 2020	**145**	**593**	**19**	**810**	**(2)**	**-**	**1,565**	**-**	**1,565**
Appropriation of profit from the previous financial year	-	-	-	-	-	-	-	-	-
Net income and gains and losses recognised directly in equity	-	-	-	344	-	-	344	-	344
Dividend paid to Santander Consumer Finance	-	-	-	(63)	-	-	(63)	-	(63)
Dividend paid to Banque PSA Finance	-	-	-	(63)	-	-	(63)	-	(63)
As at 31 December 2021	**145**	**593**	**19**	**1,029**	**(2)**	**-**	**1,784**	**-**	**1,784**

On legal terms:

On 31 December 2014, PSA Banque France's share capital was €9,600,000, fully paid-up; it was divided into 600,000 shares.

On 31 December 2015, PSA Banque France's share capital was €144,842,528 fully paid-up; it was divided into 9,052,658 shares.

As a reminder, on 30 January 2015, the following operations were recognised at PSA Banque France:

- *a capital increase for an amount of €131,627,216, through the issue of 8,226,701 new ordinary shares with a value of €16 each in payment for contributions in kind (contribution of SOFIRA and CREDIPAR shares by Banque PSA Finance);*
- *a share premium of an amount of €722,082,615.23 corresponding to the difference between the value of the contributions, representing €853,709,831.23, and the nominal value of the shares issued in payment for the contributions, representing €131,627,216;*
- *a cash capital increase of a nominal amount of €3,615,312 through the issue, with maintaining of preferential right to subscribe, of 225,957 shares of €16 nominal value each associated with a total premium of €19,832,904.52.*

Since 31 December 2016, PSA Banque France's share capital is €144,842,528 fully paid-up; it is divided into 9,052,658 shares.

In accordance with the Amendment to IAS 1 - Presentation of Financial Statements - Capital Disclosures, the necessary information is given in the "Regulatory capital and regulatory capital requirements" section of the Management Report.

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in million euros)	**31/12/2021**	**31/12/2020**
Pre-tax income	**417**	**346**
Non-cash items		
Net depreciation and impairment of property and equipment and intangible assets	6	3
Net depreciation and provisions	33	62
Net gain/loss of investing activities	(0)	0
Income/expenses of financing activities	2	3
Other movements	(20)	(22)
Total of non-monetary items included in the pre-tax income and other adjustments	**21**	**46**
Change in credit institutions items	(975)	1,045
Change in customer items	72	(45)
Change in financial assets and liabilities	676	(1 288)
Change in non-financial assets and liabilities	(8)	(99)
Tax paid	(65)	(17)
Net decrease/increase of assets and liabilities provided by operating activities	**(300)**	**(404)**
Net cash provided by operating activities (A)	**138**	**(12)**
Change in equity investments	**(1)**	**-**
Inflows from disposals of shares in subsidiaries, net of cash transferred	-	-
Outflows linked to acquisitions of shares in subsidiaries, net of cash transferred	(1)	-
Change in property and equipment and intangible assets	**(2)**	**(2)**
Outflows from acquisitions of property and equipment and intangible assets	(3)	(7)
Inflows from disposals of property and equipment and intangible assets	1	5
Effect of changes in scope of consolidation	**-**	**-**
Net cash used by investing activities (B)	**(3)**	**(2)**
Cash flows from or to shareholders		
Outflows for the dividends paid to:	(126)	(120)
> Santander Consumer Finance	(63)	(60)
> Banque PSA Finance	(63)	(60)
Inflows from issuance of equity instruments	-	-
Other net cash from financing activities		
Inflow/(outflow) linked to subordinated debt/lease liability	(7)	(4)
Net cash used by financing activities (C)	**(133)**	**(124)**
Effect of changes in exchange rates (D)	**-**	**-**
Net increase/(decrease) of cash and cash equivalents (A + B + C + D)	**2**	**(138)**
Cash and cash equivalents at the beginning of the period	**1,286**	**1,424**
Cash, central banks (assets and liabilities)	487	453
Demand accounts (assets and liabilities) and loans/borrowing with credit institutions	799	971
Cash and cash equivalents at the end of the period	**1,288**	**1,286**
Cash, central banks (assets and liabilities)	818	487
Demand accounts (assets and liabilities) and loans/borrowing with credit institutions	470	799

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF NOTES

NOTE 1 Main events of the financial year and Group structure

A. MAIN EVENTS OF THE FINANCIAL YEAR

Partnership between Banque PSA Finance and Santander Consumer Finance

2021 was the seventh year of the partnership between Banque PSA Finance and Santander Consumer Finance.

The cooperation with Santander Consumer Finance enhances the activities of PSA Banque France, thanks to more competitive offers dedicated to the Peugeot, Citroën and DS customers and dealer networks.

Management and measures in the context of Covid-19

The global Covid-19 pandemic affected the production and commercial activities of STELLANTIS. In order to deal with this unprecedented health crisis, which imposed several lockdown periods, of which from 3 April to 3 May 2021, the PSA Banque France Group has implemented several measures to ensure the continuity of its operations and to constantly support the activity of its customers.

The support measures related to the moratoria consisted of one or more deferrals of instalments for end-user customers and also for certain financing activities of the dealer network.

These support measures expired on 31 May 2021.

A more detailed description is provided in Section 1.1.2.2 F “Management and measures in the context of Covid-19” of Chapter 1 of the management report.

Refinancing strategy in the context of Covid-19

The PSA Banque France Group benefits from funding raised on capital markets (negotiable debt securities and bond issues under EMTN programme), provided by debt securitisation transactions, retail savings inflow from French customers, access to the refinancing operations of the European Central Bank (ECB) and bilateral bank credit lines, in addition to intra-group financing provided directly by Santander Consumer Finance.

This diversified refinancing policy model demonstrated its resilience in the context of the Covid-19 pandemic by continuing to ensure optimised refinancing conditions for PSA Banque France, enabling it to take advantage of the sources of financing with the most favourable terms. In 2021, the PSA Banque France Group has:

- issued its sixth EMTN bond;
- increased its total participation in TLTRO-III operations to €2,825 million in the first half of 2021 and extended the average maturity with an early repayment of €1.1 billion in September to allow participation in Series 9 of the TLTRO-III for an equivalent amount;
- placed its second public transaction Auto ABS French Leases 2021 in June.

B. CHANGES IN GROUP STRUCTURE

In June 2021, CREDIPAR sold receivables to the FCT Auto ABS French LT Leases 2021 corresponding to future lease payment of leasing contracts with a purchase option. CREDIPAR retains most of the operating income attached to the receivables sold to the FCT. Consequently, this latter has been fully consolidated since June 2021.

In December 2021, CREDIPAR bought back the receivables sold to the FCT Auto ABS French Leases 2018 created in 2018 pending the final liquidation of this sub-fund in the beginning of 2022. As the FCT is consolidated, this transaction is neutral on the PSA Banque France Group’s consolidated financial statements.

C. LIST OF CONSOLIDATED COMPANIES

Companies	Country ISO code	PSA Banque France interest % Direct	Indirect %	Indirect Held by	31/12/2021 Consolidation method	31/12/2021 % interest	31/12/2020 Consolidation method	31/12/2020 % interest
Subsidiaries								
Sales financing								
CREDIPAR	FR	100	-		FC	100	FC	100
CLV	FR	-	100	CREDIPAR	FC	100	FC	100
Special purpose entities								
FCT Auto ABS French Loans Master	FR	-	-		FC	100	FC	100
FCT Auto ABS DFP Master – Compartment France 2013	FR	-	-		FC	100	FC	100
FCT Auto ABS French Leases Master – Compartment 2016	FR	-	-		FC	100	FC	100
FCT Auto ABS French LT Leases Master	FR	-	-		FC	100	FC	100
FCT Auto ABS French Leases 2018	FR	-	-		FC	100	FC	100
FCT Auto ABS French Leases 2021	FR	-	-		FC	100	-	-

NOTE 2 Accounting policies

In accordance with European Council Regulation 1606/2002/EC dated 19 July 2002 on the application of international accounting standards from 1 January 2005, PSA Banque France Group's consolidated financial statements for the financial year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable and adopted by the European Union as of that date.

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

The standards and interpretations were unchanged compared to 31 December 2020, except for the adoption of standards and interpretations whose application was compulsory for the first time in 2021.

New IFRS and IFRIC Interpretations compulsorily applicable to the financial year commencing on 1 January 2021

There are no new compulsory texts on 1 January 2021, to be applied by PSA Banque France Group.

Recent developments of the IFRS Interpretations Committee ("IFRIC")

In April 2021, the IFRS Interpretation Committee issued an agenda decision in order to clarify the periods of service to which benefits are attributed for defined benefit plans under IAS 19. As at 31 December 2021, provisions for pension obligations included on the liabilities side of the PSA Banque France balance sheet amounted to €13 million.

All other texts have no impact on the PSA Banque France Group.

Format of the financial statements

As no template is provided in IFRS, the financial reports of the PSA Banque France Group are presented largely in accordance with the French Accounting Standards Authority (*Autorité des Normes Comptables*, ANC) Recommendation No. 2017-02 of 2 June 2017 related to the presentation of the consolidated financial statements of financial institutions prepared under IFRS. The PSA Banque France Group's consolidated financial statements include prior year comparatives.

The consolidated financial statements include the financial statements of PSA Banque France and its subsidiaries, in accordance with the consolidation principles set out in "Consolidation methods" in Section A.1 below.

The financial statements of PSA Banque France and its subsidiaries are prepared in accordance with the accounting principles in force in France and, for reasons of consistency, are adjusted before being consolidated.

The accounting principles used are described in Sections B to G below.

Related parties correspond to entities which have exclusive control or joint control of the reporting entity or significant influence over the reporting entity according to the definition indicated by IAS 24R.

The annual consolidated financial statements and notes for the PSA Banque France Group were approved by the Board of Directors on 24 February 2022.

A. CONSOLIDATION PRINCIPLES

A.1 Consolidation methods

Companies over which PSA Banque France directly or indirectly has exclusive control are fully consolidated.

All intra-group transactions and balances between the entities of the Group are eliminated in consolidation.

A.2 Foreign currency transactions

Transactions in foreign currencies are measured and recognised in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. Pursuant to this standard on the one hand, and to the regulations applicable to French banks on the other, transactions denominated in foreign currencies are recognised in their original currency. At each closing date, balance sheet items in foreign currencies are revalued at fair value at the ECB closing exchange rate. The corresponding fair value adjustments are recorded in the income statement under "Foreign currency transactions". As at 31 December 2021, there was no fair value adjustment related to foreign currency transactions in the financial statements of PSA Banque France.

A.3 Use of estimates and assumptions

The preparation of financial statements in accordance with IAS/IFRS accounting principles requires Management to take into account estimates and assumptions to determine the amounts recognised for certain assets, liabilities, income and expenses, as well as certain information given in the notes on contingent assets and liabilities. The estimates and assumptions used are those that Management considers to be the most appropriate and reasonable, considering the Group's environment.

Due to the inherent uncertainty of these valuation methods, the actual final amounts may differ from those previously estimated.

To limit these uncertainties, estimates and assumptions are reviewed periodically; the changes made are immediately recognised, in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

The use of estimates and assumptions is of particular importance in the following areas:

- fair value of assets and liabilities at fair value through profit or loss;
- recoverable amount of customer loans and receivables;
- fair value adjustments to portfolios hedged against interest rate risk;
- deferred tax assets;
- value in use of property and equipment and their useful lives;
- provisions;
- long-term refinancing debt (TLTRO-III);
- pension obligations

A.4 Main adjustments in the consolidated financial statements

Measurement and accounting of derivatives, hedge accounting IAS 39

In the PSA Banque France financial statements prepared according to French standards, the fair value principle under IAS 39 – *Financial Instruments: Recognition and Measurement* is not applied. Recognition at fair value of derivative instruments, financial assets or certain financial liabilities at fair value through profit or loss as well as application of hedge accounting in accordance with IAS 39, require adjustments in the consolidated financial statements, and whose principles are detailed in Section C "Financial assets and liabilities" below. The fair value measurement principles are applied in accordance with IFRS 13.

Deferred taxes

Certain adjustments to the PSA Banque France financial statements to align them with the accounting principles used for consolidation, as well as certain tax deferrals that exist in the PSA Banque France financial statements or arising from consolidation adjustments, can generate temporary differences between the tax base and the adjusted income. In accordance with IAS 12 – *Income Taxes*, deferred taxes are recognised in the consolidated financial statements for these differences using the liability method, where they can reasonably be expected to be recovered. Deferred tax assets, subject to the same qualification, are recognised for tax loss carryforwards when recoverability is probable.

B. FIXED ASSETS

B.1 Property, plant and equipment

According to IAS 16 – *Property, Plant and Equipment*, property and equipment are recognised at acquisition cost. Property and equipment other than land are depreciated on a straight-line basis over their estimated useful lives, the main ones being as follows:

- buildings: 20 to 30 years;
- transport equipment: 4 years;
- other property, plant and equipment: 4 to 10 years.

Depreciation is calculated after deducting the asset residual value, if any. Except in special cases, residual values are null.

The useful life of these assets is reviewed at each closing date and adjusted where necessary.

Following the entry into force of IFRS 16 – *Leases* from 1 January 2019, all leases are treated by the lessee as the acquisition of a right to use an asset, during the term of the contract, in return for the obligation to pay the lease payments.

As a result, from the outset, PSA Banque France, as a lessee, recognises this right of use, which is amortised over the term of the contract. In return, a lease liability is recognised in other financial liabilities. Lease payments are made in the form of repayment instalments, including a capital and an interest portion in the income statement. As a result, the annual lease expense (depreciation and interest for the period) decreases over the term of the contract.

B.2 Impairment of fixed assets

In accordance with IAS 36 – *Impairment of Assets*, the value in use of property, equipment and intangible assets is tested if any indication of impairment, reviewed at each closing date. Assets with indefinite useful lives must be tested for impairment at least annually, a category limited in the case of the Group to goodwill, and only in cases where the asset in question is significant.

For this test, fixed assets are grouped into Cash Generating Units (CGUs) and goodwill is allocated to the CGU concerned. CGUs are homogeneous groups of assets whose continuing use generates cash inflows that are largely independent of the cash inflows generated by other groups of assets. The value in use of these units is measured as the present value of future net cash flows. When this value is lower than the carrying amount of the CGU, an impairment loss is recognised for the difference and is first recorded as an adjustment to the carrying amount of any goodwill.

The PSA Banque France Group as a whole corresponds to a unique CGU.

C. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are measured and recognised in accordance with IFRS 9 adopted by the European Commission in November 2016 (Regulation (EU) 2016/2067).

As allowed under IFRS 9, the PSA Banque France 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 recognised in the balance sheet on the transaction date (see Section C.5.2 below).

The PSA Banque France Group recognises passbook savings accounts under "Due to customers".

C.1 Derivatives – hedging method

C.1.1 Principles of recognition of derivatives and hedges

All derivatives are recognised in the balance sheet at fair value. Except in the case of hedging, detailed below, the change in the fair value of derivative instruments is recognised in profit or loss.

Derivatives may be designated as hedging instruments in a fair value or cash flow relationship:

- a fair value hedge is used to hedge the risk of changes in the value of any asset or liability due to changes in interest rates or exchange rates;
- cash flow hedge is used to hedge changes in the value of future cash flows from existing or future assets or liabilities.

Derivatives qualify for hedge accounting if the following conditions are met:

- 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 effectiveness of the hedging relationship is also demonstrated in subsequent periods, at each closing date.

The application of hedge accounting results in:

- as part of fair value hedging strategy, the hedged portion of the asset or liability is recognised in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognised 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. In the financial statements, fair value adjustments to hedged financial assets and liabilities are respectively reported under "Fair value adjustments to finance receivable portfolios hedged against interest rate risks" in assets for hedged finance receivables and "Fair value adjustments to debt portfolios hedged against interest rate risks" 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 recognised in equity. The gains and losses recognised in equity are symmetrically reclassified to profit or loss with the gain or loss on the hedged items.

The ineffective portion of the gain or loss arising from remeasurement at fair value, regardless of the hedging strategy, is systematically recognised in profit or loss.

C.1.2 Presentation of derivatives in the financial statements

On the balance sheet:

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

In the income statement:

- the impact on profit or loss of changes in the value of hedging derivatives used in fair value hedging strategies is presented in the same line as that of the hedged items, i.e. under "Net gains or losses on financial assets at fair value through profit or loss";
- the ineffective portion of changes in the fair value of cash flow hedges is also recorded under "Net gains or losses on financial assets at fair value through profit or loss";
- the impact on profit or loss of changes in the value of derivatives not used for hedging purposes is recognised in trading, with the exception of:
  - derivatives used for economic hedging of cash investments, the change in value of which is recorded under "Net gains or losses on financial assets at fair value through profit or loss",
  - derivatives used for economic hedging of certain debts recognised at fair value through profit or loss, the change in value of which is also recognised under "Net gains or losses on financial assets at fair value through profit or loss".

IFRS 13 requires to present valuation techniques for financial assets and financial liabilities at fair value, as well as their hierarchy (level 1, 2 or 3).

Valuation techniques must maximise the use of observable market data. These techniques are classified according to a three-level hierarchy (in descending order of priority), similar to IFRS 7 hierarchy for financial instruments:

- **level 1:** quoted price (without adjustment) on an active market for an identical instrument.

  An active market is a market in which transactions in the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;
- **level 2:** valuation using only observable data on an active market for a similar instrument;
- **level 3:** valuation significantly using at least one element of non-observable data.

  The valuations in the balance sheet are level 1, 2 or 3, reported in Note 21 – Fair value of financial assets and liabilities.

C.2 Financial assets at fair value through profit or loss

Are recognised under "Financial assets at fair value through profit or loss":

- the positive fair values of other derivative instruments that do not qualify for hedge accounting under IFRS 9;
- securities to be received, as from the transaction date.

C.3 Financial liabilities at fair value through profit or loss

This item includes financial liabilities designated under the fair value through profit or loss option. This option makes it possible to measure financial instruments at fair value through profit or loss provided that this designation is irrevocable and is made at the time of initial recognition. The purpose of this option is to improve the presentation of the financial statements by recognising fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in PSA Banque France Group's issuer spread.

Financial liabilities at fair value through profit or loss also include the negative fair value of others derivatives that do not qualify for hedge accounting under IFRS 9, including interest rate swaps intended to economically hedge financial assets or liabilities at fair value through profit or loss.

C.4 Customer loans and receivables

The different categories of customers are presented in Section E "Segment information" below.

Outstanding customer loans are analysed by type of financing:

- **financing in the following categories**, as defined by French banking regulation:
  - loans,
  - leasing with purchase option,
  - long-term leases.

  As specified in Section C.4.2 below, leasing with a purchase option and long-term leases are both presented as a loan.

  The aforementioned financing are mainly intended for the following customer segments:
  - **Retail** (individuals, small companies or larger companies not meeting the criteria for classification as Corporate, Sovereign, Bank and Local Government),
  - **Corporate and equivalent** (including the Corporate other than dealers, Sovereigns, Banks and Local Governments),
  - and in certain cases for the **Corporate dealer**;
- **trade receivables,** as defined by French banking regulations. They finance the dealer network's vehicles and spare parts.

  The aforementioned financing are mainly intended for the Corporate dealer segment (mainly dealers of the Peugeot, Citroën and DS brands, importers of Peugeot, Citroën and DS new vehicles, certain used vehicle dealers);
- other receivables (equipment loans, revolving credit, etc.) and ordinary customer accounts.

C.4.1 Valuation of outstanding loans and receivables at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is part of a business model whose objective is to hold financial assets in order to collect contractual cash flows from them;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The outstanding loans recognised in the balance sheet correspond to PSA Banque France Group's net commitment. Therefore, as well as the principal amount outstanding and accrued interest, the carrying amount of customer receivables excluding the application of the hedge accounting (see Section C.4.3 herein below) also includes:

- commissions paid to referral agents as well as external direct administrative expenses incurred to set up these loans, which are added to the principal amount outstanding;
- the subsidies received from the brands as well as the application fees to be spread out, which are deducted from the principal amount outstanding;
- guarantee deposits received at the inception of finance leases, which are deducted from principal amount outstanding.

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

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

C.4.2 Finance leases and long-term leases

In accordance with IFRS 16 – *Leases* and IFRS 9, vehicles leased to customers are recognised in substance as loans, because the PSA Banque France Group does not bear the risks and rewards of ownership of the vehicle (see Note 8.1 – Analysis by type of financing).

Consequently, lease payments and amortisation are adjusted in order to present all of these transactions as outstanding loans.

C.4.3 Hedges of interest rate risk on outstanding loans and receivables

Outstanding loans can be hedged against interest rate risk.

Using fair value hedges that qualify for hedge accounting, gains and losses arising from remeasurement at fair value of the hedged portion of the loans are recognised in profit or loss (see Section C.1.1 "Principles of recognition of derivatives and hedges" above).

C.4.4 Impairment losses of outstanding loans and receivables

Impairment losses are identified separately under specific items.

The different categories of customers are presented in Section E "Segment information" below.

In accordance with IFRS 9, outstanding Retail and Corporate loans are concerned by impairements for expected credit losses since their initial recognition.

The financial instruments concerned are classified into three stages depending on the evolution of the credit risk since their initial recognition. An impairment loss is recognised on outstanding amount of each of these stages according to the following principles:

Stage 1

Performing loans without significant increase in credit risk since initial recognition. The impairment or provision for credit risk is recognised in the amount of 12-month expected credit losses. Interest income is recognised through profit or loss using the effective interest method applied to the gross carrying amount of the asset before impairment.

Stage 2

Performing loans, in the event of a significant increase in credit risk since initial recognition, are transferred to stage 2. The impairment or provision for credit risk is determined on the basis of the expected losses over the remaining life of the instrument (lifetime expected losses). Interest income is recognised in profit or loss using the effective interest method applied to the gross carrying amount of the asset before impairment.

Stage 3

The outstanding loans called "impaired" under IFRS 9 are classified in stage 3. These are outstanding loans for which there is objective evidence of impairment due to an event that characterises a counterparty risk and that occurs after the initial recognition of the instrument concerned. Stage 3 includes receivables for which a default event has been identified as defined in Article 178 of the European Regulation of 26 June 2013 on prudential requirements for credit institutions. The impairment or the provision for credit risk is calculated as the expected losses over the remaining life of the instrument (lifetime expected losses) on the basis on the recoverable amount of the receivable, i.e. the present value of the estimated future cash flows taking into account the effect of guarantees. Interest income is recognised in profit or loss using the effective interest method applied to the net carrying amount of the asset before impairment.

Classification in loss/write off

The PSA Banque France Group's procedures provide for the classification in loss/write off of Retail receivables with past-due instalments of more than 48 months, 36 months or 24 months, depending on the type of financing, as well as Corporate receivables when a loan is considered irrecoverable. The loss is recognised through the PSA Banque France financial statements. The previously recognised impairment loss is also reversed in profit or loss and any subsequent recoveries are credited to the income statement under "Cost of risk".

C.5 Financial liabilities

Liabilities are initially recognised at their fair value. Their carrying amount therefore comprises the principal amount outstanding and accrued interest, plus:

- debt issuance, brokerage or set-up costs;
- issue or redemption premiums.

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.5.1 Hedges of interest rate risk on financial liabilities

Financial 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 recognised in profit or loss and are offset by the effective portion of changes in the fair value of the swaps (see Section C.1.1 "Principles of recognition of derivatives and hedges", above).

C.5.2 Debt securities

Debt securities include certificates of deposit, bonds, interbank instruments and negotiable debt securities, excluding subordinated securities classified as subordinated debt.

Securities to be delivered as from the transaction date are also recognised under "Debt securities".

D. PROVISIONS

In accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognised when the Group has a present obligation towards a third party as a result of a past event and it is probable or certain that an outflow of resources embodying economic benefits to this third party, and no equivalent inflow is expected. In the case of a restructuring, an obligation arises when the restructuring has been announced with a detailed formal plan or the Group has started to implement a restructuring plan.

Provisions are discounted only when the effect is material.

E. SEGMENT INFORMATION

In accordance with IFRS 8, the PSA Banque France Group has identified the following three segments, in convergence with the prudential framework ("Basel II" portfolios):

- Retail: mainly corresponding to individual customers and small and medium-sized companies;
- Corporate dealers: corresponding to the own or independent dealer networks of the Peugeot, Citroën and DS brands, importers of new Peugeot, Citroën and DS vehicles, as well as certain used vehicle dealers;
- Corporate and equivalent: referring to any:
  - companies belonging to a multinational group or whose total outstandings exceed a set threshold (Corporate other than dealers),
  - customers coming directly from a State or government structure (Sovereigns),
  - banking companies or investment firms supervised and regulated by the banking authorities (Banks),
  - regional government or local authorities (local governments).

A breakdown by segment of the balance sheet and income statement is provided in Note 31 – Segment information.

F. PENSION OBLIGATIONS

In addition to standard pensions payable under local legislation, PSA Banque France Group employees receive supplementary pension and retirement benefits (see Note 18 – Provisions). These benefits are paid either under defined contribution or defined benefit plans.

Under defined-contribution plans, the Group has no other obligation than the payment of contributions; the expense corresponding to these contributions paid is recognised in profit or loss for the financial year.

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. This final obligation is then discounted to present value. The calculations mainly take into account:

- an assumed retirement date;
- a discount rate;
- an inflation rate;
- assumptions concerning rates of salary increase and of employee turnover.

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

Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred - give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These differences are recognised in the "Net income and gains and losses recognised directly in equity" statement (OCI), and will not be reclassified in the income statement.

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

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

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

The net cost of defined benefit pension plans for the financial year therefore corresponds to the sum of the following::

- the service cost rendered and past (in "Operating income", under "General operating expenses – personnel costs");
- the finance cost less the expected yield on plan assets (recognised in "Non-operating income" in "Pension obligation – expense" or "Pension obligation – income"). These two items (finance cost and expected yield on assets) are measured based on the rate used to discount the obligations;
- any adjustment to the IFRIC 14 minimum funding requirement liability (recognised in Non-operating income, in "Pension obligation – expense" or "Pension obligation – income").

Other employee benefits covered by provisions concern mainly long-service awards payable by the subsidiaries.

When the plan provides for the payment of a retirement benefit to employees, if they are present at the date of their retirement and amount of which depends on length of service and is capped at a certain number of years of service, the obligation is spread over the years of service preceding retirement in respect of which employees generate a right to benefits, in accordance with the IFRIC decision of April 2021 on attributing benefits to periods of service (IAS 19).

There is no longer any obligation in respect of the residual debt contracted in France at the Banking Industry Pension Fund (*Caisse de Retraite du Personnel Bancaire, the CRPB*), the payments received to this date cover the entirety of the benefit plans according to the latest estimations of the experts.

G. SIGNATURE COMMITMENTS

In accordance with the requirements of IFRS 9, irrevocable commitments given or received by Group companies are recognised in the balance sheet at their fair value (irrevocable financing commitments given to customers, corresponding to the period between the loan offer made to the customer and the date when the funds are released, other commitments received or given, etc.). As the terms of these commitments are close to market conditions, their fair value is zero.

Provisions are taken for impairment of financing or guarantee commitments in accordance with IAS 37 and presented under "Cost of credit risk" in accordance with recommendation No. 2017-02 of 2 June 2017. These signature commitments are reported at their nominal amount in Note 22 – Other commitments.

Derivative financial instrument commitments (forward rate agreements or currency instruments) are described in Section C.1 above and are reported at their nominal value in Note 26 – Net gains or losses on financial assets at fair value through profit or loss.

NOTE 3 Cash, central banks

(in million euros)	31/12/2021	31/12/2020
Cash and post office banks		
Central bank*	818	487
of which compulsory reserves deposited with the Banque de France	*33*	*37*
TOTAL	**818**	**487**

* *Apart from compulsory reserves, the supplementary deposits on the Banque de France account correspond to a high-quality liquidity asset type investment in order to comply with the Liquidity Coverage Ratio (LCR).*

NOTE 4 Financial assets at fair value through profit or loss

4.1 ANALYSIS BY NATURE

(in million euros)	31/12/2021	31/12/2020
Fair value of trading derivatives (1)	**2**	**1**
of which related companies with Santander Consumer Finance Group	*2*	*-*
Offsetting positive fair value and received margin calls	**-**	**(1)**
Accrued interest on trading derivatives	**0**	**-**
of which related companies with Santander Consumer Finance Group	*0*	*-*
Contributions to the guarantee of deposits (2)	**5**	**-**
of which "certificat d'associés" (FGDR)	*4*	*-*
of which "certificat d'association" (FGDR)	*1*	*-*
TOTAL	**7**	**-**

(1) The swaps classified as held for trading are related to securitisation activities. With the exception of intermediation fees, changes in the fair value of these swaps are offset by changes in the fair value of swaps in the opposite direction before offsetting margin calls at CREDIPAR. In fact, the rate of the swap set up in the securitising entity (CREDIPAR) since 2018 includes intermediation costs, whereas this is not the case for the swap set up in the opposite direction in the securitisation vehicle (FCT) (see Notes 12.1 and 26.1).

(2) Reclassification of "certificat d'associés" and "certificat d'association" from other assets to financial assets at fair value through profit or loss.

4.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS TRADING - ASSETS

FOR 2021

	Asset gross amount				
Positive valued swaps *(in million euros)*	**Swap's winning leg**	**Swap's losing leg**	**Asset net amount before offsetting**	**Offsetting with received margin calls**	**Balance sheet amount after offsetting**
Positive fair value	**2.0**	**(0.0)**	**2.0**	**-**	**2.0**
Swaps with margin call	*-*	*-*	*-*	*-*	*-*
Swaps without margin call	*2.0*	*(0.0)*	*2.0*	*-*	*2.0*
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued income	**(0.0)**	**(0.0)**	**(0.0)**	**-**	**(0.0)**
Swaps with margin call	*(0.0)*	*(0.0)*	*(0.0)*	*-*	*(0.0)*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
TOTAL ASSETS	**2.0**	**(0.0)**	**2.0**	**-**	**2.0**
Margin calls received on swaps designated as trading (deferred income - see Note 17)	-	-	-	-	-
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**

* *The front swap of the Auto ABS French Leases 2021 securitisation fund is not subject to a margin call.*

FOR 2020

Positive valued swaps *(in million euros)*	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Positive fair value	**0.6**	**-**	**0.6**	**-**	**0.6**
Swaps with margin call	*0.6*	*-*	*0.6*	*-*	*0.6*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
Offsetting	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Accrued income	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	*-*	*-*	*-*	*-*	*-*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
TOTAL ASSETS	**0.6**	**-**	**0.6**	**(0.5)**	**0.1**
Margin calls received on swaps designated as trading (deferred income - see Note 17)	-	-	0.5	(0.5)	-
TOTAL LIABILITIES	**-**	**-**	**0.5**	**(0.5)**	**-**

NOTE 5 Hedging Instruments – Assets

5.1 ANALYSIS BY NATURE

(in million euros)	31/12/2021	31/12/2020
Positive fair value of instruments designated as hedges of:	**13**	**-**
Bonds	-	-
of which related companies with STELLANTIS	-	-
Borrowings	-	-
EMTN/BMTN	0	-
Customer loans (instalment contracts, leasing with a purchase option and long-term leases)	13	-
of which related companies with STELLANTIS	-	-
Offsetting positive fair value and received margin calls (see Note 5.2)	**(12)**	**-**
Accrued income on swaps designated as hedges	**-**	**-**
TOTAL	**1**	**-**

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

Fair Value Hedge effectiveness is analysed in Note 26.2.

5.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS HEDGES - ASSETS

FOR 2021

Positive valued swaps *(in million euros)*	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Positive fair value	**29.0**	**(16.0)**	**13.0**	**-**	**13.0**
Swaps with margin call	*29.0*	*(16.0)*	*13.0*	*-*	*13.0*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
Offsetting	**-**	**-**	**-**	**(12.4)**	**(12.4)**
Accrued income	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	*-*	*-*	*-*	*-*	*-*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
TOTAL ASSETS	**29.0**	**(16.0)**	**13.0**	**(12.4)**	**0.6**
Margin calls received on swaps designated as trading (deferred income - see Note 17)	-	-	12.4	(12.4)	-
TOTAL LIABILITIES	**-**	**-**	**12.4**	**(12.4)**	**-**

FOR 2020

Positive valued swaps *(in million euros)*	Asset gross amount		Asset net amount before offsetting	Offsetting with received margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Positive fair value	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	*-*	*-*	*-*	*-*	*-*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued income	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	*-*	*-*	*-*	*-*	*-*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**
Margin calls received on swaps designated as trading (deferred income - see Note 17)	-	-	-	-	-
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**

NOTE 6 Financial assets at fair value through other comprehensive income

	31/12/2021		31/12/2020	
(in million euros)	Market value	of which change in value directly recognised in equity	Market value	of which change in value directly recognised in equity
Debt instruments*	70	-	-	-
of which bonds and other debt securities	*70*	-	-	-
TOTAL	**70**	**-**	**-**	**-**

* *The purchase of French government debt securities was made in 2021 in order to obtain additional European Central Bank eligible collateral. The change in the market value of these securities is recognised in equity since they are not intended to be held until maturity.*

NOTE 7 Loans and advances to credit institutions at amortised cost

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in million euros)	31/12/2021	31/12/2020
Demand accounts	**628**	**964**
Ordinary accounts in debit	628	964
of which held by securitisation funds	*102*	*109*
of which pledged for the SRT transaction (1)	*72*	*126*
of which specific dedicated accounts (SDA) (2)	*312*	*228*
Amounts to receive on bank accounts	-	-
Current accounts and overnight loans	-	-
of which related companies with Santander Consumer Finance Group	-	-
Time accounts	**-**	**-**
Accrued interest	**-**	**-**
TOTAL	**628**	**964**

(1) For the benefit of the Auto ABS Synthetic French Loans 2019 securitisation mutual fund.
(2) Accounts opened by CREDIPAR in favour of securitisation funds.

2

NOTE 8 Customer loans and receivables at amortised cost

8.1 ANALYSIS BY TYPE OF FINANCING

(in million euros)	31/12/2021	31/12/2020
Loans	**2,279**	**2,449**
of which securitised (1)	*1,893*	*1,994*
Leasing with a purchase option (2)	**4,635**	**4,336**
Principal and interest	5,206	4,854
of which securitised (1)	*3,054*	*2,270*
Unaccrued interest on leasing with a purchase option	(571)	(518)
of which securitised (1)	*(341)*	*(236)*
Long-term leases (2)	**3,710**	**3,267**
Principal and interest	4,033	3,549
of which securitised (1)	*965*	*1,002*
Unaccrued interest on long-term leases	(323)	(282)
of which securitised (1)	*(99)*	*(95)*
Leasing deposits	-	-
of which securitised (1)	-	-
Trade receivables	**2,494**	**2,998**
Related companies with STELLANTIS	32	6
Non-group companies	2,462	2,992
of which securitised (1)	*766*	*755*
Other finance receivables (including equipment loans, revolving credit)	**500**	**548**
Ordinary accounts in debit	**106**	**80**
Related companies with STELLANTIS	14	1
Non-group companies	92	79
Deferred items included in amortised cost – Customers loans and receivables	**245**	**217**
Deferred acquisition costs	326	306
Deferred loan set-up costs	(6)	(18)
Deferred manufacturer and dealer contributions	(75)	(71)
Total Loans and Receivables at Amortised Cost (3)	**13,969**	**13,895**
of which securitised (1)	*6,238*	*5,690*

(1) The PSA Banque France Group has set up several securitisation programmes (see Note 8.4).

(2) The PSA Banque France Group purchases vehicles from Peugeot, Citroën and DS dealers and leases them to end-user customers. Leases are mainly offered for one to five years. The PSA Banque France Group remains owner of the vehicle throughout the rental period. At the end of a lease with a purchase option, the customer has the choice of returning the vehicle or exercising his purchase option. For long-term lease contracts, the dealer or, in certain cases, the manufacturer himself undertakes to buy the vehicle from the PSA Banque France Group when it is returned by the lessee at the end of the contract at a price determined at the time of the establishment of the lease. This repurchase value of the vehicle corresponds to the estimated residual value of the vehicle at the end of the rental period. This commitment to take back the vehicle allows the PSA Banque France Group to avoid being exposed to the risk associated with the vehicle's recovery and any change in its value at the end of the lease. The amount that the dealer or manufacturer pays to the PSA Banque France Group is not affected by any fees the customer may incur if the vehicle is not in a satisfactory condition or has exceeded its agreed mileage. On the other hand, PSA Banque France Group will generally bear the risk on the resale value of the vehicle if during the rental period of the vehicle, the customer interrupts the payment of his rents. In fact, the predetermined amount of recovery of the vehicle by the dealer or manufacturer may not be sufficient to compensate for the loss of rents not paid by the customer in the event of an early termination, which the PSA Banque France Group analyses as an integral part of the credit risk on the customer. The long-term lease contracts therefore include a clause to compensate for the damage caused by the early termination of the contract.

Consequently, given the commitments received from the dealers or the manufacturer, on the recovery and the residual values of the vehicles at the end of the contract, and these commitments being considered enforceable although the manufacturer is a related party in the sense of IAS 24, PSA Banque France Group considers that it does not bear the risks and advantages related to the value and the ownership of the vehicle. For this reason, lease transactions (lease with purchase option and long-term lease) are considered and accounted for as finance leases and are presented in the accounts as outstanding loans.

(3) All of the Customer Loans and Receivables are denominated in euros.

8.2 CUSTOMER LOANS AND RECEIVABLES BY SEGMENT

			End user					
IFRS 8 Segment	**Corporate Dealers**		**Retail**		**Corporate and equivalent**			
Type of financing	**(A - see B Note 29.1)**		**(B - see A Note 29.1)**		**(C - see C Note 29.1)**		**Total**	
(in million euros)	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
loans	9	11	2,269	2,437	1	1	2,279	2,449
Leasing with a purchase option	7	7	4,585	4,291	43	38	4,635	4,336
Long-term leases	273	237	2,220	2,004	1,217	1,026	3,710	3,267
Trade Receivables	2,494	2,998	-	-	-	-	2,494	2,998
Other finance receivables	494	542	2	3	4	3	500	548
Ordinary accounts in debit	106	80	-	-	-	-	106	80
Deferred items included in amortised cost	8	8	199	177	38	32	245	217
TOTAL CUSTOMER LOANS BY SEGMENT (BASED ON IFRS 8)	**3,391**	**3,883**	**9,275**	**8,912**	**1,303**	**1,100**	**13,969**	**13,895**

8.3 ANALYSIS BY MATURITY

FOR 2021

(in million euros)	**Not broken down**	**0 month to 3 months**	**3 months to 6 months**	**6 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total as at 31/12/2021**
Loans	**5**	**179**	**178**	**345**	**1,560**	**12**	**2,279**
Gross	68	179	178	345	1,560	12	2,342
Total impairment	(63)	-	-	-	-	-	(63)
Leasing with a purchase option	**21**	**316**	**310**	**541**	**3,446**	**1**	**4,635**
Gross	64	316	310	541	3,446	1	4,678
Total impairment	(43)	-	-	-	-	-	(43)
Long-term leases	**28**	**593**	**328**	**658**	**2,103**	**-**	**3,710**
Gross	70	593	328	658	2,103	-	3,752
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(42)	-	-	-	-	-	(42)
Trade receivables	**39**	**2,113**	**271**	**69**	**2**	**-**	**2,494**
Gross	49	2,113	271	69	2	-	2,504
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(10)	-	-	-	-	-	(10)
Other finance receivables	**46**	**130**	**14**	**222**	**77**	**11**	**500**
Gross	71	130	14	222	77	11	525
Total impairment	(25)	-	-	-	-	-	(25)
Ordinary accounts in debit	**106**	**-**	**-**	**-**	**-**	**-**	**106**
Gross	108	-	-	-	-	-	108
Total impairment	(2)	-	-	-	-	-	(2)
Deferred items included in amortised cost	**245**	**-**	**-**	**-**	**-**	**-**	**245**
TOTAL NET LOANS AND RECEIVABLES	**490**	**3,331**	**1,101**	**1,835**	**7,188**	**24**	**13,969**
Gross	430	3,331	1,101	1,835	7,188	24	13,909
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(185)	-	-	-	-	-	(185)
Deferred items included in amortised cost	245	-	-	-	-	-	245

FOR 2020

(in million euros)	Not broken down	0 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total as at 31/12/2020
Loans	**5**	**179**	**178**	**345**	**1,560**	**12**	**2,449**
Gross	68	179	178	345	1,560	12	2,511
Total impairment	(63)	-	-	-	-	-	(62)
Leasing with a purchase option	**21**	**316**	**310**	**541**	**3,446**	**1**	**4,336**
Gross	64	316	310	541	3,446	1	4,389
Total impairment	(43)	-	-	-	-	-	(53)
Long-term leases	**28**	**593**	**328**	**658**	**2,103**	**-**	**3,267**
Gross	70	593	328	658	2,103	-	3,312
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(42)	-	-	-	-	-	(45)
Trade receivables	**39**	**2,113**	**271**	**69**	**2**	**-**	**2,998**
Gross	49	2,113	271	69	2	-	3,005
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(10)	-	-	-	-	-	(7)
Other finance receivables	**46**	**130**	**14**	**222**	**77**	**11**	**548**
Gross	71	130	14	222	77	11	568
Total impairment	(25)	-	-	-	-	-	(21)
Ordinary accounts in debit	**106**	**-**	**-**	**-**	**-**	**-**	**80**
Gross	108	-	-	-	-	-	82
Total impairment	(2)	-	-	-	-	-	(2)
Deferred items included in amortised cost	**245**	**-**	**-**	**-**	**-**	**-**	**217**
TOTAL NET LOANS AND RECEIVABLES	**490**	**3,331**	**1,101**	**1,835**	**7,188**	**24**	**13,895**
Gross	430	3,331	1,101	1,835	7,188	24	13,867
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(185)	-	-	-	-	-	(189)
Deferred items included in amortised cost	245	-	-	-	-	-	217

8.4 REFINANCING PROGRAMMES BY SECURITISATION

	Sold net receivables			
Fund	**Closing, i.e. first date of sale**	**Type of financing**	**As at 31/12/2021**	**As at 31/12/2020**
FCT Auto ABS French Loans Master	13/12/2012 (2)	Loans	1,893	1,994
FCT Auto ABS DFP Master – Compartment France 2013	03/05/2013 (2)	Trade receivables	766	755
FCT Auto ABS French Leases Master – Compartment 2016	28/07/2016 (2)	Leasing with a purchase option (1)	1,729	1,783
FCT Auto ABS French LT Leases Master	27/07/2017 (2)	Long-term leases (3)	866	907
FCT Auto ABS French Leases 2018	23/11/2018	Leasing with a purchase option (1)	-	251
FCT Auto ABS French Leases 2021	28/06/2021	Leasing with a purchase option (1)	984	-
TOTAL			**6,238**	**5,690**

(1) Sold receivables correspond to future lease payments and receivables of the vehicle sale or purchase option (leases with a purchase option or finance leases).

(2) The monthly issuances of these funds enable the adjustment of the liabilities of the fund towards the portfolio to be refinanced (portfolio that can increase or decrease) up to the maximum programme size.

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

When CREDIPAR is refinanced through securitisation, CREDIPAR uses Special Purpose Vehicles (SPV) to which it assigns its receivables. The funds are special purpose entities that are fully consolidated by the PSA Banque France Group as its CREDIPAR subsidiary retains the majority of the risks (mainly credit risk) and rewards (net banking revenue) generated by the special entities.

The credit enhancement techniques used by the PSA Banque France Group as part of its securitisation transactions retain on its books the financial risks inherent in these transactions. The Group also finances all liquidity reserves which enable it to manage specific risks. Lastly, the Group remains the exclusive beneficiary of the benefits which derive from these transactions, particularly where the remuneration received as counterparty for the placing of the senior tranches on the majority of the transactions is concerned.

NOTE 9 Fair value adjustments to finance receivables portfolios hedged against interest rate risk

(in million euros)	31/12/2021	31/12/2020
Fair value adjustments to*		
Loans	(3)	-
Leasing with a purchase option	(5)	(1)
Long-term leases	(4)	-
Trade receivables	-	-
TOTAL	**(12)**	**(1)**

* *Hedging effectiveness is analysed in Note 26.2.*

NOTE 10 Accruals and other assets

(in million euros)	31/12/2021	31/12/2020
Other receivables	**127**	**186**
of which related companies with STELLANTIS	*78*	*128*
Prepaid and recoverable taxes	**45**	**59**
Accrued income	**7**	**8**
of which related companies with STELLANTIS	*6*	*6*
Prepaid expenses	**3**	**4**
of which margin calls paid on swaps	*0*	*-*
of which related companies with Santander Consumer Finance Group	*0*	*4*
of which non-group companies	*-*	*(4)*
Other	**42**	**51**
of which related companies with Santander Consumer Finance Group	*26*	*10*
TOTAL	**224**	**308**

NOTE 11 Property and equipment and intangible assets

	31/12/2021			31/12/2020		
(in million euros)	Cost	Depreciation/ amortisation	Net	Cost	Depreciation/ amortisation	Net
Property and equipment	**29**	**(12)**	**17**	**24**	**(7)**	**17**
Land and buildings - Right of Use*	17	(8)	9	12	(3)	9
Vehicles	6	(2)	4	6	(2)	4
Other	6	(2)	4	6	(2)	4
Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**29**	**(12)**	**17**	**24**	**(7)**	**17**

* *In accordance with IFRS 16, property and equipment include rights of use (leases) with a gross value of €17 million and a corresponding depreciation/amortisation of -€7.7 million as at 31 December 2021.*

CHANGES IN GROSS VALUES

(in million euros)	31/12/2020	Acquisitions	Disposals	31/12/2021
Property and equipment	**24**	**8**	**(3)**	**29**
Land and buildings - Right of Use	12	5	-	17
Vehicles	6	3	(3)	6
Other	6	-	-	6
Intangible assets	**-**	**-**	**-**	**-**
TOTAL	**24**	**8**	**(3)**	**29**

CHANGES IN AMORTISATION

(in million euros)	31/12/2020	Charges	Reversals	Other movements	31/12/2021
Property and equipment	**(7)**	**(6)**	**1**	**-**	**(12)**
Land and buildings - Right of Use	(3)	(4)	-	-	(8)
Vehicles	(2)	(1)	1	-	(2)
Other	(2)	(0)	-	-	(2)
Intangible assets	**-**	**-**	**-**	**-**	**-**
TOTAL	**(7)**	**(6)**	**1**	**-**	**(12)**

NOTE 12 Financial liabilities at fair value through profit or loss

12.1 ANALYSIS BY NATURE

(in million euros)	31/12/2021	31/12/2020
Fair value of trading derivatives	**2**	**1**
of which related companies with Santander Consumer Finance Group	*2*	*-*
Offsetting negative fair value and paid margin calls	**(2)**	**-**
Accrued expense on trading derivatives	**0**	**-**
of which related companies with Santander Consumer Finance Group	*0*	*-*
TOTAL	**0**	**1**

The swaps classified as held for trading are related to securitisation activities. With the exception of intermediation fees, changes in the fair value of these swaps are offset by changes in the fair value of swaps in the opposite direction before offsetting margin calls at CREDIPAR.

In fact, the rate of the swap set up in the securitising entity (CREDIPAR) since 2018 includes intermediation costs of the swap counterparty, whereas this is not the case for the swap set up in the opposite direction in the securitisation vehicle (FCT) (see Notes 4.1 and 26.1).

12.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS TRADING - LIABILITIES

FOR 2021

	Liability gross amount				
Negative valued swaps *(in million euros)*	**Swap's winning leg**	**Swap's losing leg**	**Liability net amount before offsetting**	**Offsetting with paid margin calls**	**Balance sheet amount after offsetting**
Negative fair value	**(0.0)**	**2.2**	**2.2**	**-**	**2.2**
Swaps with margin call	*(0.0)*	*2.2*	*2.2*	*-*	*2.2*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
Offsetting	**-**	**-**	**-**	**(2.2)**	**(2.2)**
Accrued expense	**(0.0)**	**-**	**(0.0)**	**-**	**(0.0)**
Swaps with margin call	*-*	*-*	*-*	*-*	*-*
Swaps without margin call	*(0.0)*	*-*	*(0.0)*	*-*	*(0.0)*
TOTAL LIABILITIES	**(0.0)**	**2.2**	**2.2**	**(2.2)**	**(0.0)**
Margin calls paid on swaps designated as trading (prepaid expenses – see Note 10)	-	-	2.3	(2.2)	0.1
TOTAL ASSETS	**-**	**-**	**2.3**	**(2.2)**	**0.1**

FOR 2020

Negative valued swaps *(in million euros)*	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Negative fair value	**-**	**0.6**	**0.6**	**-**	**0.6**
Swaps with margin call	-		-	-	-
Swaps without margin call	-	*0.6*	*0.6*	-	*0.6*
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued expense	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	-	-	-	-	-
Swaps without margin call	-	-	-	-	-
TOTAL LIABILITIES	**-**	**0.6**	**0.6**	**-**	**0.6**
Margin calls paid on swaps designated as trading (prepaid expenses – see Note 10)	-	-	-	-	-
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**

NOTE 13 Hedging instruments – Liabilities

13.1 ANALYSIS BY NATURE

(in million euros)	31/12/2021	31/12/2020
Negative fair value of instruments designated as hedges of:	**0**	**4**
Borrowings	-	-
EMTNs/NEU MTNs	-	-
Bonds	-	-
NEU CP - Other debts securities	-	-
Customer loans (loans, leasing with a purchase option and long-term leases)	0	4
of which related companies with Santander Consumer Finance Group	-	-
Offsetting negative fair value and paid margin calls (see Note 13.2)	**-**	**(4)**
Accrued expenses on swaps designated as hedges	**0**	**-**
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**0**	**-**

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

Fair Value Hedge effectiveness is analysed in Note 26.2.

13.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS HEDGES – LIABILITIES

FOR 2021

Negative valued swaps *(in million euros)*	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Negative fair value	**(0.0)**	**0.1**	**0.1**	**-**	**0.1**
Swaps with margin call	*(0.0)*	*0.1*	*0.1*	*-*	*0.1*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued expense	**(1.0)**	**1.4**	**0.4**	**-**	**0.4**
Swaps with margin call	*(1.0)*	*1.4*	*0.4*	*-*	*0.4*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
TOTAL LIABILITIES	**(1.0)**	**1.5**	**0.5**	**-**	**0.5**
Margin calls paid on swaps designated as hedges (prepaid expenses – see Note 10)	-	-	-	-	-
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**

FOR 2020

Negative valued swaps *(in million euros)*	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Negative fair value	**(8.8)**	**12.2**	**3.4**	**-**	**3.4**
Swaps with margin call	*(8.8)*	*12.2*	*3.4*	*-*	*3.4*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
Offsetting	**-**	**-**	**-**	**(3.8)**	**(3.8)**
Accrued expense	**(0.4)**	**0.7**	**0.3**	**-**	**0.3**
Swaps with margin call	*(0.4)*	*0.7*	*0.3*	*-*	*0.3*
Swaps without margin call	*-*	*-*	*-*	*-*	*-*
TOTAL LIABILITIES	**(9.2)**	**12.9**	**3.7**	**(3.8)**	**(0.1)**
Margin calls paid on swaps designated as hedges (prepaid expenses – see Note 10)	-	-	3.8	(3.8)	-
TOTAL ASSETS	**-**	**-**	**3.8**	**(3.8)**	**-**

NOTE 14 Deposits from credit institutions

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in million euros)	31/12/2021	31/12/2020
Demand deposits	**157**	**164**
Ordinary accounts in credit	57	62
of which related companies with STELLANTIS	-	-
Accounts and deposits at overnight rates	100	101
of which related companies with Santander Consumer Finance Group	*100*	*101*
Other amounts due to credit institutions	1	1
Accrued interest	**-**	**-**
Time deposits (non-group institutions)	**3,810**	**4,785**
Conventional bank deposits	985	2,535
of which related companies with Santander Consumer Finance Group	*885*	*2,235*
Deposits from the ECB (see Note 22)	2,825	2,250
Deferred items included in amortised cost of deposits from credit institutions	**-**	**-**
Debt issuing costs (deferred charges)	-	-
Accrued interest	**(23)**	**(12)**
of which related companies with Santander Consumer Finance Group	-	-
TOTAL DEPOSITS FROM CREDIT INSTITUTIONS AT AMORTISED COST*	**3,945**	**4,937**

* *Total debt is denominated in euros.*

NOTE 15 Due to customers

(in million euros)	31/12/2021	31/12/2020
Demand accounts	**2,935**	**2,816**
Ordinary accounts in credit	307	295
Related companies with STELLANTIS	183	146
Non-group companies	124	149
Passbook savings accounts	2,547	2,441
Other amounts due to customers	81	80
Related companies with STELLANTIS	-	-
Non-group companies	81	80
Accrued interest	**-**	**-**
of which passbook savings accounts	-	-
Time deposits	**415**	**391**
Term deposit accounts	403	380
Other	12	11
Related companies	-	-
Non-group companies	12	11
Accrued interest	**6**	**7**
of which time deposits	*6*	*7*
TOTAL*	**3,356**	**3,214**

* *Total debt is denominated in euros.*
In the segment information, "Customer ordinary accounts in credit", "Passbook savings accounts" and "Term deposit accounts" are classified in "Refinancing" (see Note 31.1).

NOTE 16 Debt securities

16.1 ANALYSIS BY NATURE

(in million euros)	31/12/2021	31/12/2020
Interbank instruments and money-market securities (non-group institutions)	**3,131**	**3,047**
EMTNs and NEU MTNs [(1)]	3,002	2,524
of which paper in the process of being delivered	-	-
NEU CP	129	523
of which paper in the process of being delivered	-	-
Securities issued by securitisation funds [(2)] (see Note 16.3)	**2,300**	**1,637**
Accrued interest	**7**	**7**
Securitisation	-	-
Deferred items included in amortised cost of debt securities	**1**	**(7)**
Debt issuing costs and premiums (deferred charges)	1	(7)
TOTAL DEBT SECURITIES AT AMORTISED COST [(3)]	**5,438**	**4,684**

(1) In January 2021, the PSA Banque France Group issued a sixth EMTN bond in an amount of €500 million with a four-year maturity after having repaid in January 2020 its first EMTN issued in 2017 with a three-year maturity.

(2) In June 2021, the second Auto ABS French Leases 2021 public issued €800 million in senior notes rated AAAsf/AAAsf, of which €500 million were placed in June and then €300 million in October.

(3) Total debt is denominated in euros.

16.2 ANALYSIS BY MATURITY OF DEBT SECURITIES EXCLUDING ACCRUED INTEREST

	31/12/2021			31/12/2020		
(in million euros)	Securitisations	Money-market securities	Other	Securitisations	Money-market securities	Other
Not broken down	-	-	7	-	-	-
0 to 3 months	-	92	-	36	392	-
3 to 6 months	-	520	-	40	45	-
6 months to 1 year	122	699	-	314	423	-
1 to 5 years	2,178	1,820	-	1,247	2,187	-
Over 5 years	-	-	-	-	-	-
TOTAL	**2,300**	**3,131**	**7**	**1,637**	**3,047**	**-**

16.3 SECURITISATION PROGRAMMES

SECURITIES ISSUED BY SECURITISATION FUNDS

(in million euros)			Issued bonds		
Funds	**Bonds**	**Rating (1)**	**As at 31/12/2021**	**As at 31/12/2020**	**At the origin**
FCT Auto ABS French Loans Master		*Fitch/Moody's*			
	Class A	AA/Aa2	1,808	1,901	N/A
	Class B	-	164	169	N/A
FCT Auto ABS DFP Master – Compartment France 2013		*S&P/Moodys*			
	Class S	AA/Aa	670	624	N/A
	Class B	-	109	149	N/A
FCT Auto ABS French Leases Master – Compartment 2016		*Not Rated*			
	Class A	-	947	947	N/A
	Class B	-	832	888	N/A
FCT Auto ABS French LT Leases Master		*Not Rated*			
	Class A	-	600	563	N/A
	Class B	-	302	388	N/A
FCT Auto ABS French Leases 2018		*Moody's/DBRS*			
	Class A	Aaa/AAA	-	115	N/A
	Class B	A1/A (high)	-	60	N/A
	Class C	-	-	90	N/A
FCT Auto ABS French Leases 2021		*S&P/DBRS*			
	Class A	AAA/AAA	800	-	
	Class B	AA+/AA	65	-	
	Class C	-	141	-	
Elimination of intra-group transactions (2)			(4,138)	(4,257)	
TOTAL			**2,300**	**1,637**	

(1) Rating obtained at closing or at last restructuring date of the transaction.
(2) CREDIPAR purchases subordinated securities and can also purchase senior securities, in order to use them as collateral at the European Central Bank.

NOTE 17 Accruals and other liabilities

(in million euros)	31/12/2021	31/12/2020
Trade payables	**110**	**133**
Related companies	63	81
of which related companies with STELLANTIS	*63*	*81*
of which related companies with Santander Consumer Finance Group	-	-
Non-group companies	47	52
Financial debt	**10**	**9**
Non-group companies	10	9
Accrued payroll and other taxes	**41**	**41**
Accrued charges	**235**	**231**
Related companies	30	32
of which related companies with STELLANTIS	*25*	*26*
of which related companies with Santander Consumer Finance Group	*5*	*6*
Non-group companies	205	199
Other payables	**100**	**157**
Related companies	16	17
of which related companies with STELLANTIS	*16*	*17*
Non-group companies	84	140
Deferred income	**17**	**16**
*of which margin calls received on swaps**	-	-
Related companies	23	10
of which related companies with STELLANTIS	*10*	*10*
of which related companies with Santander Consumer Finance Group	*13*	-
Non-group companies	(6)	6
Other	**48**	**52**
Non-group companies	48	52
TOTAL	**561**	**639**

* *The positive fair value of swaps is offset by margin calls received on swaps for €12.4 million as at 31 December 2021 (see Note 5.2), compared with €0.5 million as at 31 December 2020 (see Note 4.2).*

NOTE 18 Provisions

(in million euros)	31/12/2020	Charges	Reversals utilised	Reversals unutilised	Equity	Reclassifications and other	31/12/2021
Provisions for pensions and other post-retirement benefits	12	1	-	-	-	-	13
Provisions for doubtful commitments:	5	5	(5)	-	-	-	5
Corporate dealers	3	2	(2)	-	-	-	3
Corporate and equivalent	2	3	(3)	-	-	-	2
Provisions for commercial and tax disputes	1	1	(1)	-	-	-	1
Other provisions	4	-	-	-	-	-	4
TOTAL	**22**	**7**	**(6)**	**-**	**-**	**-**	**23**

18.1 PENSION OBLIGATIONS

Residual commitments of the Banking Industry Pension Fund plan

The provision for the residual commitments of the Banking Industry Pension Fund plan (*Caisse de Retraite du Personnel Bancaire*) is constituted, if necessary, based on the probable current value of annual payments intended to supplement the resources necessary to the payment of pensions by AGIRC and ARRCO. There is no longer any provision for this commitment as payments made to date cover all acquired rights.

Commitments for retirement benefits and supplementary pensions specific to the Group

As well as the pensions that comply with current legislation, employees of the PSA Banque France Group receive supplementary pensions and retirement benefits when they retire. These benefits are paid either under defined contribution or defined benefit plans.

Under the defined contribution plan, the Group has no obligation other than the payment of contributions; the expense that corresponds to contributions paid is included in profit or loss for the financial year.

Concerning the supplementary pensions paid to personnel who have left the Group, the insurance company has received the necessary funds and is responsible for paying the annuities. The supplementary pension rights acquired for personnel in employment are fully covered by the funds paid to the insurance company.

For the defined benefits plans, the pension and equivalent commitments are evaluated by independent actuaries, according to the projected credit unit 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. This final obligation is then discounted to present value. The calculations mainly take into account:

- an assumed retirement date ;
- a discount rate;
- an inflation rate;
- assumptions concerning rates of salary increase and of employee turnover.

It concerns retirement benefits, for which the acquired rights are fully covered.

Actuarial valuations are performed twice a year at each half year and annual closing for the main plans, and once every three years for the other plans, with more frequent valuations conducted if necessary to take account of changes in actuarial assumptions or significant changes in demographic data. Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred - give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These differences are shown in the “Net income and gains and losses recognised directly in equity” (OCI) item on the year of their recognition.

External funds are called on to cover all pension commitments. Hence, in the event that financial assets exceed recorded commitments, a prepaid expense is recorded as an asset in the balance sheet.

18.2 LONG-SERVICE AWARDS

Long-service award commitments

The latent debt covering future charges for long service awards is fully covered by a provision.

NOTE 19 Subordinated debts

(in million euros)	31/12/2021	31/12/2020
Subordinated debts	155	155
of which related companies with STELLANTIS	*77.5*	*77.5*
of which related companies with Santander Consumer Finance Group	*77.5*	*77.5*
Accrued interest	-	-
of which related companies with STELLANTIS	-	-
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**155**	**155**

19.1 CHANGES IN SUBORDINATED DEBTS

(in million euros)	Opening	Cash flows		Through profit or loss	31/12/2021
		Inflows	Outflows		
Subordinated debts	155	-	-	-	155
Accrued interest	-	-	(2)	2	-
TOTAL	**155**	**-**	**(2)**	**2**	**155**

(in million euros)	Opening	Cash flows: Inflows	Cash flows: Outflows	Through profit or loss	31/12/2020
Subordinated debts	155	-	-	-	155
Accrued interest	-	-	(2)	2	-
TOTAL	**155**	**-**	**(2)**	**2**	**155**

NOTE 20 Analysis by maturity and liquidity risks

Liquidity risk management is described in the "Liquidity and funding risk" section of the Management Report.

The following liquidity risk presentation is based on a detailed breakdown of assets and liabilities analysed by maturity. As a consequence, future interest cash flows are not included in instalments.

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

Items are broken down according to maturity dates. The following principles were adopted:

- non-performing loans and accrued interest are reported in the "not broken down" column;
- overnight loans and borrowings are reported in the "0 month to 3 months" column.

Equity, as it has an undetermined maturity date, is deemed repayable after five years, with the exception of dividends which must be paid within the maximum legal period of nine months after the closing date of the financial year. The fifth resolution submitted for adoption by the General Meeting of 14 April 2022 does not provide for the distribution of dividends to shareholders for the 2021 financial year. The profit to be distributed is allocated in full to retained earnings.

FOR 2021

(in million euros)	Not broken down	0 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	31/12/2021
ASSETS							
Cash, central banks, post office banks	-	818	-	-	-	-	818
Financial assets at fair value through profit or loss	7	-	-	-	-	-	7
Hedging instruments	1	-	-	-	-	-	1
Financial assets at fair value through other comprehensive income	-	30	40	-	-	-	70
Loans and advances to credit institutions	-	628	-	-	-	-	628
Customer loans and receivables	490	3,331	1,101	1,835	7,188	24	13,969
Fair value adjustments to finance receivables portfolios hedged against interest rate risk	(12)	-	-	-	-	-	(12)
Other assets	253	-	-	-	-	-	253
TOTAL ASSETS	**739**	**4,807**	**1,141**	**1,835**	**7,188**	**24**	**15,734**
EQUITY AND LIABILITIES							
Central banks, post office banks	-	(0)	-	-	-	-	(0)
Financial liabilities at fair value through profit or loss	(0)	-	-	-	-	-	(0)
Hedging instruments	(0)	-	-	-	-	-	(0)
Deposits from credit institutions	(21)	436	-	300	3,230	-	3,945
Due to customers	6	2,987	51	94	218	-	3,356
Debt securities	7	92	520	821	3,998	-	5,438
Fair value adjustments to debt portfolios hedged against interest rate risk	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	155	155
Other liabilities	1,056	-	-	-	-	-	1,056
Equity	-	-	-	-	-	1,784	1,784
TOTAL EQUITY AND LIABILITIES	**1,048**	**3,515**	**571**	**1,215**	**7,446**	**1,939**	**15,734**

FOR 2020

(in million euros)	Not broken down	0 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	31/12/2020
ASSETS							
Cash, central banks, post office banks	-	818	-	-	-	-	487
Financial assets at fair value through profit or loss	7	-	-	-	-	-	-
Hedging instruments	1	-	-	-	-	-	-
Financial assets at fair value through comprehensive income	-	30	40	-	-	-	-
Loans and advances to credit institutions	-	628	-	-	-	-	964
Customer loans and receivables	490	3,331	1,101	1,835	7,188	24	13,895
Fair value adjustments to finance receivables portfolios hedged against interest rate risk	(12)	-	-	-	-	-	(1)
Other assets	253	-	-	-	-	-	329
TOTAL ASSETS	**739**	**4,807**	**1,141**	**1,835**	**7,188**	**24**	**15,674**
EQUITY AND LIABILITIES							
Central banks, post office banks	-	(0)	-	-	-	-	-
Financial liabilities at fair value through profit or loss	(0)	-	-	-	-	-	1
Hedging instruments	(0)	-	-	-	-	-	-
Deposits from credit institutions	(21)	436	-	300	3,230	-	4,937
Due to customers	6	2,987	51	94	218	-	3,214
Debt securities	7	92	520	821	3,998	-	4,684
Fair value adjustments to debt portfolios hedged against interest rate risk	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	155	155
Other liabilities	1,056	-	-	-	-	-	1,118
Equity	-	-	-	-	-	1,784	1,565
TOTAL EQUITY AND LIABILITIES	**1,048**	**3,515**	**571**	**1,215**	**7,446**	**1,939**	**15,674**

Covenants

The loan agreements signed by the PSA Banque France Group, including in some cases issues of debt securities, contain 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 collateral to any third parties. These clauses nevertheless comprise exceptions allowing the Group to carry out securitisation programmes or to give assets as collateral;
- material adverse change clauses in the case of a significant negative change in the economic and financial conditions;
- pari passu clauses which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- cross default clauses whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- periodic reporting requirements;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- no change of control meaning that Banque PSA Finance and Santander Consumer Finance no longer each hold 50% of the shares of PSA Banque France, directly or indirectly.

Furthermore, agreements include three specific acceleration clauses requiring:

- a change of shareholding meaning that Banque PSA Finance and Santander Consumer Finance no longer each hold 50% of the shares of PSA Banque France, directly or indirectly;
- the loss by the PSA Banque France Group of its status as a bank;
- non-compliance with the regulatory level for the Common Equity Tier One ratio.

NOTE 21 Fair value of financial assets and liabilities

	Carrying amount	Fair value	Fair value hierarchy		
(in million euros)	**31/12/2021**	**31/12/2021**	**Level 1**	**Level 2**	**Level 3**
ASSETS					
Financial assets at fair value through profit or loss [1]	7	7	-	2	5
Hedging instruments [1]	1	1	-	1	-
Financial assets at fair value through other comprehensive income [2]	70	70	70	-	-
Loans and advances to credit institutions at amortised cost [3]	628	628	-	-	628
Customer loans and receivables at amortised cost [4]	13,957	13,969	-	-	13,969
EQUITY AND LIABILITIES					
Financial liabilities at fair value through profit or loss [1]	0	0	-	0	-
Hedging instruments [1]	-	-	-	-	-
Deposits from credit institutions [5]	3,945	3,930	-	3,895	35
Debt securities [5]	5,438	5,459	3,321	2,138	-
Due to customers [3]	3,356	3,356	-	-	3,356
Subordinated debt [5]	155	154	-	154	-

In accordance with IFRS 13, the calculation of the fair value is presented below:

(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. Their fair value is determined based on valuation techniques using observable market data (level 2).

(2) Financial assets at fair value through other comprehensive income are measured based on available market quotations (level 1).

(3) The fair value of loans and advances to credit institutions and of debts due to customers, mainly short-term operations at adjustable rate, are accordingly close to their amortised cost. Their fair value is determined by applying a valuation that uses, significantly, at least one non-observable item of data (level 3).

(4) Customer loans and receivables are stated at amortised cost. If necessary, they are hedged against interest rate risk (fair value hedge) in order to frame interest rate risk positions within the sensitivity limits defined by the PSA Banque France Group. They are therefore measured 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 amortised cost.

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

(5) Financing liabilities are stated at amortised 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 amortised cost.

The fair value presented above corresponds mainly to the change in the spread (premium over the risk-free rate) paid by the PSA Banque France Group on its financial market borrowings. It is determined according to three following cases:

- *for debt securities, by applying valuation based on available market quotations (level 1) and by applying a valuation based on information collected from our financial partners, in which case the fair value is determined based on valuation techniques using observable market data (level 2);*
- *for debt to credit institutions by applying an assessment based on information collected from our financial partners. In this case, the fair value is determined based on valuation techniques using observable market data (level 2) when they are available, and by applying a valuation using at least one non-observable item of data (level 3);*
- *for subordinated debt, through a valuation based on information collected from our financial partners. In this case, the fair value is determined based on valuation techniques using observable market data (level 2).*

NOTE 22 Other commitments

(in million euros)	31/12/2021	31/12/2020
Financing commitments		
Commitments received from credit institutions	-	-
Commitments given to credit institutions	-	-
Commitments given to customers (1)	936	776
Guarantee commitments		
Commitments received from credit institutions (2)	291	272
Guarantees received in respect of customer loans	291	272
Guarantees received in respect of securities held	-	-
Other guarantees received from credit institutions	-	-
Guarantees given to credit institutions	-	-
Commitments given to customers	4	5
of which related companies with STELLANTIS	-	-
Other commitments received		
Securities received as collateral	-	-
Others (3)	72	126
Other commitments given		
Assets given as collateral for own account, remains available (4)	140	919
of which to the European Central Bank	*140*	*919*

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

(2) As at 31 December 2021, CHUBB guarantees amounted to €216 million compared to €197 million as at 31 December 2020.
As at 31 December 2021, COFACE guarantees amounted to €75 million compared to €75 million as at 31 December 2020.

(3) Financial guarantee received in respect of the SRT transaction.

(4) This is the remaining amount of collateral available at the ECB. CREDIPAR has remitted €2,354 million as ABS securities, €70 million as French Treasury Bills and €766 million as credit claims on its collateral account, that Banque de France has evaluated for a total amount of €2,938 million.
The PSA Banque France Group has drawn €2,825 million (see Note 14) valued at €2,813 million by the Banque de France, therefore €140 million remain available, given a non-used authorised financing of €125 million financing, of which €12 million in negative accrued interest on TLTRO-III.

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

NOTE 23 Interest and similar income

(in million euros)	2021	2020
On financial assets at amortised cost	**536**	**508**
Customer transactions	**508**	**493**
Loans	**134**	**146**
of which related companies with STELLANTIS	*-*	*1*
of which securitised	*104*	*105*
Leasing with a purchase option	**322**	**298**
of which related companies with STELLANTIS	*40*	*43*
of which securitised	*153*	*110*
Long-term leases	**216**	**191**
of which related companies with STELLANTIS	*-*	*-*
of which securitised	*57*	*60*
Trade receivables	**52**	**60**
of which related companies with STELLANTIS	*39*	*41*
Other finance receivables (including equipment loans, revolving credit)	**6**	**9**
of which related companies with STELLANTIS	*-*	*-*
Ordinary accounts	**-**	**-**
Guarantee commitments	**-**	**-**
Commissions paid to referral agents	**(206)**	**(197)**
Loans	(76)	(80)
Leasing with a purchase option / Long-term leases	(130)	(117)
Other financings	-	-
of which related companies with STELLANTIS	*(30)*	*(32)*
Other business acquisition costs	**(16)**	**(14)**
Interbank transactions*	**28**	**15**
Debt securities	**-**	**-**
On financial assets recognised at fair value through other comprehensive income	**-**	**-**
Accrued interest receivable on hedging instruments	**-**	**-**
Other interest income	**-**	**1**
TOTAL	**536**	**509**

* *Corresponds to interest income on TLTRO operations.*

The interest rate retained for targeted longer-term refinancing operations (TLTRO II) driven by the ECB takes into account the confirmation received in 2018 of the negative interest rate of -0.40% (Deposit facility rate). Indeed, the increase of the loans granted to individuals and non financial companies by PSA Banque France during the reference period (January 2016 to January 2018) has been higher than the 2.5%required. A LTRO drawdown was carried out from April to June 2020 at a rate of -0.50%.

Eight TLTRO-III drawdowns have been carried out since September 2019 as well as an early repayment of €1.1 billion in September 2021. The rate applied already takes into account the fact that it will be able to benefit from the subsidised rates over the different periods on the basis of its new loan production (deposit facility rate at -0.50% until 23 June 2020 and from 24 June 2020 deposit facility rate reduced by -0.50% until 23 June 2021 and possibly until 23 June 2022).

The PSA Banque France Group thus considers that the TLTRO drawdowns are at market conditions; IFRS 9 applies de facto.

NOTE 24 Interest and similar expenses

24.1 ANALYSIS BY NATURE

(in million euros)	*Notes*	2021	2020
On financial liabilities at amortised cost		**(70)**	**(75)**
Customer transactions		**(38)**	**(42)**
Loans		-	-
Leasing with a purchase option		-	-
Long-term leases		-	-
Trade receivables		(4)	(4)
Other finance receivables (including equipment loans, revolving credit)		-	-
Ordinary accounts		(0)	(0)
Savings accounts	*24.2*	(21)	(25)
Expenses related to financing commitments received		(12)	(13)
Interbank transactions	***24.3***	**(10)**	**(11)**
Debt securities	***24.4***	**(22)**	**(22)**
Accrued interest receivable on hedging instruments	***24.5***	**(3)**	**(4)**
Other interest expenses		**(6)**	**(9)**
TOTAL		**(79)**	**(88)**

24.2 INTEREST ON SAVINGS ACCOUNTS

(in million euros)	2021	2020
Interest on savings accounts	(21)	(25)
On passbook savings accounts	(16)	(20)
On term deposits	(5)	(5)
TOTAL	**(21)**	**(25)**

24.3 INTEREST ON DEPOSITS FROM CREDIT INSTITUTIONS

(in million euros)	2021	2020
Interest on treasury and interbank transactions	(4)	(5)
of which related companies with STELLANTIS	-	-
of which related companies with Santander Consumer Finance Group	-	*(2)*
Interest expenses of assets	(3)	(1)
Interest expenses comparable to debt issuing costs	(3)	(5)
TOTAL	**(10)**	**(11)**

24.4 INTEREST ON DEBT SECURITIES

(in million euros)	2021	2020
Interest expenses on debt securities	(17)	(17)
of which securitisation: placed bonds	*(3)*	*(4)*
Interest on subordinated debts	(2)	(2)
Interest expenses comparable to debt issuing costs	(3)	(3)
TOTAL	**(22)**	**(22)**

24.5 INTEREST ON HEDGING INSTRUMENTS

(in million euros)	2021	2020
Swaps hedging (Fair Value Hedge)	(3)	(4)
of which related companies with STELLANTIS	-	-
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**(3)**	**(4)**

NOTE 25 Fees and commissions

(in million euros)	2021	2020
Income	**152**	**147**
Incidental commissions from finance contracts	18	15
Commissions on sales of service activities	134	132
Other	-	-
Expenses	**(4)**	**(5)**
Commissions on sales of service activities	(4)	(5)
Other	-	-
TOTAL	**148**	**142**

NOTE 26 Net gains or losses on financial instruments at fair value through profit or loss

26.1 ANALYSIS BY NATURE

(in million euros)	*Notes*	2021	2020
Dividends and net income on equity investments		-	-
Interest and dividends on marketable securities designated at fair value through profit or loss		-	-
Gains/losses on sales of marketable securities		-	-
Gains/losses on derivatives classified in trading securities*		-	-
Gains/losses from hedge accounting	***26.2***	**5**	**-**
Fair value hedges: change in value of hedging instruments of customer loans		16	1
Fair value hedges: change in value of hedged customer loans		(12)	(1)
Fair value hedges: change in value of hedging instruments of debt		0	-
Fair value hedges: change in value of hedged debt		-	-
TOTAL		**5**	**-**

* *The swaps classified as held for trading are related to securitisation activities. With the exception of intermediation fees, changes in the fair value of these swaps are offset by changes in the fair value of swaps in the opposite direction before offsetting margin calls at CREDIPAR. In fact, the rate of the swap set up in the securitising entity (CREDIPAR) since 2018 includes intermediation costs, whereas this is not the case for the swap set up in the opposite direction in the securitisation vehicle (FCT) (see Notes 4.1 and 12.1).*

26.2 GAINS AND LOSSES FROM HEDGE ACCOUNTING

PSA Banque France Group interest rate management policy

(See the "Credit risk" and "Currency and Interest rate risk" sections of the Management Report)

Interest rate risk

The policy in terms of interest rate risk tends to be conservative and avoids any speculation. Its purpose is to control and supervise interest rate risk positions within sensitivity limits in accordance with the defined risk appetite. The management of interest rate risk consists of compliance with this policy and subjecting it to regular controls and hedging measures.

As at 31 December 2021, the nominal amount of hedging swaps was €3,062 million.

Currency risk

The PSA Banque France Group does not take currency positions. The currency risk is nonexistent.

Counterparty risk

The PSA Banque France Group'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. Following EMIR regulation, new CDEA framework agreements (Cleared Derivatives Execution Agreement) have been set up. Customer credit risk is discussed in Note 29.

The PSA Banque France Group limits the exposure at the minimum from the implementation of its investment policy. Available cash other than interbank accounts and reserves deposited with central banks is invested solely in HQLA type investments.

ANALYSIS OF INTEREST RATE RISK HEDGING EFFECTIVENESS (FAIR VALUE HEDGE)

(in million euros)	2021	2020	Fair value adjustments	Ineffective portion recognised in profit or loss
Fair value adjustments to customer loans (loans, leasing with purchase option and long-term leases)				
Loans	(3.0)	(0.3)	-	-
Leasing with purchase option	(5.3)	(0.5)	-	-
Long-term leases	(3.7)	(0.4)	-	-
Total valuation, net	**(12.0)**	**(1.2)**	**(10.8)**	**-**
Derivatives designated as hedges of customer loans				
Assets	12.7	-	-	-
Liabilities (see Note 13)	(0.1)	(3.4)	-	-
Total valuation, net	**12.6**	**(3.4)**	**16.0**	**5.2**
INEFFECTIVE PORTION OF GAIN AND LOSSES ON OUTSTANDING HEDGING TRANSACTIONS	**0.6**	**(4.6)**		**5.2**
Fair value adjustments to hedged debt				
Valuation, net	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
Derivatives designated as hedges of debt				
Assets	-	-	-	-
Liabilities (see Note 13)	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
INEFFECTIVE PORTION OF GAIN AND LOSSES ON OUTSTANDING HEDGING TRANSACTIONS	**-**	**-**	**-**	**-**
Fair value adjustments to hedged bonds				
Valuation, net	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
Derivatives designated as hedges of bonds				
Assets	-	-	-	-
Liabilities (see Note 13)	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
INEFFECTIVE PORTION OF GAIN AND LOSSES ON OUTSTANDING HEDGING TRANSACTIONS	**-**	**-**	**-**	**-**

NOTE 27 Net income or expense of other activities

	2021			2020		
(in million euros)	Income	Expenses	Net	Income	Expenses	Net
Gains/losses on sales of used vehicles	19	-	19	18	-	18
Share of joint venture operations	-	(16)	(16)	-	(13)	(13)
Other banking operating income/expenses	-	(7)	(7)	-	(5)	(5)
Other operating income/expenses	11	(13)	(2)	3	(1)	2
TOTAL	**30**	**(36)**	**(6)**	**21**	**(19)**	**2**

NOTE 28 General operating expenses

(in million euros)	2021	2020
Personnel costs	**(66)**	**(65)**
Remunerations	(40)	(41)
Payroll taxes	(19)	(17)
Employee profit sharing and profit-related bonuses	(7)	(7)
Other general operating expenses	**(91)**	**(89)**
of which related companies with STELLANTIS	*(37)*	*(40)*
of which related companies with Santander Consumer Finance Group	*(1)*	*(1)*
TOTAL	**(157)**	**(154)**

In the 2021 financial year, the average headcount (permanent and temporary contracts) of the PSA Banque France Group was 820.3 employees. It comprised 381.7 technicians and 438.6 executives.

NOTE 29 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.

29.1 CHANGES IN LOANS

			Cost of risk					
(in million euros)	Balance as at 31/12/2020	Net new loans	Charges	Reversals	Credit losses	Recoveries on loans written off in prior periods	Cost of risk in 2021	Balance as at 31/12/2021
RETAIL								
Stage 1 loans	8,477	368	-	-	-	-	-	8,845
Stage 2 loans	271	(28)	-	-	-	-	-	243
Guarantee deposits (lease financing)	-	-	-	-	-	-	-	-
Stage 3 loans	132	22	-	-	(30)	-	(30)	124
Total	**8,880**	**362**	**-**	**-**	**(30)**	**-**	**(30)**	**9,212**
Impairment of stage 1 loans	(28)	-	(22)	23	-	-	1	(27)
Impairment of stage 2 loans	(23)	-	(16)	20	-	-	4	(19)
Impairment of stage 3 loans	(93)	-	(59)	63	-	-	4	(89)
Total impairment	**(144)**	**-**	**(97)**	**106**	**-**	**-**	**9**	**(136)**
Deferred items included in amortised cost	**177**	**22**	**-**	**-**	**-**	**-**	**-**	**199**
Carrying amount (A – see B Note 8.2)	**8,912**	**384**	**(97)**	**106**	**(30)**	**-**	**(21)**	**9,275**
Recoveries on loans written off in prior periods			-	-	-	6	6	
Impairment of other customer transactions			-	-	-	-	-	
RETAIL COST OF RISK			**(97)**	**106**	**(30)**	**6**	**(15)**	

			Cost of risk					
(in million euros)	**Balance as at 31/12/2020**	**Net new loans**	**Charges**	**Reversals**	**Credit losses**	**Recoveries on loans written off in prior periods**	**Cost of risk in 2021**	**Balance as at 31/12/2021**
CORPORATE DEALERS								
Stage 1 loans	3,283	(262)	-	-	-	-	-	3,021
Stage 2 loans	574	(242)	-	-	-	-	-	332
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans*	51	19	-	-	(0)	-	(0)	70
Total	**3,908**	**(485)**	**-**	**-**	**(0)**	**-**	**(0)**	**3,423**
Impairment of stage 1 loans	(1)	-	(32)	21	-	-	(11)	(12)
Impairment of stage 2 loans	(12)	-	(9)	13	-	-	4	(8)
Impairment of stage 3 loans	(20)	0	(17)	16	-	-	(1)	(21)
Total impairment	**(33)**	**0**	**(58)**	**50**	**-**	**-**	**(8)**	**(41)**
Deferred items included in amortised cost	**8**	**1**	**-**	**-**	**-**	**-**	**-**	**9**
Carrying amount (B – see A Note 8.2)	**3,883**	**(485)**	**(58)**	**50**	**-**	**-**	**(8)**	**3,391**
Recoveries on loans written off in prior periods			-	-	-	-	-	
Impairment of other customer transactions			(3)	-	-	-	(3)	
CORPORATE DEALERS COST OF RISK			**(61)**	**50**	**-**	**-**	**(11)**	
CORPORATE AND EQUIVALENT								
Stage 1 loans	800	269	-	-	-	-	-	1,069
Stage 2 loans	261	(67)	-	-	-	-	-	194
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans	19	(7)	-	-	(0)	-	-	11
Total	**1,080**	**195**	**-**	**-**	**(0)**	**-**	**-**	**1,274**
Impairment of stage 1 loans	(1)	-	(0)	0	-	-	0	(1)
Impairment of stage 2 loans	(1)	-	(1)	1	-	-	0	(1)
Impairment of stage 3 loans	(10)	-	(9)	11	-	-	2	(7)
Total impairment	**(12)**	**-**	**(10)**	**12**	**-**	**-**	**2**	**(9)**
Deferred items included in amortised cost	**32**	**6**	**-**	**-**	**-**	**-**	**-**	**38**
Carrying amount (C – see C Note 8.2)	**1,100**	**201**	**(10)**	**12**	**-**	**-**	**2**	**1,303**
Recoveries on loans written off in prior periods			-	-	-	-	-	
Impairment of other customer transactions			-	-	-	-	-	
CORPORATE AND EQUIVALENT COST OF RISK			**(10)**	**12**	**-**	**-**	**2**	
TOTAL LOANS								
Stage 1 loans	12,560	375	-	-	-	-	-	12,935
Stage 2 loans	1,106	(336)	-	-	-	-	-	770
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans	201	34	-	-	(31)	-	(31)	204
Total	**13,867**	**73**	**-**	**-**	**(31)**	**-**	**(31)**	**13,909**
Impairment of stage 1 loans	(30)	-	(54)	44	-	-	(10)	(40)
Impairment of stage 2 loans	(37)	-	(26)	34	-	-	9	(28)
Impairment of stage 3 loans	(122)	-	(85)	91	-	-	6	(117)
Total impairment	**(189)**	**-**	**(165)**	**169**	**-**	**-**	**4**	**(185)**
Deferred items included in amortised cost	**217**	**28**	**-**	**-**	**-**	**-**	**-**	**245**
Carrying amount (A+B+C)	**13,895**	**101**	**(165)**	**169**	**(31)**	**-**	**(27)**	**13,969**
Recoveries on loans written off in prior periods			-	-	-	6	6	
Impairment of other customer transactions			(3)	-	-	-	(3)	
TOTAL COST OF RISK			**(168)**	**169**	**(31)**	**6**	**(24)**	

* *In certain cases, the PSA Banque France Group can finance vehicles bought by dealers in stage 3 so that they are not forced to stop their activities. Under IFRS 9, these receivables are considered as Purchased or Originated Credit Impaired (POCI) for €55 million at the end of December 2021 (€47 million at the end of December 2020). It has to be noted that while a financing line had been originally granted, these dealers were not in default. Furthermore, these financing are done in a dedicated limit depending on the risk associated to each dealer and under a close monitoring of Risk Department. Risk exposure is not increasing for these dealers as a new financing can only be granted in the disposal limit (thus after the refund of another financing).*

29.2 CHANGE IN COST OF RISK

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	2021	2020
Stage 1 loans					
Allowances	(22)	(32)	(0)	(54)	(7)
Reversals	23	21	0	44	5
Stage 2 loans					
Allowances	(16)	(9)	(1)	(26)	(16)
Reversals	20	13	1	34	5
Stage 3 loans					
Allowances	(59)	(17)	(9)	(85)	(39)
Reversals	63	16	11	91	43
Stage 3 other customer transactions					
Allowances	-	(3)	-	(3)	(2)
Reversals	-	-	-	-	-
Credit losses	**(30)**	**(0)**	**(0)**	**(31)**	**(53)**
Recoveries on loans written off in prior periods	**6**	**-**	**-**	**6**	**6**
COST OF RISK	**(15)**	**(11)**	**2**	**(24)**	**(58)**

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

29.3 IFRS 9 METHODOLOGY

The current impairment model is based on an estimate of "expected credit losses". This model is based on the risk parameters such as probability of default (PD) or loss given default (LGD). In accordance with accounting principles, the calculation of risk parameters used to estimate the expected loss takes into account both historical data on a short-term average at a given moment ("Point in Time" approach) and forward-looking data through an assessment of the risk of future deterioration of the receivables (forward looking models). The latter calculation is based on statistical models which allow current and future economic conditions to be included in the estimated expected loss (five macro economic scenarios taken into account, from the most favourable to the most unfavourable).

The results are put to a number of control bodies and committees. Regular monitoring is carried out to confirm the relevance of the PSA Banque France Group impairment model and to ensure the best possible estimate of the loss at the closing date.

Depreciations are classified into 3 "stages" in accordance with the principles of the IFRS 9 standard:

- "stage 1" contains assets without risk deterioration or with an insignificant risk deterioration since origination. Impairment of receivables in stage 1 is the amount of one-year expected losses;
- "stage 2" contains assets with a significant risk deterioration since origination. Therefore, the amount of allocated provisions will be the amount of expected losses over the remaining term of the assets;
- "stage 3" contains assets with an objective evidence of loss as for example non-performing loans. Impairment of these assets will aim at covering expected losses over the remaining term.

The classification by stage is based on quantitative criteria (for example the age of past due items) and qualitative criteria (for example the application of conditional default).

The main criteria showing a significant risk of credit deterioration (stage 2) are:

- the presence of past due instalments over a short period (not exceeding the default threshold);
- the deterioration of the risk class since contract origination;
- bringing under supervision certain contracts that no longer show any objective indication of loss (such as, for example, settling a long-term outstanding amount or a period of observation after implementing certain measures to restructure receivables following financial difficulties faced by customers (application of forbearance). As part of its financing activities, the PSA Banque France Group may, in certain cases, implement measures to restructure receivables following financial difficulties faced by its customers ("forbearance"). These transactions are subject to strict rules, regularly controlled and monitored and, in all cases, considered at least as an indicator of a significant increase in credit risk. In accordance with regulations, monitoring periods are implemented for all "forbearance" type restructuring to be able to accurately monitor the level of risk of these receivables.

Contracts in default are exclusively classified as "stage 3". Default is based on:

- quantitative criteria relating to the age of past-dues;
- qualitative criteria such as bankruptcies or receiverships.

The main sensitivity factors in calculating expected credit losses (ECL) are:

- update of forward-looking scenarios;
- changes associated with the significant deterioration of credit risk, particularly in relation to changes between risk classes;
- entries and exits from non-performing status.

The breakdown of PSA Banque France Group's outstanding loans per stage is relatively stable over time. In addition, the gradual transitions between stages allow a gradual evaluation of the risk and a confirmation of the correct identification by the PSA Banque France Group of factors indicating a significant increase in risk. Transfers between stages in 2021 are presented in the table below:

(in million euros)	Stage 1	Stage 2	Stage 3	Total
Impairment stock as at 31/12/2020	**30**	**37**	**122**	**189**
Transfers				
Transfer from stage 1 to stage 2	(1)	9	-	8
Transfer from stage 1 to stage 3	(0)	-	14	14
Transfer from stage 2 to stage 3	-	(5)	14	9
Transfer from stage 2 to stage 1	0	(7)	-	(7)
Transfer from stage 3 to stage 2	-	1	(5)	(4)
Transfer from stage 3 to stage 1	0	-	(0)	(0)
Changes in PDs/LGDs for assets remaining in same stage	1	(3)	5	3
Methodology changes	-	-	-	-
Financial assets derecognised that are not written off*	(12)	(14)	(10)	(36)
New financial assets originated	13	8	12	33
Write-offs: top-up provisions in the month before write-off	-	-	6	6
Write-offs: provisions on written-off assets	-	-	(31)	(31)
Post-model adjustment provision	8	2	(10)	0
Impairment stock as at 31/12/2021	**40**	**28**	**117**	**185**

* *These are amounts related to the amortisation of the asset and do not take into account amounts in loss (for example: end of contract, monthly amortisation of the contract).*

The main movements between stages are:

- the transitions from stage 1 to stage 2 (impact of €8 million from 94% of the Retail portfolio) and from stage 2 to stage 3 (impact of €9 million from 95% of the Retail portfolio) are linked to the daily activity of the PSA Banque France Group. The transfers from stage 1 to 2 come mainly from a significant deterioration of the risk classes since the origination of the contracts as well as entries in past due instalment between 1 and 90 days. Transfers from stage 2 to 3 come mainly from defaults due to payments past due for over 90 days;
- the transitions from stage 1 to stage 3 had an impact on provisions of €14 million, of which 99% related to Retail activities. The majority of the contracts concerned went through stage 2 in 2021 before being in stage 3 on 31 December 2021;
- the net provision on assets written off in financial year 2021 was marked by €24 million in provisions related to the current activity of the PSA Banque France Group and with a level similar to the previous financial year;
- the changes in the PD/LGD on the remaining assets on the same stage result from the update of the IFRS 9 rate parameters that took place at the end of November 2021 for the financial year. This update showed an increase in PD including forward-looking factors with an impact of €3.5 million and a decrease in the LGD with an impact of -€0.2 million;
- derecognised financial assets that are not written off are composed of the amortisation of contracts. New financial assets consist of new production;
- the movement of post-model adjustment provisions is marked by the following events:
  - the post-model adjustment provision was recognised in 2020 for a total amount of €15 million, due to the absence of the update of forward-looking assumptions during 2020. In November 2021, the forward-looking parameters were updated based on macroeconomic scenarios of the third quarter of 2021. As a result, this provision of €15 million was subject to a full reversal as at 30 November 2021,
  - the PSA Banque France Group decided to recognise an additional provision for post-model adjustment of €1.6 million in 2021, in the context of Covid-19, to cover future doubtful receivables arising from the possible incapacity of certain companies to repay State-guaranteed loans when they become due,
  - following the termination in June 2021 of the sales and distribution of services contracts for all STELLANTIS brands with two years' notice, a generic provision of €13.5 million was recognised as at 31 December 2021 in respect of possible negative impacts of this reorganisation, under which the new dealer network will be selected.

NOTE 30 Income taxes

30.1 EVOLUTION OF BALANCE SHEET ITEMS

(in million euros)	Balance as at 31/12/2020	Income	Equity	Payment	Balance as at 31/12/2021
Current tax					
Assets	1				8
Liabilities	(8)				(2)
TOTAL	**(7)**	**(52)**	**-**	**65**	**6**
Deferred tax					
Assets	3				4
Liabilities	(449)				(470)
TOTAL	**(446)**	**(21)**	**0**	**0**	**(466)**

30.2 INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

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.

Deferred taxes are determined as described in the last paragraph of Note 2.A dedicated to deferred taxes.

In France, the standard corporate income tax rate is 27.5%.

The Social Security Financing Act (No. 99-1140) dated 29 December 1999, introduced a surtax equal to 3.3% of the corporate income tax liability of French companies raising the theoretical legal rate to 28.4%.

At the end of December 2021, deferred taxes are evaluated based on the rates of the 2021 French Finance Act, and the 2022 finance law published on 31 December 2021.

(in million euros)	2021	2020
Current tax		
Income taxes	(52)	(30)
Deferred tax		
Deferred taxes arising in the year	(21)	(73)
Unrecognised deferred tax assets and impairment losses	-	-
TOTAL	**(73)**	**(103)**

30.3 PSA BANQUE FRANCE GROUP TAX PROOF

(in million euros)	2021	2020
Pre-tax income	417	346
Permanent differences	6	4
Taxable Income	**423**	**350**
Theoretical tax	(120)	(112)
Theoretical rate	*28.41%*	*32.02%*
Deferred Taxes evaluation without exceptional contribution of 15%	49	11
of which effect of revaluation of deferred taxes assets and liabilities	*49*	*11*
Special tax contribution on dividend distributed	-	-
Reclassification of the contribution on added value of incomes taxes (CVAE) as current tax (IAS 12)	(3)	(2)
Other	1	-
Income taxes	**(73)**	**(103)**
Group effective tax rate	*17.4%*	*29.5%*

30.4 DEFERRED TAX ASSETS ON TAX LOSS CARRYFORWARDS

In the absence of tax loss carryforwards, there are no deferred tax assets on tax loss carryforwards.

NOTE 31 Segment information

31.1 KEY BALANCE SHEET ITEMS

FOR 2021

	Financing activities				
		End user			
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Total as at 31/12/2021
ASSETS					
Customer loans and receivables	3,391	9,275	1,303	-	13,969
Cash, central banks	190	521	107	-	818
Financial assets at fair value through profit or loss	-	-	7	-	7
Loans and advances to credit institutions	16	75	537	-	628
Other assets				312	312
TOTAL ASSETS					**15,734**
LIABILITIES					
Refinancing*	1,634	9,678	1,346	-	12,658
Due to customers*	11	64	6	-	81
Other liabilities				1,211	1,211
Equity				1,784	1,784
TOTAL LIABILITIES					**15,734**

* *In the segment information, "Customer ordinary accounts in credit", "Passbook savings accounts" and "Term deposit accounts" are classified in "Refinancing".*

FOR 2020

	Financing activities				
		End user			
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Total as at 31/12/2020
ASSETS					
Customer loans and receivables	3,883	8,912	1,100	-	13,895
Cash, central banks	130	299	58	-	487
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances to credit institutions	14	85	865	-	964
Other assets				328	328
TOTAL ASSETS					**15,674**
LIABILITIES					
Refinancing*	2,831	8,845	1,079	-	12,755
Due to customers*	8	67	5	-	80
Other liabilities				1,274	1,274
Equity				1,565	1,565
TOTAL LIABILITIES					**15,674**

* *In the segment information, "Customer ordinary accounts in credit", "Passbook savings accounts" and "Term deposit accounts" are classified in "Refinancing".*

31.2 KEY INCOME STATEMENT ITEMS

FOR 2021

	Financing activities					
		End user				
(in million euros)	**Corporate dealers**	**Retail**	**Corporate and equivalents**	**Unallocated**	**Insurance and services**	**2021**
Interest and similar income	67	393	48	28		536
Interest and similar expenses	(21)	(29)	(6)	(23)		(79)
Fees and commissions income	4	9	5	-	134	152
Fees and commissions expenses	-	-	-	-	(4)	(4)
Net gains or losses on financial instruments at fair value through profit or loss*	-	-	-	5		5
Net gains or losses on financial instruments at fair value through other comprehensive income	-	-	-	(1)		(1)
Income on other activities	1	24	(5)	10		30
Expenses on other activities	(1)	-	-	(35)		(36)
Net banking revenue	**50**	**397**	**42**	**(16)**	**130**	**603**
Credit Cost of risk	(11)	(15)	2			(24)
Net income after cost of risk	**39**	**382**	**44**	**(16)**	**130**	**579**
General operating expenses and equivalent				(163)		(163)
Operating Income	**39**	**382**	**44**	**(179)**	**130**	**416**

* *Unallocated interest revenue on customer transactions corresponds for a part to the ineffective portion of gains or losses on financial hedging instruments recognised in the income statement in accordance with IAS 39 for -€5.2 million as at 31 December 2021 (see Note 26, compared to-€0.4 million as at 31 December 2020). The other part corresponds to other revenue and expenses.*

FOR 2020

	Financing activities					
		End user				
(in million euros)	**Corporate dealers**	**Retail**	**Corporate and equivalents**	**Unallocated**	**Insurance and services**	**2020**
Interest and similar income	74	380	39	16		509
Interest and similar expenses	(21)	(47)	(8)	(12)		(88)
Fees and commissions income	3	7	5	-	132	147
Fees and commissions expenses	-	-	-	-	(5)	(5)
Net gains or losses on financial instruments at fair value through profit or loss	-	-	-	-		-
Net gains or losses on financial instruments at fair value through other comprehensive income	-	-	-	-		-
Income on other activities	1	18	-	2		21
Expenses on other activities	-	-	-	(19)		(19)
Net banking revenue	**57**	**358**	**36**	**(13)**	**127**	**565**
Cost of credit risk	(10)	(47)	(1)			(58)
Net income after cost of risk	**47**	**311**	**35**	**(13)**	**127**	**507**
General operating expenses and equivalent				(157)		(157)
Operating Income	**47**	**311**	**35**	**(170)**	**127**	**350**

NOTE 32 Auditors' fees

FOR 2021 FINANCIAL YEAR

	Mazars		PricewaterhouseCoopers Audit	
Pre-tax values *(in million euros)*	**Amount**	**%**	**Amount**	**%**
Statutory audit services	0.88	93%	1.13	94%
Services except statutory audit services*	0.06	7%	0.07	6%
TOTAL	**0.94**		**1,20**	

* *In 2021, these costs correspond to:*
> the comfort letters issued as part of the PSA Banque France bond programme (EMTN);
> the certificate on reporting provided as part of the participation in the ECB TLTRO-III refinancing operations.

FOR 2020 FINANCIAL YEAR

	Mazars		PricewaterhouseCoopers Audit	
Pre-tax values *(in million euros)*	**Amount**	**%**	**Amount**	**%**
Statutory audit services	1.13	58%	1.07	37%
Services except statutory audit services	0.82	42%	1.81	63%
TOTAL	**1.95**		**2.87**	

NOTE 33 Subsequent events

Since 31 December 2021 and until 24 February 2022, the date of the Board of Directors' review of the financial statements, no events have occurred that could have a material impact on the economic decisions made on the basis of these financial statements.

2.7 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. 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,

Opinion

In compliance with the engagement entrusted to us by your annual General Meeting, we have audited the accompanying consolidated financial statements of PSA Banque France ("the Group") for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

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

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

Credit risk - impairment of customer loans

See Notes 2, 8 and 29 to the consolidated financial statements.

Description of risk

As part of its operations, the PSA Banque France Group provides financing to the Peugeot, Citroën and DS car dealer network and car loan financing solutions to its end customers, who are both individuals and professionals.

Assessing the existence of a risk of non-recovery and the amount of the impairment set aside to cover this risk requires the Bank's management to exercise judgment. This primarily takes into account risk indicators such as payments that are contractually past-due, the financial condition of borrowers affecting their ability to pay, business sectors experiencing economic stress and the viability of the customer's business model.

The methods for assessing impairments for credit risk, introduced by IFRS 9, involve a large number of inputs to calculate expected losses. In the unprecedented context of the Covid-19 crisis and the new STELLANTIS Group's distribution strategy, some adjustments were required in the estimation of expected credit losses, such as post-model adjustments or the inclusion of certain flexibility measures such as payment moratoria.

This lead to an increase in the complexity of determining the parameters used to estimate the expected losses.

Given the material nature of the outstandings for the Group and the importance of management's judgment in determining the underlying assumptions for credit risk impairment, particularly in the context of the crisis related to the Covid-19 pandemic and the new distribution strategy deployed by the STELLANTIS Group, we deemed the assessment of the adequacy of credit risk impairment and the level of the associated cost of risk to constitute a key audit matter for 2021.

The impairment of Group's customer loans up to €13.9 billion amounts €185 million as of 31 December 2021.

Audit procedures implemented in response to risks identified

Management has put in place controls to ensure the reliability of the calculation of expected losses and of post-model adjustments. In this context, we tested the existing controls in order to validate the relevance of the impairment losses recorded.

Accordingly, we tested the following controls:

- the monitoring and validation of the models' performance, including the revision of the documentation and independent reviews of the models, subsequent performance checks and the approval of changes to the models;
- the examination and assessment of the main assumptions and judgments, such as segmentation by risk category and significant increases in credit risk;
- quality checks on the data in the source systems, as well as the flow and transformation of these data between the source systems, the engine for calculating the expected losses and the financial accounts.

Regarding the impairment of individual loans, our tests focused on the controls in place for monitoring loans, reviewing credit files on a regular basis, the approval for individual impairment and their appropriateness with regards to the estimated level of risk.

Additionally, we performed tests on:

- the risk-adjusted models, including the recalculation of the risk parameters;
- the different scenarios and economic variables by using our experts to assess their reasonableness;
- the consistency of the expected loss calculations compared to the standard's requirements and the quality of the data used to calculate losses;
- the examination and assessment of the methodology developed by management for post-model adjustments of expected losses in the context of the Covid-19 pandemic, the new distribution strategy deployed by the STELLANTIS Group and of the scenarios and assumptions considered, as well as the reliability of the data used to estimate these adjustments.

We also assessed the information on credit risk presented in the consolidated financial statements for the year ended 31 December 2021.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's management report (or in the Group's information given in the management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of PSA Banque France by the annual General Meeting held on 15 March 2017 for PricewaterhouseCoopers Audit and 10 May 2005 for Mazars.

As at 31 December 2021, PricewaterhouseCoopers Audit and Mazars were in the fifth year and seventeenth year of total uninterrupted engagement respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

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

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

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

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L .822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, 13 April 2022,

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Isabelle Gallois	Matthew Brown Olivier Gatard

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PSA BANQUE FRANCE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

3.1 MANAGEMENT REPORT AND 2021 RESULTS OF OPERATIONS

3.1.1 COMMENTS ON THE FINANCIAL STATEMENTS OF THE ENTITY PSA BANQUE FRANCE

3.1.1.1 INCOME STATEMENT

Net banking revenue

The net banking revenue of PSA Banque France decreased by €11,301 thousand from €87,255 thousand at the end of 2020 to €75,954 thousand at the end of 2021, mainly under the effect of lower dividends received from CREDIPAR, which were €86,746 thousand in 2020 and €78,955 thousand in 2021.

Interest income from credit institutions fell by €5,308 thousand due to a rate effect. Income from customer transactions fell by €597 thousand, essentially due to the decrease in interest on short-term credit facilities.

Interest expenses linked to Distingo savings accounts fell by €3,237 thousand, essentially due to a rate effect. Interest expenses on term accounts in credit decreased by €518 thousand. For the remainder, interest expenses on bonds and other fixed-income securities rose by €156 thousand.

Cost of risk

The cost of risk stood at -€532 thousand compared to -€65 thousand in 2020.

Operating expenses

The general operating expenses have lowered by €1,107 thousand to €3,705 thousand in 2021.

Net income before tax

The net income before tax amounted to €71,733 thousand in 2021 compared to €82,378 thousand in 2020. This decrease of €10,645 thousand was essentially due to the reduction in net banking revenue following lower dividend payment by CREDIPAR in 2021.

Net Income

Net profit totalised €73,556 thousand in 2021 compared to €81,737 thousand in 2020.

3.1.1.2 BALANCE SHEET

The balance sheet total as at 31 December 2021 amounted to €7,844 million compared to €7,868 million in 2020. This slight decrease is mainly due to the reduction in outstanding loans to credit institutions (€6,623 million at the end of 2021 and €6,640 million at the end of 2020).

3.1.1.3 APPROPRIATION OF PROFIT

The General Meeting, on the proposal of the Board of Directors, notes that the distributable profit amounts to €384,764,492.72, comprising the profit for the 2021 financial year in the amount of €73,556,046.08, along with the balance of "Prior retained earnings" amounting to €311,208,446.64.

The General Meeting, in view of the medium-term trajectory of equity, resolves to allocate the distributable profit for the financial year as follows:

- to "retained earnings": €384,764,492.72;
- to shares: €0.00.

In accordance with the law, the General Meeting therefore notes that there will be no dividend payment for the 2021 financial year.

The General Meeting recalls that a dividend of €13.94 was paid in respect of the 2020 financial year, a dividend of €13.29 was paid in respect of the 2019 financial year, and a dividend of €12.83 was paid in respect of the 2018 financial year.

3.1.2 PAYMENT DEADLINES

The tables below show the delay of payment to suppliers and from clients pursuant to Article D. 441-6 of the French Commercial Code. Figures are shown in thousand euros.

	Invoices received on which payment was delayed during the fiscal year					
(in thousand euros)	**0 day (indicative)**	**1-30 days**	**31-60 days**	**61-90 days**	**91 days or more**	**Total (1 day or more)**
(A) Payment delay tranches						
Total number of invoices affected	4					1
Total incl. VAT amount of invoices affected	254	-	-	-	0	0
Percentage of incl. VAT amount of invoices received during the year	13.65%	-	-	-	0.01%	0.01%
Percentage of incl. VAT amount of invoices issued during the year						
(B) Invoices excluded from (A) relating to disputed or unrecognised debts and receivables						
Number of excluded invoices						
Total amount of excluded invoices						
(C) Standard payment deadlines used (contractual or legal deadline - Articles L. 441-10 to L. 441-16 of the French Commercial Code)						
Payment deadlines used for calculating payment delays	Per contractual deadlines: per vendors and within a maximum period of 45 days end of month from the invoice date, pursuant to the Law on the Modernisation of the Economy (Articles L. 441-10 to L. 441-16 to of the French Commercial Code)					

	Invoices issued on which payment was delayed during the fiscal year					
(in thousand euros)	**0 day (indicative)**	**1-30 days**	**31-60 days**	**61-90 days**	**91 days or more**	**Total (1 day or more)**
(A) Payment delay tranches						
Total number of invoices affected	-					-
Total incl. VAT amount of invoices affected	-	-	-	-	-	-
Percentage of incl. VAT amount of invoices received during the year						
Percentage of incl. VAT amount of invoices issued during the year	-	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecognised debts and receivables						
Number of excluded invoices						
Total amount of excluded invoices						
(C) Standard payment deadlines used (contractual or legal deadline - Articles L. 441-10 to L. 441-16 of the French Commercial Code)						
Payment deadlines used for calculating payment delays	Per contractual deadlines: per customers					

With regard to invoices issued and not paid at the closing date of the financial year, banking operations are excluded from the scope of information relating to payment terms.

3.1.3 SERVICES PROVIDED BY THE STATUTORY AUDITORS OTHER THAN AUDIT SERVICES

For PSA Banque France, services other than the statutory audit of the financial statements correspond to the comfort letter as part of the PSA Banque France bond programme (EMTN): €21 thousand for PricewaterhouseCoopers Audit and €21 thousand for Mazars, invoiced in 2021.

3.1.4 FINANCIAL RESULTS FOR THE LAST FIVE FINANCIAL YEARS

Pursuant to the provisions of Article R. 225-102 of the French Commercial Code, the following table presents the Company's results for the last five financial years.

(Articles D. 133, D. 135, D. 148 of the decree of 23 March 1967)

(in thousand euros, unless otherwise specified)	Financial year 2021	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017
Share capital at the end of the year					
Share capital	144,843	144,843	144,843	144,843	144,843
Number of shares issued	9,052,658	9,052,658	9,052,658	9,052,658	9,052,658
Result of operations of the past fiscal year					
Revenue before tax	5,993	6,172	6,627	5,964	4,684
Income before tax, depreciation, amortisation and provisions	72,249	82,443	139,307	114,517	186,126
Income taxes	1,823	(640)	(755)	(2,125)	2,891
Income after tax, depreciation, amortisation and provisions	73,556	81,737	139,944	116,492	184,441
Dividends	-	126,194	120,310	116,146	92,699
Result of operations per share *(in euros)*					
After tax income, but before depreciation, amortisation and provisions	8.18	9.04	15.31	12.42	20.88
After-tax Income after depreciation, amortisation and provisions	8.13	9.03	15.46	12.87	20.37
Net dividend for each share					
Distributed dividend	-	13.94	13.29	12.83	10.24
No tax credit (tax integration)	-	-	-	-	-
Equity (Note 15)	**1,141,823**	**1,194,461**	**1,233,034**	**1,209,235**	**1,185,442**
Total payroll for the period	-	-	-	-	-
Amounts paid for social benefits	-	-	-	-	-

PSA Banque France does not have direct employees. It is invoiced for expenses relating to external employees.

3.1.5 OUTLOOK

For 2022, PSA Banque France, within the scope of its direct activity, has set the following main targets:

- to continue the strategy rolled out in 2021:
  - to maintain vigilance over the Peugeot, Citroën and DS networks, both in terms of monitoring results, and the behaviour of competing banks,
  - to perpetuate vigilance regarding the management of credit risk;
- and to enhance its results:
  - by controlling structure costs,
  - by consolidating access to capital markets,
  - by supporting STELLANTIS in the B2B activity.

3.2 BALANCE SHEET AND OFF-BALANCE SHEET

BALANCE SHEET

(in thousand euros)	31/12/2021	31/12/2020
ASSETS		
Loans and receivables to credit institutions (Note 3)	**6,622,878**	**6,639,617**
Loans and advances to credit institutions	6,622,878	6,639,617
Customer loans and receivables (Note 4)*	**335,672**	**345,514**
Other customer loans	229,267	265,464
Ordinary accounts in debit	106,405	80,050
Equity-type investments and other securities held for long-term investment (Note 5)	**860,396**	**859,872**
Other assets (Note 6)	**19,257**	**16,335**
Accruals (Note 7)	**5,602**	**7,103**
TOTAL ASSETS	**7,843,805**	**7,868,441**

* *As at 31 December 2020, provisions on sound loans were classified as a reduction of assets.*

(in thousand euros)	31/12/2021	31/12/2020
EQUITY AND LIABILITIES		
Deposits from credit institutions (Note 8)	**107,117**	**300,625**
Due to credit institutions	107,117	300,625
Due to customers (Note 9)	**3,279,473**	**3,136,669**
Debt securities (Note 10)	**3,137,739**	**3,053,800**
Other liabilities (Note 11)	**10,468**	**12,910**
Accruals (Note 12)	**11,451**	**14,871**
Provisions (Note 13)*	**638**	**5**
Subordinated debt (Note 14)	**155,096**	**155,100**
Equity (Note 15)	**1,141,823**	**1,194,461**
Share premiums	593,347	593,347
Share capital	144,843	144,843
Reserves	18,869	18,869
Retained earnings	311,209	355,665
Net income	73,556	81,737
TOTAL EQUITY AND LIABILITIES	**7,843,805**	**7,868,441**

* *As at 31 December 2020, provisions on sound loans were classified as a reduction of assets.*

OFF-BALANCE SHEET

(in thousand euros)	31/12/2021	31/12/2020
Commitments given		
Financing commitments	**228,309**	**273,271**
Financing commitments given to customers	178,309	193,271
Financing commitments given to credit institutions (1)	50,000	80,000
Guarantees commitments	**915**	**1,760**
Guarantees given to customers (2)	301	1,146
Guarantees given to credit institutions (3)	614	614
Commitments received		
Financing commitments	**-**	**-**
Financing commitments received from credit institutions	-	-
Guarantees commitments	**(101,698)**	**(116,353)**
Guarantees received from credit institutions	-	-
Other guarantees received from customers	(101,698)	(116,353)

(1) Loans granted to CREDIPAR with a value date not reached, for €50,000 thousand at the end of December 2021.
(2) Reversal of customer guarantees by Banque PSA Finance since 2015 concerning new contracts.
(3) Guarantees given to CREDIPAR for €384 thousand, CLV for €115 thousand and Banque PSA Finance for €115 thousand.

3.3 INCOME STATEMENT

(in thousand euros)	31/12/2021	31/12/2020
Interest and similar income	**43,770**	**49,675**
Transactions with credit institutions (Note 16)	40,576	45,884
Customer transactions (Note 17)	3,194	3,791
Interest and similar expenses	**(42,391)**	**(46,551)**
Transactions with credit institutions (Note 16)	(7,812)	(8,374)
Customer transactions (Note 17)	(21,341)	(25,095)
Bonds and fixed income securities (Note 18)	(13,238)	(13,082)
Variable income securities (Note 19)	**78,955**	**86,746**
Fees and commissions – income (Note 20)	**2,839**	**2,942**
Fees and commissions – expenses (Note 20)	**(5,439)**	**(4,704)**
Other banking operating income (Note 21)	**65**	**554**
Other banking operating expenses (Note 21)	**(1,846)**	**(1,407)**
Net banking revenue	**75,954**	**87,255**
General operating expenses (Note 22)	**(3,705)**	**(4,812)**
Gross operating income	**72,249**	**82,443**
Cost of risk (Note 23)	**(532)**	**(65)**
Operating income	**71,717**	**82,378**
Gains or losses on fixed assets (Note 24)	**16**	**-**
Pre-tax income	**71,733**	**82,378**
Extraordinary result	-	-
Income taxes (Note 25)	1,823	(640)
Net income	**73,556**	**81,737**
Earnings per share *(in euros)*	**8.13 €**	**9.03 €**

3.4 NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF NOTES

NOTE 1 Main events of the financial year

A. PARTNERSHIP BETWEEN BANQUE PSA FINANCE AND SANTANDER CONSUMER FINANCE

2021 was the seventh year of the partnership between Banque PSA Finance and Santander Consumer Finance.

The cooperation with Santander Consumer Finance enhances the activities of PSA Banque France, thanks to more competitive offers dedicated to the Peugeot, Citroën and DS customers and dealer networks.

B. REFINANCING STRATEGY IN THE COVID-19 CONTEXT

PSA Banque France benefits from financing raised on the capital markets (negotiable debt securities and bond issues under the EMTN programme), from the collection of general public savings from French customers and from bilateral bank lines, in addition to intra-group financing provided directly by Santander Consumer Finance.

This diversified refinancing policy model demonstrated its resilience in the context of the Covid-19 pandemic by continuing to ensure optimised refinancing conditions for PSA Banque France, enabling it to take advantage of the sources of financing with the most favourable terms.

NOTE 2 Accounting policies

The financial statements of PSA Banque France are prepared and presented according to the principles applicable to credit institutions in France, notably Regulation No. 2014-07 of 26 November 2014 on the financial statements of companies in the banking sector, which came into force on 1 January 2015 and was then amended by Regulation 2020-10 of 22 December 2020.

Significant accounting policies applied by the Group are described in Sections A to G below.

The term “related companies” denotes all the companies in the scope of consolidation of STELLANTIS and Santander Consumer Finance groups, to which PSA Banque France belongs.

A. FIXED ASSETS

As at 31 December 2021, PSA Banque France holds no tangible nor intangible fixed assets.

B. SECURITIES

In accordance with the provisions of Regulation ANC No. 2014-07 Book II – Heading 3, of 26 November 2014, securities are classified according to the intention behind their ownership.

Investment securities

Investment securities include securities acquired with a view to being held but not with a view to being held until maturity. The shares are registered for their purchase price excluding acquisition fees. For fixed income securities, any differential between the acquisition price and the redemption price is amortised on a straight-line basis over their residual life. The carrying amount of the securities is thus gradually adjusted to the redemption value.

When the market price of the securities at the closing date is lower than the carrying amount on the balance sheet, an impairment loss is recognised.

Latent capital gains are not recognised. Interest is entered on the income statement under the heading “Other interest income”, with accrued interest not yet due being accounted for pro rata temporis.

Equity securities and shares in related companies

If the long-term possession of the securities is considered to be useful to the bank’s activity, they are classed as equity investments. These securities are stated at cost, excluding incidental acquisition expenses.

On the balance sheet, these securities are kept at their cost price, except in the event of a long-term fall in their value in use, in which case impairments are recognised. Their value in use is ascertained by looking at several parameters, namely the amount of the net asset and the prospects of future profits and future cash-flows (dividend forecasts for years to come). Latent capital gains are not recognised.

As at 31 December 2021, PSA Banque France held 100% of the shares in CREDIPAR S.A., itself holding 100% of the shares in CLV. This group of companies constitutes a scope of consolidation for the financing activity of Peugeot, Citroën and DS in France, jointly held by Santander Consumer Finance and Banque PSA Finance.

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C. LOANS AND ADVANCES TO CUSTOMERS

The gross value of financing granted to customers includes the principal amount lent and the accrued interest, recognised under financial income on a monthly basis. Loans granted are recognised on the balance sheet at their nominal value.

In accordance with Regulation ANC No. 2014-07 of 26 November 2014, commitments with maturities unpaid for over 90 days, or with proven risks of non-collection ("D grading" in the internal rating) are classed as doubtful loans.

Doubtful loans include outstandings for which legal proceedings affect the counterparty, in particular proceedings for over-indebtedness, receivership, judicial settlement, judicial liquidation, personal bankruptcy, liquidation of property, as well as summons before an international court.

The classification of a given counterparty as doubtful loan results by "contagion" in an identical classification of all the outstandings and the commitments relating to this counterparty, notwithstanding the existence of any guarantee or surety. This rule does not apply to outstandings affected by one-off disputes not related to the insolvency of the counterparty, nor to credit risk depending on the solvency of a third party and not that of the counterparty itself (in the case of commercial discounting).

When the counterparty belongs to a group segmented Corporate, the consequences of this default are examined at group level and the need to classify as doubtful loans all the outstandings relating to the legal entities forming this Corporate group is assessed.

In accordance with Regulation ANC No. 2014-07 of 26 November 2014, commitments deemed irrecoverable or which have maturities unpaid for over 451 days are classified as compromised doubful loans. From this moment onwards, the acceleration is quickly pronounced and the accounting of the corresponding financial revenues is then suspended.

In the two cases above (doubtful and compromised doubtful), impairments are calculated individually, taking account of any guarantees.

Following the assets quality review (AQR) carried out in 2014 by the European Central Bank, various additional indicators (country risks, sectors, risky zones, etc.) have been taken into account in order to determine impairments on a collective basis.

At the request of the regulator, an impairment model was developed. The Company has recognised a collective impairment on sound Corporate loans since the end of 2014.

A doubtful loan may be restructured, due to the financial situation of the debtor. Depending on the restructuring methods chosen, the Company may record a discount.

The discount corresponds to the difference between the discounting of initially expected contractual flows and the discounting of future capital flows and of interest from the restructuring.

Independently of the aspects linked to the additional guarantees which may be requested, the following restructuring methods may be used, alone or combined:

- write-off.

  The waiver of principle or interest (due or accrued) is entered under Losses; the write-off is no longer on the asset side;

- free payment deferral.

  Repayment extensions (or "free" grace period) may be imposed by a debt commission (like that covered by the Neiertz law in France), which can decide a moratorium. In this case, the discount corresponds to the discounting (at the loan rate) during the moratorium;

- reduction in interest rate.

  Interest rate decreases automatically lead to the creation of a discount. The discount corresponds to the difference between flows discounted at the new loan rate and flows discounted at the initial loan rate;

- extension of the loan term.

  Taken in isolation (without repayment postponement or reduction in rate), the extension of the loan term does not produce a discount, with the effective interest rate of the loan remaining unchanged. In this particular case, the loan is not considered to be restructured, just re-scheduled.

For its restructured loans, the Company has chosen to return to sound Loans, in a specific sub-category (Restructured sound loans), until the final maturity.

This possibility is specifically provided for by ANC Regulation No. 2014-07 of 26 November 2014, subject to the following conditions being met:

- immediate return to doubtful loans as of first past-due instalment;
- communication in the appendix of the treatment applied to Restructured Loans (principles and method, amount);
- maintaining an impairment which is above or equal to any discounted value.

The entry under restructured sound loans is made as soon as the details of the new relationship between the Company and the client are known (free payment deferral, reduction in rate, etc.).

Since the existence of previous restructuring is an effective indicator of a loss event, it was decided to maintain an impairment on restructured loans, equal to that on outstanding sound loans with past-due instalments.

Considering the Company maintains impairment of restructured loans above the amount of the discount, no discount is booked, in accordance with the provision in Article 2221-5 of Regulation ANC 2014-07 of 26 November 2014.

If after a return to the status of sound loan for restructuring, the debtor does not respect the due dates, it is immediately transferred to doubtful loans, from the first missed instalment. After 149 days of non-payment (Retail) or 451 days (Corporate), it is downgraded to compromised doubtful loan, following the classic procedure.

D. DERIVATIVES

Nature of the transactions

Income and expenses linked to interest rate swap operations are entered according to Regulation ANC No. 2014-07 of 26 November 2014, depending on whether the contracts' purpose is to:

- maintain isolated positions;
- hedge the rates risk affecting one specific item or a homogeneous set of items;
- hedge and manage the overall rates risk;
- enable specialised management of a trading portfolio.

The impact of interest rate variations on the economic value of the balance sheet and the net interest margin is managed respecting the threshold set when contracting derivatives with banking counterparties. These derivatives are classified as macro-hedging.

Accounting principles

Derivatives active on the closing date come under off-balance sheet commitments. Interest rates derivatives are recognised according to Regulation ANC No. 2014-07 of 26 November 2014.

Amounts recognised in off-balance sheet accounts correspond to nominal commitments and represent the volume of operations and not the risks associated with them.

Macro-hedging transactions

Operations hedging fixed rate customer loans of PSA Banque France are classified as macro hedges: income and expenses are recognised pro rata temporis in the income statement.

When swap options are bought, the premium paid is spread over the term of the swap from when it is put in place. If the option is not exercised, the premium is entirely placed under expenses. Options are not sold.

Micro-hedging transactions

For the PSA Banque France operations classified as micro-hedging operations, income and expenses relating to the derivatives used, originally allocated to an item or a homogenous group of items, are offset in earnings against the gains and losses relating to the hedged item.

Cash payment treatment

Fees recorded when contracts are terminated or assigned, or when they are replaced by another contract, are recognised immediately in income.

Advance on expected derivative result treatment - margin calls

For swaps with advance paid or received on future result:

- the advance paid is entered under "prepaid expenses";
- the advance received is entered under "deferred income".

E. FOREIGN CURRENCY TRANSACTIONS

As at 31 December 2021, PSA Banque France had not registered any currency operations

F. FEES

This was mainly commission received by PSA Banque France on current account movements.

G. INCOME TAX

In 2016, the PSA Banque France tax consolidation group was created, grouping its 100% subsidiary, CREDIPAR, as well as CLV, 100% subsidiary of CREDIPAR.

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NOTE 3 Loans and receivables to credit institutions

ANALYSIS ON DEMAND AND TIME ACCOUNTS

(in thousand euros)	31/12/2021	31/12/2020
Ordinary accounts in debit	**78,109**	**288,790**
of which related companies	*-*	*6,442*
Overnight loans	**339**	**-**
of which related companies (1)	*339*	*-*
Term loans	**6,536,000**	**6,342,000**
of which related companies (2)	*6,536,000*	*6,342,000*
Accrued interest	**8,431**	**8,827**
of which related companies	*8,431*	*8,827*
TOTAL	**6,622,878**	**6,639,617**

(1) Santander Consumer Finance: €339 thousand of margin calls received from the LCH Clearnet clearing house via the clearing member Santander.
(2) CREDIPAR: term loans of €6,536,000 thousand.

SCHEDULE OF TERM LOANS AS AT 31 DECEMBER 2021

(in thousand euros)	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Term loans	692,000	1,939,000	3,750,000	155,000	6,536,000
TOTAL	**692,000**	**1,939,000**	**3,750,000**	**155,000**	**6,536,000**

NOTE 4 Customer loans and receivables

(in thousand euros)	31/12/2021	31/12/2020
Customer loans and receivables (1)	**226,830**	**265,207**
Short-term credit facilities	181,794	210,770
of which impairment on sound loans	*-*	*(401)*
Equipment loans	12,434	13,758
of which impairment on sound loans	*-*	*(26)*
Property loans	32,602	40,500
of which impairment on sound loans	*-*	*(77)*
Other customer loans	-	-
of which impairment on sound loans	*-*	*-*
Non allocated values	-	179
Ordinary accounts in debit	**106,405**	**80,050**
of which impairment on sound loans	*-*	*(152)*
Accrued interest	**185**	**232**
Cash credit facilities	79	108
Equipment loans	9	9
Property loans	97	115
Other customer loans	-	-
Net compromised doubtful loans	**2,252**	**26**
Gross amount	15,288	12,506
Impairments (2)	(13,036)	(12,480)
TOTAL	**335,672**	**345,514**

(1) As at 31 December 2021, provisions on sound loans are transferred to Note 13.
(2) Changes in the cost of risk are presented in Note 23.

SCHEDULE OF CUSTOMER LOANS AND RECEIVABLES EXCLUDING ACCRUED INTEREST AS AT 31 DECEMBER 2021

(in thousand euros)	Less than 3 month	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Other customer loans (excluding non allocated values and impairments on sound loans)	115,633	27,659	72,843	10,695	226,830
TOTAL	**115,633**	**27,659**	**72,843**	**10,695**	**226,830**

NOTE 5 Equity-type investments and other securities held for long-term investment

(in thousand euros)	31/12/2021	31/12/2020
Equity investment in BPI France	**-**	**3**
Shares in credit institutions	**855,425**	**855,425**
*Shares in CREDIPAR**	*855,425*	*855,425*
Certificate for the deposit guarantee fund	**4,971**	**4,444**
TOTAL	**860,396**	**859,872**

* *See Note 26 "Subsidiaries and equity interests".*
There is no provision for securities impairment.

NOTE 6 Other assets

(in thousand euros)	31/12/2021	31/12/2020
Government and social agencies*	12,858	5,604
Taxes receivable from subsidiaries	-	5,911
of which related companies	*-*	*5,911*
Guarantee deposits	3,759	3,163
Other assets	1,657	1,657
Margin calls	981	-
of which related companies	*981*	*-*
TOTAL	**19,257**	**16,335**

* *This item includes the 2021 tax advance on investment income paid on behalf of customers as part of the Distingo business (-€5,328 thousand) and the social tax paid in respect of the tax consolidation (-€7,530 thousand).*

NOTE 7 Accruals – Assets

(in thousand euros)	31/12/2021	31/12/2020
Share premium of fixed income securities*	2,750	4,328
Other deferred charges on term borrowings	1,797	2,014
Deferred charges	567	756
Deferred income	-	-
Other	488	5
TOTAL	**5,602**	**7,103**

* *Issue premiums on EMTN and NEU MTN.*

NOTE 8 Deposits from credit institutions

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in thousand euros)	31/12/2021	31/12/2020
Ordinary accounts in credit	**6,823**	**616**
*of which related companies**	*6,818*	*616*
Accounts and time deposits	**100,000**	**300,000**
*of which related companies**	-	-
Accrued interest	**294**	**9**
On ordinary accounts and deposits at overnight rates	287	-
*of which related companies**	-	-
On time deposits	7	9
*of which related companies**	-	-
TOTAL	**107 ,117**	**300,625**

* *Accounts payable of CLV, CREDIPAR, Banque PSA Finance in 2021.*

SCHEDULE OF DEMAND AND TIME DEPOSITS AS AT 31 DECEMBER 2021

(in thousand euros)	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Accounts and time deposits					
Related companies					
Other credit institutions	100,000	-	-	-	100,000

NOTE 9 Due to customers

ANALYSIS OF DEMAND AND TIME DEPOSITS

(in thousand euros)	31/12/2021	31/12/2020
Demand deposits	**2,858,689**	**2,738,888**
Ordinary accounts payable - dealers	305,989	293,233
of which related companies	-	-
Passbook savings accounts - retail customers (1)	2,546,619	2,441,316
of which payables related to passbook accounts	-	-
Other amounts due	6,082	4,339
Time deposits	**420,784**	**397,781**
Time deposit accounts - retail customers (2)	403,311	379,819
Time deposit accounts - dealers	11,531	11,231
Guarantee deposits	40	40
Accrued interest	5,902	6,691
TOTAL	**3,279,473**	**3,136,669**

(1) Sight deposit accounts of retail customers paid to PSA Banque France as part of the Distingo business.
(2) Term deposit accounts of retail customers paid to PSA Banque France as part of the Distingo business.

SCHEDULE OF TERM DEPOSIT ACCOUNTS AS AT 31 DECEMBER 2021

(in thousand euros)	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Time deposit accounts - retail customers					
Non-group companies	51,069	135,330	216,912	-	403,311
Time deposit accounts (PSA Banque France Evolution)					
Non-group companies	650	9,781	1,100	-	11,531

NOTE 10 Debts securities

(in thousand euros)	31/12/2021	31/12/2020
Interbank instruments and money-market securities	**3,131,000**	**3,047,000**
Issue of NEU MTN/EMTN (1)	3,002,000	2,524,000
Issue of NEU CP (2)	129,000	523,000
Accrued interest	**6,739**	**6,800**
Accrued interest	6,739	6,800
TOTAL	**3,137,739**	**3,053,800**

(1) Following the implementation in 2016 of NEU MTN and bonds (EMTN) issuance programmes, as at 31 December 2021, the value of securities issued amounted to €3,002,000 thousand.

(2) Following the introduction in 2016 of an NEU CP issuance programme, as at 31 December 2021, the value of securities issued amounted to €129,000 thousand.

SCHEDULE OF DEBT SECURITIES AS AT 31 DECEMBER 2021

(in thousand euros)	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Debt securities					
Non-group companies	92,000	1,219,000	1,820,000	-	3,131,000

NOTE 11 Other liabilities

(in thousand euros)	31/12/2021	31/12/2020
Government and social agencies*	10,205	11,876
Other liabilities	8	7
Trade payables	255	1,027
TOTAL	**10,468**	**12,910**

* *This item includes tax and social security contributions relating to the Distingo activity to be paid to the French Treasury (€4,904 thousand). This item also includes corporation tax amounts due to subsidiaries which are members of the tax consolidation group incorporated around PSA Banque France applying consolidation rules (€5,250 thousand).*

NOTE 12 Accruals – Liabilities

(in thousand euros)	31/12/2021	31/12/2020
Other differed income [1]	5,397	7,023
Other deferred expenses [2]	6,019	7,135
of which related companies	*4,128*	*4,539*
Other	30	713
Accrued expenses on derivatives	6	-
of which related companies with Santander	*6*	*-*
TOTAL	**11,451**	**14,871**

(1) All of the expenses on the various types of funding raised by PSA Banque France and which are therefore transferred to CREDIPAR.
(2) Notably expenses for provision of services provided by shareholders and CREDIPAR.

NOTE 13 Provisions for contingencies and losses

(in thousand euros)	31/12/2020	31/12/2020 restated	Allowance	Reversal resulting from utilisation	Reversal of provision now considered unnecessary	31/12/2021
Provisions for risk of execution of network commitments	**5**	**5**	**127**	**-**	**(127)**	**5**
Provisions for contingencies and losses [1]		**657**	**50**	**-**	**(74)**	**633**
Provisions on sound loans						
Ordinary accounts in debit		152	50	-	-	202
Other customer loans [2]		479	-	-	(71)	408
Equipment loans		26	-	-	(3)	24
TOTAL	**5**	**662**	**177**	**-**	**(201)**	**638**

(1) Restated as at 31 December 2020, provisions for sound loans were classified as a reduction of assets.
(2) Including €346 thousand in provisions on cash loans and €62 thousand on home loans.

NOTE 14 Subordinated debts

(in thousand euros)	31/12/2021	31/12/2020
Other term subordinated loans*	155,000	155,000
of which related companies with Santander Consumer Finance	*77,500*	*77,500*
of which related companies with Banque PSA Finance	*77,500*	*77,500*
Accrued	96	100
of which related companies with Santander Consumer Finance	*48*	*50*
of which related companies with Banque PSA Finance	*48*	*50*
TOTAL	**155,096**	**155,100**

* *Subordinated loans were put in place on 15 December 2017. Two subordinated loans were made, one with Santander Consumer Finance for €77,500 thousand and the other with PSA Finance Nederland, 100% subsidiary of Banque PSA Finance, for a similar amount of €77,500 thousand.*

NOTE 15 Change in equity

(in thousand euros)	31/12/2020	2020 Income appropriation	Change in capital	2021 net income	31/12/2021
Share capital (1)	144,843	-	-	-	144,843
Issue, share and merger premiums	593,347	-	-	-	593,347
Legal reserve	14,484	-	-	-	14,484
Other reserves	4,385	-	-	-	4,385
Retained earnings	355,665	(44,457)	-	-	311,209
Net income (2)	81,737	(81,737)	-	73,556	73,556
TOTAL	**1,194,461**	**(126,194) (3)**	**-**	**73,556**	**1,141,823**

(1) As at 31 December 2021, the capital was made up of 9,052,658 shares with a par value of €16.
PSA Banque France is consolidated by the equity method in the consolidated accounts of Banque PSA Finance and fully consolidated in the accounts of Santander Consumer Finance.
PSA Banque France is 50% held by Banque PSA Finance and 50% by Santander Consumer Finance.
(2) The General Meeting, on the proposal of the Board of Directors, notes that the distributable profit amounts to €384,764,492.72, comprising the profit for the 2021 financial year in the amount of €73,556,046.08, along with the balance of "Prior retained earnings" amounting to €311,208,446.64.
The General Meeting, in view of the medium-term trajectory of equity, resolves to allocate the distributable profit for the financial year as follows:
> to "retained earnings": €384,764,492.72;
> to shares: €0.00.
In accordance with the law, the General Meeting therefore notes that there will be no dividend payment in respect of the 2021 financial year.
The General Meeting recalls that a dividend of €13.94 was paid in respect of the 2020 financial year, a dividend of €13.29 was paid in respect of the 2019 financial year, and a dividend of €12.83 was paid in respect of the 2018 financial year.
(3) Corresponds to the 2021 distributed dividend in respect of the 2020 financial year for an amount of €126,194,052.52.

NOTE 16 Interest and similar income and expenses on transactions with credit institutions

(in thousand euros)	2021	2020
Income		
Interest on ordinary accounts in debit	1	-
Interest on overnight loans	29	50
of which related companies (CREDIPAR)	*29*	*50*
Interest on time deposits	36,363	41,090
of which related companies (CREDIPAR)	*36,363*	*41,090*
Net impact of the borrowings micro-hedge	-	-
Income from guarantee commitment	-	-
Other interest income	1,131	1,577
Income on issuing costs	3,053	3,168
of which related companies (CREDIPAR)	*3,053*	*3,168*
TOTAL	**40,576**	**45,884**

3

(in thousand euros)	2021	2020
Expenses		
Interest on ordinary accounts in credit	(22)	(20)
Interest on time deposits	(403)	(1,272)
of which related companies (Santander Consumer Finance)	-	-
Interest on subordinated debt*	(2,142)	(2,320)
of which related companies (Banque PSA Finance)	*(1,071)*	*(1,160)*
of which related companies (Santander Consumer Finance)	*(1,071)*	*(1,160)*
Other interest expenses	(5,161)	(4,333)
of which related companies (CREDIPAR)	*(1,131)*	*(1,577)*
of which related companies (Santander Consumer Finance)	*(5)*	-
Expenses on guarantee commitment	(1)	(1)
of which related companies (Santander Consumer Finance)	-	-
Expenses on issuing costs	(83)	(428)
of which related companies (Santander Consumer Finance)	-	-
TOTAL	**(7,812)**	**(8,374)**

* *Two subordinated loans were made, one with Santander Consumer Finance for €77,500 thousand and the other with PSA Finance Nederland, a wholly owned subsidiary of Banque PSA Finance, for an equivalent amount of €77,500 thousand.*

NOTE 17 Interest and similar income and expenses on customer transactions

(in thousand euros)	2021	2020
Income		
Interest income from customer transactions	**3,158**	**3,785**
Trade receivables	-	-
Short-term credit facilities	1,571	1,884
Equipment loans	180	221
Property loans	1,097	1,278
Other customer loans	-	-
Ordinary accounts in debit	310	402
Income from guarantee commitments	**36**	**6**
TOTAL	**3,194**	**3,791**
Expenses		
Interest on ordinary accounts	**-**	**-**
of which related companies	-	-
Interest expenses on savings accounts – retail customers (1)	**(16,629)**	**(19,866)**
Interest expenses on time accounts	**(4,712)**	**(5,230)**
of which related companies	-	-
of which non-group companies	*(4,712)*	*(5,230)*
Net interest on customer loans and receivables hedging instruments (macro-hedging) (2)	**-**	**-**
of which related companies (Santander Consumer Finance)	-	-
TOTAL	**(21,341)**	**(25,095)**

(1) This item records interest on Distingo savings accounts.
(2) Macro-hedging corresponds to the switch to variable rate of part of the customer loans.

NOTE 18 Interest and similar expenses on bonds and fixed income securities

(in thousand euros)	2021	2020
Interest expenses		
Interest expenses on debt securities (1)	(13,182)	(13,082)
Interest expenses on securities (2)	(56)	-
TOTAL	**(13,238)**	**(13,082)**

(1) These are expenses related to NEU MTN and EMTN issues.
(2) These are expenses related to NEU MTN hedging swaps.

NOTE 19 Interest and similar income on variable income securities

(in thousand euros)	2021	2020
Income on shares in related companies		
Dividends received from French entities*	78,955	86,746
Other similar income	-	-
TOTAL	**78,955**	**86,746**

* *Dividends received from CREDIPAR following the General Meeting of 8 April 2021, for €78,955 thousand.*

NOTE 20 Fees and commissions

(in thousand euros)	2021	2020
Income		
From transactions with credit institutions	-	-
From customer transactions*	2,601	2,658
From securities transactions	-	-
From foreign exchange transactions	-	-
From securities under management or in deposit	-	-
From securities transactions on behalf of customers	3	-
From fees on securities transactions	68	119
From means of payment	154	155
From other delivery of financial services	13	10
TOTAL	**2,839**	**2,942**
Expenses		
From transactions with credit institutions	(175)	(216)
From means of payment	(103)	(109)
From other delivery of financial services	(5,063)	(4,206)
of which related companies (Santander)	*(4,729)*	*(4,005)*
From fees on securities transactions	(98)	(174)
TOTAL	**(5,439)**	**(4,704)**

* *Mainly €2,138 thousand relating to commissions received on current account movements in 2021 compared to €2,249 thousand in 2020.*

NOTE 21 Other banking operating income and expenses

(in thousand euros)	2021	2020
Other banking operating income	**65**	**554**
Other banking operating expenses*	**(1,846)**	**(1,407)**
TOTAL	**(1,781)**	**(853)**

* *Calls on guarantee deposits, cash and securities (FGDR scheme).*

NOTE 22 Other operating income and expenses

(in thousand euros)	2021	2020
Other structure costs	**(3,705)**	**(4,812)**
Taxes	(457)	(533)
External services provided by the Group entities	(1,398)	(1,814)
Other external services	(1,850)	(2,464)
Transport, travel	-	-
Other operating expenses	**-**	**-**
Transfer of expenses	-	-
TOTAL	**(3,705)**	**(4,812)**

NOTE 23 Cost of risk

(in thousand euros)	2021	2020
Corporate dealers		
Impairment of doubtful loans	-	-
Impairment of compromised doubtful loans	(1,694)	(543)
Reversal of provisions for doubtful loans	-	-
Reversal of provisions for compromised doubtful loans	1,139	290
Irrecoverable loans with provisions	-	-
Recoveries on written-off loans	-	-
Impairment of sound loans	(50)	(2)
Reversal of provisions for sound loans	74	174
Provisions for contingencies and losses	(127)	(126)
Reversal of provisions for contingencies and losses	127	142
TOTAL	**(532)**	**(65)**

NOTE 24 Gains or losses on fixed assets

(in thousand euros)	2021	2020
On own fixed assets		
Profit	-	-
Loss	-	-
On equity securities*		
Profit	19	-
Loss	(3)	-
TOTAL	**16**	**-**

* *PSA Banque France held 247 BPI France Garantie shares. These shares were sold in 2021.*

NOTE 25 Income taxes

(in thousand euros)	2021	2020
Income taxes		
Current income tax for the financial year*	1,823	(640)
3% tax on dividends paid	-	-
TOTAL	**1,823**	**(640)**

* *In 2021, the company benefited from a tax relief for the Group (PSA Banque France, CREDIPAR and CLV) resulting from the tax loss of PSA Banque France.*

NOTE 26 Subsidiaries and equity interests

	31/12/2021		31/12/2020	
Nature *(in euros)*	Number of shares	Net asset value	Number of shares	Net asset value
Other equity-type investments				
BPI France Garantie*	-	-	247	3,278
TOTAL	**-**	**-**	**247**	**3,278**

* *PSA Banque France held 247 BPI France Garantie shares. These shares were sold in 2021.*

	31/12/2021		31/12/2020	
Nature *(in euros)*	Number of shares	Net asset value	Number of shares	Net asset value
Shares in credit institutions				
Contribution of CREDIPAR shares	6,706,251	662,641,581	6,706,251	662,641,581
Contribution of SOFIRA shares merged in CREDIPAR on 1 May 2015	7,867,090	192,783,605	7,867,090	192,783,605
TOTAL	**8,657,313***	**855,425,186**	**8,657,313***	**855,425,186**

* *After a fixed exchange ratio of around 4.03 SOFIRA shares for each CREDIPAR share.*

NOTE 27 Subsequent events

Between 31 December 2020 and 24 February 2022, the date of review of the financial statements by the Board of Directors, no events have occurred that could have a material impact on the economic decisions made on the basis of these financial statements.

3.5 REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders. 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,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of PSA Banque France for the year ended 31 December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

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

We determined that there were no key audit matters to discuss in our report.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Director's management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders, with the exception of the following item.

Concerning the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-6 of the French Commercial Code, we have the following matter to report:

As indicated in the management report, this information does not include banking and related transaction, as the Company has decided that such transactions do not fall within the scope of the required information.

Information relating to corporate governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code (*Code de commerce*), with the exception of the following item.

PSA Banque France does not describe its diversity policy, applied to the members of the Board of Directors as required by article L. 22-10-10 2° of the French Commercial Code, in terms of criteria such as age, sex or qualifications and professional experience. Neither does PSA Banque France describe how this policy is implemented, nor how the Company seeks a gender balance on the committee set up by General Management to provide regular assistance in carrying out its general duties or its results in terms of gender balance in the 10% most senior positions.

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of PSA Banque France by the annual general meeting held on 15 March 2017 for PricewaterhouseCoopers Audit and 10 May 2005 for Mazars.

As at 31 December 2021, PricewaterhouseCoopers Audit and Mazars were in the fifth year and the seventeenth year of total uninterrupted engagement respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

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

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

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

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, 13 April 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Isabelle Gallois	Matthew Brown Olivier Gatard

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2021 ANNUAL REPORT

PERSON RESPONSIBLE FOR THE ANNUAL REPORT

Laurent AUBINEAU

Chief Executive Officer of PSA Banque France

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, financial situation and results of PSA Banque France and all companies included in the consolidation and that the management report of this document also presents a fair review of the business development, results and financial situation of the Company and all companies included in the consolidation as well as a description of the main risks and uncertainties they are exposed to.

Poissy, 13 April 2022

Laurent AUBINEAU

Chief Executive Officer of PSA Banque France

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