PSA BANQUE FRANCE

STELLANTIS

2020 ANNUAL REPORT

CONTENTS

MESSAGE FROM THE CEO

IN A HEALTH CONTEXT THAT WE ARE ALL FAMILIAR WITH, THE PSA BANQUE FRANCE GROUP DEMONSTRATED EXTRAORDINARY RESILIENCE, GENERATING €350 MILLION IN OPERATING INCOME, MORE THAN IN 2019.

In a market disrupted by the health crisis, the PCD group of the Peugeot, Citroën and DS brands held up better than the market, achieving a market share of 30.1% compared to 29.7% in 2019. The Peugeot brand benefited from the novelty of its entire range and accounted for 18.2% of domestic registrations. With market share of 10.9% and 1.1% respectively, the Citroën and DS brands round out the Group's presence in the market.

The PSA Banque France Group focused on two priority objectives:

- protect the health of its employees by implementing strict health protocols in the workplace and by rolling out teleworking on a massive scale;
- protect the company by rapidly deciding on measures for our customers (networks and end users) to help them overcome this crisis and to preserve the quality of our assets under management.

One of the flagship measures was the implementation of campaigns to postpone instalment deferrals, in a proactive manner, for SME customers. Repayments were made seamlessly in the last quarter of 2020.

It should also be noted that risk was well managed. Excluding exceptional post-model adjustment provisions, it remained below the budgeted cost of risk for the year.

With a diversified refinancing policy, we were able to support the three brands in the energy transition by offering our customers innovative and competitive formulas such as Flex and Free or Mobility Pass meeting their expectations in terms of "automotive" consumption.

This strategy allowed us to make progress in terms of commercial performance for both customer types: for individual customers, 51% of deliveries were matched by CREDIPAR financing, and in the case of companies, an increase of almost two points made it possible to reach 31.7%.

It should also be noted that, despite the context, we continued to transform our company by challenging processes and by rolling-out a robust robotisation and automation programme.

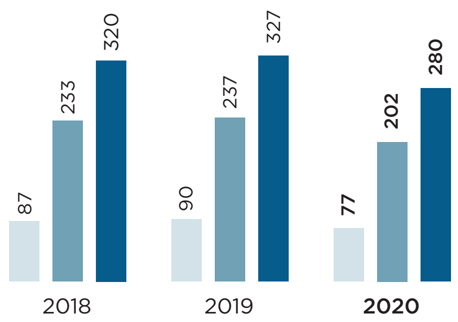
Lastly, all this was only possible thanks to the professionalism and commitment of our employees.

LAURENT AUBINEAU
Chief Executive Officer

2020 KEY FIGURES

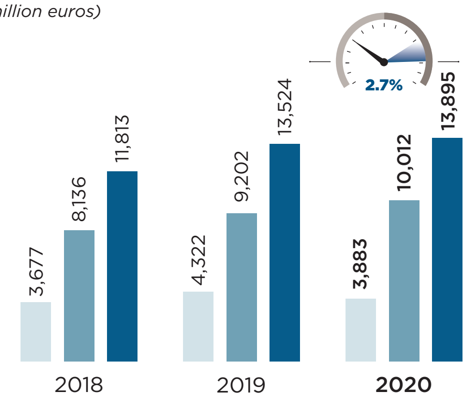
EVOLUTION OF VEHICLES FINANCED FOR END USERS

(in thousands of vehicles)



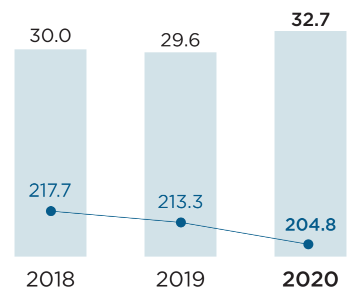
EVOLUTION OF OUTSTANDING LOANS TO END USERS AND DEALER NETWORK

(in million euros)

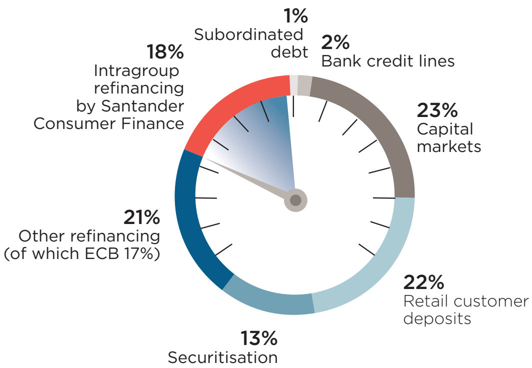


FINANCING AND SERVICE PENETRATION RATES

(in % of new vehicle sales for Peugeot, Citroën and DS / in % of financing contracts)

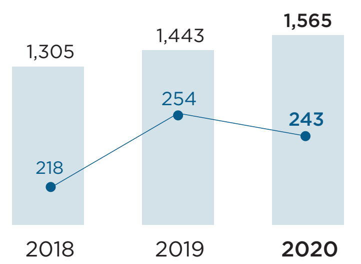


FUNDING SOURCES AT 31 DECEMBER 2020



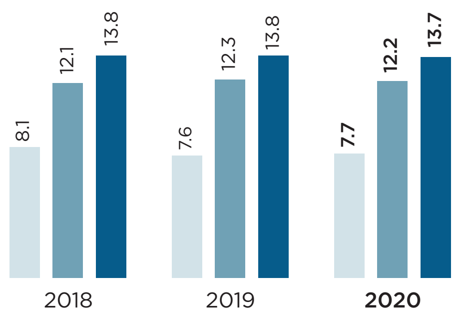
EQUITY AND NET PROFIT

(in million euros)



CAPITAL RATIOS

(in %)



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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 2020 by the Statutory Auditors of the PSA Banque France Group, PricewaterhouseCoopers and Mazars.

CONSOLIDATED INCOME STATEMENT

(in million euros)	31 December 2020	31 December 2019	Change %
Net banking revenue	565	529	+6.8%
General operating expenses and equivalent	(157)	(159)	(1.3%)
Cost of risk	(58)	(37)	+56.8%
Operating income	**350**	**333**	**+5.1%**
Other non-operating income	(4)	-	-
Pre-tax income	**346**	**333**	**+3.9%**
Income taxes	(103)	(79)	+30.4%
NET INCOME	**243**	**254**	**(4.3%)**

CONSOLIDATED BALANCE SHEET

(in million euros)

Assets	31 December 2020	31 December 2019	Change %
Cash, central banks, post office banks	487	453	+7.5%
Financial assets	-	-	-
Loans and advances to credit institutions	964	979	(1.5%)
Customer loans and receivables	13,895	13,524	+2.7%
Tax assets	4	10	(60.0%)
Other assets	307	378	(18.8%)
Property and equipment	17	18	(5.6%)
TOTAL ASSETS	**15,674**	**15,362**	**+2.0%**

Liabilities	31 December 2020	31 December 2019	Change %
Financial liabilities	1	2	(50.0%)
Deposits from credit institutions	4,937	3,738	+32.1%
Due to customers	3,214	2,877	+11.7%
Debt securities	4,684	5,971	(21.6%)
Tax liabilities	457	377	+21.2%
Other liabilities	661	799	(17.3%)
Subordinated debt	155	155	0.0%
Equity	1,565	1,443	+8.5%
TOTAL LIABILITIES	**15,674**	**15,362**	**+2.0%**

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)	31 December 2020	31 December 2019	Change %
Dealer network	3,883	4,322	(10.2%)
End users	10,012	9,202	+8.8%
TOTAL CUSTOMER LOANS AND RECEIVABLES	**13,895**	**13,524**	**+2.7%**

1.1.2 Activities of the PSA Banque France Group

1.1.2.1 PRESENTATION

Banque PSA Finance, the finance company of STELLANTIS (after 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, as Switzerland is managed entirely by Santander Consumer Finance, the banking partnership now covers 10 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 the subsidiary SOFIRA.

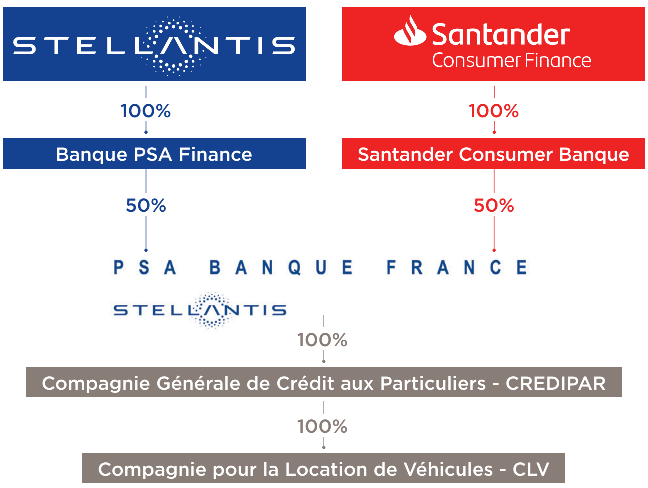
The cooperation with Santander Consumer Finance enhances the activities of the PSA Banque France Group, thanks to more competitive financial offers dedicated to Peugeot, Citroën and DS customers and dealer networks. These offers are accompanied by a complete range of insurance products and services that enable customers to benefit from a global and coherent product range 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.

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 3 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. While maintaining a high level of performance, the PSA Banque France Group has implemented instalment deferrals and rescheduling for its customers and the dealer network. These solutions, which are in line with the FBF-ASF market protocol of 17 June 2020, to which the PSA Banque France Group has adhered, have enabled business and corporate customers in particular to face this exceptional period under the best possible conditions.

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 allows the PSA Banque France Group to develop 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 following the arrival of electric models in its brands' ranges;
- **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, a complete 100%-online solution for selling and financing new vehicles. The three brands benefit from this new 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. The financing offers have thus remained competitive in the complex car sales environment.

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 which aims for 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 includes 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 OFFER

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

- **financing for end users (72% of outstanding loans as at 31 December 2020).** 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. Free2Move Lease (F2ML), created in 2017, is the dedicated STELLANTIS Group internal long-term lease business unit which is part of the Free2Move global mobility initiative for all. PSA Banque France is one of the operational and financial pillars of this solution for companies of all sizes. It provides the financial package for service and insurance solutions offered by F2ML, as well as field support and customer management. PSA Banque France continued to enhance its offer with a view to adapting to the new behaviour of individuals 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. PSA Banque France develops offers providing solutions for this new behaviour;
- **financing for the dealer network (28% of outstanding loans as at 31 December 2020).** 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 intended for end users is offered:
  - insurance policies related to financing, such as death/invalidity insurance, unemployment insurance, or financial loss insurance which covers the total loss of the financed vehicle,
  - 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.

In order to support corporate customers, new insurance products covering their business (transported equipment or business interruption guarantees) were put in place in 2019. The "Pay How You Drive" solution is proving to be an outstanding success with individuals. With a view to supporting 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' desire to expand its range of electrified vehicles, both for individuals and companies of all sizes;

- **public retail savings.** The "*Distingo par PSA Banque*" retail savings business consists of savings accounts and term deposits. 2020 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 their 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 businesses and corporate customers, either through instalment loans or leasing contracts;
- corporate dealer loans consist of financing the stock of new vehicles, used vehicles, and spare parts granted to the Peugeot, Citroën and DS brand dealer networks. In this segment are also included 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 for new vehicles. Financing is also proposed for the purchase of used vehicles of any automotive brand.

In 2020, 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 also 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 32.7% of new vehicles registered in France by the three brands in 2020.

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 being upgraded based on 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 appreciated 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 40% 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. Since 2019, the electronic signature for corporate customers, who use leasing, complements the one already offered to individuals. This approach designed to simplify the customer journey and the interface with the point of sale shows the determination of the PSA Banque France Group to be the partner of choice for its customers.

To support the communication and offers of Peugeot, Citroën and DS on their websites, the PSA Banque France Group has developed tools for simulating available financing on the STELLANTIS Group 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 were 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 closely as possible. The PSA Banque France Group assists Peugeot, Citroën and DS in identifying and designing solutions that will satisfy 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 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 final monthly payment 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 "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 has the option of making 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 delay 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 cases.

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 to secure the financing.

Lease activities to end users

Lease activities include long-term leasing, which is being promoted to corporate customers by Free2Move Lease since 2017; leasing with a purchase option; and finance leases, depending on whether they are retail or corporate customers. 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 offered 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 the lease with a purchase option or finance lease contract, the customer has the choice of returning the vehicle or exercising his purchase option. For long-term lease contracts, 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 recovery 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 buy-back or 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 its agreed 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 interrupts the payment of his rents. The vehicle's buy-back amount set in advance by the dealer or manufacturer may not be enough to offset the loss of payments not made by the customer. The long-term lease contracts therefore include a clause to compensate for the damage caused by the 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 individuals 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.

Instalments and lease payments are generally settled by direct debit. In cases of non-payment, a second debit order is triggered 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 reported 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 to intervene on the field or establish consolidated debt arrangements, and if no other solution is possible, take back possession of the financed vehicle with or without a court order, thereby terminating the contract.

After recovering the vehicle, the PSA Banque France Group implements 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 repossessing 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 litigation teams ask 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, demonstrations 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 limit of an aggregate amount 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 range of solutions 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, in particular, markets loan and financial loss insurance products;
- "PSA Assurance", the STELLANTIS auto insurance, is supporting the launch of the CITROËN AMI quadricycle, the STELLANTIS's first vehicle sold 100% online. An adapted offer presented via the dedicated website offers buyers the choice to insure Citroën AMI under the best market conditions;
- 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 alone or jointly 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 encounter 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 "Smile & Go" at Citroën and "Pack Perspectives" at Peugeot. Special products have also been designed for used vehicles that include 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. This is the case, for example, with "Give Me 5" for Citroën and "Pack Perspectives Occasions" for Peugeot.

As for insurance, the PSA Banque France Group is also building on its offer in line with this "one-stop shopping" strategy by allowing its customers to buy all the vehicle's products & services, maintenance, and insurance at the vehicle's point of sale. Since 2019, the "Pay How You Drive" connected automotive insurance offer has been developed; becoming a genuine sales argument for the sales forces. It is available for the three brands.

In 2020, on the strength of its different lines of insurance products and services, the PSA Banque France Group continued to build on its offer of ancillary products, which play a big part in customer satisfaction and retention as well as its overall profitability. The PSA Banque France Group's insurance products and services are also included in the Free2Move Lease offer, the dedicated long-term lease solution for company vehicles. The PSA Banque France Group adapts its insurance and services offer to the mobility needs of STELLANTIS customers. Said customers are looking for reassuring solutions when purchasing an electrified vehicle.

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 savers who are private individuals and tax residents of France.

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

In the context of the Covid-19 coronavirus pandemic, the PSA Banque France Group decided, from March 2020, to implement support measures for its customers. These measures have been defined and are framed by the guidelines published by the EBA under the reference EBA/GL/2020/02 concerning moratoria on payment of loan instalments. They are also in line with the measures defined in the market protocol of the French Banking Federation (FBF) and the French Association of Financial Companies (ASF) of 17 June 2020 to which the PSA Banque France Group has adhered. The eligibility criteria are applied in compliance with the prudential treatment of moratoria and validated by the cooperation bodies between Banque PSA Finance and Santander Consumer Finance.

The support measures on the moratoria consisted of one or more deferrals of instalments for end-user customers and also for certain financing activities of the dealer network.

For financing activities to end-user customers, the PSA Banque France Group has applied the following measures:

- to proactively and systematically defer instalments by a 90-day period for eligible Small and Medium-sized Enterprises (SMEs) and corporates using finance leasing;
- to postpone upon request the due date by 30 days for the April instalment and certain subsequent instalments, renewable up to two times, for individuals and other SMEs not eligible for the systematic deferral referred to above.

For dealer network financing activities and in agreement with the three brands, the PSA Banque France Group decided to increase the free-of-charge period by:

- 30 days for new vehicles and demonstration vehicles;
- 60 days for used vehicles and spare parts in storage at the onset of the Covid-19 pandemic.

Specific support measures have also been implemented, pursuant to the dealers' request, in order to postpone certain instalments of their amortising loans, notably during the lockdown periods. In addition, specific financial conditions were decided jointly with the three brands as regards the post-lockdown periods in order to facilitate the restarting of activities.

Management and monitoring of moratorium measures are implemented and monitored by the Executive Management. Their impacts are also measured and monitored by the various departments concerned, in particular the Risk, Finance, Operations and Collection departments. In addition, a support plan intended to give customers flexibility in exit conditions from deferrals was set up and implemented as from June, again with the objective of limiting the impacts and adapting reimbursements to specific customer situations.

According to the recent publication of the EBA guidelines under reference EBA/GL/2020/15 of 2 December 2020, in view of the impact of the second Covid-19 wave in France and in the other countries of the European Union, the moratoria on loan maturities were extended to 31 March 2021. Following this extension, the PSA Banque France Group adapted its measures and its eligibility criteria, in line with regulatory requirements. The new measures on payment moratoria for the second wave have been implemented since the second lockdown in France in November 2020, as part of the support provided to its customers throughout the health crisis.

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, while working closely with the marketing policy of the three brands, Peugeot, Citroën and DS. 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, designed cooperatively 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 2020, the overall workforce of the PSA Banque France Group stood at 777 employees (excluding work-study), or the full-time equivalent of 752,1 employees with an additional 48 apprentices on fixed-term contracts. New employees were hired to support the development of the PSA Banque France Group, in particular as a result of the relocation of the registered office to Poissy.

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 agencies, 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 its day-to-day financing activities.

1.2 ANALYSIS OF OPERATIONAL RESULTS

The majority of the 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 retail and corporate customers, and financing vehicles and spare parts inventory 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 PSA Banque France Group's operating income for 2020 stood at €350 million compared to €333 million in 2019.

1.2.1 Vehicle sales of Peugeot, Citroën and DS

In 2020, sales of passenger vehicles and light utility vehicles in the former PSA Group scope (excluding Opel) in France decreased by 22.8% to 618,584 units due to reduced activity at points of sale and factories during lockdown periods. Within this scope, however, the car manufacturer remains the French market leader with a market share of 30.1% (32.6% with Opel).

Peugeot was down on last year with passenger vehicle sales down 20.5% for a total of 301,935 units, despite four models being ranked among the 10 best-selling models in France: the 208 (5.8% market share) was the second best-selling vehicle in France in 2020; the 2008 (4.1%) climbed to third position; the 3008 (2.7%) fell to seventh place; and, finally, the 308 (2.2%) fell two places and now occupies tenth place. Sales of light utility vehicles reached 70,642 units, down 17.2%.

Citroën, for its part, registered 223,625 cars in France, which represented a 27.7% fall compared to the previous year. This figure breaks down into 162,688 passenger vehicles and 60,937 light utility vehicles. In the passenger car category, the C3 is the fourth best-selling car in France, with a market share of 3.5%.

Lastly, with 22,182 passenger vehicle registrations at the end of 2020, DS posted the smallest decrease, falling 17.4%, while its passenger vehicle market share was up slightly to 1.3%.

1.2.2 Commercial activity of the PSA Banque France Group

1.2.2.1 END-USER FINANCING

Over the year in 2020, the PSA Banque France Group saw a decrease of 14.6% in financing volumes for new and used vehicles to end users, from 327,410 to 279,756 financing contracts subscribed, for a total production of €4,350 million, down by 6.6% compared to 2019.

The smaller decrease in the volume of new financing compared to the number of vehicles financed is due to an increase of over €1,300 in the average amount financed, in line with the trend observed in previous years of move upmarket on vehicles and the launch of electric versions on all new models since the end of 2019.

New vehicle penetration amounted to 32.7% in 2020, up 3.1 points compared to 2019. It increased on the individuals segment (3.2 points), in a declining market.

The PSA Banque France Group financed 202,441 new STELLANTIS vehicles in 2020, through loans or lease contracts, down 14.6% compared to 2019.

Financing for companies decreased compared to 2019, by 9.1%, while STELLANTIS registrations on this market were down 14.4% (excluding short-term rental companies).

Refinancing conditions, the brands' strategy as well as the strong interest of individuals in the new Peugeot, Citroën and DS models spurred requests for the Group's financing solutions, particularly leases with a purchase option (+2.2% increase in share of leasing with a purchase option/finance lease on 2020 production).

Lastly, used vehicle financing fell versus 2019 with 77,315 units (-14.5%), in line with the used-vehicle market (-3.8%).

The tables below show the main indicators of the PSA Banque France Group's end-user financing activity in 2020.

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

	31 December 2020	31 December 2019	Change %
Number of new contracts	279,756	327,410	(14.6%)
Amount of production *(in million euros)*	4,350	4,659	(6.6%)

OUTSTANDING LOANS TO END USERS

(in million euros)	31 December 2020	31 December 2019	Change %
Outstanding loans	10,012	9,202	+8.8%

1.2.2.2 DEALER NETWORK FINANCING

In 2020, outstanding loans for the Peugeot, Citroën and DS dealer networks decreased compared to 2019, following the periods of lockdown and curfew impacting the activity of the sales points and plants, despite the favourable positioning of the vehicle models, notably the offering of hybrid and electric vehicles in 2020.

The brands' policy of transferring an increasing number of branches or concessions held directly by STELLANTIS to independent investors continued. The latter are financed by the PSA Banque France Group, while dealers controlled by the manufacturer receive financing directly from it. Since December 2020, financing is also provided to them by the PSA Banque France Group after the first three days.

Outstanding loans made to the dealer network fell by 10.2% in 2020 compared to 2019.

The table below shows the main indicators of the PSA Banque France Group's end-user financing activity in 2020 and 2019.

TOTAL OUTSTANDING LOANS TO DEALER NETWORK

(in million euros)	31 December 2020	31 December 2019	Change %
Outstanding loans	3,883	4,322	(10.2%)

1.2.2.3 INSURANCE AND SERVICES

In 2020, the number of insurance and service contracts decreased by 18.0% compared to the previous year, with 572,893 new contracts subscribed compared to 698,236 in 2019.

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

In 2020, the volume of insurance policies decreased overall, and the lower number of policies sold by financing was confirmed for financing-related insurance. A change in customer behaviour towards insurance is identified; the PSA Banque France Group will propose offers that will be tailored to meet these new expectations.

The tables below show the main indicators for the PSA Banque France Group's insurance and services activities in 2020 and 2019.

PRODUCTION OF NEW INSURANCE AND SERVICE CONTRACTS

(in number of contracts)	31 December 2020	31 December 2019	Change %
Financing-related insurances	263,763	332,432	(20.7%)
Car insurance and vehicle-related services	309,130	365,804	(15.5%)
TOTAL	**572,893**	**698,236**	**(18.0%)**

PENETRATION RATE ON FINANCING

(in %)	31 December 2020	31 December 2019	Change in pts
Financing-related insurances	94.3	101.5	(7.2)
Car insurance and vehicle-related services	110.5	111.8	(1.3)
TOTAL	**204.8**	**213.3**	**(8.5)**

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 grew 9.4% over 2020, reaching €2,828 million at the end of the year, i.e., an increase of €243 million compared to the end of 2019.

Despite the unprecedented context of the Covid-19 pandemic, the organisation set up made it possible to meet the target for outstanding, notably by maintaining a quality customer service, and through different marketing actions. Over 14,000 accounts were opened in 2020. Customer satisfaction surveys continue to show excellent results while a number of journalists have promoted the Distingo offer in the press.

SAVINGS BUSINESS

(in million euros)	31 December 2020	31 December 2019	Change %
Outstandings	2,828	2,585	9.4%

1.2.3 Results of operations

NET INCOME

(in million euros)	31 December 2020	31 December 2019	Change %
Net banking revenue	**565**	**529**	**6.8%**
of which end users	*394*	*365*	*7.9%*
of which dealer network	*57*	*59*	*(3.4%)*
of which insurance and services	*127*	*120*	*5.8%*
of which unallocated and other	*(13)*	*(15)*	*(13.3%)*
General operating expenses and equivalent	**(157)**	**(159)**	**(1.3%)**
Cost of risk	**(58)**	**(37)**	**56.8%**
of which end users	*(48)*	*(37)*	*29.7%*
of which dealer network	*(10)*	*0*	-
Operating income	**350**	**333**	**5.1%**
Other non-operating income	(4)	0	-
Pre-tax income	**346**	**333**	**3.9%**
Income taxes	(103)	(79)	30.4%
NET INCOME	**243**	**254**	**(4.3%)**

1.2.3.1 NET BANKING REVENUE

Net banking revenue increased by 6.8% to €565 million as at 31 December 2020, compared to €529 million as at 31 December 2019.

This increase is mainly due to an increase in financing outstanding for end users as well as a reduction in costs thanks to the diversification of funding sources, in particular with the recognition of interest income on the TLTRO-II and TLTRO-III transactions. The margin obtained on insurance and services also helped to drive up net banking revenue which in 2020 gained €7 million against the previous year, to stand at €127 million.

1.2.3.2 GENERAL OPERATING EXPENSES

General operating expenses and associated expenses reached €157 million as at 31 December 2020, against €159 million as at 31 December 2019. This €2 million decrease is a satisfactory result for 2020, given the increase in net banking revenue and the overall outstanding amount of financing. Indeed, the cost-to-income ratio improved from 30.1% to 27.8%.

1.2.3.3 COST OF RISK

The cost of risk in 2020 stood at €58 million, i.e., 0.44% of average net outstanding loans, against €37 million in 2019, representing 0.31% of average net outstanding loans. All of the performing and non-performing loans were provisioned.

In 2020, in addition to the first observed impacts of the Covid-19 crisis, the PSA Banque France Group decided, as part of the application of IFRS 9 accounting standards, 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. This provision is intended to cover potential future negative impacts of non-performing loans in the context of the crisis, of which €12.6 million for the end-user financing activity and €2.4 million for the dealer network financing activity.

The cost of risk on end-user financing activities thus amounted to €48 million in 2020, compared to €37 million in 2019, for the reasons referred to above.

As regards financing on the dealer network, the cost of risk was €10 million compared to zero in 2019. As well as the post-model adjustment, additional provisions amounting to €7.2 million were recognised on certain dealerships which are subject to close monitoring in the context of the uncertainties stemming from the current crisis (stage 2), without these currently being in default.

1.2.3.4 CONSOLIDATED INCOME

As at 31 December 2020, the pre-tax income of the PSA Banque France Group stood at €346 million, up 3.9% compared to 31 December 2019. Consolidated net income for 2020 amounted to €243 million.

The effective corporate tax rate increased to 29.5% of taxable earnings, compared to 23.4% for 2019. The corporate income tax rate in 2020 was 32.0% with the tax burden being reduced by the reassessment of the deferred tax liabilities inventory (impact of €11.3 million in 2020, €39.8 million in 2019, €12.2 millions in 2018 and €1.9 million in 2017) following the reduction in the tax rate as per the 2020 French Finance Act (see Note 27.3 – PSA Banque France Group tax proof). The tax burden for 2020 was €103 million.

1.3 FINANCIAL SITUATION

1.3.1 Assets

Total assets of the PSA Banque France Group as at 31 December 2020 stood at €15,674 million, up by 2.0% compared to 31 December 2019.

Total outstanding financing amounted to €13,895 million, a 2.7% increase compared to 31 December 2019. End-user loans were up by 8.8%, while dealer network financing decreased by 10.2%.

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 26.1 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 2020 and 2019.

IFRS 9

On 1 January 2018, PSA Banque France 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.

The main changes impacting PSA Banque France Group after IFRS 9 implementation are:

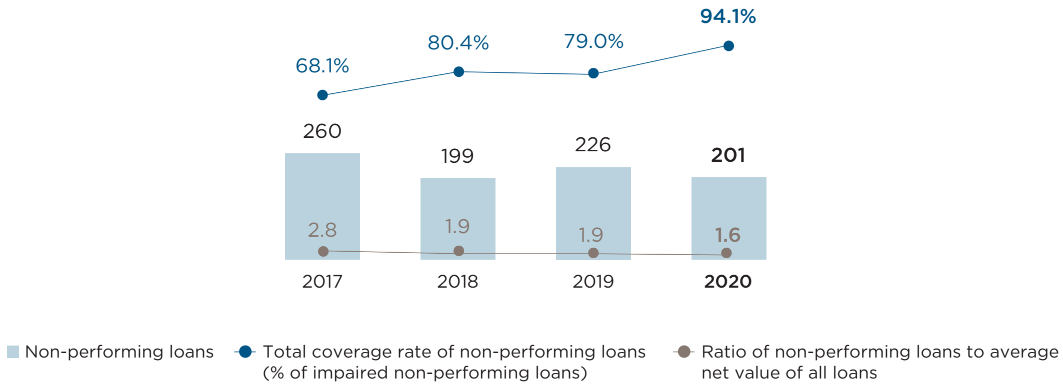
- provisioning of assets throughout their residual life, once there is a significant risk deterioration;
- creation of a "stage 2" assessing outstanding for Corporate loans, with the aim to define specific provision for assets whose credit risk was significantly downgraded. It should be noted that there 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.

Even though, conceptually and operationally, IFRS 9 makes many changes, the financial impact remains relatively limited, mainly because the PSA Banque France Group's sound loans were already subject of impairments, booking the corresponding expected loss amounts.

For financing to individuals and small and medium-sized businesses, 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.

NON-PERFORMING LOANS ON THE TOTAL PORTFOLIO
(in million euros, except percentage)



In 2020, the decrease in non-performing loans is mainly due to the sale of a receivables portfolio in December. The risk profile remains favourable, with the ratio of non-performing loans to average value of loans decreasing from 1.9% to 1.6%.

Non-performing loans (excluding the aforementioned sale at the end of the year) increased by €8 million for end users, as a result of rising unpaid amounts in the current context, notably for individuals. However, non-performing loans for dealers decreased by €7 million with very few defaults reported in 2020 thanks to support measures implemented in response to the Covid-19 pandemic.

The total coverage rate of non-performing loans improves to 94% in 2020, due to the increase in the provision rate generated by rising unpaid amounts in 2020 in the context of the Covid-19 crisis, and mainly to the provision in the form of the exceptional post-model adjustment reflecting the future risk of deterioration in the receivables portfolio in this context. The average coverage rate of stage 3 non-performing loans rises from 56% to 61% at the end of December 2020.

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. Five bonds issued in an amount of €500 million each were placed as at the end of 2020, four of which are still outstanding 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. In November 2018, a public securitisation transaction of leases with a purchase option was placed on the markets.

As at 31 December 2020, the refinancing of the PSA Banque France Group was split as follows:

- 2% from drawn bank loans;
- 23% from negotiable debt security and EMTN bond issuances on the capital markets;
- 22% from repayable funds from the public in relation to deposit activity;
- 13% from securitisation transactions placed;
- 21% from other external refinancing, of which 17% from the European Central Bank (participation in the TLTRO-II and TLTRO-III programmes);
- 18% 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 2020 compared to 31 December 2019 and 31 December 2018.

FUNDING SOURCES

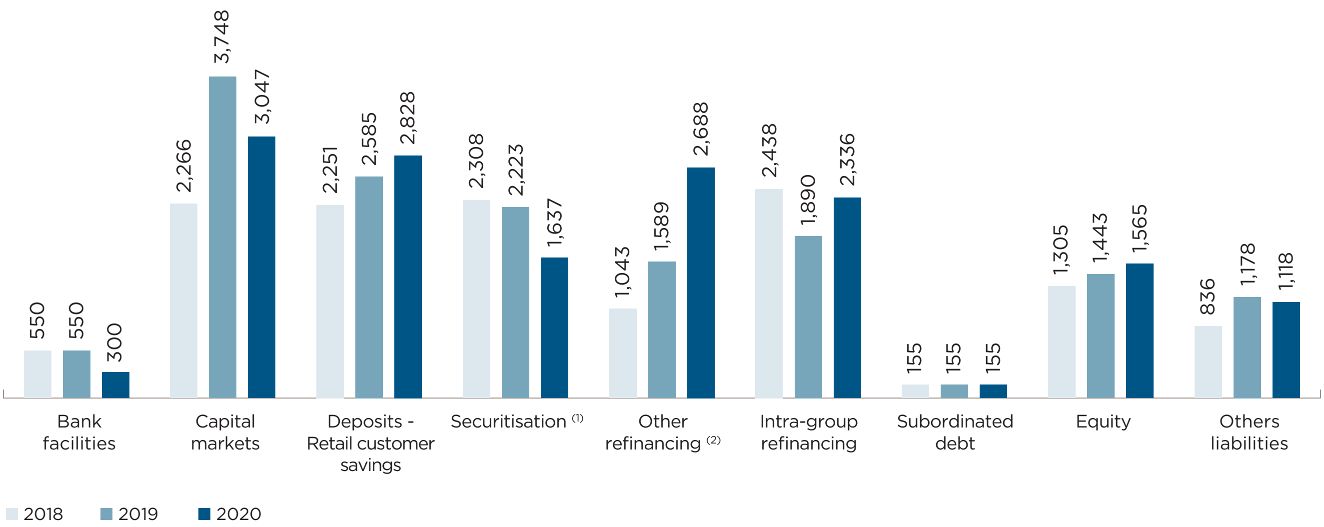
(in million euros)	**31 December 2020**		**31 December 2019**		**31 December 2018**	
Bank facilities	300	2%	550	4%	550	5%
Capital markets	3,047	23%	3,748	29%	2,266	21%
Deposits – Retail customer savings	2,828	22%	2,585	20%	2,251	20%
Securitisation (1)	1,637	13%	2,223	18%	2,308	21%
Other refinancing (2)	2,688	21%	1,589	13%	1,043	10%
External funding	**10,500**	**81%**	**10,695**	**84%**	**8,418**	**77%**
Intra-group funding	**2,336**	**18%**	**1,890**	**15%**	**2,438**	**22%**
Subordinated debt	**155**	**1%**	**155**	**1%**	**155**	**1%**
Equity	**1,565**		**1,443**		**1,305**	
Other liabilities	**1,118**		**1,178**		**836**	**-**
BALANCE SHEET TOTAL	**15,674**		**15,362**		**13,153**	**-**

(1) Securitisation only includes the securitisations placed on the market.

(2) Of which refinancing through the ECB (participation in TLTRO-II and TLTRO-III) for a total of €2,250 million as at 31 December 2020 and dealer deposits.

FUNDING SOURCES

(in million euros)



Outstanding bank financing (in the form of drawn bilateral lines) was down to €300 million as at 31 December 2020 after the non-renewal of three loans that matured in 2020.

Outstanding capital market financing was down, notably following the redemption in January 2020 of the first EMTN issued in 2017, and representing €3,047 million as at 31 December 2020.

Outstandings in the retail savings segment increased to €2,828 million.

As at 31 December 2020, the PSA Banque France Group's refinancing through securitisation was based on five transactions totalling €5,690 million in receivables sold to securitisation vehicles (see Note 6.4 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 4-year revolving period;
- the Auto ABS French Leases Master Compartment 2016, monthly issuance programme, restructured in June 2020 for an additional 18-month revolving period with a funding increased from €600 million to €900 million by a pool of investors;
- the Auto ABS French LT Leases Master monthly issuance programme (STS qualification notified), restructured in June 2019, of which the revolving period was extended for two years. This programme was amended in June 2020 so as to take into account the instalment deferrals granted by CREDIPAR to its corporate customers in the context of the Covid-19 pandemic;
- the Auto ABS French Leases 2018 public offering having issued and placed in November 2018, €450 million senior securities, rated AAAsf/Aaasf, and €60 million mezzanine securities rated A(high)sf/A2sf as at 31 December 2020, in its amortisation period since June 2019. In May and June 2020, the senior notes of this transaction were amortised more rapidly than expected due to the repurchase by CREDIPAR of the receivables on which instalment deferrals had been granted in the context of the Covid-19 pandemic.

- the Auto ABS DFP Master Compartment France monthly issuance programme, restructured in September 2020 with an AAsf/Aa2sf rating target for an additional 5-year revolving period.

Financing from securitisation transactions in the market was down to €1,637 million as at 31 December 2020.

Furthermore, the PSA Banque France Group benefits from collateralised financing obtained from the European Central Bank under the TLTRO-II and TLRO-III refinancing operations, for a total investment increased to €2,250 million (see Note 11 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.

Almost 70% of financing as at 31 December 2020 had an initial maturity of twelve months or more.

The average maturity of medium- and long-term financing raised in 2020 was about 2.6 years, notably with the participation in the TLTRO-III refinancing operations with a three-year maturity.

Bank credit lines used as at 31 December 2020 do 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 these credit lines:

- 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 €450 million liquidity reserve as at 31 December 2020, 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 €817 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 19 of the consolidated financial statements).

As at 31 December 2020, the PSA Banque France Group had €776 million in financing commitments granted to customers and €5 million in guarantee commitments to customers (see Note 19 of the consolidated financial statements).

1.3.5 Credit ratings

On 28 December 2018, Standard & Poor's Global Ratings upgraded PSA Banque France's credit rating from BBB to BBB+ along with a stable outlook. On 15 April 2020, Standard & Poor's Global Ratings revised the outlook on the PSA Banque France's credit rating to negative from stable 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 2020

(in million euros)		Active Programmes	Programmes size as at 31 December 2020	Outstanding as at 31 December 2020
Moody's	**S&P**	**Short-term**		
P2	A-2	CD/NEU CP	2,000	523
		Long-term		
A3	BBB+	BMTN/NEU MTN	1,000	524
A3	BBB+	EMTN	4,000	2,000

1.3.6 Outlook for 2021

After an unusual year in 2020, 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 (***E****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.

At the same time, the PSA Banque France Group will continue its commitment to the brands to facilitate the ongoing energy transition by giving priority to so-called "usage" products for all customers, whether individuals or companies.

In a context that is unfortunately still likely to be disrupted by the health crisis, the PSA Banque France Group expects, at this stage, a registrations market below that of 2019; PSA Banque will have to capitalise on the processing of loyalty transactions whose potential in 2021 is very significant. This opportunity stems from the strategy of promoting the distribution of "Loyalty Products". Successfully processing these transactions is essential in view of the fact that the market expects a decline in the weight of sales to individuals.

The PSA Banque France Group will also continue its growth in the corporate market through the development of long-term leasing products driven by the Free2Move Lease, but also through an improved leasing performance for SMIs/SMEs.

With regard to the financing of used vehicles, it will have to accelerate the strategy begun in 2020 of developing the technique of leasing with a purchase option, in line with what is already done on new vehicles.

The development of this type of product should make it possible to foster the loyalty of this customer segment *vis-à-vis* the brands and their networks, and generate new sourcing of older vehicles for referral agents.

Lastly, the level of customer protection in terms of insurance products must be restored, through more appropriate training for referral agents, but also through the development of the range of products for "low-emission" vehicles.

All these guidelines must be based on the continued digitisation of processes, on electronic signatures for all types of customers, and on the digitisation of financing files and invoices.

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 that could, according to its estimates if they occur, have a material adverse impact on its business, profitability and financial position, solvency or 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 those risks.

The purpose of this section is to respond to:

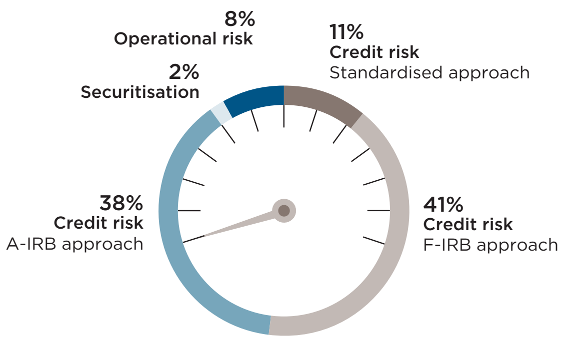
- the reporting obligations under Part 8 of Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR);
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV);
- the EBA guidelines on disclosure requirements under Part 8 of the CRR (EBA GL-2016-11) to improve the comparability of information provided by credit institutions under the Pillar III of the Basel Committee's agreement on market discipline;
- the Commission Delegated Regulation (EU) 2017/2295 of 4 September 2017 relating to disclosure of encumbered and unencumbered assets;
- Regulation (EU) 2017/1129 of the European Parliament and Council of 14 June 2017 on the prospectus to be published when securities are admitted to trading on a regulated market (Prospectus 3);
- ESMA guidelines on the format of the risk factors that issuers must publish in their prospectus (ESMA 31-62-1293).

The Pillar III information is published annually, but key indicators are to be reported half-yearly (Article 492 of the CRR). No significant, sensitive or confidential information is omitted in this respect (Article 432 of the CRR).

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

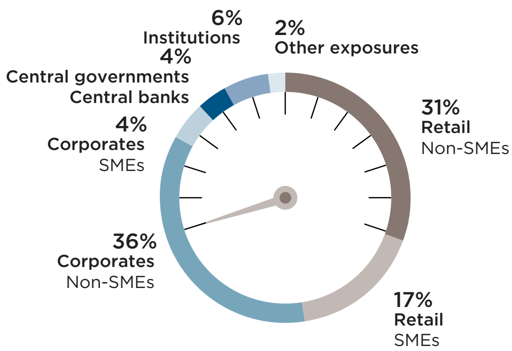
REGULATORY CAPITAL REQUIREMENT BY TYPE OF RISK

(as a % of total RWA as at 31 December 2020: €10,068 million)



EXPOSURES BY TYPE OF COUNTERPARTY

(as a % of total net exposures as at 31 December 2020: €16,244 million)



Prudential ratios	31/12/2020
> CET1 ratio	12.2%
> Total capital ratio	13.7%
> Leverage ratio	7.7%
	2020 (average)
> Short-term liquidity coverage ratio (LCR)	131%

Profitability	31/12/2020
> Return on assets (ROA)*	1.6%

* *ROA calculated by dividing net income by the balance sheet total (Article 90.4 CRD IV)*

1.4.1 Risk factors

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

The risks specific to its business are therefore presented below in four categories with three levels of severity (low, medium, 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 material are listed first, based on an assessment of their probability of occurrence and potential impact, while including (where possible) quantitative information relating to those risks. Risk management policies were taken into account in the assessment of the materiality of various risks.

Risks related to the environment in which the PSA Banque France Group operates that could affect the development of its business	Severity level
1. Risk associated with the STELLANTIS's business	High
2. Risk associated with the competitive environment	Medium
3. Legal, regulatory and tax risks	Medium

Credit and counterparty risks	Severity level
4. Credit and concentration risks	Medium
5. Counterparty risk	Low

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

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

These risk factors, described below, have been updated to take into account the impacts of the Covid-19 pandemic.

RISKS RELATED TO THE ENVIRONMENT IN WHICH THE PSA BANQUE FRANCE GROUP OPERATES THAT COULD AFFECT THE DEVELOPMENT OF ITS BUSINESS

This category of risks includes risks associated with the economic and financial environment, market conditions and the legislative and regulatory framework applicable to the PSA Banque France Group with respect to compliance with the regulations and laws governing its banking activities or ethical standards.

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

1. The PSA Banque France Group's operating income and financial position depend on the business and strategy of the auto manufacturer STELLANTIS and are primarily based on the vehicle sales volumes in France of the Peugeot, Citroën and DS brands, which the PSA Banque France Group finances, and on the marketing policies of those brands.

As a STELLANTIS Group's finance company in France, the PSA Banque France Group's predominant activity consists of financing the sales of Peugeot, Citroën and DS brands vehicles, which accounted for almost 80% of its net banking income in 2020, with the remainder coming from insurances and the related services it offers. It financed 32.7% of new vehicles registered in France by the three brands, Peugeot, Citroën and DS, in 2020. The PSA Banque France Group's business is closely dependent on the STELLANTIS's activity and, among other things, on its ability to sell vehicles (i.e., the sales volumes achieved by the Peugeot, Citroën and DS brands, and on their marketing policies, which may also include the financing operations carried out by the PSA Banque France Group).

Consequently, the PSA Banque France Group may be affected by the same category of risks to which STELLANTIS is exposed (i.e., the macroeconomic and geopolitical environment in France and abroad, supplier risks, industrial risks, climate change risks, the risk of epidemics and pandemics that would partially or totally paralyse its activities, etc.).

The global Covid-19 pandemic has affected the commercial and production activities of STELLANTIS. The spread of Covid-19 and the resulting government control and travel restrictions implemented around the world (in particular lockdown measures) have disrupted STELLANTIS's supply chains and activities, and consequently those of the PSA Banque France Group; 2020 was marked by a 6.6% decline in the production of new financing for end users.

Any unfavourable impact on the STELLANTIS's business in France related to the materialisation of those risks will have material repercussions on the level of activity of the PSA Banque France Group, and therefore on its operating income and financial position *(for more details, refer to the description of the risks to which STELLANTIS is exposed in its 2020 Annual Report)*.

The PSA Banque France Group's business relies significantly on the STELLANTIS's ability to develop and launch new vehicles while being able to market them. In this regard, the PSA Banque France Group prepares its business plan on the basis of the 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. Against the backdrop of an increasingly sensitive and competitive automotive market, the STELLANTIS's forecasts could turn out to be less realistic, which would alter the level of activity of the PSA Banque France Group in the future.

The sales volumes generated in France by STELLANTIS's brands could be affected by a change in the product mix in favour of certain vehicles, the competitive selling price of those vehicles and 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 designed to encourage the purchase of new vehicles, electric vehicles in particular. Lastly, the PSA Banque France Group's business depends on consumer demand for financing vehicle purchases. In addition, STELLANTIS, through its wholly-owned subsidiary Banque PSA Finance, is involved in the decisions of the PSA Banque France Group, including development plans, marketing strategies and product offerings. Some members of the Board of Directors of the PSA Banque France Group are also executive officers 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.

Consequently, in view of the strategic, commercial and financial ties between STELLANTIS and the PSA Banque France Group, as well as the concentration of PSA Banque France Group activities on financing the sales of the three brands, Peugeot, Citroën and DS, its business is made very dependent on STELLANTIS. This indirectly exposes it to external factors affecting STELLANTIS.

2. Increased competition in the business 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, especially in terms of financing, whether in the form of loans or leases, granted to individuals or companies. The PSA Banque France Group's main competitors are other automotive manufacturer financing companies, banking subsidiaries and, more recently, independent players.

The PSA Banque France Group has longstanding partnerships with dealers in the STELLANTIS Group network, but those dealers may no longer continue to encourage the financing of vehicle purchases by their customers through the PSA Banque France Group. If the PSA Banque France Group was unable to maintain these partnerships because of competition from other players, this could affect its business volume and therefore its operating income.

In competition with well-established financial institutions, the PSA Banque France Group is convinced that price, as well as the level and quality of service and the strength of its customer relationships, are major competitive advantages.

PSA Banque France Group competitors, a number of which are part of large automotive groups, could be tempted to engage in aggressive price competition. If the terms and conditions of the PSA Banque France Group's financing offers diverge too far from those of its competitors, it could lose customers and/or part of its business volume. Customers may have to seek financing from competitors on the same or even better terms than those offered by the PSA Banque France Group. Consequently, the PSA Banque

France Group may not be able to maintain its penetration rate, which would have a negative impact on its operating income and financial position. Matching the downward pressure on prices instigated by its competitors, should it be to maintain or increase its market share, could adversely affect the PSA Banque France Group's margins and adversely affect its operating income and financial position.

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

Consequently, increased competitive pressure could have a negative impact on the volume of financing granted and the revenues and margins of the PSA Banque France Group, and therefore on its operating income and financial position.

3. The PSA Banque France Group operates in a highly regulated environment and is subject to an extensive legislative, supervisory and regulatory framework in France. Pending legislative and regulatory changes could have a material impact on the PSA Banque France Group's business and financial position with the costs that they may potentially cause, as well as on the financial and economic environment in which the Group 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 primarily intended to limit its exposure to risk, preserve its financial stability and health, and protect its customers, depositors, creditors and investors. Compliance with these regulations requires significant resources. Any failure to comply with this legislative framework could result in financial penalties in addition to damage the reputation of the PSA Banque France Group, or result in a suspension of its activities or even the withdrawal of its authorisations to conduct them (including its banking license), which could significantly affect its business and operating income.

This regulatory framework is characterised by its changing nature and growing complexity, which increases uncertainty about future impacts on the business and profitability of the PSA Banque France Group. Since the beginning of the financial crisis, a series of measures have been proposed, discussed and adopted by several national and international legislative and regulatory bodies. Some of these measures have already been implemented, while others are still under discussion. The measures relating to the banking sector could be further modified, extended or reinforced. 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 their future effects, or in certain cases, the potential consequences of these measures for the PSA Banque France Group. The effect of these measures could have a negative impact on the activities of the PSA Banque France Group (which would have to adapt to these new constraints) and its financial position (with the costs of bringing its activities into compliance, for example, with the reinforcement of capital or liquidity requirements).

Among the regulations which 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 capital adequacy and minimum capital requirements (refer to Section 1.4.3 "Capital management and regulatory capital adequacy" below for more details) and on liquidity, risk diversification and governance as defined in particular by Regulation (EU) No. 575/2013 (CRR) on the prudential requirements applicable to credit institutions (as amended, notably, by Regulation (EU) 2019/876 (CRR II) and by Regulation (EU) 2020/873 and Directive (EU) 2013/36 (CRD IV) concerning access to the activities of credit institutions and the prudential supervision of credit institutions 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 minimum capital ratio, risk diversification and liquidity requirements, and regulatory reporting/declarations. With regard to CRR II, the main measures will come into force on 28 June 2021 and relate in particular to the requirement for stable funding (introduction of a liquidity ratio within one year: NSFR) or the standardised approach for counterparty credit risk (SA-CCR) as a new standardised method for calculating the amounts exposed to the risk of derivative instruments.

These European texts are and will continue to be amended to reflect 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's rules into European law. Despite the measures taken by the PSA Banque France Group to adapt its practices to the new regulations and thus reduce their negative impact, the completion of the Basel III regulatory framework could increase the capital requirements applicable to the PSA Banque France Group's activities and thus reduce its return on regulatory capital. As at 31 December 2020, the PSA Banque France Group had own funds CET1 of €1,224 million (for a CET1 ratio of 12.2%) and total regulatory capital of €1,379 million (for a total ratio capital of 13.7%). The new definition of default has been applied to portfolios under the IRB rating method by the PSA Banque France Group 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 applies a supplement to the amount of RWA of the Fleets portfolio treated under IRBF from December 2020. It amounted to 9.3% and will apply until the introduction of the new models.

In addition, the PSA Banque France Group is subject to the provisions of consumer credit regulations under the 2008 European Consumer Credit Directive. This directive and French consumer protection legislation regulate matters such as consumer advertising, information given to borrowers about interest rates and loan conditions, verifications prior to the granting of credit and options to cancel financing contracts and repay early.

Furthermore, 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.

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 STELLANTIS dealer network for the Peugeot, Citroën and DS brands, and of its financial counterparties, i.e., the failure of a borrower (mainly in the form of non-payment of monthly instalments on a loan or lease) or a counterparty to perform its obligations to the PSA Banque France Group in accordance with the terms and conditions agreed.

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

However, the PSA Banque France Group does not carry any residual value risk (i.e., the net resale value of an asset at the end of a finance lease or rental agreement that is lower than estimated) due to the existence of agreements to repurchase vehicles at the end of the lease period, mainly from dealers or STELLANTIS's brands.

As at 31 December 2020, the PSA Banque France Group's risk-weighted assets subject to credit risk amounted to €9,030 million, i.e., 90% of Group's RWA. The total outstanding customer loans and receivables stood at €13,895 million.

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

4. The PSA Banque France Group is exposed to credit risk from customers and dealers in STELLANTIS dealer network for the Peugeot, Citroën and DS brands, which may be increased by the risk of concentration, especially for 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 from a large number of customers as part of its day-to-day business of providing financing to individuals and companies, in accordance with specific acceptance policies adapted to the credit risk of customer types:

- for financing granted to individuals and small and medium-sized enterprises, applications are either automatically authorised by a risk analysis expert system or require an additional evaluation procedure by a credit analyst. The data or information used comes from external or internal databases such as payment records (for renewals of financing following the purchase of a new vehicle). As at 31 December 2020, the PSA Banque France Group's risk-weighted assets for this credit risk exposure category amounted to €4,044 million;
- for the portfolio of financing granted to large companies, which also includes public bodies and dealers of the Peugeot, Citroën and DS brand networks, all decisions are governed by strict rules in terms of the delegation of authority in respect of the maximum possible loan limits. Financing may also be granted through the credit committees of the PSA Banque France Group or its shareholders. As at 31 December 2020, the PSA Banque France Group's risk-weighted assets for this credit risk exposure category amounted to €4,489 million.

As part of its financing activities, the PSA Banque France Group regularly records provisions for doubtful loans in the income statement under "cost of risk", to anticipate the occurrence of losses and reduce the volatility of its earnings:

- for individuals, the provisioning method is based on the use of statistical models that use historical analysis of losses and the recovery rate of the affected receivables, as well as forward-looking datas;
- 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 recorded for performing loans outstanding and contracts in default. In 2020, the cost of risk stood at €58 million (0.44% of average net outstanding loans) and non-performing loans totalled €201 million. Non-performing loan ratio was 1.6% and the total coverage ratio for these non-performing loans was 94.1%.

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 environment (unemployment rate, real estate prices, consumer confidence, and other factors such as an epidemic or pandemic) that would alter consumer behaviour despite current credit risk management techniques.

The Covid-19 pandemic, notably with the lockdown measures in France, affects the activities of the customers that the PSA Banque France Group finances.

To support its customers in the face of this unprecedented health crisis, whether they are private individuals, companies or dealerships, the PSA Banque France Group has taken exceptional measures:

> by allowing them to postpone certain instalments of their financing contracts, in a proactive manner for small companies with small fleets of vehicles;

> in a reactive manner, on request, for other customer categories;

> and by extending the free-of-charge period for financing activities of the dealership network, in agreement with the three brands.

As a result, if customer default rates were to increase compared to the rates previously used for provisions, the PSA Banque France Group might have to record significant additional charges and provisions for non-performing or uncollectible loans, which would have a material adverse effect on the PSA Banque France Group's cost of risk, earnings and financial position.

Thus, in addition to the first observed impacts of the Covid-19 crisis, the PSA Banque France Group decided, as part of the application of IFRS 9 accounting standards, 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. This provision is intended to cover potential future negative impacts of non-performing loans in the context of the crisis, of which €12.6 million for the end-user financing activity and €2.4 million for the dealer network financing activity.

The PSA Banque France Group is monitoring changes in non-performing loans and risk indicators in the economic environment affected by the Covid-19 pandemic.

Credit risk is increased if there is a concentration of exposures to a specific borrower, counterparty or business sector. The PSA Banque France Group has significant exposure to STELLANTIS and to the largest dealers in the Peugeot, Citroën and DS dealer networks, as well as exposure to the risk of sector concentration for corporate fleet financing:

- as at 31 December 2020, the outstanding loans of the PSA Banque France Group to STELLANTIS amounted to €189 million, representing 14% of regulatory capital;
- on the same date, the PSA Banque France Group's 10 main outstanding loans, other than those to STELLANTIS, totalled €1,916 million. These 10 main outstanding loans break down into the following counterparty categories:
  - banks: €356 million,
  - insurers: €197 million,
  - dealer network (without a capital link to STELLANTIS): €1,126 million,
  - corporates (excluding dealer network): €238 million.

As at 31 December 2020, there was no net exposure on a counterparty in excess of 25% of regulatory capital.

(See Section 1.4.5.3 "Diversification of credit risk/concentration risk" for more information on the PSA Banque France Group's exposure concentration).

A default by 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 costs of risk, earnings, results and financial position, even if economic conditions are generally favourable.

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

The PSA Banque France Group deals with various financial counterparties to conduct its activities, especially in connection with cash management or with interest rate derivative transactions to hedge its balance sheet. Counterparty risk is the occurrence of credit risk in connection with these market transactions or settlements, as the counterparty cannot meet its obligations to pay the PSA Banque France Group the expected cash flows.

However, the PSA Banque France Group has a limited number of financial counterparties (fewer than 10), all of which are first-tier banking counterparties, and since the introduction of EMIR, the vast majority of interest rate derivatives are cleared centrally with the LCH.Clearnet clearing house via a clearing member.

As at 31 December 2020, the counterparty risk calculated using the standard approach amounted to €1 million, i.e., 0.01% of Group's RWA.

(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 may not have the necessary funding to meet its commitments within a given timeframe (liquidity risk). This is reflective of the risk of an inability to meet net cash outflows over all horizons, from short-term to long-term;**
- **the risk which would prevent it from financing the development of its activities in accordance with its planned commercial objectives at a competitive funding cost (funding risk and risk related to funding cost);**
- **and the risk of loss related to unfavourable changes in market parameters (mainly interest rate risk because the PSA Banque France Group does not have any foreign currency operations that could expose it to currency risk).**

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.

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.

6. The PSA Banque France Group is exposed to liquidity and funding risk, which could materially affect its liquidity position and ability to meet its obligations to its counterparties and the development of its business if access to its various funding sources were to be disrupted.

This risk is inherent to the financing activities of the PSA Banque France Group, which is dependent on its access to funding sources and liquidity and may therefore increase as a result of various factors that it cannot control, such as phenomena that have a deep impact on financial markets (severe market disruption/dislocation, tensions on money and bond markets). To avoid excessive dependence on any particular funding source, the PSA Banque France Group has developed a diversified funding structure based on access to various sources of liquidity.

It cannot, however, ensure that it can maintain its level of funding in the event of tension on any one of them:

- notably if access to the money and bond markets were to be limited, as these are the PSA Banque France Group's main funding source, representing 23% of total funding at the end of 2020. As at 31 December 2020, the PSA Banque France Group had raised a total amount of €3,047 million in the capital markets;
- the retail savings activity is also highly competitive, with intense competition among the many traditional and online financial institutions to attract and retain deposits. The PSA Banque France Group needs to 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 funding sources (retail customer deposits being the second largest, representing 22% at the end of 2020) and could adversely affect the development of its activities. French retail customer deposits amounted to €2,828 million at the end of 2020, compared to €2,585 million in 2019. Any increase in the interest rates offered for its deposit products (savings accounts and term deposits) will affect the PSA Banque France Group's profitability;
- in response to the financial crisis, for several years now the European Central Bank has taken a number of exceptional measures to facilitate access to liquidity by financial institutions. Since 2015, the PSA Banque France Group has taken part in various targeted long-term refinancing operations (TLTROs), to the tune of €2,250 million at the end of 2020 (17% of total funding), which now represents its third most important funding source. If such measures were not renewed or were significantly reduced, this could adversely affect 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 to individual and corporate customers represents its fourth funding source, with a proportion of 13% at the end of 2020. Financing from securitisation transactions placed in the market was down slightly to €1,637 million at the end of 2020. An unexpected and exceptional deterioration in the quality of the assets sold or a sharp decline in new financing granted that limits the ability to replenish transactions in the replenishment phase with sufficient new receivables, could result in 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): the purpose of this short-term liquidity ratio is to ensure that a bank has sufficient liquid assets to cover its net cash outflows over a 30-day horizon under severe stress. Throughout 2020, the LCR ratio was always above 100%;
- the Net Stable Funding Ratio (NSFR): this longer-term liquidity ratio compares funding requirements to stable resources over a one-year horizon, but regulatory reporting of it has been postponed to mid 2021.

With a monthly average liquid assets (HQLA) amount of €342 million, the average LCR stood at 131% over the year 2020, compared to the required regulatory level of 100%.

At the end of 2020, the total liquidity reserve amounted to €1,267 million.

(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).

7. The PSA Banque France Group's access to certain forms of funding at an optimal cost may be 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, thus widening credit spreads that could have a material adverse effect on its funding cost, operating income and financial position.

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 issue of new debt securities or had to deal with cash outflows, such as a significant decline in customer deposits, the PSA Banque France Group would have to resort to more expensive funding sources, which would reduce its net interest margin and thus have a negative impact on its financial results. The PSA Banque France Group is also exposed to the risk of widening credit spreads because the cost of medium- and long-term funding is directly related to the level of credit spreads, which changes depending on market conditions.

PSA Banque France's credit spreads increased significantly in the first half of 2020, at the start of the Covid-19 pandemic, before returning to pre-crisis levels in the second half of 2020.

The level of these spreads may also be impacted by the downgrading of the PSA Banque France Group's credit ratings by the two ratings agencies (Moody's Investors Service and S&P Global Ratings). Even though the PSA Banque France Group's rating was upgraded to BBB+ by S&P 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 cause the ratings agencies to downgrade its current ratings.

On 15 April 2020, considering that the PSA Banque France Group was not totally immune to the tough economic environment for carmakers amid the Covid-19 pandemic, Standard & Poor's Global Ratings revised the outlook on the PSA Banque France credit rating to negative from stable and confirmed the long-term credit rating at BBB+.

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

Interest rate risk for the PSA Banque France Group arises from the inadequacy of its assets for its liabilities as measured by the repricing gap between interest-earning assets and interest-bearing liabilities:

- 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, ECB funding for TLTRO-II) and with variable/revisable rate funding sources (securitisations, NEU CP, NEU MTN, bank loans, TLTRO-III).

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

- the sensitivity of the Net Interest Margin (NIM) to changes in interest rates in 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 that represent the impact on the net present value of assets and liabilities.

As at 31 December 2020, compared to the worst increase or decrease scenario for parallel rates of +/-100 bp; +/- 75 bp; +/- 50 bp and +/- 25 bp:

- the NIM sensitivity stood at -€2 million; and
- the MVE sensitivity stood at -€28 million.

(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 make decisions on hedging programmes. The ones whose cost depends on the steepness of the existing yield curve when they were introduced may not always prove to be the most appropriate in an environment of falling or persistently low and even negative interest rates, which could affect the PSA Banque France Group's operating income and financial position.

OPERATIONAL AND NON-COMPLIANCE RISKS

Operational risk is the risk of loss resulting from faulty or inadequate internal processes or external events, whether accidental, deliberate or natural. Internal processes include processes involving employees and information systems. Fires, natural disasters (such as 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 and reputational risks.

As at 31 December 2020, the PSA Banque France Group's risk-weighted assets resulting from operational risk amounted €835 million using the standardised approach methodology of Basel regulations, i.e., 8% of Group's RWA.

Refer to Sections 1.4.3.2.2 "Regulatory capital requirements" and 1.4.11 "Operational risks" for more information on the PSA Banque France Group's exposure to operational risks.

9. The PSA Banque France Group is exposed to risks associated with the security and reliability of its information systems to ensure the continuity of its activities.

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 cyber security risk alert and prevention system of STELLANTIS, which enables it to manage these 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 damages of equipment or not (cyber-attack, natural disasters such as flooding, epidemics and even pandemics) can have a negative impact on the PSA Banque France Group's ability to continue its activities, despite the activation of the Business Recovery Plan.

The Covid-19 pandemic allowed the PSA Banque France Group to test its ability to organise itself in order to continue its operations in an unprecedented context of public lockdown in France, notably by resorting to generalised teleworking and by increasing capabilities for secure connections to its IT systems via VPN.

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.

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

Finally, any breach of information 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 the confidence of its customers and profitability.

10. The PSA Banque France Group is exposed to the risk of fraud, mainly external fraud that may result in losses following non-payment of monthly instalments on loans granted or leases.

As a credit institution that provides financing to its customers, the PSA Banque France Group is exposed to the risk of fraud. This risk may be due to the inadequacy or failure of internal processes, personnel or information systems in the financing acceptance process and in the monitoring of payment/repayment by monthly instalments, but fraud is still committed mainly by customers who apply for financing. The credit granting process relies heavily on documents provided by prospective customers, such as proof of income and bank details to arrange direct debits, by-laws (for companies) or identity documents. A risk can arise at the time a financing contract is signed if the customer has first provided false documents or stolen another person's identity.

Despite the systems in place, the PSA Banque France Group may not be able to detect certain acts of fraud that result in the non-payment of debts and the inability to recover them, which would result in economic losses.

11. The PSA Banque France Group is exposed to non-compliance risk with the risk of paying damages or fines as a result of legal or regulatory proceedings that could adversely affect its operating income and financial position.

The PSA Banque France Group is exposed to legal and non-compliance risk, which 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 supervisory body.

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 harmful act affecting the net income of the PSA Banque France Group or its future potential earnings or in the event of investor loss of confidence; and
- a reputational impact with the potential to harm the image or brands of the PSA Banque France Group, such as 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.

12. 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 could have an adverse effect on its operating income or financial position.

Reputational risk is the risk of damage to the trust that customers, counterparties, suppliers, employees, shareholders, the supervisor and all other third parties have in a company. This trust is a necessary condition for the normal operation of the business. For the PSA Banque France Group, reputational and image risk consists primarily of:

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

Image and reputational risk is to a large extent linked to risks already incurred and identified by the PSA Banque France Group. Due to the fact that it belongs directly to Banque PSA Finance and Santander Consumer Banque (and therefore to the STELLANTIS and Santander groups), the reputation and image of the PSA Banque France Group may also be impacted by the reputation and identity of the 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 and an adverse effect on its operating income or financial position.

1.4.2 Governance and risk management systems

Identification, measurement, control and monitoring of the risks of the PSA Banque France Group is managed by the Risk Department, which was set up following the creation of the cooperation between Banque PSA Finance and Santander Consumer Finance. The Chief Risk Officer is a member of the Executive Committee and also reports to the Audit and Risk Committee.

The risk governance covers steering of risk control, validation of methods or measurement models and setting the desirable risk level.

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

1.4.2.1 RISK APPETITE FRAMEWORK

Based on 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), which is approved by the Board of Directors. This Risk Appetite Framework is used as a reference when defining strategic and commercial objectives and during annual and multi-year budget 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 regulatory obligations of the PSA Banque France Group for all strategic risks identified during the risk identification assessment. This is done to ensure that risks are limited by establishing objective and verifiable limits with a management, control and reporting infrastructure, which guarantees their effectiveness;
- defining the roles of each party involved in risk management and making the entire management of the PSA Banque France Group accountable for compliance with the general risk management policy;
- the principles governing the escalation of alerts to the appropriate level and the timely handling of any breach of defined limits;
- the independence of the Risk Management and Control function from other business lines and the separation between departments generating risks and departments responsible for controlling and monitoring those risks. These departments have sufficient authority and direct access to the management and decision-making 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 evaluation of risks is essentially a matter of anticipation;
- the culture of risk in the organisation, so that all attitudes, values, skills and instructions related to the business are included in all processes.

The Risk Appetite Framework is reviewed on a regular basis and incorporates, as necessary, new indicators with limits designed to control risks whose occurrence or criticality would appear or increase in the course of the PSA Banque France Group's business activities.

The Risk Appetite Framework defined by the Board of Directors constitutes the general risk management policy by setting the guidelines and limits to 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 accordance with regulations, the bank's ability to handle risks and strategic and commercial objectives.

1.4.2.2 ORGANISATION OF RISK MANAGEMENT

1.4.2.2.1 Risk management and control system

The risk mapping, periodically revised by the Risk Management and Control function, lists all of the risks to which the PSA Banque France Group is exposed. It contributes to checking the robustness of PSA Banque France Group's control system, by comparing the risks identified, the losses related to these risks as well as the result of second-level controls, and lastly the residual risk.

The risk management and control function

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

Using the Risk Identification and Assessment (RIA) process, the Risk Management and Control function identifies and assesses all risks to which the bank may be exposed or could be exposed in the future. This process is the start point of the risk management and control strategy. It consists of a quantitative and a qualitative part:

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

Internal control

In line with the Decree of 3 November 2014 related to internal control levels of credit institutions, the PSA Banque France Group's internal control system is organised around the functions of permanent and periodic control, as well as a first level of responsibility inside the operating units.

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.

Permanent control system

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

These controls exist within the operating units. The controls are performed by all employees in the normal course of their work, in application of procedures that include various controls to carry out, or they are performed by dedicated employees within the operating units. The first-level controls are supervised by the units responsible for permanent control.

Permanent control

A second-level control, this function comprises an independent team of three people plus their manager, none of whom has an operational function; it reports to the Secretary General.

Permanent control is in charge of various missions:

- controlling operations, internal procedures and the compliance risk prevention and continuous monitoring systems;
- permanent control of the operational risks of Group entities, including risks related to IT specialists or outsourced services.

Operational risk control tasks cover:

- the recurrent evaluation of the level of control of operational risks achieved by the systems used in the entities of the Group, as well as at service providers;
- the exercise of specific second-level controls in the whole organisation;
- the application of a mechanism for certifying the self-assessment of first-level controls, used by operational managers to certify the execution and outcome of key controls on major risks. This system covers the accounting, refinancing and treasury activities and security of access to the PSA Banque France Group's main IT applications;
- issuance of written recommendations and follow-up of their implementation;
- the collection, analysis and monitoring of operational incidents.

The risk mapping, revised each year by the risk management and control function, lists all of the risks to which the PSA Banque France Group is exposed. It contributes to checking 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 second-level controls.

Pursuant to the Decree of 3 November 2014 and the guidelines of the European Banking Authority, the Annual Internal Control and Risk Measurement and Monitoring Report (*Rapport Annuel de Contrôle Interne et de Mesure et Surveillance des Risques* - RACI) of 2020 will be shared with the directors and then sent to the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel et de Résolution* - ACPR) by 31 March 2021. A specific and separate RACI dedicated to actions to combat money laundering/terrorist financing and the freezing of assets will also be submitted to the ACPR by 30 April 2021.

Periodic controls

Periodic – or third-level – controls consist of checking, on an independent basis, performance, effectiveness and compliance of process and internal control procedures, risk management and governance.

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

Ten audit assignments were carried out in the PSA Banque France Group during 2020.

By reporting its activities to executive managers, to the Board of Directors and the Audit and Risk Committee, Internal Audit contributes to improving processes and controlling PSA Banque France Group's risks.

Oversight by Executive Management and the Board

The internal control system is monitored by the decision-making and executive bodies, notably during the (at least) quarterly meeting of the Audit and Risk Committee of the PSA Banque France Group, which deals with matters relating to the Group's three entities, namely PSA Banque France itself, CREDIPAR and CLV.

The Board of Directors oversees the control of the main risks faced by the PSA Banque France Group as a whole and ensures that the internal control system is reliable. Through the Audit and Risk Committee, the Board reviews the lessons to be learned from risk monitoring activities and periodic and permanent controls.

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. Its duties include the planning, supervision and review of internal audits and of permanent control, as well the ongoing monitoring and review of the work of the Statutory Auditors. It is responsible for the remediation of any major weaknesses in internal controls identified by external auditors.

The Audit and Risk Committee also ensures the Group's compliance with regulatory requirements, such as those set by Basel III, as well as the implementation of measures to comply with those requirements. Finally, the Audit and Risk Committee reviews the consolidated financial statements and the individual financial statements of all entities of the PSA Banque France Group in accordance with the accounting methods used.

If necessary, the Audit and Risk Committee may consult with the PSA Banque France Chairman, Chief Executive Officers, and Statutory Auditors and with any other person required for its work. Several times a year, the Chairman of the Audit and Risk Committee meets with the representatives of periodic and second-level controls and those of the Risk Department.

Executive Management is responsible for defining and implementing the internal control system. Through the Control and Compliance Committees, it monitors proper functioning and ensures that assignments are given adequate resources.

Organisational basis of the PSA Banque France Group's internal control system

The control process is built around a set of regular controls in accordance with the internal control regulations applicable to credit institutions, which includes a first-level hierarchical control within the operational units, a permanent – or second-level – control and a periodic (audit) – or third-level – control.

The main policies of the PSA Banque France Group are specified and implemented in the Audit and Risk Committee or the operational committees. These specific committees focus on credit risks, where changes in past-dues and credit losses are analysed, as well as the performance of the risk selection systems for Retail and Corporate (vehicle fleet and dealer) loan books.

These committees also review and make decisions concerning:

- developments in the Basel system;
- lending margins;
- products and processes, including associated risks;
- financing applications for dealers and fleets are examined either at the level of a Santander Group Credit Committee or at the level of a PSA Banque France Group Credit Committee, according to the delegations of authority in force;
- review of results of funding, liquidity and interest and exchange rate risk management policies;
- review of IT security policy;
- compliance and GDPR-related work.

1.4.2.2.2 Main risk management governance bodies

The governance of risk management is overseen at the highest level through two main bodies: the Board of Directors and the Executive Committee:

- **the Board of Directors** of the PSA Banque France Group is primarily responsible for the internal control system of the PSA Banque France Group and oversees the management of the main risks incurred by each of the three entities (PSA Banque France, CREDIPAR, CLV). It determines guidelines and supervises the implementation by executive management of the supervisory mechanisms. It regularly approves the limits proposed by executive management and sets the criteria and thresholds for significant incidents brought to its attention;
- **the Executive Management** is responsible for implementing the internal control system. They monitor its proper functioning and ensure that assignments are adequately resourced. They ensure that persons responsible for "key functions" have the knowledge and skills appropriate to the tasks they perform.

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

- **the Risk Management and Control Committee** reports to the Executive Committee on a monthly basis on all risk indicators defined in the Risk Appetite Statement and on other operational indicators covering all aspects of the PSA Banque France Group's risks;
- **the Loan Committee,** which is part of the Executive Committee, meets weekly. It is responsible for the analysis, approval, modification or rejection of credit applications. It decides on any guarantees to be taken within its delegated level of authority and gives a provisional opinion on guarantees beyond that level. The latter are then reviewed or approved by the Cooperative Credit Committee;
- **the Joint Network Management Committees** coordinate the monitoring of the situation and the risks presented by the distribution networks with the Peugeot, Citroën and DS brands on a monthly basis.

The Risk Management 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 to manage the risks inherent in the PSA Banque France Group's commercial activity and in the definition of its risk appetite. Its main responsibilities concern the control of 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 risk measurement, monitoring and control systems, and proposes additional measures. Each year, the internal audit department submits its audit plan 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 audit assignments performed and the degree of implementation of the recommendations issued;
- **the Control and Compliance Committee** 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 the performance of the Operations Department on a monthly basis, in particular the volume of acceptances by origin of score, frauds suffered and prevented, the achievements of the after-sales and customer contact departments and the progress of related projects and action plans;
- every month, **the Collection and Recovery Committee** presents the status of delinquencies by arrears bucket and customer segment, and the performance of amicable debt collection, litigation and auction services. This committee also presents action plans and the progress of projects that affect the Collections Department;
- the purpose of the **ALCO Committee** (Asset and Liability Management Committee) is to assist the Executive Committee on a monthly basis in overseeing the funding of the PSA Banque France Group, the Group's asset-liability management and the management of structural interest rate risk and liquidity risk.

The members of the executive body either participate in these committee meetings or are informed of their content, their agenda and the decisions made.

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 executive management, the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Risk Officer, and the Chief Compliance Officer. All decisions relating to the appointment of the persons holding the above-mentioned positions must be made independently;
- **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 the need to prevent the taking of excessive risks. In 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.

1.4.2.3 RISK PROFILE

The risk profile is determined by all of the risks inherent in the activities performed by the PSA Banque France Group, which are identified in the Group's risk mapping and are regularly assessed and reviewed. The RIA process (see Section 1.4.2.2.1) is used to identify and assess risk profiles. It is taken into account to prepare and implement rules for the management of those risks to guide decision-making on risks in accordance with the risk appetite level 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 considerations inherent in the Group's strategy and activities that are not quantified at this stage, and alert thresholds and limits defined in accordance with the key indicators.

Regulatory solvency/capital risk

Solvency risk reflects the risk that the PSA Banque France Group's capital may no longer be sufficient to meet regulatory requirements and/or its internal business objectives.

Monitoring this risk ensures that the risk appetite takes into account, maintains and preserves the Group's capital while keeping a safety margin in relation to regulatory requirements, both in the baseline scenario and in stressed scenarios.

Credit risk

Credit risk is the result of a customer's inability to meet payments or other obligations of a contract with the PSA Banque France Group.

For the Retail and Corporate loan books, it is assessed on the basis of risk indicators (cost of risk, default coverage rate, etc.) in accordance with the Group's strategic plan.

Concentration risk

Concentration risk is the result of a significant accumulation of exposures in certain categories, sectors or markets.

Monitoring of this risk is intended to determine the maximum level of concentration that the bank is prepared to accept in conducting its business, in accordance with its strategic plan.

Liquidity and funding risk

Liquidity risk may arise if the PSA Banque France Group does not have sufficient liquidity to meet its commitments on time and satisfactory access to funding and liquidity sources for the conduct of its financing activities.

Monitoring of this risk makes it possible to determine the minimum level of liquidity that the Group must maintain to permanently meet all net cash payments/outflows related to its activities, in both normal and stressed situations.

Earnings volatility linked to changes in interest rates

Interest rate risk arises from possible losses due to the effect of changes in interest rates on the PSA Banque France Group's regulatory capital structure.

Monitoring this risk limits the potential negative volatility of earnings. These are forecasted in the PSA Banque France Group's strategic plan for both normal and stressed situations.

Operational risk

Operational risks are the risks of losses resulting from faulty or inadequate internal processes (failure of information systems, personnel) or external events with low probability, but potentially high impact. It includes IT and information system security risks, fraud, non-compliance with the associated risk of penalties, as well as reputational risks.

Risk and remuneration policy

Remunerations of categories of employees whose professional activities have a significant impact on the PSA Banque France Group's risk profile

The overall remuneration policy for PSA Banque France Group employees, including the policy for the 27 individuals identified in 2020 as "risk-takers" due to the impact that their activities may have on PSA Banque France's risk profile, is presented and approved at least once a year by the Remuneration Committee.

The Remuneration Committee met four times in 2020.

PSA Banque France applies the provisions of Directive 2013/36/EU. If variable remunerations do exceed a threshold - that remained set at €50,000 for 2020 - they are spread over a three-year period and may be partially paid as financial instruments that cannot be converted during the first year in which they are held.

PSA Banque France does not allocate any share or stock option.

In accordance with Article L. 511-73 of the French Monetary and Financial Code, the total remuneration package of all kinds paid to the persons referred to in Article L. 511-71 of that Code during 2020, including risk-takers, who numbered 27 people, totalled (gross of tax) €3,162,831.96, which breaks down into fixed remunerations of €2,528,742.29, variable remunerations of €382,683.28, and benefits in kind of €251,406.39, it being specified that no employee receives annual compensation in excess of €1 million.

The amount of compensation paid to the people referred to in Article L. 511-71 of the French Monetary and Financial Code who also hold a mandate within a parent entity controlling PSA Banque France is not included in the aforementioned amounts, but may be published by it in accordance with its applicable regulations.

In addition, PSA Banque France does not pay any compensation or directors' fees to its directors or Chairman, who serve without remuneration and may also hold a paid position within an entity with joint control of PSA Banque France.

1.4.2.4 RISK APPETITE STATEMENT

Risk appetite is expressed at the operational level through the 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 Bank's major risks, in accordance with its regulatory obligations.

The Risk Appetite Statement is presented on at least a quarterly basis to the Board of Directors of the PSA Banque France Group and guarantees compliance with all limits set or the implementation of action plans in the event of non-compliance. The risk management governance of the PSA Banque France Group provides for decision-making by collegial 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 monitors 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 expresses its risk appetite in a formal annual statement.

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

At its meeting on 11 December 2020, the Board of Directors of the PSA Banque France Group, having reviewed the Bank's position with regard to the risk appetite thresholds and limits established for 2020, approved, on the basis of all of the information submitted to it, its thresholds and limits for 2021 and their adequacy with the risk profile and strategy of the PSA Banque France Group.

1.4.2.6 STRESS TEST SYSTEM

Stress tests, or tests in the event of crises, are an integral part of the PSA Banque France Group's risk management system. Stress tests contribute to predictive risk management and the assessment of regulatory capital adequacy, while meeting regulatory requirements.

Stress tests include:

- **on an annual basis, in relation to the Internal Capital Adequacy Assessment Process (ICAAP):** this measures potential risks for the determination of the regulatory capital requirement under Pillar II. The ICAAP is carried out mainly by the Finance Department and the Risk Department with contributions from various other departments. The ICAAP report is approved by the Board of Directors. The whole ICAAP exercise is simulated from a baseline scenario based on the forecast plans (budget and Medium-Term Plan) and a stress scenario constructed from data derived from the use of statistical models *(Forward Looking)*, 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 for credit risk:** the stress test models specific to the PSA Banque France Group that were developed in 2016 have been adapted following the implementation of IFRS 9;
- **monthly liquidity stress test exercise:** determines the liquidity time horizon for business continuity according to various crisis scenarios;
- **stress test exercise on interest rate sensitivity:** assesses the impact of parallel and non-parallel rate shocks according to the regulatory requirement;
- **regulatory stress tests:** regulatory stress tests: this type of stress test includes all requests from the ECB, the EBA or from any other supervisory body.

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) No. 575/2013 of the European Parliament and of the Council (CRR) and Directive 2013/36/EU (CRD IV).

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 2020	31 December 2019
Accounting Equity (1)	**1,565**	**1,443**
Share of net income for the year yet to be allocated (2)	117	-
Distributable income (2)	126	120
Negative amounts resulting from the calculation of the expected loss	77	90
Other prudential deductions	21	24
Tier 1 regulatory capital	**1,224**	**1,209**
Tier 2 subordinated loans	155	155
Tier 1 and Tier 2 regulatory capital	**1,379**	**1,364**

(1) Accounting and regulatory equity are equal.
(2) In 2020, income for the year yet to be allocated, in the amount of €243 million, 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 Tier 1 core 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.

GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

The table below sets out the geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer.

	General credit exposures		Trading book exposures		Securitisation exposures		Own funds requirements					
(in million euros)	Exposure value for SA	Exposure value for IRB	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for SA	Exposure value for IRB	of which : General credit exposures	of which : Trading book exposures	of which : Securitisation exposures	Total	Own funds requirements weights	Countercyclical capital buffer rate
France	1,916	12,111	-	-	-	1,497	717	-	16	733	99.73%	0.00%
Spain	126	-	-	-	-	-	2	-	-	2	0.27%	
TOTAL	**2,042**	**12,111**	**-**	**-**	**-**	**1,497**	**719**	**-**	**16**	**735**	**100%**	**0.00%**

AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

In response to the Covid-19 pandemic, the banking supervision of the European Central Bank decided to temporarily reduce capital requirements by lowering to 0% the countercyclical capital buffer rate, with entry into force as of 2 April 2020.

The table below shows the amount of the institution-specific countercyclical capital buffer.

(in million euros)	Amount
Total risk exposure amount	**2,042**
Institution specific countercyclical buffer rate *(in percentage)*	0.00%
INSTITUTION SPECIFIC COUNTERCYCLICAL BUFFER REQUIREMENT	**-**

TABLE CC1 – COMPOSITION OF REGULATORY CAPITAL

This table provides a breakdown of the constituent elements of the institution's capital.

	(in million euros)	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Regulation (UE) No. 575/2013 reference
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	738	(h)	26 (1), 27, 28, 29
2	Retained earnings	355		26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	229		26 (1)
4	*Directly issued capital subject to phase-out from CET1 capital (only applicable to non-joint stock companies)*			*486 (2)*
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)			84
6	**Common Equity Tier 1 capital before regulatory adjustments**	**1,322**		**Sum of lines 1 to 5**
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudent valuation adjustments			34, 105
8	Goodwill (net of related tax liability)		(a) minus (d)	36 (1) (b), 37
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)		(b) minus (e)	
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)			36 (1) (c), 38
11	Cash flow hedge reserve			33 (1) (a)
12	Shortfall of provisions to expected losses	(77)		36 (1) (d), 40, 159
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)			32 (1)
14	Gains and losses due to changes in own credit risk on fair valued liabilities			33 (1) (b)
15	Defined benefit pension fund net assets			36 (1) (e), 41
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)			36 (1) (f), 42
17	Reciprocal cross-holdings in common equity			36 (1) (g), 44
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)			36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)			36 (1) (i), 43, 45, 47, 48 (1) (b), 49, (1) à (3), 79
20	Charges MSR (amount above 10% threshold)		(c) minus (f) minus the 10% threshold	
21	DTA arising from temporary differences (amount above 10% threshold, net of related tax liability)			36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15% threshold			48 (1)
23	*of which: significant investments in the common stock of financials*			*36 (1) (i), 48 (1) (b)*
24	*of which: MSR*			
25	*of which: DTA arising from temporary differences*			*36 (1) (c), 38, 48, (1) (a)*
26	National specific regulatory adjustments			
27	Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions	(21)		36 (1) (j)

	(in million euros)	**Amounts**	**Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation**	**Regulation (UE) No. 575/2013 reference**
28	**Total regulatory adjustments to Common Equity Tier 1 capital**	**(98)**		
29	**Common Equity Tier 1 capital (CET1)**	**1,224**		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus		(i)	51, 52
31	*of which: classified as equity under applicable accounting standards*			
32	*of which: classified as liabilities under applicable accounting standards*			
33	*Directly issued capital instruments subject to phase-out from additional Tier 1 capital*			*486 (3)*
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)			85, 86
35	*of which: instruments issued by subsidiaries subject to phase-out*			*486 (3)*
36	**Additional Tier 1 capital before regulatory adjustments**	**-**		**Sum of lines 30, 33 and 34**
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own additional Tier 1 instruments			52 (1) (b), 56 (a), 57
38	Reciprocal cross-holdings in additional Tier 1 instruments			56 (b), 58
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			56 (c), 59, 60, 79
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation			56 (d), 59, 79
41	National specific regulatory adjustments			
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions			56 (e)
43	**Total regulatory adjustments to additional Tier 1 capital**	**-**		**Sum of lines 37 to 42**
44	**Additional Tier 1 capital (AT1)**	**-**		**Line 36 minus line 43**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,224**		**Sum of lines 29 to 44**
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	155		62, 63
47	*Directly issued capital instruments subject to phase-out from Tier 2 capital*			*486 (4)*
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)			87, 88
49	*of which: instruments issued by subsidiaries subject to phase-out*			*484 (4)*
50	Provisions			62 (c) & (d)
51	**Tier 2 capital before regulatory adjustments**	**155**		
	Tier 2 capital: regulatory adjustments			

	(in million euros)	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	Regulation (UE) No. 575/2013 reference
52	Investments in own Tier 2 instruments			63 (b) (i), 66 (a), 67
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities			66 (b), 68
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			66 (c), 69, 70, 79
54a.	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)			
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			66 (d), 69, 79
56	National specific regulatory adjustments			
57	**Total regulatory adjustments to Tier 2 capital**	**-**		
58	**Tier 2 capital (T2)**	**155**		
59	**Total regulatory capital (TC = T1 + T2)**	**1,379**		**Sum of lines 45 and 58**
60	**Total risk-weighted assets**	**10,068**		
	Capital adequacy ratios and buffers			
61	**Common Equity Tier 1 capital (as a percentage of risk weighted assets)**	**12.2%**		**92 (2) (a)**
62	**Tier 1 capital (as a percentage of risk-weighted assets)**	**12.2%**		**92 (2) (b)**
63	**Total capital (as a percentage of risk-weighted assets)**	**13.7%**		**92 (2) (c)**
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	**7.8%**		**CRD 128, 129, 130, 131, 133**
65	*of which: capital conservation buffer requirement*	2.5%		
66	*of which: bank-specific countercyclical buffer requirement*			
67	*of which: higher loss absorbency requirement*			
68	**Common Equity Tier 1 capital (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements**	**4.9%**		**CRD 128**
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 capital adequacy minimum ratio (if different from Basel III minimum)			
70	National Tier 1 capital adequacy minimum ratio (if different from Basel III minimum)			
71	National Total capital adequacy minimum ratio (if different from Basel III minimum)			
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities			36 (1) (h), 46, 45 56 (c), 59, 60 66 (c), 69, 70
73	Significant investments in the common stock of financial entities			36 (1) (i), 45, 48

	(in million euros)	**Amounts**	**Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation**	**Regulation (UE) No. 575/2013 reference**
74	MSR (net of related tax liability)			
75	DTA arising from temporary differences (net of related tax liability)			36 (1) (c), 38, 48
	Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)			62
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach			62
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)			62
79	Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach			62
	Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)			
80	*Current cap on CET1 instruments subject to phase-out arrangements*			*484 (3), 486 (2) & (5)*
81	*Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)*			*484 (3), 486 (2) & (5)*
82	*Current cap on AT1 instruments subject to phase-out arrangements*			*484 (4), 486 (3) & (5)*
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*			*484 (4), 486 (3) & (5)*
84	*Current cap on T2 instruments subject to phase-out arrangements*			*484 (5), 486 (4) & (5)*
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*			*484 (5), 486 (4) & (5)*

1.4.3.2.1 Regulatory capital

As at 31 December 2020, the Basel III CRD IV Tier 1 capital ratio in respect of Pillar I stood at 12.2%, and the total capital ratio was 13.7%. Basel III Tier 1 regulatory capital amounted to €1,224 million at the end of 2020, taking into account the deduction of the difference between recognised impairment and expected actual losses of -€77 million for the IRB scope. The regulatory capital requirement stood at €805 million as at 31 December 2020.

GROUP CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

	RWA	Capital requirements	RWA	Capital requirements
(in million euros)	31/12/2020		31/12/2019	
Credit risk	**9,030**	**722**	**8,880**	**711**
Standard method	**1,087**	**87**	**1,087**	**87**
Sovereigns, Central Banks, and Administrations	14	1	14	1
Institutions	182	15	198	16
Corporate	324	26	311	25
Retail	266	21	230	18
Other assets	301	24	334	27
Foundation Internal Ratings-Based approach (F-IRB)	**4,165**	**333**	**4,338**	**347**
Corporate	4,165	333	4,338	347
Advanced Internal Ratings-Based approach (A-IRB)	**3,778**	**302**	**3,455**	**277**
Retail	3,778	302	3,455	277
Securitisation exposures in the banking book (after the cap)	**203**	**16**	**203**	**16**
Operational risk (standard method)	**835**	**67**	**776**	**62**
Market risk	**-**	**-**	**-**	**-**
TOTAL RISKS	**10,068**	**805**	**9,859**	**789**

Tier 1 regulatory capital	**1,224**		**1,209**	
Tier 1 capital ratio	**12.2%**		**12.3%**	
Total regulatory capital	**1,379**		**1,364**	
Total capital ratio	**13.7%**		**13.8%**	

CET1 core 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 CET1 core capital of the PSA Banque France Group accounted for 89% of total regulatory capital at the end of December 2020 and totalled €1,224 million.

AT1 regulatory 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 of these instruments.

T2 regulatory 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. It totalled €155 million as at 31 December 2020 in the subordinated loan category after two loans which must be handled identically and simultaneously (impairment and/or conversion).

TABLE CCA – MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS AND OF OTHER TLAC-ELIGIBLE INSTRUMENTS

	Quantitative/qualitative information	Quantitative/qualitative information
Issuer	PSA Banque France	PSA Banque France
Unique identifier	PSA Finance Nederland Subordinated Loan	SCF Subordinated Loan
Governing law(s) of the instrument	French	French
Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	NA	NA
Transitional Basel III rules	Tier 2	Tier 2
Post-transitional Basel III rules	Tier 2	Tier 2
Eligible at solo/group/group and solo	Group	Group
Instrument type	Subordinated loan – Art. 62 and following of CRR No. 575/2013 amended by CRR No. 2019/876	Subordinated loan – Art. 62 and following of CRR No. 575/2013 amended by CRR No. 2019/876
Amount recognised in regulatory capital (currency in thousands, as of most recent reporting date)	€77,500 thousand	€77,500 thousand
Par value of instrument	€77,500 thousand	€77,500 thousand
Accounting classification	Liabilities at amortised cost	Liabilities at amortised cost
Original date of issuance	15/12/2017	15/12/2017
Perpetual or dated	Dated	Dated
Original maturity date	15/12/2027	15/12/2027
Issuer call subject to prior supervisory approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	After the fifth year, in whole, without cost or penalty - subject to a similar treatment in the SCF Subordinated Loan	After the fifth year, in whole, without cost or penalty - subject to a similar treatment in the PSA Finance Nederland Subordinated Loan
Dividend/fixed or floating rate coupon	Floating	Floating
Coupon rate and any related index	E3M+1.91%	E3M+1.91%
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
Existence of step-up or other incentive to redeem	No	No
Non-cumulative or cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Non convertible*	Non convertible*
Characteristic of impairment	No*	No*
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated to the PSA Banque France senior debt	Subordinated to the PSA Banque France senior debt
Non-compliant transitioned features	No	No

* *The regulatory provisions will apply – i.e. * write-down or conversion to common shares according to regulatory decision.*

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 PSA Banque France 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 feed 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 OV1 – OVERVIEW OF RWA

The table provides an overview of total RWA forming the denominator of the risk-based capital requirements calculated in accordance with Article 92 of the CRR.

	RWA		Minimum capital requirements
(in million euros)	31/12/2020	31/12/2019	31/12/2020
Credit risk (excluding CCR)	**9,029**	**8,876**	**722**
of which the standardised approach	1,086	*1,083*	87
of which the foundation IRB (F-IRB) approach	4,165	*4,338*	333
of which the advanced IRB (A-IRB) approach	3,778	*3,455*	302
of which equity IRB under the simple risk-weighted approach or the internal model approach (IMA)			
CCR	**1**	**4**	**0**
of which mark to market			
of which original exposure			
of which the standardised approach	1	*4*	0
of which internal model method (IMM)			
of which risk exposure amount for contributions to the default fund of a CCP			
of which CVA			
Settlement risk			
Securitisation exposures in the banking book (after the cap)	**203**	**203**	**16**
of which IRB approach	203	*203*	16
of which IRB supervisory formula approach (SFA)			
of which internal assessment approach (IAA)			
of which standardised approach			
Market risk	**-**	**-**	
of which the standardised approach			
of which IMA			
Large exposures			
Operational risk	**835**	**776**	**67**
of which basic indicator approach			
of which standardised approach	835	*776*	67
of which advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight)			
Floor adjustment			
TOTAL	**10,068**	**9,859**	**805**

Risk Weighted Assets (RWA) for credit risk, market risk and operational risk were €10,068 million as at 31 December 2020 compared to €9,859 million as at 31 December 2019.

The increase in RWA reflects the growth in global business activity of the PSA Banque France Group, attenuated by the SRT transaction put in place on the Retail portfolio of traditional loans in November 2019.

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 a result, it is considered to be a measurement which completes the solvency and liquidity management system and enables the management of balance sheet growth.

The ratio is currently calculated for information purposes. It will become a regulatory limit with the entry into effect of "CRR II" which will be applicable as of 30 June 2021.

Excessive leverage risk can lead to corrective measures which were not provided for by the financial and capital plan and, notably to asset disposals. The leverage ratio is part of the risk management system.

The leverage ratio as at 31 December 2020 was 7.7%, well above the regulatory threshold of 3%. In addition, given that the PSA Banque France Group's balance sheet and off-balance sheet exposures are relatively stable due to the nature of its activities, this ratio is not very volatile.

The ratio is included in the risk dashboard provided to the Audit and Risk Committee and the Board of Directors on a quarterly basis. Although the ratio is higher than the regulatory requirements, the internal limit targets a level above 6%.

TABLE LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

This model was developed in application of Article 451(1)(b) of the CRR to reconcile the total exposure calculation with the related information in the published financial statements.

(in million euros)	**Applicable Amount**
Total assets as per published financial statements	**15,674**
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No. 575/2013)	
Adjustments for derivative financial instruments	7
Adjustment for securities financing transactions (SFTs)	
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	719
(Adjustment for intra-group exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No. 575/2013)	
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No. 575/2013)	(487)
Other adjustments	(94)
LEVERAGE RATIO TOTAL EXPOSURE MEASURE	**15,819**

TABLE LRCOM – LEVERAGE RATIO COMMON DISCLOSURE

The table below provides a detailed breakdown of the components of the leverage ratio denominator and information about the current leverage ratio, the minimum requirements and the buffers.

	(in million euros)	**CRR leverage ratio exposures**
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	15,674
2	(Asset amounts deducted in determining Tier 1 capital)	(94)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**15,580**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	7
EU(5)a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivatives exposures (sum of lines 4 to 10)**	**7**
	SFT exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU(14)a	Derogation for SFTs : Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No. 575/2013	
15	Agent transaction exposures	
EU(15)a	(Exempted CCP leg of client-cleared SFT exposure)	
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**-**
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	2,046
18	(Adjustments for conversion to credit equivalent amounts)	(1,327)
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**719**
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No.575/2013 (on and off-balance sheet)	
EU(19)a	(Intra-group exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No. 575/2013 (on and off-balance sheet))	
EU(19)b	**(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No. 575/2013 (on and off-balance sheet))**	**(487)**
	Capital and total exposure measure	
20	**Tier 1 capital**	**1,224**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**15,819**
	Leverage ratio	
22	**Leverage ratio**	**7.7%**
	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU(23)	Choice on transitional arrangements for the definition of the capital measures	
EU(24)	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No. 575/2013.	

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

This model was developed in application of Article 451(1)(b) of the CRR to provide a breakdown of the total exposures on the balance sheet of institutions.

(in million euros)	**CRR leverage ratio exposures**
TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS, AND EXEMPTED EXPOSURES), OF WHICH :	**15,674**
Trading book exposures	
Banking book exposures, of which :	15,674
Covered bonds	
Exposures treated as sovereigns	557
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	53
Institutions	153
Secured by mortgages of immovable properties	
Retail exposures	7,357
Corporate	4,611
Exposures in default	99
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2,844

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 loan classification levels (stages) and determines their impairment on an individual or collective basis as described in Section 1.3.2.

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 PSA 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 framework in this system 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.

TABLE CRB-B – TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES

The table below illustrates the total and average amounts of net exposures for the financial period by exposure category.

(in million euros)	**Net value of exposures at the end of the period**	**Average net exposures over the period**
Central governments or central banks		
Institutions		
Corporates	4,856	4,470
of which: Specialised lending		
of which: SMEs	*561*	*525*
Retail	7,388	7,192
Secured by real estate property		
SMEs		
Non-SMEs		
Qualifying revolving		
Other retail	*7,388*	*7,192*
SMEs	*2,550*	*2,501*
Non-SMEs	*4,838*	*4,691*
Equity		
Total IRB approach	**12,244**	**11,662**
Central governments or central banks	558	480
Regional governments or local authorities	57	55
Public sector entities		
Multilateral development banks		
International organisations		
Institutions	157	164
Corporates	1,763	1,914
of which: SMEs	*175*	*163*
Retail	406	374
of which: SMEs	*226*	*209*
Secured by mortgages on immovable property		
of which: SMEs		
Exposures in default	8	9
Items associated with particularly high risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment	749	930
Collective investments undertakings		
Equity exposures		
Other exposures	302	312
Total standardised approach	**4,000**	**4,238**
TOTAL	**16,244**	**15,900**

The average is calculated using the data approved on the closing date of each of the four quarters.

TABLE CRB-C – GEOGRAPHICAL BREAKDOWN OF EXPOSURES

The following table shows a breakdown of exposures by geographical areas and exposure classes.

	Net value			
(in million euros)	**France**	**Germany**	**Spain**	**Total**
Central governments or central banks				
Institutions				
Corporates	4,856			4,856
Retail	7,388			7,388
Equity				
Total IRB approach	**12,244**	**-**	**-**	**12,244**
Central governments or central banks	558			558
Regional governments or local authorities	57			57
Public sector entities				
Multilateral development banks				
International organisations				
Institutions	153	2	2	157
Corporates	1,763			1,763
Retail	406			406
Secured by mortgages on immovable property				
Exposures in default	8			8
Items associated with particularly high risk				
Covered bonds				
Claims on institutions and corporates with a short-term credit assessment	623		126	749
Collective investments undertakings				
Equity exposures				
Other exposures	302			302
Total standardised approach	**3,870**	**2**	**128**	**4,000**
TOTAL	**16,114**	**2**	**128**	**16,244**

TABLE CRB-D – CONCENTRATION OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES

The following table shows a breakdown of exposures by industry or counterparty types and exposure classes according to the IRB approach.

(in million euros)	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	
Central governments or central banks										
Institutions										
Corporates	1		176	1	6	314	1,597	104	41	...
Retail	1		268	2	9	477	2,431	159	62	...
Equity										
TOTAL IRB APPROACH	**2**		**444**	**3**	**15**	**791**	**4,028**	**263**	**103**	**...**

(in million euros)		Information and communication	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total
Central governments or central banks											
Institutions											
Corporates	...	34	41	138	161	1	64	155	10	2,011	4,855
Retail	...	53	63	211	245	1	97	235	15	3,060	7,389
Equity											
TOTAL IRB APPROACH	**...**	**87**	**104**	**349**	**406**	**2**	**161**	**390**	**25**	**5,071**	**12,244**

TABLE CRB-E – MATURITY OF EXPOSURES

The following table shows a breakdown of net exposures by residual maturity and exposure classes. These exposures are not restated for items deducted from regulatory capital.

(in million euros)	Central governments or central banks	Corporate	Retail	Other categories	Total balance-sheet exposures
Residual maturity below 3 months	1,466	3,269	591	328	5,654
> 3 months ≤ 1 year	15	1,889	1,372	-	3,276
> 1 year ≤ 5 years	33	2,439	4,239	-	6,711
> 5 years	-	20	14	-	34
TOTAL	**1,514**	**7,616**	**6,216**	**328**	**15,674**

Breakdowns by residual maturity are based on NSFR regulatory reporting at the end of December 2020.

TABLE CR1-A – CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT

The following table shows a comprehensive picture of the credit quality of an institution's on-balance-sheet and off-balance-sheet exposures.

	Gross carrying values of						
(in million euros)	**Defaulted exposures**	**Non-defaulted exposures**	**Specific credit risk adjustment**	**General credit risk adjustment**	**Accumulated write-offs**	**Credit risk adjustment charges of the period**	**Net values**
Central governments or central banks							
Institutions							
Corporates	71	4,825	40			8	4,856
of which: Specialised lending							
of which: SMEs	*53*	*537*	*16*			*4*	*574*
Retail	136	7,382	130	-	-	25	7,388
Secured by real estate property							
SMEs							
Non-SMEs							
Qualifying revolving							
Other retail	136	7,382	130	-	-	25	7,388
SMEs	*53*	*2,547*	*50*			*4*	*2,550*
Non-SMEs	*83*	*4,835*	*80*			*21*	*4,838*
Equity							-
Total IRB approach	**207**	**12,207**	**170**	**-**	**-**	**33**	**12,244**
Central governments or central banks	-	558	-			-	558
Regional governments or local authorities	4	57	-			-	61
Public sector entities							-
Multilateral development banks							-
International organisations							-
Institutions	-	157	-			-	157
Corporates	8	1,764	1			-	1,771
of which: SMEs	*2*	*175*	*-*			*-*	*177*
Retail	4	407	1			-	410
of which: SMEs	*4*	*227*	*1*			*-*	*230*
Secured by mortgages on immovable property							-
of which: SMEs							-
Exposures in default			8			(24)	(8)
Items associated with particularly high risk							-
Covered bonds							-
Claims on institutions and corporates with a short-term credit assessment		749					749
Collective investments undertakings							-
Equity exposures							-
Other exposures		302					302
Total standardised approach	**16**	**3,994**	**10**	**-**	**-**	**(24)**	**4,000**
TOTAL	**223**	**16,201**	**180**	**-**	**-**	**9**	**16,244**

TABLE CR1-B – CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES

The table provides a comprehensive picture of the credit quality of an institution's on-balance-sheet and off-balance-sheet exposures by industry or counterparty types according to the IRB approach.

	Gross carrying values of						
(in million euros)	**Defaulted exposures**	**Non-defaulted exposures**	**Specific credit risk adjustment**	**General credit risk adjustment**	**Accumulated write-offs**	**Credit risk adjustment charges**	**Net values**
Agriculture, forestry and fishing		2					2
Mining and quarrying							
Manufacturing	9	442	7				444
Electricity, gas, steam and air conditioning supply		3					3
Water supply	1	15	1			1	15
Construction	14	791	14			2	791
Wholesale and retail trade	56	4,004	32			6	4,028
Transport and storage	11	261	9			4	263
Accommodation and food service activities	3	104	3			1	104
Information and communication	1	87	2			1	86
Real estate activities	3	102	2			1	103
Professional, scientific and technical activities	6	350	6			1	350
Administrative and support service activities	10	405	9				406
Public administration and defence, compulsory social security		2					2
Education	4	161	4				161
Human health services and social work activities	3	391	3			1	391
Arts, entertainment and recreation		24				1	24
Other services	86	5,063	78			14	5,071
TOTAL IRB APPROACH	**207**	**12,207**	**170**	**-**	**-**	**33**	**12,244**

TABLE CR1-C – CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY

The table provides a comprehensive picture of the credit quality of an institution's on-balance-sheet and off-balance-sheet exposures by geography.

	Gross carrying values of						
(in million euros)	**Defaulted exposures**	**Non-defaulted exposures**	**Specific credit risk adjustment**	**General credit risk adjustment**	**Accumulated write-offs**	**Credit risk adjustment charges**	**Net values**
France	223	16,071	180			9	16,114
Germany		2					2
Spain		128					128
TOTAL	**223**	**16,201**	**180**	**-**	**-**	**9**	**16,244**

TABLE CR1-D – AGEING OF PAST-DUE EXPOSURES

The table provides an ageing analysis of accounting on-balance-sheet past-due exposures regardless of their impairment status.

	Gross carrying values				
(in million euros)	≤ 30 days	> 30 days ≤ 90 days	> 90days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans	475	110	83	36	64
Debt securities					
TOTAL EXPOSURES	**475**	**110**	**83**	**36**	**64**

TABLE CR1-E – NON-PERFORMING AND FORBORNE EXPOSURES

The table provides an overview of non-performing and forborne exposures as per the Commission Implementing Regulation (EU) No. 680/2014.

	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
				Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	
(in million euros)		Of which performing, but past due > 30 days and ≤ 90 days	Of which performing forborne		Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		Of which forborne exposures
Debt securities													
Loans and advances	14,084	177	15	36	36	36	36	(28)	(1)	(27)	(27)	-	-
Off-balance sheet exposures	1,700	-	-	-				-	-	-	-	-	-

TABLE 1 NPE-FBR – CREDIT QUALITY OF FORBORNE EXPOSURES

The table provides an overview of the quality of forborne exposures as per Commission Implementing Regulation (EU) No. 680/2014.

	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	
	Performing forborne	Non-performing forborne						
(in million euros)			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
Loans and advances	**15**	**36**	**36**	**36**	**(1)**	**(27)**		
Central banks								
General governments								
Credit institutions								
Other financial corporations								
Non-financial corporations	3	13	13	13	-	(11)		
Households	12	23	23	23	(1)	(16)		
Debt securities								
Loan commitments given								
TOTAL	**15**	**36**	**36**	**36**	**(1)**	**(27)**		

TABLE 3 NPE-FBR – CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

The table provides an overview of credit quality of non-performing exposures, as per Commission Implementing Regulation (EU) No. 680/2014.

	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 ≤ 5 years	Past due > 5 years	Of which defaulted
Loans and advances	**15,333**	**15,155**	**177**	**202**	**39**	**82**	**23**	**56**	**2**	**201**
Central banks	1,451	1,451	-	-	-	-				-
General governments	60	50	10	4	1	1	1	1	-	4
Credit institutions										
Other financial corporations										
Non-financial corporations	7,593	7,457	136	121	24	68	8	20	2	120
of which SME	*3,291*	*3,263*	*27*	*107*	*21*	*57*	*7*	*19*	*1*	*106*
Households	6,229	6,197	31	77	14	13	14	35	-	77
Debt securities										
Central banks										
General governments										
Credit institutions										
Other financial corporations										
Non-financial corporations										
Off-balance-sheet exposures	**1,696**			**4**						**-**
Central banks	919									
General governments	4									
Credit institutions										
Other financial corporations										
Non-financial corporations	601			4						
Households	172									
TOTAL	**17,029**	**15,155**	**177**	**206**	**39**	**82**	**23**	**56**	**2**	**201**

1.4.5.2 CREDIT RISK MANAGEMENT

Credit risk is the risk of loss arising from the failure of a customer to meet the payment or other obligations of a contract with the PSA Banque France Group. While the Group generally has the ability to recover and resell the financed vehicle following a customer default, the resale value of a recovered vehicle may not be sufficient to cover the default loss. Furthermore, contractually, the PSA Banque France Group does not assume the residual value risk on vehicles, because of the buy-back commitments from the car dealers or the manufacturer itself.

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

1.4.5.2.1 Credit risk measurement

Risk is measured on a daily basis.

At the time financing is granted, risk measurement is based on internal rating models developed and backtested by risk experts. Customers are selected using rating models (for Corporate customers) or scoring decision-making tools (for Retail customers). Both are managed and controlled by the PSA Banque France Group's Risk Department with the support of the shareholders, Banque PSA Finance, and Santander Consumer Finance. The decision-making systems are set up according to the specific characteristics of the French car market, thus optimising its efficiency and ensuring its compliance. Monitoring is regularly carried out to measure the effectiveness of the tools.

For financing to individual customers and small and medium-sized businesses (considered Retail customers), loan applications are either automatically authorised or require additional assessment procedures, which are requested either by the risk expert systems or at the credit analyst's own initiative. Inputs are obtained from external credit databases or from internal data, such as customer payment histories (in the case of a financing renewal following a new vehicle purchase). The monitoring of decisions to grant retail loans is submitted to the PSA Banque France Group's Credit Committee or to the Cooperation Credit Committee, depending on the delegation level.

For Corporate portfolios (consisting of major companies and public entities and of the Peugeot, Citroën and DS dealer networks), the decisions to grant loans follow the same approach and are approved by the Local Credit Committee or the Cooperation Credit Committee managed by the shareholders.

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

1.4.5.2.2 Credit risk management

Credit risk management is based on:

- a product range specifying the legal framework for the product and related securities, maximum term, minimum down payment, step-up amounts, if applicable, and residual values;
- checking the risk of over-invoicing the financed amount and checking double financing;
- loan grants, which can be based on certain conditions (contribution level, guarantee, etc.);
- strict delegation of authority rules governing loan applications and lending limits;
- verification, prior to the release of financing, of the supporting documents requested as part of the loan application process, including any loan approval guarantee conditions.

In addition to the above, for the Corporate dealer portfolios:

- setting lines of credit and the associated period of validity. The lines of credit are individualised by financial product and are not mutually fungible, except in the case of inventory financing;
- collective guarantees packages or securities taken when the relationship is established, on renewal of credit lines or if the creditworthiness is downgraded between two renewal dates. Securities may be personal guarantees, related to identified assets, be provided by credit insurers or take the form of bank guarantees;
- daily monitoring of payment incidents;
- a progressive alert system, from placing on watch list to declaring a delinquent loan, including conditional default, i.e. even if the loan is not past due;
- qualification of the portfolio using the Santander Consumer Finance method, which consists in defining an overall credit strategy based on the risk profile of each Corporate customer;
- a system triggering a review of a dealer's credit rating, according to financial or sales indicators;
- inventory audits whose frequency depends on the dealer's risk profile and the retention of the registration documents for the financing of certain used vehicles or at certain dealers;
- lastly, network financing contracts which provide for the pledging of financed vehicles at any time depending on the provisions in effect.

1.4.5.2.3 Credit risk monitoring

Risk monitoring for the Retail business covers:

- trends in the quality of credit applications and the quality of new loan production;
- the change in past-dues by customer type and the source of the request (brand, point-of-sale, underwriting entity);
- indicators of payment history by financing type, customer segment, production year, etc.;
- Basel risk measurement indicators for the loan portfolio.

Risk monitoring indicators are analysed by the PSA Banque France Group analysts. Risk areas detected may result in amending risk assessments or risk control measures.

Monitoring of risk for the Corporate portfolio primarily consists of:

- monitoring drawdowns of credit lines;
- regular monitoring of the financial situation and of the interim results of the counterparty in absolute value and in relative value compared to the overall network results;
- tracking of payment incidents and past-dues and their resolution;
- monitoring of potentially serious incidents, such as winding up a business, restructuring or court-ordered liquidation through automatic information feedback;
- tracking credit line drawdowns, payment incidents and reports from stock audits for dealer financing;
- the very close monitoring of dealers included in the watchlist, or of those with delinquent or conditionally delinquent accounts and/or for which the PSA Banque France Group credit strategy is to reduce or exit the financing;
- a monthly internal dealer Corporate Supervisory Committee meeting with the Risk Management and Control Committee attended by representatives, with no voting rights, responsible for the management of the Peugeot, Citroën and DS brands.

Cross-cutting risk monitoring is also performed on a non going basis by the risk oversight and control department. Very regular monitoring (quantitative and qualitative) of the credit risk is done on all portfolios and communicated within the PSA Banque France Group and to shareholders. The supervision and monitoring of credit risk for all portfolios (Retail and Corporate), are managed by the Risk Management and Control Committee and the results are reported to the Executive Committee monthly by this committee.

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

In the context of the Covid-19 pandemic, following the implementation of moratorium measures (see section 1.1.2.2 F "Management and measures in the context of Covid-19"), the PSA Banque France Group has set up the specific monitoring of portfolios that benefited from a payment moratorium. Regular monitoring is done to follow up the situation regarding payments and new defaults in order to assess the credit risk evolution. An additional provision in the form of a post-model adjustment to take into account the impacts of the Covid-19 crisis was recognised for a total estimated amount of €15 million to cover potential deterioration in non-performing loans.

1.4.5.3 DIVERSIFICATION OF CREDIT/CONCENTRATION RISK

1.4.5.3.1 Risk factors

Concentration risk results from a significant accumulation of exposures in certain categories, sectors or markets.

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

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

1.4.5.3.2 Concentration risk measurement, management and monitoring

Individual concentration risk is managed via internal limits and by the 25% prudential regulatory capital limit, in compliance with the Risk Appetite Framework.

The level of concentration risk is analysed using concentration indices for sector and individual credit operations. The bank has set limits for concentration risks related to individuals, sectors and credit institutions granting banking lines to the PSA Banque France Group and its entities.

Depending on type, the concentration risk limits are presented on a monthly basis to the Risk Management and Control Committee and to the various monitoring bodies within the PSA Banque France Group.

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

As at 31 December 2020, the outstanding loans of the PSA Banque France Group to STELLANTIS stood at €189 million, representing 13,7% of regulatory capital.

On the same date, the PSA Banque France Group's 10 main outstanding loans, other than those to STELLANTIS, totalled €1,916 million.

These 10 main outstanding loans break down into the following counterparty categories:

- banks: €356 million;
- insurers: €197 million;
- dealer network (with no financial ties to STELLANTIS): €1,126 million;
- Corporate (excluding dealer network): €238 million.

As at 31 December 2020, there was no net exposure on a counterparty in excess of 25% of regulatory capital. This is partially due to the purchase in 2019 of two credit insurance policies with two leading insurers for the partial hedging of the risks related to vehicle inventory and spare parts financing operations for the main dealers financed by the PSA Banque France Group.

1.4.5.4 STANDARD METHOD

Central governments and central banks, banking institutions and local authorities are assessed using the standard method to calculate their regulatory capital needs.

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

The reconciliation of these ratings with the credit levels provided for in the regulations complies with the requirements of the supervisor.

No other external system which is not directly applicable is used. For unrated exposures, the PSA Banque France Group applies the regulatory weighting in accordance with the provisions of the CRR.

Credit quality steps	**1**	**2**	**3**	**4**	**5**	**6**
Standard & Poor's Global Ratings						
Long-term issuer credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, R, SD/D
Long-term issuer credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Insurer financial health rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, SD/D, R
Fund credit quality rating scale	AAAf, Aaf	Af	BBBf	BBf	Bf	CCCf
Mid-Market company rating scale (Mid Market evaluation)		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 issuer credit rating scale	A-1+	A-1	A-2, A-3	B, C, D		
Moody's Investors Service						
Global long-term rating scale	Aaa, Aa	A	Baa	Ba	B	Caa, Ca, C
Bond fund rating scale	Aaa-bf, Aa-bf	A-bf	Baa-bf	Ba-bf	B-bf	Caa-bf, Ca-bf, C-bf
Global short-term rating scale	P-1	P-2	P-3	NP		
Fitch Ratings						
Long-term issuer credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, RD, D
Corporate finance bonds – Long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C
International long-term insurer financial health (IFS) rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C
Short-term rating scale	F1+	F1	F2, F3	B, C, RD, D		
Short-term insurer financial health (IFS) rating scale	F1+	F1	F2, F3	B, C		

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

The table illustrates the effect of all CRM techniques applied in accordance with Part Three, Title II, Chapter 4 of the CRR, including the financial collateral simple method and the financial collateral comprehensive method in the application of Article 222 and Article 223 of the same regulation on standardised approach capital requirements' calculations. RWA density provides a synthetic metric on the riskiness of each portfolio.

	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
(in million euros)	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Central governments or central banks	557		557			0%
Regional government or local authorities	53	4	53	4	11	19%
Public sector entities						
Multilateral development banks						
International organisations						
Institutions	157		157		32	20%
Corporates	239	1,524	510	66	318	55%
Retail	380	26	380	26	264	65%
Secured by mortgages on immovable property						
Exposures in default	5	4	5	4	10	111%
Exposures associated with particularly high risk						
Covered bonds						
Institutions and corporates with a short-term credit assessment	749		749		150	20%
Collective investment undertakings						
Equity						
Other items	302		302		302	100%
TOTAL	**2,442**	**1,558**	**2,713**	**100**	**1,087**	**39%**

Note : exposures include counterparty risk.

1

TABLE CR5 – STANDARDISED APPROACH

The table presents the breakdown of exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardised approach). The risk weights in table EU CR5 encompass all those assigned to each credit quality step in Article 113 to Article 134 in Part Three, Title II, Chapter 2 of the CRR.

	Risk weight																Total	Of which unrated
(in million euros)	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1 250%**	**Others**	**Deducted**		
Central governments or central banks	557																557	557
Regional government or local authorities					57												57	57
Public sector entities																	-	
Multilateral development banks																	-	
International organisations																	-	
Institutions					155		2										157	153
Corporates					271					305							576	305
Retail									406								406	406
Secured by mortgages on immovable property																	-	
Exposures in default										5	4						9	9
Exposures associated with particularly high risk																	-	
Covered bonds																	-	
Institutions and corporates with a short-term credit assessment					749												749	
Collective investment undertakings																	-	
Equity																	-	
Other items										302							302	302
TOTAL	**557**	**-**	**-**	**-**	**1,232**	**-**	**2**	**-**	**406**	**612**	**4**	**-**	**-**	**-**	**-**	**-**	**2,813**	**1,789**

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)

Advanced approach exposures consist of retail customers (Retail portfolios) which combine all financing (loans and leases) granted to natural persons (Individuals and Professionals) and to SMEs whose outstanding loans do not exceed €500,000. The models are segmented as follows:

(in million euros)	Portfolios	Pattern	EAD post CCF and CRM	RWA	Model description
PD	Households	PD – households	4,918	2,572	Statistical model with a long-term average PD
	SMEs	PD – SMEs with financial data	743	319	Statistical model with a long-term average PD
		PD – SMEs without financial data	1,831	878	Statistical model with a long-term average PD
		PD – households	26	9	Statistical model with a long-term average PD
TOTAL			**7,518**	**3,778**	

(in million euros)	Portfolios	Pattern	EAD post CCF and CRM	RWA	Model description
EAD	Retail	CCF – on-balance sheet outstanding	7,155	3,612	By applying a 100% CCF
		CCF – off-balance sheet outstanding	363	166	By applying a 100% CCF
TOTAL			**7,518**	**3,778**	

(in million euros)	Portfolios	Pattern	EAD post CCF and CRM	RWA	Model description
LGD	Performing portfolio	LGD – credit sales – new cars	255	122	Statistical model applying a LGD in low cycle conditions
		LGD – credit sales – used cars	783	633	Statistical model applying a LGD in low cycle conditions
		LGD – rental cars	6,344	2,842	Statistical model applying a LGD in low cycle conditions
	Defaulted portfolio	LGD of the defaulted portfolio	136	181	Statistical model applying a LGD in low cycle conditions
TOTAL			**7,518**	**3,778**	

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 the STELLANTIS Group). The models are segmented as follows:

(in million euros)	Portfolios	Pattern	EAD post CCF and CRM	RWA	Model description
PD	Flees	Rating fleets	1,090	996	Statistical model with a long-term average PD
	Wholesale	Rating Wholesale	3,439	3,081	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	42	57	Statistical model with a long-term average PD
TOTAL			**4,593**	**4,165**	

1.4.5.5.2 Description of the internal rating models

All of PSA Banque France's internal rating models are based on the regulatory definition of default, i.e. failure to pay at 90 days, or a strong presumption of non-payment on upcoming due dates. These models are being adapted to the new definition of default issued by the EBA in its guidelines of September 2016 and applicable as of 1 January 2021.

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 payer 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.

OUTSTANDING BY GRADE OF PD

(in million euros)	Households	SMEs with financial data	SMEs without financial data	Total
[0.03% – 0.50%]	245	137	-	382
[0.50% – 1.00%]	3,324	108	224	3,656
[1.00% – 1.50%]	-	69	274	343
[1.50% – 2.00%]	-	133	381	514
[2.00% – 3.00%]	1,113	102	432	1,647
[3.00% – 5.00%]	-	71	296	367
[5.00% – 10.00%]	-	78	114	192
[10.00% – 20.00%]	136	28	43	207
[20.00% – 99.99%]	42	5	27	74
100% (default)	83	13	40	136
TOTAL	**4,943**	**744**	**1,831**	**7,518**

LGD model

Retail customer LGD exposure models are built on statistical models which are based on the observation of the loss rates of exposures in default. The loss rate takes into account all financial losses incurred and notably includes the recovery costs for receivables due and the cost of carrying the outstanding loans for the entire recovery period.

The downturn LGD is calibrated on the highest loss rates of the years at the bottom of the economic cycle and more recent years. Margins of conservatism are added to the loss rates observed (weighted by number of files), which include the average volatility of the 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%	6,344
43.3%	255
59.9%	783
TOTAL	**7,382**

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

1.4.5.5.2.2 Internal foundation rating models: Corporate customers

Two PD models are used for companies:

- 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 PSA 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 (normal 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.

OUTSTANDING BY RATING

(in million euros)	**Fleets**	**Wholesale**	**Total**
[0.03% - 0.31%]	217	906	1,123
[0.31% - 0.80%]	278	765	1,043
[0.80% - 2.00%]	309	1,150	1,459
[2.00% - 4.00%]	209	480	689
[4.00% - 13.10%]	75	84	159
[13.10% - 99.99%]	45	5	50
100% (default)	21	49	70
TOTAL	**1,154**	**3,439**	**4,593**

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	3.2%	44.8%	87.6%
Corporate	**F-IRB**	**PD average***		
	Fleets	1.9%		
	Wholesale	1.4%		

* *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 unit 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:

The governance of internal rating models

The PSA Banque France Group applies the principles of governance of the models established by the Santander Group, based on an organisation with three lines of defense:

- the first line consists of the model owners, the developers and the employees responsible for their IT implementation, the staff responsible for building the models and for their daily monitoring;
- the second line of defense is provided by the Santander Group's independent Internal Model Validation function, which is responsible for the periodic validation of the internal models and their parameters;
- the third line of defense is provided by the PSA Banque France Group's internal audit function, which examines the complete environment of the internal models during its assignments.

The conclusions of these three lines of defense are reported to the Risk Management and Control Committee.

Data quality

Ongoing monitoring of data quality is carried out and corrective actions are taken as necessary to ensure that the models are properly applied and to data in all respects consistent with statistical model development.

Model and parameter monitoring

The internal rating systems are fully backtested annually and checked more often as part of a specific monitoring process.

The backtesting is carried out by Banque PSA Finance, by analysts who are independent of the rating model construction teams. The results are analysed by a dedicated PSA Banque France Group organisation, a unit of the Risk Department, which is also independent of the construction teams and of the internal rating teams (risk analysts).

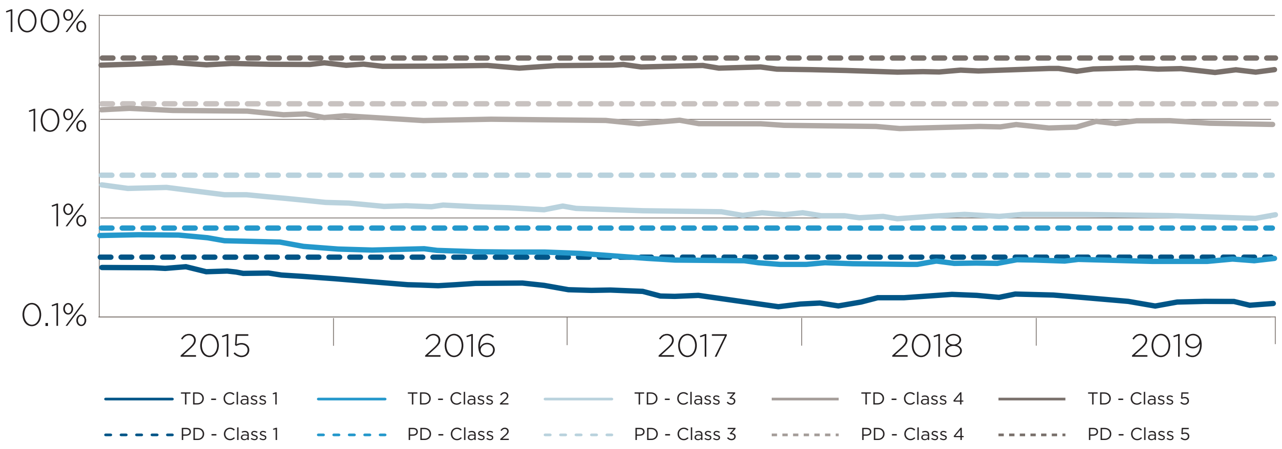
In parallel, monthly monitoring of the quality of data used for the ratings enables the PSA Banque France Group to ensure the relevance of the models.

The backtesting of the models and parameters involves the following:

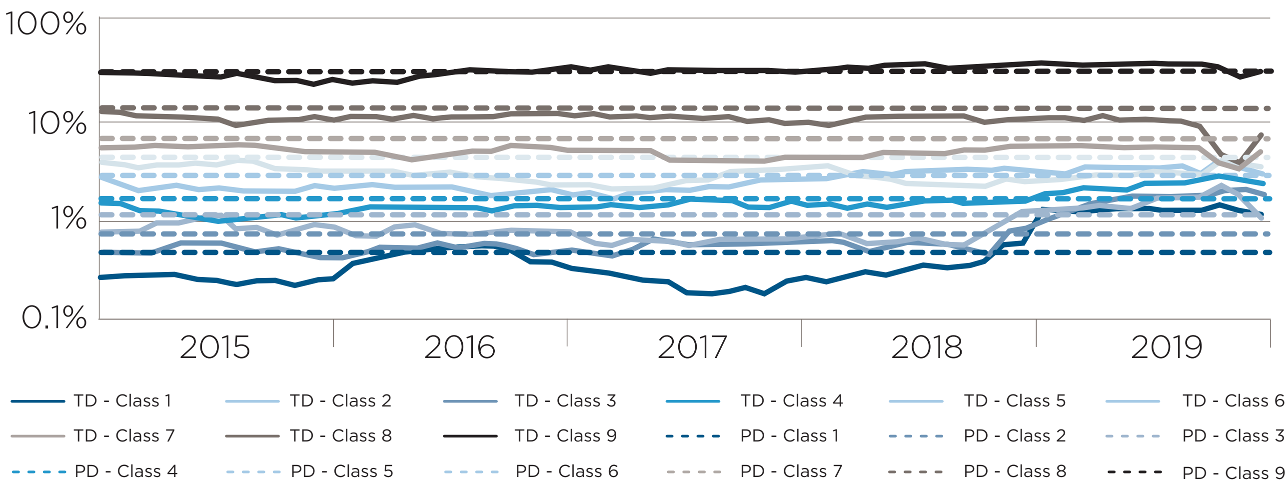
- the overall performance of the model;
- the stability of the variables (stability over time of the distribution of variables by process), of the rating score (PD models) and of the segmentation (LGD models and ELBE);
- the performance of the variables (variable predictability, contribution to the model);
- 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.

RETAIL CUSTOMERS - PD OF INDIVIDUALS



RETAIL CUSTOMERS - PD OF SMES WITH FINANCIAL INFORMATION



RETAIL CUSTOMERS - PD OF SMES WITHOUT FINANCIAL INFORMATION

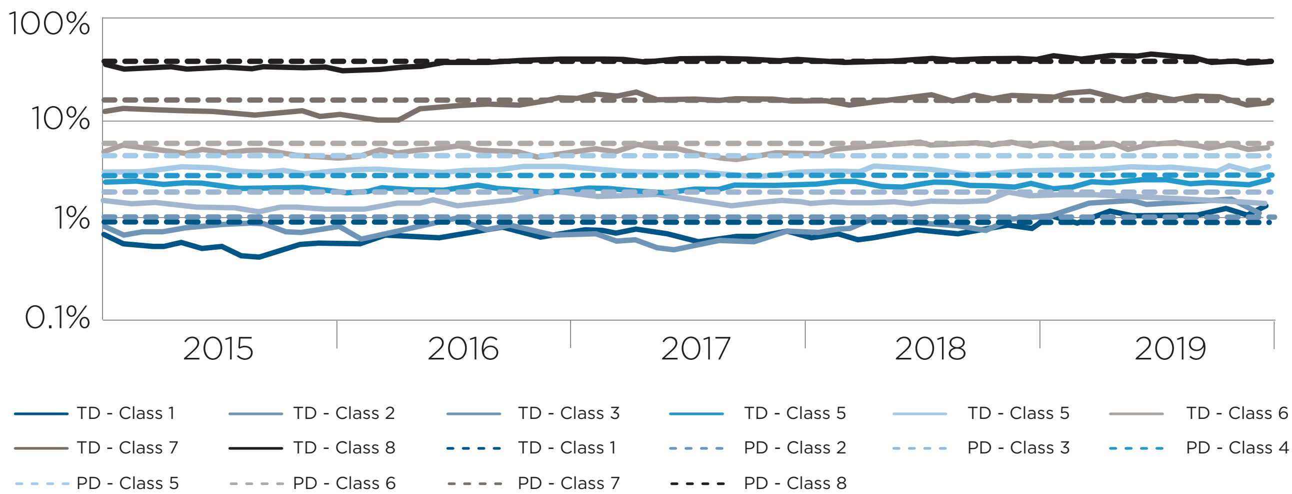


TABLE CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE

The following tables show the primary parameters used to calculate the regulatory capital requirements with respect to the IRB models. The required publication is intended to present the exposure categories based on PD steps in order to enable the evaluation of the credit quality of the portfolio. Publication of the parameters is intended to increase the transparency of the RWA calculations by institutions and, therefore, improve the reliability of regulatory measurements.

(in million euros)	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
F-IRB-Corporates - Other	0.00 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50	1,206	46	75.0%	1,165	0.30%	1,261	45.0%	2,5	695	59.6%	2	
	0.50 to <0.75	820	9	75.0%	730	0.53%	355	45.0%	2,5	554	76.0%	2	
	0.75 to <2.50	1,398	24	75.0%	1,327	1.08%	1,120	45.0%	2,5	1,352	101.9%	6	
	2.50 to <10.00	651	15	75.0%	652	3.19%	1,072	45.0%	2,5	926	142.0%	9	
	10.00 to <100.00	116	3	75.0%	118	13.76%	349	45.0%	2,5	277	233.7%	7	
	100.00 (default)	18	-	75.0%	18	100.00%	110	45.0%	2,5	-	0.0%	8	
Subtotal		**4,209**	**97**	**75.0%**	**4,010**	**1.91%**	**4,267**	**45.0%**	**2,5**	**3,804**	**94.9%**	**34**	**24**
F-IRB-Corporates – SMEs	0.00 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50	228	7	75.0%	233	0.31%	153	45.0%	2,5	106	45.5%	-	
	0.50 to <0.75	38	-	75.0%	38	0.53%	14	45.0%	2,5	22	59.4%	-	
	0.75 to <2.50	125	9	75.0%	132	0.97%	275	45.0%	2,5	95	71.7%	1	
	2.50 to <10.00	103	12	75.0%	112	3.45%	410	45.0%	2,5	112	100.3%	2	
	10.00 to <100.00	15	-	75.0%	15	16.41%	132	45.0%	2,5	26	168.0%	1	
	100.00 (default)	53	-	75.0%	53	100.00%	59	45.0%	2,5	-	0.0%	24	
Subtotal		**562**	**28**	**75.0%**	**583**	**10.57%**	**1,043**	**45.0%**	**2,5**	**361**	**61.9%**	**28**	**16**
A-IRB-Retail – SMEs	0.00 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50	118	20	100.0%	138	0.5%	4,862	43.1%		33	24.2%	-	
	0.50 to <0.75	96	12	100.0%	108	0.7%	4,729	43.1%		33	30.7%	1	
	0.75 to <2.50	1,076	26	100.0%	1,101	1.3%	54,035	43.1%		428	38.9%	6	
	2.50 to <10.00	961	135	100.0%	1,097	3.8%	60,426	43.2%		545	49.7%	18	
	10.00 to <100.00	102	-	100.0%	103	21.7%	7,052	43.3%		78	75.7%	10	
	100.00 (default)	54	-	-	53	100.0%	4,102	81.0%		89	166.7%	36	
Subtotal		**2,407**	**193**	**100.0%**	**2,600**	**5.2%**	**135,206**	**43.9%**		**1,206**	**46.4%**	**71**	**50**

(in million euros)	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
A-IRB-Retail – Other	0.00 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50	243	1	100.0%	244	0.4%	107,543	45.3%		74	30.3%	1	
	0.50 to <0.75	-	-		-		-			-		-	
	0.75 to <2.50	3,167	137	100.0%	3,304	0.8%	335,615	44.0%		1,401	42.4%	11	
	2.50 to <10.00	1,077	32	100.0%	1,109	2.7%	158,293	50.6%		815	73.5%	15	
	10.00 to <100.00	178	-		178	20.6%	23,507	47.9%		190	107.1%	18	
	100.00 (default)	83	-		83	100.0%	12,493	91.9%		92	110.7%	69	
Subtotal		**4,748**	**170**	**100.0%**	**4,918**	**3.6%**	**637,451**	**46.5%**		**2,572**	**52.3%**	**114**	**80**
TOTAL (ALL PORTFOLIOS)		**11,926**	**488**	**93.6%**	**12,111**	**3.7%**	**777,967**	**45.4%**	**-**	**7,943**	**65.6%**	**247**	**170**

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

The table below illustrates the effect of credit derivatives on the calculation of the regulatory capital requirement based on the IRB approach. The credit pre-derivatives RWA, before taking into account the mitigating effect of credit derivatives, were selected to evaluate the impact of the credit derivatives on RWA. The EU CR7 model includes the impact of the credit derivatives on RWA as a result of substitution effects and their impact on the PD and LGD parameters by virtue of Part three, Title II, Chapter 4 of the CRR.

(in million euros)	Pre-credit derivatives RWA	Actual RWA
Exposures under F-IRB	**4,165**	**4,165**
Central governments and central banks	-	-
Institutions	-	-
Corporates – SMEs	361	361
Corporates – Specialised lending	-	-
Corporates – Other	3,804	3,804
Exposures under A-IRB	**3,778**	**3,778**
Central governments and central banks	-	-
Institutions	-	-
Corporates – SMEs	-	-
Corporates – Specialised lending	-	-
Corporates – Other	-	-
Retail – Secured by real estate SMEs	-	-
Retail – Secured by real estate non- SMEs	-	-
Retail – Qualifying revolving	-	-
Retail – Other SMEs	1,206	1,206
Retail – Other non-SMEs	2,572	2,572
Equity IRB		
Other non-credit obligation assets		
TOTAL	**7,943**	**7,943**

TABLE EU CR9 – IRB APPROACH – BACKTESTING OF PD PER EXPOSURE CLASS

It provides backtesting data to validate the reliability of PD calculations. In particular, the table compares the PD used in IRB capital calculations with the effective default rates of institutions obligors. A minimum 5-year average annual default rate is required to compare the PD with a "more stable" default rate, although an institution may use a longer historical period that is consistent with its actual risk management practices.

Exposure category	PD scale	Equivalent external rating	PD weighted average	PD arithmetical average per obligor	Number of obligors at the end of the previous year	Number of obligors at the end of the current year	Defaulted obligors during the year	Of which new obligors	Historical Default rate average
Retail - other									
Households	from 0.00 to <0.50	-	0.40%	0.40%	123,007	107,207	198		0.20%
	from 0.50 to <1.00	-	0.78%	0.78%	318,614	329,593	1,508		0.50%
	from 1.00 to <1.50	-							
	from 1.50 to <2.00	-							
	from 2.00 to <3.00	-	2.68%	2.68%	147,269	155,386	2,068		1.57%
	from 3.00 to <5.00	-							
	from 5.00 to <10.00	-							
	from 10.00 to <20.00	-	14.24%	14.24%	16,367	16,976	1,908		12.10%
	from 20.00 to <100.00	-	40.88%	40.88%	6,160	6,600	2,349		38.55%
	100 (default)	-	100.00%	100.00%	10,499	12,534			
	missing	-					583	583	
SMEs with financial data	from 0.00 to <0.50	-	0.47%	0.47%	3,749	4,167	20		0.50%
	from 0.50 to <1.00	-	0.74%	0.74%	4,181	4,245	36		0.78%
	from 1.00 to <1.50	-	1.12%	1.12%	3,057	3,016	41		1.01%
	from 1.50 to <2.00	-	1.65%	1.65%	6,029	5,841	102		1.51%
	from 2.00 to <3.00	-	2.79%	2.79%	5,078	4,616	122		2.41%
	from 3.00 to <5.00	-	4.17%	4.17%	3,623	3,331	99		3.01%
	from 5.00 to <10.00	-	6.65%	6.65%	4,189	3,759	183		4.92%
	from 10.00 to <20.00	-	13.41%	13.41%	1,795	1,515	166		10.80%
	from 20.00 to <100.00	-	32.48%	32.48%	586	357	168		29.80%
	100 (default)	-	100.00%	100.00%	900	934			
	missing	-					57	57	
SMEs without financial data	from 0.00 to <0.50	-	-	-	-	-	-	-	-
	from 0.50 to <1.00	-	0.92%	0.92%	8,858	9,453	81		0.78%
	from 1.00 to <1.50	-	1.02%	1.02%	12,160	12,666	173		1.12%
	from 1.50 to <2.00	-	1.75%	1.75%	18,760	20,424	288		1.60%
	from 2.00 to <3.00	-	2.74%	2.74%	20,437	22,676	470		2.17%
	from 3.00 to <5.00	-	4.31%	4.31%	15,238	15,303	471		3.28%
	from 5.00 to <10.00	-	5.72%	5.72%	4,022	4,746	210		5.12%
	from 10.00 to <20.00	-	15.62%	15.62%	2,875	3,003	476		15.64%
	from 20.00 to <100.00	-	37.97%	37.97%	1,874	2,039	718		38.60%
	100 (default)	-	100.00%	100.00%	2,480	3,129			
	missing	-					248	248	

Exposure category	PD scale	Equivalent external rating	PD weighted average	PD arithmetical average per obligor	Number of obligors at the end of the previous year	Number of obligors at the end of the current year	Defaulted obligors during the year	Of which new obligors	Historical Default rate average
Corporates									
Fleets	from 0.00 to <0.30	-	0.25%	0.25%	710	642	-		0.06%
	from 0.30 to <0.80	-	0.34%	0.34%	405	434	-		0.05%
	from 0.80 to <2.00	-	0.89%	0.89%	634	670	1		0.63%
	from 2.00 to <4.00	-	3.10%	3.10%	531	648	7		1.23%
	from 4.00 to <14.00	-	4.64%	4.64%	289	354	7		2.38%
	from 14.00 to <100.00	-	14.20%	14.20%	299	303	19		5.90%
	100 (default)	-	100.00%	100.00%	120	119			
	missing	-					-	-	
Wholesale	from 0.00 to <0.30	-	0.30%	0.30%	262	220	-		0.08%
	from 0.30 to <0.80	-	0.53%	0.53%	271	292	-		0.00%
	from 0.80 to <2.00	-	1.11%	1.11%	167	184	-		0.19%
	from 2.00 to <4.00	-	3.06%	3.06%	66	57	-		3.70%
	from 4.00 to <14.00	-	13.02%	13.02%	7	13	-		7.34%
	from 14.00 to <100.00	-	23.35%	23.35%	56	56	-		0.79%
	100 (default)	-	100.00%	100.00%	-	-			
	missing	-					-	-	

1.4.5.6 CREDIT RISK MITIGATION TECHNIQUES

The PSA Banque France Group ensures that it can reduce its credit risk. 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.

The guarantee 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 buy back at any time, etc.

The guarantee is intended to either lessen the risk or reverse an initial refusal.

The guarantees are never taken into account when calculating the customer's rating.

The guarantees must have a financial value, if possible quantified or at least quantifiable, and be legally valid.

Since 2019, the PSA Banque France Group set up two credit insurance policies with leading insurers to partially cover the risk related to vehicle and spare parts inventory financing operations for the main dealers financed by the PSA Banque France Group:

- the first policy, which was signed with an insurer rated A2/AA by Moody's and Fitch, hedges the risks of new vehicle stock, demonstration vehicles and used vehicles 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 2020, 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 €197 million net as at 31 December 2020, with an associated RWA gain of €117 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 €708 million as at 31 December 2020.

TABLE CR3 –CRM TECHNIQUES – OVERVIEW

The table below disclose the extent of the use of CRM techniques.

(In million euros)	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	15,138	398		398	
Total debt securities					
TOTAL EXPOSURES	**15,138**	**398**		**398**	
of which defaulted	*201*	-			

1.4.5.7 COUNTERPARTY RISK

Counterparty risk corresponds to the credit risk of market, investment transactions and/or settlements. It reflects the risk that the financial counterparty will not be able to honour their obligations to the entities of the PSA Banque France Group.

The PSA Banque France Group has implemented several mechanisms to mitigate counterparty risk:

- consistent signature of bilateral offsetting framework contracts (ISDA/FBF) for rate derivative hedges with the counterparties selected as leading financial institutions;
- daily exchange of collateral, either with the LCH Clearnet clearing house, via a clearing member for the transactions offset centrally or directly with the counterparty for contracts which are not offset centrally.

The counterparty risk calculated using the standard approach is not significant for the PSA Banque France Group at €1 million out of total RWA of €10,068 million as at 31 December 2020.

TABLE CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH

The table provides a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

(in million euros)	Notional	Replacement cost/current market value	Potential future credit exposure	Effective expected positive exposure (EEPE)	Multiplier	AED post-CRM	RWA
Mark to market							
Original exposure							
Standardised approach		4				4	1
IMM (for derivatives and SFTs)							
of which securities financing transactions							
of which derivatives and long settlement transactions							
of which from contractual cross- product netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)							
VaR for SFTs							
TOTAL		**4**				**4**	**1**

TABLE CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS

The table below provides a breakdown of CCR exposures calculated in accordance with Part Three, Title II, Chapter 6 of the CRR and risk-weighted according to Chapter 3 of the same title: by portfolio (type of counterparties) and by risk weight (riskiness attributed according to the standardised approach).

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

TABLE CCR5-A – IMPACT OF NETTING AND COLLATERAL HELD ON EXPOSURE VALUES

The table below provides an overview of the impact of netting and collateral held on exposures for which the exposure value is measured as per Part Three, Title II, Chapter 6 of the CRR, including exposures arising from transactions cleared through a CCP.

(in millions euros)	**Gross positive fair value or net carrying amount**	**Netting benefits**	**Netted current credit exposure**	**Collateral held**	**Net credit exposure**
Derivatives	4	-	4	-	4
SFTs					
Cross-product netting					
TOTAL	**4**	**-**	**4**	**-**	**4**

TABLE CCR5-B – COMPOSITION OF COLLATERAL FOR EXPOSURES TO CCR

The table below provides a breakdown of all types of collateral (cash, sovereign debt, corporate bonds, etc.) posted or received by banks to support or reduce CCR exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP.

	Collateral used in derivative transactions				**Collateral used in SFTs**	
	Fair value of collateral received		**Fair value of posted collateral**		**Fair value of collateral received**	**Fair value of posted collateral**
(in millions euros)	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**		
Collateral	-	-	13	-	-	-
TOTAL	**-**	**-**	**13**	**-**	**-**	**-**

1.4.6 Liquidity and funding risk

RISK FACTORS

The PSA Banque France Group refinances 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).

As a result, the main objectives of liquidity risk management are:

- to reduce, as far as possible, the negative effects of any market developments which affect the Group's funding capacity;
- to manage seasonal variations in funding sources and customer loan requests;
- to be able to quickly respond to variations in economic cycles which affect the availability and the demand for funds;
- to overcome the consequences of a given crisis situation.

These are accompanied by the following implementation principles:

- establish stable liquidity needs on the balance sheet in the medium- and long-term;
- diversify the sources of financing in terms of instruments and markets;
- respect the specific obligations established by the regulatory authorities.

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

- the end of period balance sheet with contractual or conventional outflow; and
- the inclusion of behavioural data, such as prepayment scenarios.

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

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

Internal 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 which fill the gaps are hedged at all times;
- **liquidity reserve:** it includes the cash deposited with the *Banque de France* and the assets available (not used as a guarantee or collateral) to be used to manage cash outflows in stress situations. The reserve consists 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 mandatory reserves,
  - eligible non-HQLA assets at the *Banque de France*, deposited as collateral and providing rights to additional drawdowns (in the form of the self-retained senior notes of securitisation funds and of credit claims remitted through the TRICP channel);

(in million euros)	31 December 2020	31 December 2019
Central bank deposits (excluding mandatory reserves)	450	420
HQLA securities available (after haircut)	0	0
Other available central bank-eligible assets (after haircut)	817	835
TOTAL LIQUIDITY RESERVE	**1,267**	**1,255**

- **liquidity stress tests** provide estimates of the time (liquidity horizon), using the liquidity gap, during which the PSA Banque France Group can ensure the continuity of its business using its liquidity reserve to absorb different fund outflows (deposit flight, loss of access to certain funding options), based on several crisis scenarios;
- **Early Warning Indicators (EWIs):** this system of early liquidity warning indicators, made up of quantitative and qualitative indicators, provides early identification of liquidity stress situations and of potential weaknesses in liquidity or refinancing requirements. Progressive warning levels are defined to enable specific action plans to be put in place where relevant;
- **Key Intraday Warning Indicators (KIWIs):** these indicators are used to manage and monitor intraday liquidity risk.
- **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 Net Stable Funding Ratio (NSFR) according to the requirements of the European Capital Requirements Regulation (CRR). The LCR ratio is mandatory and supervised by regulators, while the NSFR will not enter into force until 2021. The LCR is calculated monthly while the NSFR is calculated quarterly. The average LCR for 2020 was 131%;
- in addition to the previous indicators, to increase the actual monitoring of liquidity and be in compliance with the European Commission's regulatory requirement, the PSA Banque France Group has implemented additional liquidity monitoring through monthly reporting (Additional Liquidity Monitoring Metrics) since 2016.

During the year, in 2020, the PSA Banque France Group regularly 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.

TABLE EU LIQ1 – LCR DISCLOSURE TEMPLATE AND THE TABLE ON QUALITATIVE INFORMATION ON THE LCR

Scope of consolidation (consolidated) *(in million euros)*	**Total unweighted value (average)**				**Total weighted value (average)**			
Quarter ending on	**03/2020**	**06/2020**	**09/2020**	**12/2020**	**03/2020**	**06/2020**	**09/2020**	**12/2020**
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)					**310**	**340**	**346**	**367**
CASH – OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	**2,449**	**2,585**	**2,752**	**2,814**	**295**	**316**	**340**	**346**
Stable deposits								
Less stable deposits	*2,449*	*2,585*	*2,752*	*2,814*	*295*	*316*	*340*	*346*
Unsecured wholesale funding								
Operational deposits (all counterparties) and deposits in networks of cooperative banks	*254*	*273*	*284*	*295*	*58*	*64*	*69*	*74*
Non-operational deposits (all counterparties)	*191*	*114*	*125*	*134*	*191*	*114*	*125*	*134*
Unsecured debt	*120*	*185*	*194*	*156*	*120*	*185*	*194*	*156*
Secured wholesale funding					**-**	**-**	**-**	**-**
Additional requirements								
Outflows related to derivative exposures and other collateral requirements	*35*	*31*	*36*	*47*	*35*	*31*	*36*	*47*
Outflows related to loss of funding on debt products								
Credit and liquidity facilities	*597*	*572*	*645*	*687*	*52*	*48*	*53*	*57*
Other contractual funding obligations	**285**	**274**	**289**	**282**	**249**	**233**	**243**	**233**
Other contingent funding obligations								
TOTAL CASH OUTFLOWS					**1,000**	**992**	**1,060**	**1,047**
CASH – INFLOWS								
Secured lending (e.g. reverse repos)								
Inflows from fully performing exposures	**2,299**	**2,315**	**2,384**	**2,402**	**775**	**803**	**830**	**828**
Other cash inflows	**374**	**365**	**381**	**384**	**269**	**268**	**285**	**295**
(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	**2,674**	**2,681**	**2,765**	**2,786**	**1,044**	**1,071**	**1,114**	**1,123**
Fully exempt inflows								
Inflows subject to 90% cap								
Inflows subject to 75% cap	*2,674*	*2,681*	*2,765*	*2,786*	*1,044*	*1,071*	*1,114*	*1,123*
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					**310**	**315**	**336**	**342**
TOTAL NET CASH OUTFLOWS					**250**	**248**	**265**	**262**
LIQUIDITY COVERAGE RATIO (%)					**125%**	**127%**	**127%**	**131%**

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);
- deposits with the collection of retail savings from French customers;
- access to refinancing from the European Central Bank with participation in several TLTRO operations;
- several bank loans including subordinated loans.

1.4.7 Encumbered assets

Balance sheet assets and assets received as guarantees which have been used as pledges, guarantees or enhancements for a Group transaction from which they cannot be freely withdrawn are considered to be encumbered.

The main transactions with encumbered assets are as follows:

- the assets transferred to securitisation vehicles when the assets have not been derecognised;
- the underlying assets of self-retained securitisations are not considered to be encumbered unless the securities have not been used to pledge or guarantee another transaction in some way (funding from the Central Bank).

Information on encumbered and unencumbered assets is calculated in accordance with the EBA/GL/2014/03 directives.

TEMPLATE A – 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 reporting institution	**5,798**				**9,876**	**450**		
Equity instruments					-		-	
Debt securities								
of which: covered bonds								
of which: asset-backed securities								
of which: issued by general governments								
of which: issued by financial corporations								
of which: issued by non-financial corporations								
Other assets	5,798				9,876	450		
of which: loans on demand	*108*				*1,343*	*450*		
of which: loans and advances other than loans on demand	*5,690*				*8,205*			

TEMPLATE B – COLLATERAL RECEIVED

(in million euros)	Fair value of encumbered collateral received or own debt securities issued	of which notionally eligible EHQLA and HQLA	Unencumbered – Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
Collateral received by the reporting institution				
Loans on demand				
Equity instruments				
Debt securities				
of which: covered bonds				
of which: asset-backed securities				
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 asset-backed securities				
Own covered bonds and asset-backed securities issued and not yet pledged				
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**5,798**			

TEMPLATE C – SOURCES OF ENCUMBRANCE

(in million euros)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	**3,888**	**5,798**
of which: collateralised deposits other than repurchased agreements	*2,250*	*3,464*
of which: asset-backed securities issued	*1,638*	*2,335*

TEMPLATE D - ACCOMPANYING NARRATIVE INFORMATION

The use of credit claims, as collateral for refinancing operations, allows the PSA Banque France Group to diversify its funding sources, specifically through the issuance of securitisation securities.

It can also take part in the 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.

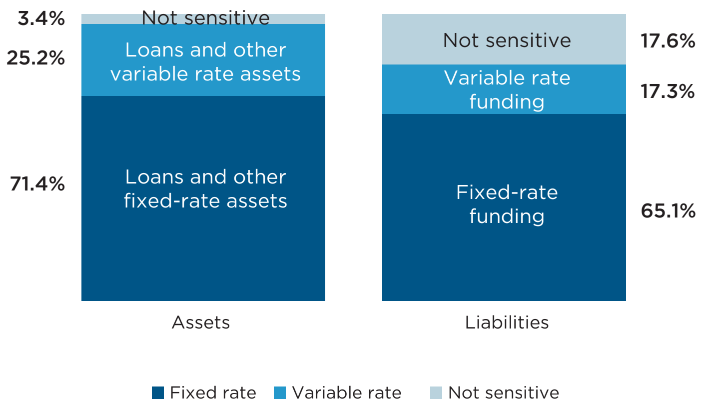
Nevertheless, in case of foreign exchange positions, the hedging of transactions in currencies would be validated by the competent committee.

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, ECB funding for TLTRO-II) and with variable/revisable rate funding sources (securitisations, NEU CP, NEU MTN, bank lines, TLTRO-III).



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 subjecting it to 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:** il 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):** 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 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 bp; +/-75 bp; +/-50 bp and +/-25 bp;
  - 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 2020, 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 2020 along with the various indicators' sensitivity to the worst-case risk scenario (parallel scenario).

INTEREST RATE GAP AS AT 31 DECEMBER 2020

	Total	≤ 1 month	≤ 3 months	≤ 1 year	≤ 2 years	≤ 5 years	> 5 years	Non Sensitive
Assets	15,674	3,547	2,551	3,051	2,878	3,086	26	534
Equity and liabilities	15,674	2,983	1,372	2,054	4,227	1,842	578	2,619
Off-balance sheet	0	(33)	1,035	(360)	18	(661)	1	0
Repricing gap	0	531	2,213	637	(1 330)	583	(550)	(2,084)

- At the end of December 2020, NIM sensitivity compared to the worst increase or decrease scenario for parallel rates of +/-100 bp; +/-75 bp; +/-50 bp and +/-25 bp, was -€2 million.
- At the end of December 2020, MVE sensitivity compared to the worst increase or decrease scenario for parallel rates of +/-100 bp; +/-75 bp; +/-50 bp and +/-25 bp, was -€28 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 risks 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 to optimise its regulatory capital needs. The PSA Banque France Group does not invest in securitisation transactions whose underlying receivables are originated by third parties:

- for its funding, the PSA Banque France Group, via its CREDIPAR subsidiary, carries out the securitisation of some of its loan or lease portfolios granted to individuals and corporate customers. The securities created by these transactions can either be placed with external investors, which enables the PSA Banque France Group to refinance itself, or be directly subscribed by the PSA Banque France Group to be used as collateral eligible with the European Central Bank. The securitisation funds holding the receivables transferred are kept within the scope of consolidation of the PSA Banque France Group because the latter remains exposed to the majority of risks and benefits on the receivables, notably via the holding of at least 5% of the securities issued by the funds (to meet its obligation to hold a financial interest as required by the CRR in Article 405 of Regulation (EU) No. 575/2013) and via other credit enhancement mechanisms, including liquidity reserves. In the absence of a significant transfer of risk for prudential regulation purposes, the transactions have no impact on the regulatory capital of the PSA Banque France Group;
- as part of the optimisation of its regulatory capital needs, the PSA Banque France Group also implemented a first synthetic transaction at the end of 2019 involving a significant transfer of credit risk (SRT) from a portfolio of loans granted to individual customers. The risk transfer was carried out via the purchase of protection in the forma financial guarantee. CREDIPAR retains a significant financial interest of at least 5% in the securitisation transaction via the holding of 5% of the nominal value of the loans selected, in line with its financial retention obligation required by the CRR. The guarantee was financed by a subscription of the mezzanine risk position on the portfolio by investors. The PSA Banque France Group kept the senior and junior risk positions which undergo a calculation for regulatory capital requirements: the senior position contributes to the risk-weighted assets in the amount of €203 million as at 31 December 2020 and the junior position is deducted from the prudential regulatory capital.

The performance and creditworthiness of the funds' main counterparties are monitored in a monthly report that is available to the funds' investors. The monitoring makes it possible to detect any deviations in the performance of the securitised loans or the need to replace a counterparty whose rating has become incompatible with the (public or implicit) rating of the funds' securities. Any unexpected or exceptional deterioration of the creditworthiness of the securitised assets or a significant decline in new financing production limiting the capacity to replenish the securitisation in revolving period with enough new receivables can result in the activation of the following after passing a given threshold:

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

1.4.11 Operational risks

In accordance with Regulation (EU) No. 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 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 risk and non-compliance, 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 cyber security 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 (cyber-attack, 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 Recovery 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. However, it is primarily the result of customer financing requests.

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 businesses).

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 PSA 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 primarily of:

- a specific "risk of damage to the Bank's reputation and image with end users; Peugeot, Citroën, and DS dealer customers; 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 already identified, covered by the internal control systems: this is notably the case for internal and external fraud and non-compliance risk.

Since it is a member of Banque PSA Finance and Santander Consumer Banque (and consequently of the PSA 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 classes;
- 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.

1.4.12 Information on exposures subject to measures applied in response to the Covid-19 pandemic

The three 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.

1.4.12.1 INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

LIVE IN 2020

	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	3	3	-	-	-	-	-
of which: Households	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	*3*	*3*	-	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

MATURED IN 2020

	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	1,608	1,585	3	105	23	1	7
of which: Households	*165*	*164*	*1*	*9*	*1*	*0*	*0*
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	*1,443*	*1,421*	*2*	*96*	*22*	*1*	*7*
of which: Small and Medium-sized Enterprises	*1,247*	*1,230*	*2*	*73*	*17*	*1*	*7*
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

LIVE IN 2020

(in million euros)	Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing exposures			Non-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)		of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due ≤ 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	0	0	-	-	-	-	-	-
of which: Households	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-
of which: Non-financial corporations	*0*	*0*	-	-	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-

MATURED IN 2020

(in million euros)	Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing exposures			Non-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)		of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due ≤ 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	(24)	(14)	0	(7)	(10)	0	(3)	23
of which: Households	*(1)*	*(1)*	*0*	*0*	*0*	*0*	*0*	*1*
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-
of which: Non-financial corporations	*(23)*	*(13)*	*0*	*(7)*	*(10)*	*0*	*(3)*	*22*
of which: Small and Medium-sized Enterprises	*(19)*	*(12)*	*0*	*(6)*	*(7)*	*0*	*(3)*	*17*
of which: Collateralised by commercial immovable property								

1.4.12.2 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 €2,548 million at the end of June 2020 to €1,611 million at the end of December 2020.

	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	116,395	2,206							
Loans and advances subject to moratorium (granted)	83,796	1,611	-	1,608	3	-	-	-	-
of which: Households		*165*	-	*165*	-	-	-	-	-
of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
of which: Non-financial corporations		*1,446*	-	*1,443*	*3*	-	-	-	-
of which: Small and Medium-sized Enterprises		*1,247*	-	*1,247*	-	-	-	-	-
of which: Collateralised by commercial immovable property		-	-	-	-	-	-	-	-

1.4.12.3 INFORMATION ON NEWLY ORIGINATED LOANS AND ADVANCES PROVIDED UNDER NEWLY APPLICABLE PUBLIC GUARANTEE SCHEMES INTRODUCED IN RESPONSE TO COVID-19 PANDEMIC

	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

	CRD IV	Correspondence
Article 90	Public disclosure of return on assets	1.4 Introduction
	CRR	**Correspondence**
Article 431	Scope of disclosure requirements	1.4 Introduction
Article 432	Non-material, sensitive and confidential information	1.4 Introduction
Article 433	Frequency of disclosure	1.4 Introduction
Article 435	Risk management objectives and policies	
1a		1.4.2.2
1b		1.4.2.2
1c		1.4.2.3 & 1.4.2.4
1d		1.4.5.6 & 1.4.8.1
1e		1.4.2.5
2a, c, d		1.5 & 1.5.6 & 1.4.2.2.2
2e		1.4.2.2.2
Article 436	Scope of application	1.4.3.1
Article 437	Own Funds	1.4.3.1
Article 438	Capital requirement	
a		1.4.3.2.3
b		Not applicable: no supervisory requirement
c-d		1.4.3.2.1
e		Not applicable: no capital required for market risk
f		1.4.3.2.2
Article 439	Exposure to counterparty credit risk	1.4.5.7
Article 440	Capital buffers	1.4.3.2
Article 441	Indicators of global systemic importance	Not applicable to the PSA Banque France Group which is not subject to the buffer required for systemically important institutions
Article 442	Credit risk adjustments	1.4.5.1
Article 443	Unencumbered assets	1.4.7
Article 444	Use of ECAIs	1.4.5.4
Article 445	Exposure to market risk	1.4.9
Article 446	Operational risk	1.4.3.2.2 & 1.4.11
Article 447	Exposures in equities not included in the trading book	None
Article 448	Exposure to interest rate risk on positions not included in the trading book	1.4.8.1
Article 449	Exposure to securitization positions	1.4.10
Article 450	Remuneration policy	1.4.2.3
Article 451	Leverage	1.4.4
Article 452	Use of the IRB Approach to credit risk	1.4.5.5
Article 453	Use of credit risk mitigation techniques	1.4.5.6
Article 454	Use of the Advanced Measurement Approaches to operational risk	Not applicable: no use of Advanced measurement approaches
Article 455	Use of Internal Market Risk Models	Not applicable
Article 492	Disclosure of own funds	1.4.3.2.1

TABLE

Part	Ref.	Title
1.4 Introduction		Key figures
1.4.1		Risk Factors of the PSA Banque France Group
1.4.3.1		Transition table from accounting equity to regulatory capital
1.4.3.2	EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer
1.4.3.2	CC1	CC1 - Composition of regulatory capital
1.4.3.2.1		Group capital requirement and risk-weighted assets
1.4.3.2.1	CCA	CCA - Main features of regulatory capital instruments and of other TLAC-eligible instruments
1.4.3.2.2	EU OV1	OV1 – Overview of RWA
1.4.4	Levier LRSum	LRSum – Summary reconciliation of accounting assets and leverage ratio exposures
1.4.4	Levier LRCom	LRCom : Leverage ratio common disclosure
1.4.4	Levier LRSpl	LRSpl – Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)
1.4.5.1	EU CRB-B	CRB-B – Total and average net amount of exposures
1.4.5.1	EU CRB-C	CRB-C – Geographical breakdown of exposures
1.4.5.1	EU CRB-D	CRB-D – Concentration of exposures by industry or counterparty types
1.4.5.1	EU CRB-E	CRB-E – Maturity of exposures
1.4.5.1	EU CR1-A	CR1-A – Credit quality of exposures by exposure class and instrument
1.4.5.1	EU CR1-B	CR1-B – Credit quality of exposures by industry or counterparty types
1.4.5.1	EU CR1-C	CR1-C – Credit quality of exposures by geography
1.4.5.1	EU CR1-D	CR1-D – Ageing of past-due exposures
1.4.5.1	EU CR1-E	CR1-E – Non-performing and forborne exposures
1.4.5.1	Table 1 – NPE-FBR	Credit quality of forborne exposures
1.4.5.1	Table 3 – NPE-FBR	Credit quality of performing and non-performing exposures by past due days
1.4.5.4		Credit quality steps
1.4.5.4	EU CR4	CR4 – Standardised approach – Credit risk exposure and CRM effects
1.4.5.4	EU CR5	CR5 – Standardised approach
1.4.5.5.1		Segmentation of IRB-A and IRB-F models
1.4.5.5.2.1		Outstanding by grade of PD
1.4.5.5.2.1		Outstanding by grade of LGD
1.4.5.5.2.2		Outstanding by rating
1.4.5.5.2.3		Overview of the internal rating models
1.4.5.5.4	EU CR6	CR6 – IRB approach – Credit risk exposures by exposure class and PD range
1.4.5.5.4	EU CR7	CR7 – IRB approach – Effect on the RWA of credit derivatives used as CRM techniques
	EU CR9	CR9 – IRB approach – Backtesting of PD per exposure class
1.4.5.6	EU CR3	CR3 – CRM techniques – Overview
1.4.5.7	EU CCR1	CCR1 – Analysis of CCR exposure by approach
1.4.5.7	EU CCR3	CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights
1.4.5.7	EU CCR5-A	CCR5-A – Impact of netting and collateral held on exposure values
1.4.5.7	EU CCR5-B	CCR5-B – Composition of collateral for exposures to CCR
1.4.6		Liquidity reserve
1.4.6	LIQ1	LIQ1 – LCR disclosure template and the template on qualitative information on the LCR
1.4.7	Templates A B C D– Encumbered Assets	Templates encumbered and unencumbered assets
1.4.8.2		Composition of the balance-sheet according to interest rate type
1.4.8.2		Interest rate gap as at 31 December 2020

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 (*Prestataire de Services d'Investissements*), 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 2020, 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; and
- 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, the position of Chief Executive Officer held by a director appointed by Banque PSA Finance, Mr Laurent AUBINEAU and the position of Deputy Chief Executive Officer held by a director appointed by Santander Consumer Banque, Mr Jean-Paul DUPARC.

It should be noted that following the resignation of Mr David TURIEL LOPEZ from his office as Director and Chairman of the Board, a Board of Directors meeting was held on 11 December 2020 and, on the proposal of the Appointments Committee, co-opted Mr Rafael MORAL SALARICH as a Director for the remainder of the term of office of Mr David TURIEL LOPEZ, namely until the Ordinary General Meeting called in 2021 to approve the financial statements for the 2020 financial year. Mr Rafael MORAL SALARICH was also appointed as non-executive Chairman by the Board of Directors. The appointment of Mr Rafael MORAL SALARICH received a favourable decision from the Executive Board of Systemic Banking of the European Central Bank on 9 February 2021.

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 2020.

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 2020 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 2020 FINANCIAL YEAR BY THE DIRECTORS OF PSA BANQUE FRANCE AND THE PERMANENT REPRESENTATIVES OF DIRECTORS, AND POSITIONS THAT EXPIRED DURING THE YEAR.

Chairman of the Board of Directors from 11 December 2020

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 2021

Committees
> Audit and Risk
> Appointment
> Remuneration

Other positions held in 2020

Business Development Director (executive)
> Santander Consumer Finance S.A. (Spain)

Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France) - *since 11 December 2020*
> Financiera El Corte Ingles (Spain)
> Banca PSA Italia Sp.A. (Italy)
> Santander Consumer Bank S.p.A. (Italy)

Member of the Supervisory Board
> PSA Bank Deutschland GmbH (Germany)
> Santander Consumer Holding GmbH (Germany)
> Santander Consumer Bank AG (Germany)

Chairman of the Board of Directors until 11 December 2020

DAVID TURIEL LOPEZ

Born on
20 January 1965

Director
First appointed to the Board on 27 June 2019
Term terminated on 11 December 2021 (resignation)

Committees
> Audit and Risk
> Appointment
> Remuneration

Other positions held in 2020

Deputy Managing Director, Member of the Executive Committee and Member of the Board of Directors
> Santander Consumer Finance S.A. (Spain) - *terminated on 17 December 2020*

Member and Chairman of the Supervisory Board
> Santander Consumer Banque S.A. (France) - *terminated on 10 December 2020*

Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France) - *terminated on 11 December 2020*

Member of the Supervisory Board
> Santander Consumer Bank Spolka Akcyjna (Poland) - *terminated on 17 December 2020*

Chairman of the Board of Directors and Director
> Banco Santander Consumer S.A. (Portugal) - *terminated on 18 December 2020*

Director
> Santander Consumer Bank Spolka Akcyjna (Poland) - *terminated on 17 December 2020*

LAURENT AUBINEAU

Born on
29 December 1962

Chief Executive Officer
First appointed on
1 September 2020
Current term expires in 2023

Deputy Chief Executive Officer
First appointed on 1 September 2017
Term expired on 31 August 2020

Director
First appointed to the Board
on 28 August 2017
Current term expires in 2021

Committees
> Executive

Other positions held in 2020

Chief Executive Officer - *since 1 September 2020*
and Director
Deputy Chief Executive Officer - *until 31 August 2020*
> 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

Chief Executive Officer
First appointed on 1 September 2017
Term expired on 31 August 2020

Director
First appointed to the Board on
28 August 2017
Current term expires in 2024

Committees
> Executive

Other positions held in 2020

Deputy Chief Executive Officer - *since 1 September 2020*
and Director
Chief Executive Officer - *until 31 August 2020*
> 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 2021

Committees
> Audit and Risk
> Appointment
> Remuneration

Other positions held in 2020

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
> PSA Banque France (France) - *until 31 August 2020*
> Compagnie pour la Location de Véhicules – CLV (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 2021

Committees

> Audit and Risk
> Appointment
> Remuneration

Other positions held in 2020

Chairman of the Board of Directors - *since 1 September 2020*
and Director

> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)

Chairman of the Managing Board

> Santander Consumer Banque S.A. (France)

ARNAUD DE LAMOTHE

Born on
24 September 1966

Director

First appointed to the Board on 8 February 2017
Current term expires in 2021

Committees

> Audit and Risk
> Appointment
> Remuneration

Other positions held in 2020

Deputy Chief Executive Office

> Banque PSA Finance (France)

Chairman of the Board of Directors

> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France) - *until 31 August 2020*
> PSA Financial Services Spain, E.F.C., SA (Spain)
> Bank PSA Finance Rus (Russian Federation)

Director

> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
> OPEL Bank SA (France)
> PSA Financial Services Spain, E.F.C., SA (Spain)
> PSA Bank Deutschland GmbH (Germany)
> Banca PSA Italia SPA (Italy)
> PSA Finance UK Limited (United Kingdom)
> Bank PSA Finance Rus (Russian Federation)
> Peugeot Citroën Leasing (Russian Federation)

Member of the Supervisory Board

> PSA Bank Deutschland GmbH (Germany)

1.5.4.2 REGULATORY AND EXECUTIVE COMMITTEES OF THE PSA BANQUE FRANCE GROUP

A. Audit and Risk Committee

As at 31 December 2020, 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
Arnaud de LAMOTHE	Director of PSA Banque France

B. Appointment Committee

As at 31 December 2020, 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
Arnaud de LAMOTHE	Director of PSA Banque France

C. Remuneration Committee

As at 31 December 2020, 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
Arnaud de LAMOTHE	Director of PSA Banque France

D. Executive Committee

As at 31 December 2020, the Executive Committee had the following members:

Name	Position
Laurent AUBINEAU	Chief Executive Officer
Jean-Paul DUPARC	Deputy Chief Executive Officer
Johnny AUDEBOURG	Responsible Person for I.T. Systems
Jean-Charles BATTAGLIA	Chief Risk Officer
Gregory BONNIN	Chief Human Resources Officer
Pedro CASTRO	Chief Financial Officer
Philippe CHAILLOUT	Chief Sales Officer
Charles DUMAS ALONSO	Audit Director
Laure DURAND	Chief Operations Officer
Catherine NOGUIER	Secretary General
Gilles PEREZ	Chief Collection Officer
Patrick POULETTY	Chief Marketing and Digital Officer

1.5.5 Executive Officers' remuneration

PSA Banque France paid no compensation or directors' fees to its Directors or Chairman for the 2019 financial year, the Chairman having a paid position in an entity with joint control of PSA Banque France. Information on his compensation for this other mandate may be published by that entity.

The same applies regarding the amount of remunerations paid to corporate officers of PSA Banque France who also hold an office within the entities of the Banco Santander Group and the STELLANTIS Group having joint control of the Company.

PSA Banque France allocates no shares or stock options.

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's goal is to implement balanced representation of women and men on the Board of Directors.

PSA Banque France is an entity owned by two shareholders, Banque PSA Finance and Santander Consumer Banque, who have equal decision-making rights in appointing the six members of the Board of Directors.

Thus, even though 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 Appointments 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 and expertise, age, etc.

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 30 June 2020 by Isabelle Gallois and Laurent Tavernier.

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 30 June 2020 by Matthew Brown and Olivier Gatard.

1.5.8 Investments

PRINCIPAL INVESTMENTS MADE DURING THE LAST FIVE YEARS

Years	Disposals – dissolutions – mergers	Acquisitions
2016-2020	-	-
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 Group, 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.

In addition to these service agreements entered into in 2015 between PSA Banque France and one of its shareholders or one of their affiliate companies, which continued to apply throughout 2020, a single new agreement was approved by the Board of Directors in 2020 between PSA Banque France and the French branch of Banco Santander SA, the parent company of one of its shareholders, through its Santander Corporate & Investment Banking division, relating to credit insurance consulting services.

No agreement has been entered into between the Company and any of its corporate officers.

1.5.10 Resolutions adopted by the Ordinary and Extraordinary General Meeting of 8 April 2021, as proposed by the Board of Directors on 24 February 2021, concerning the PSA Banque France and consolidated financial statements

First resolution

Approval of the annual financial statements for the financial year ended 31 December 2020

The General Meeting approves the financial statements for the financial year ended 31 December 2020, as they are presented, which show net income of €81,737,488.78.

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 2020 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 2020

The General Meeting, after having reviewed the consolidated financial statements for the 2020 financial year, prepared according to IFRS standards, which show net banking revenue of €565,116 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 2020 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, upon a proposal from the Board of Directors, notes that the distributable net income is €437,402,499.16, consisting of net income for the 2020 financial year of €81,737,488.78, plus the balance of "Prior retained earnings" in the amount of €355,665,010.38. Pursuant to the ECB recommendation of 15 December 2020 (ESRB/2020/15), communicated by the ACPR's College of Supervisors at its meetings of 9 and 18 February 2021, on the conservative approach to be maintained until 30 September 2021 with regard to dividend distribution policies, the General Meeting, in view of the medium-term equity trajectory, decides to allocate the distributable profit for the financial year as follows:

- to "retained earnings": €311,208,446.64;
- to shares: €126,194,052.52;

it being understood that no payment to PSA Banque France shareholders may be made before 30 September 2021, or without the approval of the General Secretariat of the ACPR.

In accordance with the law, the General Meeting therefore notes that a dividend of €13.94 will be paid in respect of the 2020 financial year, at the earliest on 30 September 2021 or at the discretion of the regulator.

The General Meeting recalls that a dividend of €13.29 was paid in respect of the 2019 financial year, a dividend of €12.83 was paid in respect of the 2018 financial year, and a dividend of €10.24 was paid in respect of the 2017 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, Mr Rafael MORAL SALARICH

The General Meeting resolves to ratify the co-option of Mr Rafael MORAL SALARICH, born on 18 October 1981, residing at Calle Cerro Minguete 16, Madrid, as a director, as decided by the Board of Directors on 11 December 2020, to replace Mr David TURIEL LOPEZ, who resigned, for the remainder of the latter's term of office, i.e., until the General Meeting called in 2021 to approve the financial statements for the 2020 financial year.

Eighth resolution

Renewal of the term of office of a director, Mr Rafael MORAL SALARICH

The General Meeting, on the proposal of the Board of Directors, approves the renewal of the term of office of Mr Rafael MORAL SALARICH for a period of six years, i.e., until the end of the General Meeting called in 2027 to approve the financial statements for the 2026 financial year.

Ninth resolution

Renewal of the term of office of a director, Mr Laurent AUBINEAU

The General Meeting, on the proposal of the Board of Directors, approves the renewal of the term of office of Mr Laurent AUBINEAU for a period of six years, i.e., until the end of the General Meeting called in 2027 to approve on the financial statements for the 2026 financial year.

Tenth resolution

Renewal of the term of office of a director, Mr Rémy BAYLE

The General Meeting, on the proposal of the Board of Directors, approves the renewal of the term of office of Mr Rémy BAYLE for a period of six years, i.e., until the end of the General Meeting called in 2027 to approve on the financial statements for the 2026 financial year.

Eleventh resolution

Renewal of the term of office of a director, Mr Arnaud de LAMOTHE

The General Meeting, on the proposal of the Board of Directors, approves the renewal of the term of office of Mr Arnaud de LAMOTHE for a period of six years, i.e., until the end of the General Meeting called in 2027 to approve the financial statements for the 2026 financial year.

Twelfth resolution

Renewal of the term of office of a director, Mr Martin THOMAS

The General Meeting, on the proposal of the Board of Directors, approves the renewal of the term of office of Mr Martin THOMAS for a period of six years, i.e., until the end of the General Meeting called in 2027 to approve on the financial statements for the 2026 financial year.

Thirteenth resolution

Non-renewal of the term of office of an alternate Statutory Auditor for Mazars

Pursuant to the provisions of Article L. 823-1 I, paragraph 2 of the French Commercial Code, which removes the obligation to appoint an alternate Statutory Auditor when the principal Statutory Auditor is a multi-person company, the General Meeting, on the proposal of the Board of Directors, confirms and approves the non-renewal of the mandate of the Statutory Auditor Mr Guillaume POTEL - 61, rue Henri Regnault 92400 Courbevoie - as the alternate for Mazars, whose mandate, granted for six financial years at the General Meeting held on 23 May 2014, expired at the end of the General Meeting held in 2020 to approve the financial statements for the year ended 31 December 2019.

Fourteenth 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 2020 financial year, to the 27 people who meet, strictly speaking, the criteria defined in Article L. 511-71 of the same Code, amounted (gross tax amount) to €3,162,831.96 broken down into fixed remunerations amounting to €2,528,742.29, variable remunerations amounting to €382,683.28 and benefits in kind amounting to €251,406.39, without any payment being made in 2020 for exceptional items, it being specified that no employee receives annual compensation in excess of €1 million.

Regarding the amount of compensation paid to the individuals identified as "risk takers" for the 2020 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.

In addition, PSA Banque France does not pay any compensation or director's fees to its directors or Chairman, who hold serve without remuneration and may also hold a paid position in an entity with joint control of PSA Banque France.

Fifteenth 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.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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 2020 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 rental offer (now around 80% of new car financing) and an environment of historically low financial rates, before its various players were impacted by the consequences of the Covid-19 pandemic in 2020. On average for 2020 as a whole, car financing fell by 10.3% to €8.5 billion for new cars for individuals (with a French market for new vehicle registrations down sharply, by 25.5% in 2020) and by 7.3% to €4.5 billion for used vehicles (source: ASF). The popularity of greener vehicles among customers was clearly confirmed in 2020, 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) or plug-in hybrid (from 0.8% to 4.5%) 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 the STELLANTIS Group, 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 branches (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 put in place 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 plan 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's 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 growth over the year of:

- 2.7% for its financing outstandings to €13,895 million; and
- 5.1% for its operating income to €350 million.

With an end-user customer penetration rate which rose to 32.7% in 2020, 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 **€13.9 billion** of which **€4.4 billion** in new financing granted in 2020

€10.6 billion in external funding of which **€2.8 billion** in retail customer deposits

€1.6 billion in equity

PARTNERSHIPS

Financial partner of the **Peugeot, Citroën** and **DS** brands networks

PEUGEOT CITROËN DS AUTOMOBILES

Partnership with **Santander Consumer Finance** since 2015

Santander Consumer Finance

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
32.7%

Dealer satisfaction rate
82%

EMPLOYEES

Committed employees
60%

Professional gender equality index
93%

Women in management
42%

Employee training
18 hours
(on average)

FINANCIAL STRENGTH

CET1 ratio in equity
12.2%

Leverage ratio
7.7%

Moderate cost of risk
0.44%

Long-term credit ratings
Moody's: **A3**
S&P: **BBB+**

ENVIRONMENT

Financing of greener vehicles
(electric/hybrid)
Percentage of electric vehicle financing
70%

Urban mobility offers FREE2MOVE LEASE
(F2ML, Mobility Pass linked with financing agreement)
and innovative products

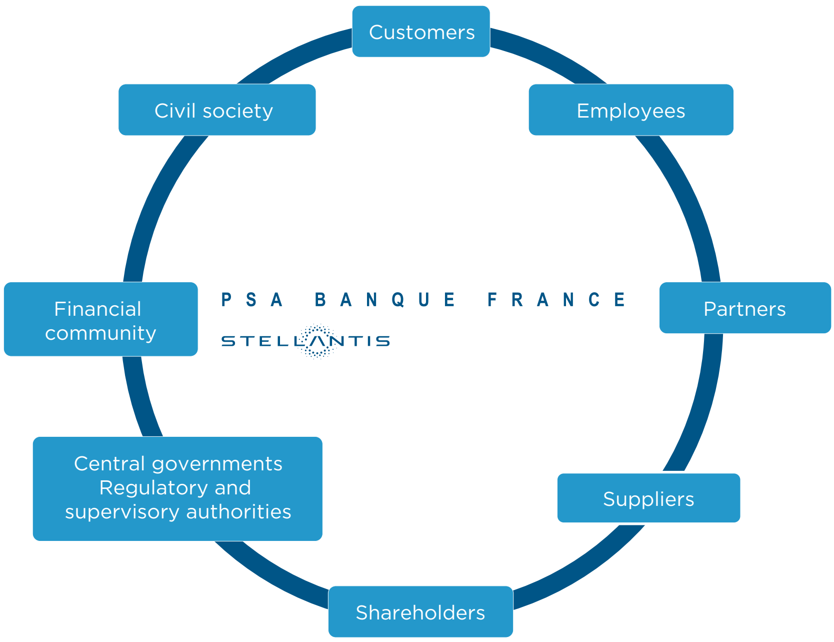
Paperless exchanges
Percentage of financing agreements signed electronically
61%

Share of 100% online Distingo savings account subscriptions
64%

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 2020, 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

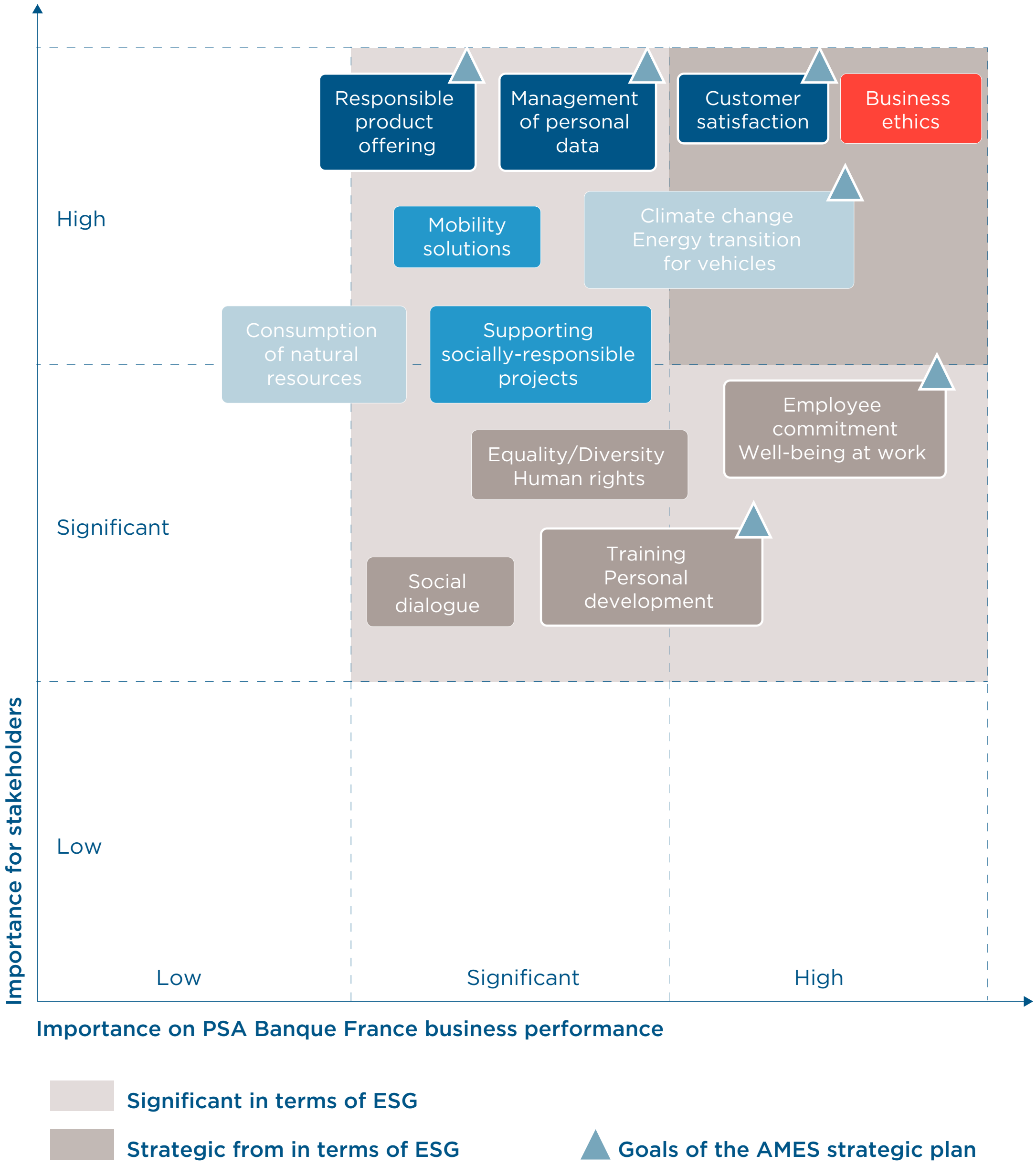
The PSA Banque France Group has identified five categories of non-financial risks which are material for itself and its stakeholders. According to the Global Reporting Initiative (GRI), material risks are those that have significant economic, environmental and social impacts or that have a significant 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 on the financial performance of the PSA Banque France Group;
- and level of stakeholder expectations.

The non-financial risk materiality matrix, presented below, lists the 12 most strategic risks for the Group, according to a method described in the appendix.

For each risk, the PSA Banque France Group adopts measures proportional to its degree of importance in the materiality matrix.

The most recent version of the materiality matrix was approved during the Board of Directors meeting of 24 February 2021.



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 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.

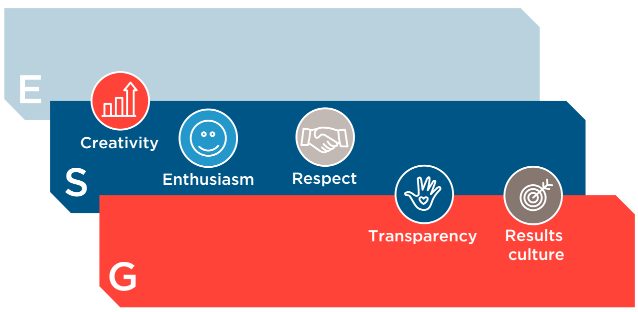
Thus, the goals of the PSA Banque France Group revolve around three themes that govern its business conduct:

- 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 results 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 has become a key issue for the PSA Banque France Group. Through the roll-out of new means of communication, and the development of the digitisation of contractual relations and distance-selling techniques, the bank is strengthening its vigilance and monitoring of some of its risks, particularly those related to cybercrime and external fraud. Aware of its new challenges, the bank is pursuing initiatives to improve tools, to raise awareness and train all employees.

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, the latest version of which was approved by the Board of Directors on 11 December 2020.

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 the STELLANTIS Group, 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 branches (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 Company 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 degradation of the environment, and with a view to building a better and more sustainable future for all.

The PSA Banque France Group's CSR policy actively contributes to ten 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 SECTOR OF ACTIVITY, WITH THEIR DEFINITION AND ASSOCIATED OBJECTIVES/OPPORTUNITIES AND THE POLICIES AND PROGRAMMES IMPLEMENTED TO MANAGE THEM

RISK CATEGORIES/CHALLENGES	OBJECTIVES/OPPORTUNITIES	POLICIES AND PROGRAMMES
CUSTOMER SATISFACTION AND PROTECTION	• 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 • Generic DPO email account available to customers to exercise their rights • GDPR compliance monitoring and control system • GDPR training for employees
BUSINESS ETHICS AND GOVERNANCE	• 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	• 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 RELATING TO CLIMATE CHANGE AND THE USE OF NATURAL RESOURCES	• Managing the environmental footprint • Supporting the energy transition • Digital transformation	• Financing of greener vehicles (electric/hybrid) • Innovative products (such as those linked to sustainable driving – Pay how you drive) • 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)

RESPONSIBLE EMPLOYER	• 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:
		  • 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 and generalisation of teleworking in the context of the Covid-19 pandemic with training to adapt to remote working

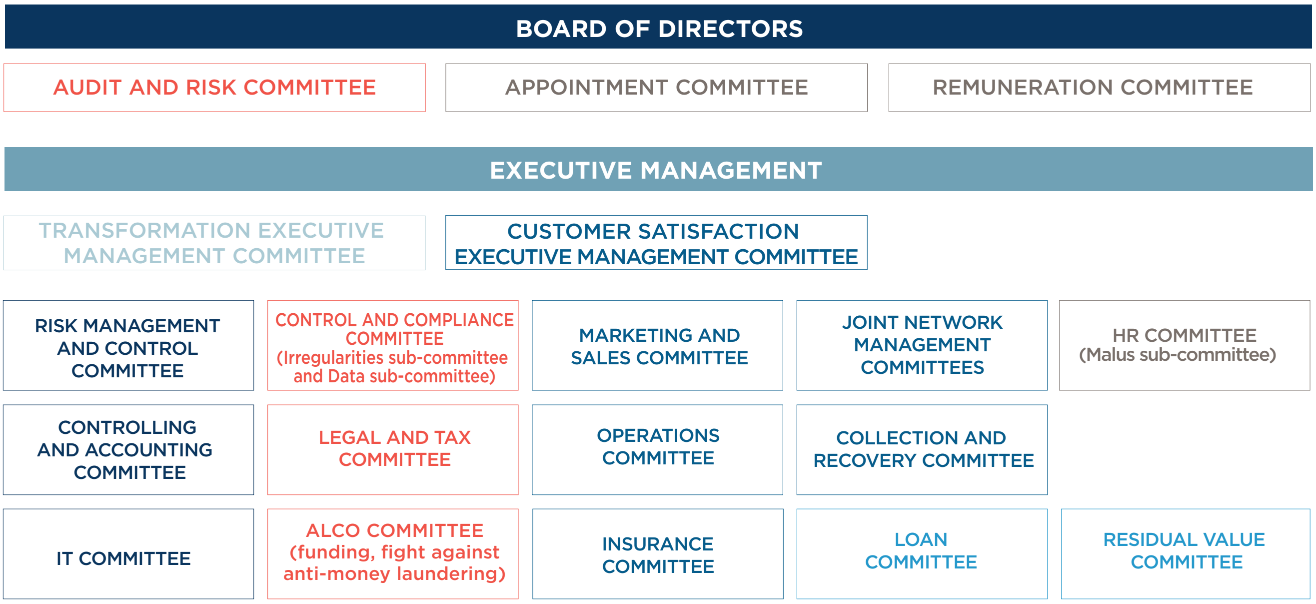
1.6.6 Governance, programmes and policies in place

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.

A Compliance and Business Ethics Department, reporting to Executive Management, was created in 2019. Its missions, in addition to monitoring risks of non-compliance with the regulations in force, are to oversee the ethical approach for the conduct of business and to ensure the due application by all employees of the internal rules and arrangements which 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 managed by the team in charge of consumers which reports directly to it, this department has the means to identify malfunctions requiring corrective measures in order to meet customer expectations and prevent any harm to the image and reputation of the PSA Banque France Group.

For more information on governance and the internal control system, please refer to Sections 1.4 and 1.5 of the 2020 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: ceilings for gifts and invitations,
- rule no. 13: use and protection of company assets,
- rule no. 14: 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 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.

Compliance and Business Ethics Charter **Updated in 2020**

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, and consumer quality monitoring.

Code of Conduct covering acts of bribery	**Updated in 2020**
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 compatible 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; > relations with suppliers and points of sale; > relations with public authorities; > donations, political or charitable grants; > customary tolerance (gifts received/free gifts); > procedure for reporting breaches, infringements and malfunctioning; > whistleblowing. It applies to the members of the Board of Directors, the Management 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.	

Programme for fighting money laundering and the financing of terrorism including Politically Exposed Persons (PEP)	**Updated in 2020**
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 (whistleblower 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 2020**
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 2020**
Its purpose is to define the process to validate and launch new insurance products or to make substantial changes to existing products.	

Policy to approve new products or modify existing insurance products	**2018**
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 and 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 Management Committee, which currently comprises 20% women, excluding employee executives.	

Purchasing/supplier relations process in line with the STELLANTIS responsible purchasing policy and with regulatory requirements for essential service providers	**-**

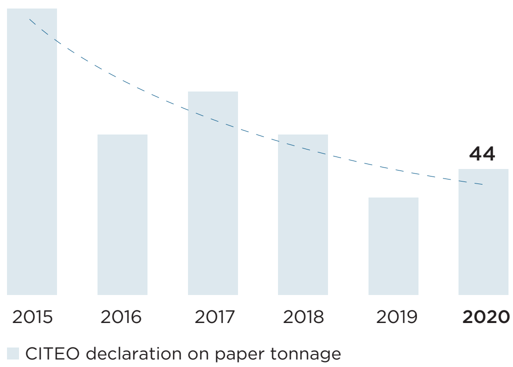
1.6.7 Environmental challenges

	2018	2019	2020	Target
Real estate footprint (m²)	13,885	11,722	9,345	<9,500
CITEO declaration on paper tonnage (t)	56	34	44	<50
Employees who benefited from teleworking (% of employees)	11%	33%	99%	Generalised teleworking*

* *As soon as possible in the context of the Covid-19 pandemic.*

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% (including the premises of its regional branches). 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 certain printed documents it issues;



- 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, which became widespread in the context of the Covid-19 pandemic.

FINANCING OF GREENER VEHICLES (ELECTRIC AND HYBRID)

	2018	2019	2020	Target
Percentage of electric vehicle financing granted (% of financing for new electric vehicles delivered to individuals)	68%	74%	70%	100%
Electric Quest training system (% of employees who completed the last module available)	-	63%	77%	>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 2020, the all-electric version of the new 208 (e-208) represented 18% 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

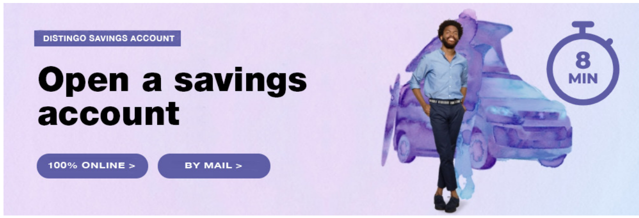
	2018	2019	2020	Target
Pay How You Drive insurance (thousands of subscriptions)	0.3	7.9	16.1	-
Percentage of financing agreements signed electronically by individuals (% of customers eligible for e-signature)	45%	49%	61%	>60%
Share of 100% online Distingo subscriptions (% of passbook savings accounts opened)	-	1%	64%	>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 “Pay How You Drive” 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 the STELLANTIS’s electric vehicles.

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 SMEs with a delegated signing authority that is physically identified. 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 is being used by an ever-increasing number of contract holders (almost 76,000 at the end of 2020), enabling individuals to read and check their financing agreements and personal data, make management action requests, update their personal data, or obtain a detailed account or amortisation schedule in a paperless but 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.

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 by means of 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

	2018	2019	2020	Target
Customer recovery disputes/complaints (% linked to the management of the PSA Banque France Group)	27%	21%	15%	min
Management of over-indebtedness cases (processing time in months)	0.1	0	0.25	<1 month
Rate of awareness of subscription to an insurance product (% of customers having taken out death insurance)	-	95%	93%	>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 A*ssociation 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 generally, with a view to ensuring quality and improving its customer processes, the PSA Banque France Group has put in place a system for handling the complaints of its clientele 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, handle the complaints received in accordance with its provisions, track these complaints (in terms of quantity and type), analyse them and, in the event of their analysis revealing dysfunctions, apply the appropriate corrective measures.

The PSA Banque France Group adheres to the mediation system of the *Fédération des Banques Françaises* (Federation of French Banks). 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 responses 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.

PSA Banque France, through its CREDIPAR subsidiary, 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 decided, as of March 2020, to implement support measures for its customers. These measures have been defined and are framed by the guidelines published by the EBA under the reference EBA/GL/2020/02 concerning moratoria on payment of loan instalments. They are also in line with the measures defined in the market protocol of the French Banking Federation (FBF) and the French Association of Financial Companies (ASF) of 17 June 2020 to which the PSA Banque France Group has adhered. The eligibility criteria are applied in compliance with the prudential treatment of moratoria and validated by the cooperation bodies between Banque PSA Finance and Santander Consumer Finance. The support measures on the moratoria consisted of one or more deferrals of instalments for end-user customers and also for certain financing activities of the dealer network. For end-user customer financing activities, the PSA Banque France Group applied the following measures:

- to proactively and systematically defer instalments by a 90-day period for eligible Small and Medium-sized Enterprises (SMEs) and corporates using finance leasing;
- to postpone upon request the due date by 30 days for the April instalment and certain subsequent instalments, renewable up to two times, for individuals and other SMEs not eligible for the systematic deferral referred to above.

For dealer network financing activities and in agreement with the three brands of the PSA Banque France Group, the Group decided to increase the free of charge period by:

- 30 days for new vehicles and demo cars;
- 60 days for used cars and spare parts in storage at the onset of the Covid-19 pandemic.

Pursuant to the publication of the EBA guidelines under reference EBA/GL/2020/15 of 2 December 2020, in view of the impact of the second wave of Covid-19 in France and in the other countries of the European Union, moratoria on loan maturities were extended to 31 March 2021. Following this extension, the PSA Banque France Group adapted its measures and its eligibility criteria, in line with regulatory requirements. The new measures on payment moratoria for the second wave have been implemented since the second lockdown in France, in November, in line with the support provided to its customers throughout the health crisis.

Customer satisfaction

	2018	2019	2020	Target
Customer satisfaction surveys (thousands of customer responses received)	28	57	55	-
Quality of attention during phone calls (% satisfied and very satisfied)	78.4%	79.7%	77.2%	>80%
Dealer satisfaction survey (% satisfied and very satisfied)	86%	90%	82%	>90%

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, the Executive Management regularly communicates with employees on the importance of placing the customer at the heart of their concerns, and is responsible for setting and monitoring Quality objectives. In addition, 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 regularly 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 55,000 customers responded in 2020. 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) will be generalised in 2021 among all end-user customers, whether individuals or companies.

ACTIONS UNDERTAKEN TO PROTECT CUSTOMER DATA

	2018	2019	2020	Target
Monitoring of employee training on personal data protection and the GDPR regulation (% of workforce)	-	95%	97%	>90%

For PSA Banque France, the protection of personal data is a fundamental right, and a source of confidence for its customers, prospects and employees. The policy established applies to all personal data collected and processed by the company, its partners and subcontractors. The PSA Banque France Group ensures, at all times, compliance with the main principles governing the processing of personal data (lawfulness of processing, transparency vis-à-vis the customer, suitability of the data collected for the strict purpose of processing, accuracy of the data, data integrity, confidentiality and retention). Every year, PSA Banque France updates a register of all its processing operations involving personal data and is particularly vigilant as regards the transfer of personal data from its customers to its subcontractors.

A data protection division, reporting to Compliance and Business Ethics, ensures that the processing of files, IT systems and contracts containing personal data on individuals (customers, prospects, suppliers, employees) is compliant at all times with legal provisions and in particular with the "IT and freedoms" law, the GDPR, as well as the banking regulations relating to BDF/FICP files.

A Data Office competence centre is used to define and manage data governance within the PSA Banque France Group with a view to improving and guaranteeing data quality. To this end, the Data Office supports the data protection centre to ensure data is complete, accurate and up to date. The work undertaken and implemented is now monitored on a monthly basis by a Data sub-committee.

In 2020, the PSA Banque France Group did not receive any substantiated complaints about breaches of customer data from external stakeholders or the regulatory authorities.

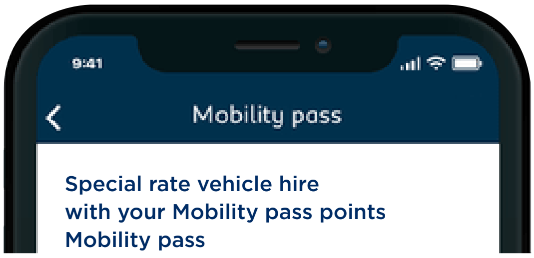
PROMOTING MOBILITY OFFERS

In 2020, 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 235,000 long-term lease vehicles, CREDIPAR is a major player in the financing of corporate fleets in France, ranking fourth in the French market (source: SESAMLLD). In 2020, Free2Move Lease also ranked second among the BtoB long-term lease 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 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 process of electrifying the range of vehicles of the three brands (100% by 2025).

The PSA Banque France Group supports the process of electrifying 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.

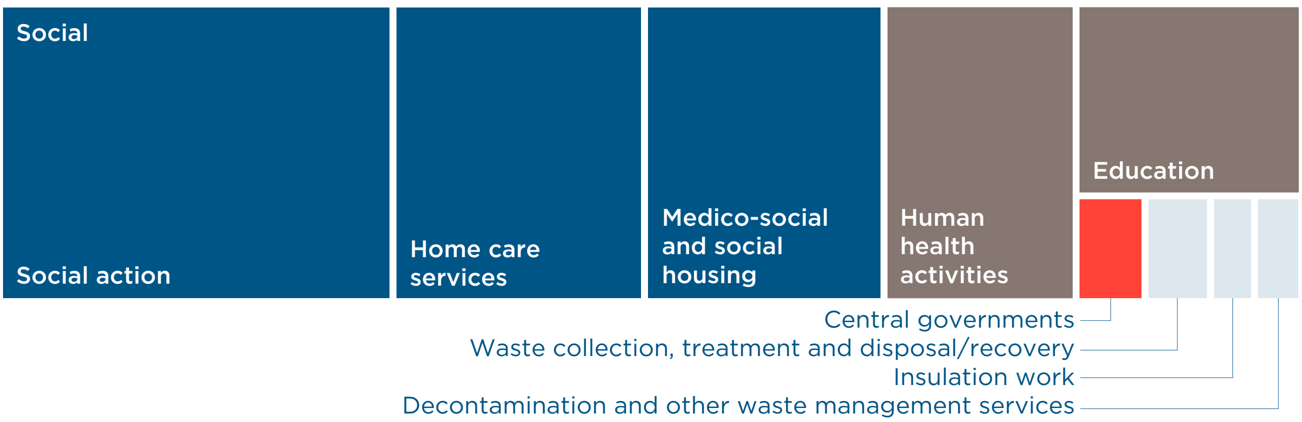


FINANCING OF SOCIALLY RESPONSIBLE ACTIVITIES

	2018	2019	2020	Target
Percentage of vehicle fleet financing of companies operating in socially responsible sectors (% of company vehicle fleet outstandings)	10%	8%	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

	2018	2019	2020	Target
Share of committed employees (% of workforce in relation to the Company according to the annual survey)	57%	54%	60%	>60%
Commitment to values (% of workforce in relation to the Company according to the annual survey)	53%	52%	55%	>60%
Percentage of employees trained (% of workforce)	100%	99.1%	100%	100%
Number of training hours per employee per year (hours)	21.1	22.6	18.0	>1 day
Turnover (% of workforce, including retirements and restructuring)	11.9%	11.8%	11.9%	<15%
Paid sick leave absenteeism rate (excluding maternity leave and sick leave for workplace accidents)	2.4%	2.5%	1.3%	<4%
Employees who benefited from teleworking (% of employees)	11%	33%	99%	Generalised teleworking*

* *As soon as possible in the context of the Covid-19 pandemic.*

The human resources policy is based on the shared values of Respect, Enthusiasm, Transparency, Creativity and a Results Culture.

The first pillar is the management of, and career 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 four-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. 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.

The PSA Banque France Group also signed an agreement to change the variable working hours system for technicians in order to modernise the monitoring tool and change the entry and exit times for employees.

In 2020, an agreement was implemented to support employees affected by partial activity. In addition, the PSA Banque France Group continued to roll out its policy to improve quality of life in the workplace by, notably, reasserting the right to disconnect and promoting teleworking in all of its departments.

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

	2018	2019	2020	Target
Number of new hires on permanent contracts (during the year in question)	93	94	80	-
Professional integration of young people (number of work-study contracts at the end of the year)	45	49	48	-

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 2020, 80 people were hired on permanent contracts or transferred from other companies in the STELLANTIS Group;
- in terms of the professional integration of young people, there were 48 work-study contracts at the end of 2020, 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

	2018	2019	2020	Target
Number of agreements signed during the year	5	7	6	-

As part of the labour dialogue and consultation, the Social and Economic Committee (SEC) 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 2020:

- rider No. 22 to the agreement on the implementation of the reduction in working time of 27/02/2020;
- collective performance agreement on measures to support the transfer of CREDIPAR Gennevilliers activities to the CEMR of Poissy, signed on 03/02/2020;
- labour agreement on the management of the Covid-19 health crisis of 14/04/2020;
- agreement on the allocation of an exceptional purchasing power bonus at CREDIPAR of 07/05/2020;
- agreement on variable working hours of 01/09/2019;
- rider No. 23 to the agreement on the implementation of the reduction in working time signed on 22/12/2020.

A list of existing agreements is presented below:

- 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 providence plan of 30/06/1993.

ACTIONS UNDERTAKEN TO PROMOTE HUMAN RIGHTS

	2018	2019	2020	Target
Professional gender equality index (points)	83	88	93	>85
Percentage women in management (% of workforce)	41%	42%	42%	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 2020. 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 2020, 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

	2018	2019	2020	Target
Regulatory non-compliance (number of cases identified/reported)	0	0	0	0
Employee training (% of workforce)				
- on anti-money laundering	96%	95%	92%	>90%
- on anti-bribery/the report-collection system	94%	97%	97%	>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 2020 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 in place since 2014 was further reinforced in 2020 as the AML-FT and KYC (Know Your Customer) procedures were updated. Furthermore, a training programme for all employees 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 for collecting alerts designed for all its employees irrespective of their contractual relationship which enables all Group personnel to inform the compliance manager of any non-compliance situation linked to Company business or any dysfunctions of which they are aware. 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 can therefore send an email to a generic mailbox managed by the Business Ethics Department or via the BKMS platform (at STELLANTIS level).

In 2019, the PSA Banque France Group also founded an Irregularities Committee which has the following objective:

- 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 2020.

ACTIONS UNDERTAKEN AGAINST ANTI-COMPETITIVE PRACTICES

	2018	2019	2020	Target
Monitoring of employee training on competition law (% of workforce)	-	78%	94%	>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 2020, 94% 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 seeks 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 is also testament to 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 2020: PSA Banque France, CREDIPAR and CLV.

Reporting period

The information and indicators relate to 2020.

Figures are calculated for the period from 1 January 2020 to 31 December 2020 (12 months), with data as at 31 December 2020. Most indicators are presented over a three-year period.

Reporting cycle

The Statement of Non-Financial Performance is published annually.

Date of publication

The Statement of Non-Financial Performance for 2020 was published in May 2020, the previous one, in respect of 2019, was published in May 2019.

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;
- the concerns of 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.

It thus 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 2021. 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. Governance, programmes and policies in place
	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. Governance, programmes and policies in place: 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. Governance, programmes and policies in place
	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. Governance, programmes and policies in place
	102-23 Chair of the highest governance body	6. Governance, programmes and policies in place
	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. Governance, programmes and policies in place
	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. Governance, programmes and policies in place
	102-31 Review of economic, environmental, and social topics	5. Mapping of the main non-financial risks and challenges; 6. Governance, programmes and policies in place
	102-32 Highest governance body's role in sustainability reporting	5. Mapping of the main non-financial risks and challenges; 6. Governance, programmes and policies in place

GRI	Disclosures	Section numbers
	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. Governance, programmes and policies in place: 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. Governance, programmes and policies in place: 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
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. Governance, programmes and policies in place: 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)

GRI	Disclosures	Section numbers
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. Governance, programmes and policies in place: 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. Governance, programmes and policies in place: 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
	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. Governance, programmes and policies in place
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. Governance, programmes and policies in place; 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 Group Management Report

1.6.12 Report by the Independent Third-Party Body on the consolidated Non-Financial Statement included in the Group Management Report

PSA BANQUE FRANCE

For the year ended 31 December 2020

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 (1), we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2020 (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.

(1) *Whose scope is available at www.cofrac.fr*

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, anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- 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 (2);
- 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 (3) 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 (4) 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 entity 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 2021 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, 25th March 2021

Original French report signed by:

Independent third-party body

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt	Tristan Mourre
Partner	Director

(2) 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".

(3) 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 cases, quality of attention during phone calls, percentage of employees trained, number of training hours per employee per year, turnover, paid sick leave absenteeism rate, number of new hires on permanent contracts, percentage of women in management.

(4) PSA Banque France.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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2.1 CONSOLIDATED BALANCE SHEET

(in million euros)	Notes	31/12/2020	31/12/2019
Assets			
Cash, central banks	3	487	453
Financial assets at fair value through profit or loss	4	-	-
Hedging instruments		-	-
Financial assets at fair value through Equity		-	-
Debt securities at amortised cost		-	-
Loans and advances to credit institutions at amortised cost	5	964	979
Customer loans and receivables at amortised cost	6 and 26	13,895	13,524
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	23.1	(1)	-
Current tax assets	27.1	1	9
Deferred tax assets	27.1	3	1
Accruals and other assets	7	308	377
Investments in associates and joint ventures accounted for using the equity method		-	-
Property and equipment	8	17	18
Intangible assets		-	-
Goodwill		-	-
TOTAL ASSETS		**15,674**	**15,362**

(in million euros)	Notes	31/12/2020	31/12/2019
Equity and liabilities			
Central banks		-	-
Financial liabilities at fair value through profit or loss	9	1	2
Hedging instruments	10	-	-
Deposits from credit institutions	11	4,937	3,738
Due to customers	12	3,214	2,877
Debt securities	13	4,684	5,971
Fair value adjustments to debt portfolios hedged against interest rate risks	23.1	-	
Current tax liabilities	27.1	8	3
Deferred tax liabilities	27.1	449	374
Accruals and other liabilities	14	639	776
Provisions	15	22	23
Subordinated debt	16	155	155
Equity		1,565	1,443
Equity attributable to equity holders of the parent		1,565	1,443
Share capital and other reserves		757	757
Consolidated reserves		810	688
of which Net income - equity holders of the parent		*243*	*254*
Gains and losses recognised directly in Equity		(2)	(2)
Minority interests		-	-
TOTAL EQUITY AND LIABILITIES		**15,674**	**15,362**

2.2 CONSOLIDATED INCOME STATEMENT

(in million euros)	Notes	31/12/2020	31/12/2019
Interest and similar income	20	509	475
Interest and similar expenses	21	(88)	(78)
Fees and commissions income	22	147	139
Fees and commissions expenses	22	(5)	(4)
Net gains or losses on financial instruments at fair value through profit or loss	23	-	(2)
Net gains or losses on financial instruments at fair value through equity		-	-
Net gains or losses resulting from the derecognition of financial assets at amortised cost		-	-
Net gains or losses resulting from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss		-	-
Net gains or losses resulting from the reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss		-	-
Net income of insurance activities		-	-
Income on other activities	24	21	23
Expenses on other activities	24	(19)	(24)
Net banking revenue		**565**	**529**
General operating expenses	25	**(154)**	**(154)**
Personnel costs		(65)	(66)
Other general operating expenses		(89)	(88)
Depreciation and amortisation of intangible and tangible assets		**(3)**	**(5)**
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets		**-**	**-**
Gross operating income		**408**	**370**
Cost of risk	26	**(58)**	**(37)**
Operating income		**350**	**333**
Share in net income of associates and joint ventures accounted for using the equity method		-	-
Impairment on goodwill		-	-
Pension obligation - expenses		-	-
Pension obligation - income		-	-
Other non-operating items		(4)	-
Pre-tax income		**346**	**333**
Income taxes	27.2 and 27.3	(103)	(79)
Net income		**243**	**254**
of which minority interests		-	-
of which attributable to equity holders of the parent		*243*	*254*
Earnings per share *(in euros)*		**€26.84**	**€28.06**

2.3 NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

	31/12/2020			31/12/2019		
(in million euros)	**Before tax**	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Net income	**346**	**(103)**	**243**	**333**	**(79)**	**254**
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	**-**	**-**	**-**	**(0.7)**	**0.4**	**(0.3)**
of which minority interest						
Total net income and gains and losses recognised directly in Equity	**346**	**(103)**	**243**	**332**	**(79)**	**254**
of which minority interest			-			-
of which attributable to equity holders of the parent			243			*254*

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 equity: revaluation	Equity attributable to equity holders of the parent	Minority interests	Total equity
As at 1 January 2019	**145**	**593**	**19**	**550**	**(2)**		**1,305**	**-**	**1,305**
Appropriation of profit from the previous financial year	-	-	-	-	-	-	-	-	-
Net income and gains and losses recognised directly in equity	-	-	-	254	-	-	254	-	254
Dividend paid to Santander Consumer Finance	-	-	-	(58)	-	-	(58)	-	(58)
Dividend paid to Banque PSA Finance	-	-	-	(58)	-	-	(58)	-	(58)
As at 31 December 2019	**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**

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);*
- *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 paragraph "Regulatory capital and regulatory capital requirements" of the Management Report.

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in million euros)	31/12/2020	31/12/2019
Pre-tax income	**346**	**333**
Non-cash items		
Net depreciation and impairment of property and equipment and intangible assets	3	4
Net depreciation and provisions	62	56
Net gain/loss of investing activities	-	-
Income/expenses of financing activities	3	3
Other movements	(22)	(12)
Total of non-monetary items included in the pre-tax income and other adjustments	**46**	**51**
Change in credit institutions items	1,045	194
Change in customer items	(45)	(1,367)
Change in financial assets and liabilities	(1,288)	1,395
Change in non-financial assets and liabilities	(99)	220
Tax paid	(17)	(50)
Net decrease/increase of assets and liabilities provided by operating activities	**(404)**	**392**
Net cash provided by operating activities (A)	**(12)**	**776**
Change in equity investments	**-**	**-**
Inflows from disposals of shares in subsidiaries, net of cash transferred	-	-
Outflows linked to acquisitions of shares in subsidiaries, net of cash transferred	-	-
Change in property and equipment and intangible assets	**(2)**	**(2)**
Outflows from acquisitions of property and equipment and intangible assets	(7)	(3)
Inflows from disposals of property and equipment and intangible assets	5	1
Effect of changes in scope of consolidation	**-**	**-**
Net cash used by investing activities (B)	**(2)**	**(2)**
Cash flows from or to shareholders		
Outflows for the dividends paid to:	120	(116)
> Santander Consumer Finance	(60)	(58)
> Banque PSA Finance	(60)	(58)
Inflows from issuance of equity instruments	-	-
Other net cash from financing activities		
Inflow/(outflow) linked to subordinated debt/lease liability	(4)	(5)
Net cash used by financing activities (C)	**(124)**	**(121)**
Effect of changes in exchange rates (D)	**-**	**-**
Net increase/(decrease) of cash and cash equivalents (A + B + C + D)	**(138)**	**653**
Cash and cash equivalents at the beginning of the period	**1,424**	**771**
Cash, central banks (assets and liabilities)	453	329
Demand accounts (assets and liabilities) and loans/borrowing with credit institutions	971	442
Cash and cash equivalents at the end 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

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

2020 was the sixth 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 an initial period of strict national lockdown from 17 March to 11 May 2020, followed by a second, lighter but restrictive national lockdown period for dealerships from 30 October to 15 December 2020, the PSA Banque France Group put in place a number of temporary emergency measures in order to respond specifically to the threat of the proliferation of the coronavirus and to ensure the uninterrupted support of the activity of its customers.

The support measures on the moratoria consisted of one or more deferrals of instalments for end-user customers and also for certain financing activities of the dealer network.

For financing activities to end-user customers:

- to proactively and systematically defer instalments by a 90-day period for eligible Small and Medium-sized Enterprises (SMEs) and corporates using finance leasing;
- to postpone upon request the due date by 30 days for the April instalment and certain subsequent instalments, renewable up to two times, for individuals and other SMEs not eligible for the systematic deferral referred to above.

For dealer network financing activities and in agreement with the three brands, the PSA Banque France Group decided to increase the free-of-charge period by:

- 30 days for new vehicles and demonstration vehicles;
- 60 days for used vehicles and spare parts in storage at the onset of the Covid-19 pandemic.

A more detailed description is provided in Section 1.1.2.2 F 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.

B. CHANGES IN GROUP STRUCTURE

There was no change in the PSA Banque France Group structure during 2020.

C. LIST OF CONSOLIDATED COMPANIES

Companies	Country ISO code	PSA Banque France interest % Direct	Indirect %	Indirect Held by	31/12/2020 Consolidation method	31/12/2020 % interest	31/12/2019 Consolidation method	31/12/2019 % 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

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 2020 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 presentation of PSA Banque France Group's consolidated financial statements for the year ended 31 December 2020 are prepared according to the recommendation of the French accounting standards (ANC) setter, in particular the recommendation ANC No. 2017-02 of 2 June 2017 related to the presentation of the consolidated financial statements of banking institutions on 1 January 2018.

The standards and interpretations were unchanged compared to 31 December 2019 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2020.

New IFRS and IFRIC Interpretations compulsorily applicable to the financial year commencing on 1 January 2020

The new texts, whose application was compulsory as at 1 January 2020 and which were applied by the PSA Banque France Group, are the following:

- **IFRS 16 – Leases**

"Covid-19-Related Rent Concessions (Amendment to IFRS 16)"

On 28 May 2020, the IASB published "Covid-19-Related Rent Concessions (Amendment to IFRS 16)", following the exposure draft "Covid-19-Related Rent Concessions (Proposed amendment to IFRS 16)" published on 24 April 2020, in order to make it easier for lessees to account for Covid-19-related rent concessions.

"Covid-19-Related Rent Concessions (Amendment to IFRS 16)" exempts lessees from having to consider individual leases to determine whether COVID-19-related rent concessions are lease modifications and allows lessees to recognise such concessions as if they were not lease modifications.

It applies to Covid-19-related concessions that reduce lease payments due no later than 30 June 2021.

The amendment does not affect lessors and has no impact on the PSA Banque France Group.

Other standards do not have significant impacts on the PSA Banque France Group.

Format of the financial statements

As no template is provided in IFRS, the consolidated financial statements of the PSA Banque France Group are presented largely in accordance with *Autorité des Normes Comptables* (ANC), recommendation No. 2017-02 of 2 June 2017 related to the "presentation report of the consolidated financial statements of credit institutions under IFRS". 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, based on the "consolidation methods" described in section A.1 below.

The individual statutory financial statements of PSA Banque France and its subsidiaries are prepared in accordance with the accounting principles in force in France. These statements are adjusted to comply with Group's accounting policies for inclusion in the consolidated financial statements.

Significant accounting policies applied by the Group are described in sections B to G below.

Related entities correspond to entities which have 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 2021.

A. BASIS OF CONSOLIDATION

A.1 Consolidation methods

Companies over which PSA Banque France directly or indirectly has exclusive control are fully consolidated.

All material 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 imposed on French banks, on the other, transactions denominated in foreign currencies are recognised in their original currency. At each period-end, balance sheet items in foreign currencies are revalued at fair value at the ECB closing exchange rate. The corresponding revaluation differences are recognised in the income statement under "Currency instruments". As at 31 December 2020, there was no revaluation difference related to currency instruments at PSA Banque France.

A.3 Use of estimates and assumptions

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

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

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

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

- fair value of financial assets and liabilities at fair value through profit or loss;
- recoverable amount of customer loans and receivables;
- fair value adjustments to debt portfolios hedged against interest rate risks;
- deferred tax assets;
- value in use and useful lives of property and equipment;
- provisions;
- long-term refinancing debt (TLTRO-III);
- pension obligations.

A.4 Main consolidation adjustments

Recognition and measurement of derivative instruments, hedge accounting IAS 39

In the financial statements prepared according to French standards, the fair value principle under IAS 39 – Financial Instruments: Recognition and Measurement is not applied. Measurement at fair value of derivative instruments, financial assets and certain financial liabilities at fair value through profit or loss, and application of hedge accounting in accordance with IAS 39 therefore give rise to certain consolidation adjustments. The underlying principles are described in section C "Financial assets and liabilities", below. The principles of valuation at fair value are applied in accordance with the IFRS 13 standard.

Deferred taxes

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

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

B. FIXED ASSETS

B.1 Property, plant and equipment

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

- buildings: 20 to 30 years;
- transport equipment: 4 years;
- other property, plant and equipment: 4 to 10 years.

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

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

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 lease payments.

As a result, from the outset, PSA Banque France, as the 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 rental expense (depreciation/amortisation 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, property and equipment and intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets with indefinite useful lives must be tested for impairment at least once a year, a category which in the Group's case is limited 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 a CGU is measured as the net present value of estimated future cash flows. If this value is less than the CGU's net book value, an impairment loss is recognised in operating income. The impairment loss is first recorded as an adjustment to the book value 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 recognised and measured 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).

PSA Banque France Group books passbook savings accounts in "Due to customers".

C.1 Derivatives – Application of hedge accounting

C.1.1 Derivatives – recognition and measurement

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

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

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

Derivatives qualify for hedge accounting when:

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

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The effects of hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is 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. Fair value adjustments to hedged financial assets and liabilities are reported under "Fair value adjustments to portfolios hedged against interest rate risks", in assets for hedged finance receivables and in liabilities for hedged debt;
- for cash flow hedges, the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognised in equity. The cumulative gains and losses recognised in equity are included in profit or loss when the hedged item affects profit or loss. This strategy is not used for PSA Banque France Group for the moment.

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

C.1.2 Presentation of derivatives in the financial statements In the balance sheet

In the balance sheet:

- derivatives are stated in the balance sheet at fair value net of accrued interest;
- 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 income of changes in the value of hedging derivatives used in fair value hedging strategies is presented under "Net gains and losses on financial instruments at fair value through profit or loss";
- the ineffective portion of changes in the fair value of derivatives used to hedge future cash flows is also recorded under "Net gains and losses on financial instruments at fair value through profit or loss";
- the impact on income of changes in the value of derivatives not used for hedging purposes is recorded 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 and losses on financial instruments 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 recorded under "Net gains and losses on financial instruments at fair value through profit or loss".

IFRS 13 requires to present the valuation methods of the financial assets and liabilities at fair value as well as their hierarchy (level 1, 2 or 3).

The valuation methods have to maximise the use of observable market data. These methods are classified according to the same three-level hierarchy (in descending order of priority) as IFRS 7 for financial instruments:

- **level 1:** quoted price (without adjustment) for similar instruments on an active market.

  An active market is a market in which there are sufficiently frequent and large volumes on assets or liabilities to provide price information in a continuous way;
- **level 2:** valuation using only observable data for a similar instrument on an active market;
- **level 3:** valuation making significant use of at least one non-observable item of data.

  The valuations in the balance sheet are level 1, 2 or 3 valuations, reported in Note 18 on "Fair value of financial assets and liabilities".

C.2 Financial assets at fair value through profit or loss

This caption includes:

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

C.3 Financial liabilities at fair value through profit or loss

This item comprises liabilities valued using the fair value option. 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. As at 31 December 2020, no liabilities were measured using the fair value option.

This caption also includes the negative fair value of other derivatives that do not qualify for hedge accounting under IFRS 9, including interest rate derivatives intended to hedge financial assets or liabilities at fair value through profit or loss.

C.4 Customer loans and receivables

The different customer categories are presented in section E. "Segment information" (see below).

Customer loans and receivables are analysed by type of financing:

- **financing in the following categories,** as defined by French banking regulation:
  - loans,
  - leasing with a purchase option,
  - long-term leases.

  As explained in section C.4.2 below, leasing with a purchase option and long-term leases are adjusted to present each transaction as a loan.

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

- **Corporate and equivalent** (including Corporates other than dealers, Sovereigns, Banks and Local Administrations),
- and, in certain cases, for **Corporate dealers**;

- **Trade receivables,** as defined by French banking regulations. They finance the network's vehicles and spare parts.

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

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

C.4.1 Loans and receivables measured at 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 draw contractual cash flows from them;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that correspond solely to repayments of principal and interest payments on the outstanding principal.

Loans and receivables recognised in the balance sheet correspond to PSA Banque France Group's net commitment in respect of these receivables. Therefore, as well as the outstanding principal and accrued interest, the carrying value of finance 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, which are added to the outstanding principal;
- contributions received from the brands and transaction fees to be spread out, which are deducted from the outstanding principal;
- guarantee deposits received at the inception of finance leases, which are deducted from the amount financed.

Measurement at 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 treated as in-substance loans because the risks and rewards of ownership of the vehicle do not lie with PSA Banque France Group.

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

C.4.3 Hedges of interest rate risks on outstanding loans and receivables

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

C.4.4 Impairment losses

Impairment losses are identified separately under specific line items.

The different customer categories are presented in section E. "Segment information" (see below).

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

The financial instruments are classified in three stages depending on the evolution of the credit risk since their initial recognition. Impairment is booked on outstanding amount of each of these stages according to the following principles:

Stage 1

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

Stage 2

In the event of a significant increase in credit risk since initial recognition, the sound loans are transferred from stage 1 to stage 2. The impairment or provision for credit risk is determined on the basis of loss over the remaining life of the instrument (expected loss at maturity). The interest income is recognised through profit or loss using the effective interest rate method applied to the gross book value of the asset before impairment.

Stage 3

The financial receivables called "impaired" under IFRS 9 are classified in stage 3. These are financial receivables 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 concerns financial receivables for which a default event was identified as determined in article 178 of the regulation of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The impairment or provision for credit risk is calculated as the expected loss over the remaining life of the instrument (expected loss at maturity) on the basis of the recoverable amount of the receivable, i.e., the present value of the estimated recoverable future cash flows taking into account the effect of guarantees. The interest income is recognised through profit or loss based on the effective interest method applied to the net book value of the asset after impairment

Classification in loss/write off

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

C.5 Financial liabilities

Financial liabilities are initially recognised at their fair value. Their book value therefore comprises the outstanding principal and accrued interest, plus:

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

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

C.5.1 Hedges of interest rate risks 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 "Derivatives – recognition and measurement").

C.5.2 Debt securities

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

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

D. PROVISIONS

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

Provisions are discounted only when the impact is material.

E. SEGMENT INFORMATION

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

- Retail, mainly corresponding to individuals and to small or medium-sized companies;
- Corporate dealers, corresponding to captive and independent Peugeot, Citroën and DS dealers, importers of new Peugeot, Citroën and DS vehicles and certain used vehicle dealers;
- Corporate and equivalent, referring to any:
  - company belonging to a multinational group or for which aggregate loans exceed a fixed ceiling (corporate other than dealers),
  - customer stemming directly from a State or government structure (Sovereigns),
  - banking company or investment firm regulated and supervised by the banking authorities (banks),
  - local or regional administration (local administrations).

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

F. PENSION OBLIGATIONS

In addition to standard pensions payable under local legislation, PSA Banque France Group employees receive supplementary pension benefits and retirement bonuses (see Note 15). These benefits are paid either under defined contribution or defined benefit plans.

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

In accordance with IAS 19 - Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. 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 future salary levels and staff turnover rates.

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

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

In the event of modification of the benefits defined in a plan, the impact of changes to pension plans after 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 records a provision in an amount equal to the projected benefit obligation less 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 within the meaning of IFRIC 14, this affects the asset ceiling. Regardless of whether the plan has a deficit or a surplus, a liability is 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 period therefore corresponds to the sum of the following:

- the service cost (recognised in "Operating income" in 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 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 income").

Other employee benefits covered by provisions concern mainly long-service awards payable by the subsidiaries.

There is no obligation corresponding to the residual debt contracted in France at the Banking Industry Pension Fund (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

Irrevocable commitments given or received by Group companies (irrevocable customer financing commitments, corresponding to the period between the loan offer and the date when the funds are released, guarantees; other commitments received or given…) are recognised in the balance sheet at fair value in accordance with IFRS 9. 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. These signature commitments are reported at their nominal amount in Note 19 – Other commitments.

Derivative financial instrument commitments (rate or currency instruments) are described in Note C.1 above and are reported at their nominal amount in Note 23 – Net gains or losses on financial instruments at fair value through profit or loss.

NOTE 3 Cash, central banks

(in million euros)	31/12/2020	31/12/2019
Cash and post office banks		-
Central bank*	487	453
of which compulsory reserves deposited with the Banque de France	*37*	*33*
TOTAL	**487**	**453**

* *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)	31/12/2020	31/12/2019
Fair value of trading derivatives*	**1**	**2**
of which related companies with Santander Consumer Finance Group	-	-
Offsetting positive fair value and received margin calls	**(1)**	**(2)**
Accrued interest on trading derivatives	**-**	**-**
of which related companies with Santander Consumer Finance Group	-	-
Equity securities at fair value through profit or loss	**-**	**-**
TOTAL	**-**	**-**

* *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 9.1 and 23.1).*

4.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS TRADING - ASSETS

FOR 2020

	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	**0.6**	**-**	**0.6**		
Swaps with margin call	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 14)	-	-	0.5	(0.5)	-
Total liabilities	**-**	**-**	**-**	**-**	**-**

FOR 2019

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	**1.9**	**-**	**1.9**	**-**	**1.9**
Swaps with margin call	*1.9*	-	*1.9*	-	*1.9*
Swaps without margin call	-			-	-
Offsetting	**-**	**-**	**-**	**(1.7)**	**(1.7)**
Accrued income	**0.1**	**-**	**0.1**	**-**	**0.1**
Swaps with margin call	*0.1*	-	*0.1*	-	*0.1*
Swaps without margin call	-	-	-	-	-
Total assets	**1.9**	**-**	**1.9**	**(1.7)**	**0.2**
Margin calls received on swaps designated as trading (deferred income - see Note 14)	-	-	2.1	(1.7)	0.4
Total liabilities	**-**	**-**	**2.1**	**(1.7)**	**0.4**

NOTE 5 Loans and advances to credit institutions at amortised cost

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in million euros)	**31/12/2020**	**31/12/2019**
Demand accounts	964	979
Ordinary accounts in debit	964	979
of which held by securitisation funds	*109*	*170*
*of which pledged for the SRT transaction **	*126*	*126*
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	**964**	**979**

* *For the benefit of the Auto ABS Synthetic French Loans 2019 securitisation mutual fund.*

NOTE 6 Customer loans and receivables at amortised cost

6.1 ANALYSIS BY TYPE OF FINANCING

(in million euros)	31/12/2020	31/12/2019
Loans	**2,449**	**2,484**
of which securitised [(1)]	*1,994*	*1,887*
Leasing with a purchase option [(2)]	**4,336**	**3,862**
Principal and interest	4,854	4,318
of which securitised [(1)]	*2,270*	*1,565*
Unaccrued interest on leasing with a purchase option	(518)	(456)
of which securitised [(1)]	*(236)*	*(153)*
Long-term leases [(2)]	**3,267**	**2,926**
Principal and interest	3,549	3,182
of which securitised [(1)]	*1,002*	*1,059*
Unaccrued interest on long-term leases	(282)	(256)
of which securitised [(1)]	*(95)*	*(102)*
Leasing deposits	-	-
of which securitised [(1)]	-	-
Trade receivables	**2,998**	**3,352**
Related companies with STELLANTIS	6	-
Non-group companies	2,992	3,352
of which securitised [(1)]	*755*	*843*
Other finance receivables (including equipment loans, revolving credit)	**548**	**574**
Ordinary accounts in debit	**80**	**141**
Related companies with STELLANTIS	1	2
Non-group companies	79	139
Deferred items included in amortised cost - Customers loans and receivables	**217**	**185**
Deferred acquisition costs	306	285
Deferred loan set-up costs	(18)	(27)
Deferred manufacturer and dealer contributions	(71)	(72)
Total Loans and Receivables at Amortised Cost [(3)]	**13,895**	**13,524**
of which securitised [(1)]	*5,690*	*5,099*

(1) The PSA Banque France Group has set up several securitisation programmes (see Note 6.4).

(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 holder of the vehicle's papers 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 recovery 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 IAS24, 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.

6.2 CUSTOMER LOANS AND RECEIVABLES BY SEGMENT

			End user					
IFRS 8 Segment	**Corporate Dealers**		**Retail**		**Corporate and equivalent**			
Type of financing	**(A - see B Note 26.1)**		**(B - see A Note 26.1)**		**(C - see C Note 26.1)**		**Total**	
(in million euros)	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Loans	11	12	2,437	2,470	1	2	2,449	2,484
Leasing with a purchase option	7	8	4,291	3,815	38	39	4,336	3,862
Long-term leases	237	241	2,004	1,761	1,026	924	3,267	2,926
Trade Receivables	2,998	3,352	-	-	-	-	2,998	3,352
Other finance receivables	542	565	3	6	3	3	548	574
Ordinary accounts in debit	80	141	-	-	-	-	80	141
Deferred items included in amortised cost	8	3	177	155	32	27	217	185
TOTAL CUSTOMER LOANS BY SEGMENT (BASED ON IFRS 8)	**3,883**	**4,322**	**8,912**	**8,207**	**1,100**	**995**	**13,895**	**13,524**

6.3 ANALYSIS BY MATURITY

FOR 2020

(in million euros)	**Not broken down**	**0 to 3 months**	**3 months to 6 months**	**6 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total at 31/12/2020**
Loans	**6**	**185**	**183**	**356**	**1,705**	**14**	**2,449**
Gross	68	185	183	356	1,705	14	2,511
Total impairment	(62)	-	-	-	-	-	(62)
Leasing with a purchase option	**19**	**313**	**316**	**647**	**3,040**	**1**	**4,336**
Gross	72	313	316	647	3,040	1	4,389
Total impairment	(53)	-	-	-	-	-	(53)
Long-term leases	**29**	**510**	**320**	**586**	**1,822**	**-**	**3,267**
Gross	74	510	320	586	1,822	-	3,312
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(45)	-	-	-	-	-	(45)
Trade receivables	**28**	**2,345**	**474**	**149**	**2**	**-**	**2,998**
Gross	35	2,345	474	149	2	-	3,005
Guarantee deposits							-
Total impairment	(7)	-	-	-	-	-	(7)
Other finance receivables	**61**	**143**	**18**	**212**	**96**	**18**	**548**
Gross	82	143	18	212	96	18	568
Total impairment	(21)	-	-	-	-	-	(21)
Ordinary accounts in debit	**80**	**-**	**-**	**-**	**-**	**-**	**80**
Gross	82	-	-	-	-	-	82
Total impairment	(2)	-	-	-	-	-	(2)
Deferred items included in amortised cost	**217**	**-**	**-**	**-**	**-**	**-**	**217**
TOTAL NET LOANS AND RECEIVABLES	**441**	**3,496**	**1,311**	**1,950**	**6,666**	**33**	**13,895**
Gross	413	3,496	1,311	1,950	6,666	33	13,867
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(189)	-	-	-	-	-	(189)
Deferred items included in amortised cost	217	-	-	-	-	-	217

FOR 2019

(in million euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total at 31/12/2019
Loans	**10**	**179**	**180**	**348**	**1,748**	**19**	**2,484**
Gross	61	179	180	348	1,748	19	2,535
Total impairment	(51)	-	-	-	-	-	(51)
Leasing with a purchase option	**20**	**257**	**259**	**539**	**2,787**	**-**	**3,862**
Gross	61	257	259	539	2,787	-	3,903
Total impairment	(41)	-	-	-	-	-	(41)
Long-term leases	**36**	**395**	**303**	**543**	**1,648**	**1**	**2,926**
Gross	74	395	303	543	1,648	1	2,964
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(38)	-	-	-	-	-	(38)
Trade receivables	**37**	**2,622**	**470**	**222**	**1**	**-**	**3,352**
Gross	41	2,622	470	222	1	-	3,356
Guarantee deposits							-
Total impairment	(4)	-	-	-	-	-	(4)
Other finance receivables	**56**	**164**	**17**	**211**	**107**	**19**	**574**
Gross	100	164	17	211	107	19	618
Total impairment	(44)	-	-	-	-	-	(44)
Ordinary accounts in debit	**141**	**-**	**-**	**-**	**-**	**-**	**141**
Gross	142	-	-	-	-	-	142
Total impairment	(1)	-	-	-	-	-	(1)
Deferred items included in amortised cost	**185**	**-**	**-**	**-**	**-**	**-**	**185**
TOTAL NET LOANS AND RECEIVABLES	**485**	**3,617**	**1,229**	**1,863**	**6,291**	**39**	**13,524**
Gross	479	3,617	1,229	1,863	6,291	39	13,517
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(179)	-	-	-	-	-	(179)
Deferred items included in amortised cost	185	-	-	-	-	-	185

6.4 REFINANCING PROGRAMMES BY SECURITISATION

	Sold net receivables			
Fund	**Closing, i.e. first date of sale**	**Type of Financing**	**As at 31/12/2020**	**As at 31/12/2019**
FCT Auto ABS French Loans Master	13/12/2012 (2)	Loans	1,994	1,887
FCT Auto ABS DFP Master – Compartment France 2013	03/05/2013 (2)	Trade receivables	755	843
FCT Auto ABS French Leases Master – Compartment 2016	28/07/2016 (2)	Leasing with a purchase option (1)	1,783	910
FCT Auto ABS French LT Leases Master	27/07/2017 (2)	Long-term leases (3)	907	957
FCT Auto ABS French Leases 2018	23/11/2018	Leasing with a purchase option (1)	251	502
TOTAL			**5,690**	**5,099**

(1) Sold receivables correspond to future lease payments and sales receivables of the vehicle 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 7 Accruals and other assets

(in million euros)	31/12/2020	31/12/2019
Other receivables	**186**	**163**
of which related companies with STELLANTIS	*128*	*115*
Prepaid and recoverable taxes	**59**	**67**
Accrued income	**8**	**11**
of which related companies with STELLANTIS	*6*	*9*
Prepaid expenses	**4**	**5**
*of which margin calls paid on swaps**	*-*	*-*
of which related companies with Santander Consumer Finance Group	*4*	*5*
of which non-group companies	*(4)*	*(5)*
Other	**51**	**131**
of which related companies with Santander Consumer Finance Group	*10*	*6*
TOTAL	**308**	**377**

* *As at 31 December 2020, margin calls paid on swaps were offset with the negative fair value for an amount of €3.8 million, compared to €4.9 million as at 31 December 2019 (see Notes 9.2 & 10.2).*

NOTE 8 Property and equipment and intangible assets

	31/12/2020			31/12/2019		
(in million euros)	Cost	Depreciation/ amortisation	Net	Cost	Depreciation/ amortisation	Net
Property and equipment	**24**	**(7)**	**17**	**25**	**(7)**	**18**
Land and buildings - Right of Use*	12	(3)	9	12	(2)	10
Vehicles	6	(2)	4	6	(2)	4
Other	6	(2)	4	7	(3)	4
Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**24**	**(7)**	**17**	**25**	**(7)**	**18**

* *In accordance with IFRS 16, property and equipment include rights of use (leases) with a gross value of €12.5 million and a corresponding depreciation/amortisation of -€3.4 million as at 31 December 2020.*

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CHANGES IN GROSS VALUES

(in million euros)	31/12/2019	Acquisitions	Disposals	31/12/2020
Property and equipment	**25**	**17**	**(18)**	**24**
Land and buildings - Right of Use*	12	10	(10)	12
Vehicles	6	2	(2)	6
Other	7	5	(6)	6
Intangible assets	**-**	**-**	**-**	**-**
TOTAL	**25**	**17**	**(18)**	**24**

CHANGES IN AMORTISATION

(in million euros)	31/12/2019	Charges	Reversals	Other movements	31/12/2020
Property and equipment	**(7)**	**(3)**	**3**	**-**	**(7)**
Land and buildings - Right of Use*	(2)	(1)		-	(3)
Vehicles	(2)	(1)	1	-	(2)
Other	(3)	(1)	2	-	(2)
Intangible assets	**-**	**-**	**-**	**-**	**-**
TOTAL	**(7)**	**(3)**	**3**	**-**	**(7)**

* *In accordance with IFRS 16, property and equipment include rights of use (leases) with a gross value of €12.5 million and a corresponding depreciation/amortisation of -€3.4 million as at 31 December 2020.*

NOTE 9 Financial liabilities at fair value through profit or loss

9.1 Analysis by Nature

(in million euros)	31/12/2020	31/12/2019
Fair value of trading derivatives	**1**	**2**
of which related companies with Santander Consumer Finance Group	-	-
Offsetting negative fair value and paid margin calls	**-**	**-**
Accrued expense on trading derivatives	**-**	**-**
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**1**	**2**

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 23.1).

9.2 Offsetting Swaps with Margin Call Designated as Trading - Liabilities

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 7)	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**

FOR 2019

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	**-**	**2.2**	**2.2**	**-**	**2.2**
Swaps with margin call	-		-	-	-
Swaps without margin call	-	2.2	2.2	-	2.2
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued expense	**-**	**0.1**	**0.1**	**-**	**0.1**
Swaps with margin call	-	0.1	0.1	-	0.1
Swaps without margin call			-	-	-
Total liabilities	**-**	**2.3**	**2.3**	**-**	**2.3**
Margin calls paid on swaps designated as trading (prepaid expenses - see Note 7)	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**

NOTE 10 Hedging instruments - Liabilities

10.1 ANALYSIS BY NATURE

(in million euros)	31/12/2020	31/12/2019
Negative fair value of instruments designated as hedges of:	**4**	**5**
Borrowings	-	-
EMTNs/NEU MTNs	-	-
Bonds	-	-
NEU CP - Other debts securities	-	-
Customer loans (Loans, Leasing with a purchase option and Long-term leases)	4	5
of which related companies with Santander Consumer Finance Group	-	-
Offsetting negative fair value and paid margin calls (see Note 10.2)	**(4)**	**(5)**
Accrued expenses on swaps designated as hedges	**-**	**-**
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**-**	**-**

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

Fair Value Hedge effectiveness is analysed in Note 23.

10.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS HEDGES - LIABILITIES

FOR 2020

	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	**(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 7)	-	-	3.8	(3.8)	-
Total assets	**-**	**-**	**3.8**	**(3.8)**	**-**

FOR 2019

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	**(1.9)**	**6.5**	**4.6**	**-**	**4.6**
Swaps with margin call	(1.9)	6.5	4.6	-	4.6
Swaps without margin call	-	-	-	-	-
Offsetting	**-**	**-**	**-**	**(4.9)**	**(4.9)**
Accrued expense	**(0.1)**	**0.5**	**0.3**	**-**	**0.3**
Swaps with margin call	(0.1)	0.5	0.3	-	0.3
Swaps without margin call	-	-	-	-	-
Total liabilities	**(2.0)**	**6.9**	**4.9**	**(4.9)**	**-**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 7)	-	-	5.0	(4.9)	0.1
Total assets	**-**	**-**	**5.0**	**(4.9)**	**0.1**

NOTE 11 Deposits from credit institutions

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in million euros)	31/12/2020	31/12/2019
Demand deposits	**164**	**9**
Ordinary accounts in credit	62	7
of which related companies with STELLANTIS	-	-
Accounts and deposits at overnight rates	101	-
of which related companies with Santander Consumer Finance Group	*101*	-
Other amounts due to credit institutions	1	2
Accrued interest	**-**	**-**
Time deposits (non-group institutions)	**4,785**	**3,740**
Conventional bank deposits	2,535	2,440
of which related companies with Santander Consumer Finance Group	*2,235*	*1,890*
Deposits from the ECB (see Note 19)	2,250	1,300
Deferred items included in amortised cost of deposits from credit institutions	**-**	**-**
Debt issuing costs (deferred charges)	-	-
Accrued interest	**(12)**	**(11)**
of which related companies with Santander Consumer Finance Group	-	-
TOTAL DEPOSITS FROM CREDIT INSTITUTIONS AT AMORTISED COST*	**4,937**	**3,738**

* *Total debt is denominated in euros.*

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NOTE 12 Due to customers

(in million euros)	31/12/2020	31/12/2019
Demand accounts	**2,816**	**2,435**
Ordinary accounts in credit	295	222
Related companies with STELLANTIS	146	110
Non-group companies	149	112
Passbook savings accounts	2,441	2,155
Other amounts due to customers	80	58
Related companies with STELLANTIS	-	-
Non-group companies	80	58
Accrued interest	**-**	**15**
of which passbook savings accounts	-	*15*
Time deposits	**391**	**420**
Term deposit accounts	380	408
Other	11	12
Related companies	-	-
Non-group companies	11	12
Accrued interest	**7**	**6**
of which time deposits	*7*	*6*
TOTAL*	**3,214**	**2,877**

* *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 28.1).

NOTE 13 Debt securities

13.1 ANALYSIS BY NATURE

(in million euros)	31/12/2020	31/12/2019
Interbank instruments and money-market securities (non-group institutions)	**3,047**	**3,748**
EMTNs and NEU MTNs (1)	2,524	2,833
of which paper in the process of being delivered	-	*10*
NEU CP	523	915
of which paper in the process of being delivered	-	-
Securities issued by securitisation funds (see Note 13.3)	**1,637**	**2,225**
Accrued interest	**7**	**9**
Securitisation	-	-
Deferred items included in amortised cost of debt securities	**(7)**	**(11)**
Debt issuing costs and premiums (deferred charges)	(7)	(11)
TOTAL DEBT SECURITIES AT AMORTISED COST (2)	**4,684**	**5,971**

(1) In January 2020, the PSA Banque France Group reimbursed its first EMTN issued in 2017 with a three-year maturity in an amount of €500 million.

(2) Total debt is denominated in euros.

13.2 ANALYSIS BY MATURITY OF DEBT SECURITIES EXCLUDING ACCRUED INTEREST

	31/12/2020			31/12/2019		
(in million euros)	**Securitisations**	**Money-market securities**	**Other**	**Securitisations**	**Money-market securities**	**Other**
0 to 3 months	36	392		29	595	-
3 to 6 months	40	45		630	484	-
6 months to 1 year	314	423		234	520	-
1 to 5 years	1,247	2,187		1,332	2,149	-
Over 5 years	-	-		-	-	-
TOTAL	**1,637**	**3,047**		**2,225**	**3,748**	**-**

13.3 SECURITISATION PROGRAMMES

SECURITIES ISSUED BY SECURITISATION FUNDS

(in million euros)			Issued bonds		
Fund	**Bonds**	**Rating (1)**	**At 31/12/2020**	**At 31/12/2019**	**at the origin**
FCT Auto ABS French Loans Master		*Fitch/Moody's*			
	Class A	AA/Aa2	1,901	1,804	N/A
	Class B	-	169	155	N/A
FCT Auto ABS DFP Master – Compartment France 2013		*S&P/Moodys*			
	Class S	AA/Aa	624	600	N/A
	Class B	-	149	272	N/A
FCT Auto ABS French Leases Master – Compartment 2016		*Not Rated*			
	Class A	-	947	600	N/A
	Class B	-	888	343	N/A
FCT Auto ABS French LT Leases Master		*Not Rated*			
	Class A	-	563	600	N/A
	Class B	-	388	393	N/A
FCT Auto ABS French Leases 2018		*Moody's/DBRS*			
	Class A	Aaa/AAA	115	365	N/A
	Class B	A1/A (high)	60	60	N/A
	Class C	*Not Rated*	90	90	N/A
Elimination of intra-group transactions (2)			(4,257)	(3,057)	
TOTAL			**1,637**	**2,225**	

(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 14 Accruals and other liabilities

(in million euros)	31/12/2020	31/12/2019
Trade payables	**133**	**298**
Related companies	81	248
of which related companies with STELLANTIS	*81*	*248*
of which related companies with Santander Consumer Finance Group	-	-
Non-group companies	52	50
Financial debt	**9**	**10**
Non-group companies	9	10
Accrued payroll and other taxes	**41**	**41**
Accrued charges	**231**	**201**
Related companies	32	25
of which related companies with STELLANTIS	*26*	*21*
of which related companies with Santander Consumer Finance Group	*6*	*4*
Non-group companies	199	176
Other payables	**157**	**156**
Related companies	17	16
of which related companies with STELLANTIS	*17*	*16*
Non-group companies	140	140
Deferred income	**16**	**18**
of which margin calls received on swaps (1)	-	-
Related companies	10	7
of which related companies with STELLANTIS	*10*	*7*
of which related companies with Santander Consumer Finance Group	-	-
Non-group companies	6	11
Other	**52**	**52**
Non-group companies	52	52
TOTAL	**639**	**776**

(1) As at 31 December 2020, margin calls paid on swaps were offset with the positive fair value for an amount of €0.5 million, compared to €1.7 million as at 31 December 2019 (see Note 4.2).

NOTE 15 Provisions

(in million euros)	31/12/2019	Charges	Reversals Utilised	Reversals Unutilised	Equity	Reclassifications and other	31/12/2020
Provisions for pensions and other post-retirement benefits	13	1	(2)	-	-	-	12
Provisions for doubtful commitments:		-	(1)	-	-	-	5
Corporate dealers	3	-	-	-	-	-	3
Corporate and equivalent	3	-	(1)	-	-	-	2
Provisions for commercial and tax disputes	1	-	-	-	-	-	1
Other provisions	3	1	-	-	-	-	4
TOTAL	**23**	**2**	**(3)**	**-**	**-**	**-**	**22**

15.1 PENSION OBLIGATIONS

Residual commitments of the Banking Industry Pension Fund plan

The provision for the residual commitments of the Banking Industry Pension Fund plan 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. The Company offers these benefits through either a defined contribution plan or a defined benefit plan.

Under the defined contribution plan, the Company has no obligation other than the payment of contributions; the charge that corresponds to contributions paid is included in the profit/loss of 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 future salary levels and staff turnover rat.

It concerns retirement benefits, for which the acquired rights are fully covered.

These evaluations are performed every year. 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 profit/loss 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.

15.2 LONG-SERVICE AWARDS

Long-service award commitments

The latent debt covering future charges for long service awards is fully covered by a provision.

NOTE 16 Subordinated debts

(in million euros)	31/12/2020	31/12/2019
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**

16.1 CHANGES IN SUBORDINATED DEBTS

		Cash flows			
(in million euros)	Opening	Inflows	Outflows	Through Profit or Loss	31/12/2020
Subordinated debts	155	-	-		155
Accrued Interest	-	-	(2)	2	-
TOTAL	**155**	**-**	**(2)**	**2**	**155**

		Cash flows			
(in million euros)	Opening	Inflows	Outflows	Through Profit or Loss	31/12/2019
Subordinated debts	155	-	-		155
Accrued Interest	-	-	(2)	2	-
TOTAL	**155**	**-**	**(2)**	**2**	**155**

NOTE 17 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 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 adopted by the General Meeting on 8 April 2021 foresees €126 million in dividend payments.

FOR 2020

(in million euros)	**Not broken down**	**0 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	-	487	-	-	-	-	487
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-	-
Loans and advances to credit institutions	-	964	-	-	-	-	964
Customer loans and receivables	441	3,496	1,311	1,950	6,666	33	13,895
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	(1)	-	-	-	-	-	(1)
Other assets	329	-	-	-	-	-	329
TOTAL ASSETS	**769**	**4,947**	**1,311**	**1,950**	**6,666**	**33**	**15,674**
Equity and liabilities							
Central banks, post office banks	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	1	-	-	-	-	-	1
Hedging instruments	-	-	-	-	-	-	-
Deposits from credit institutions	(11)	903	350	865	2,830	-	4,937
Due to customers	7	2,861	63	74	209	-	3,214
Debt securities	-	428	85	737	3,434	-	4,684
Fair value adjustments to debt portfolios hedged against interest rate risks	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	155	155
Other liabilities	1,118	-	-	-	-	-	1,118
Equity	-	-		126	-	1,439	1,565
TOTAL EQUITY AND LIABILITIES	**1,115**	**4,192**	**498**	**1,802**	**6,473**	**1,594**	**15,674**

FOR 2019

(in million euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	31/12/2019
Assets							
Cash, central banks, post office banks	-	453	-	-	-	-	453
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-	-
Loans and advances to credit institutions	-	979	-	-	-	-	979
Customer loans and receivables	485	3,617	1,229	1,863	6,291	39	13,524
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	-	-	-	-	-	-	-
Other assets	406	-	-	-	-	-	405
TOTAL ASSETS	**891**	**5,049**	**1,229**	**1,863**	**6,291**	**39**	**15,362**
Equity and liabilities							
Central banks, post office banks	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	2	-	-	-	-	-	2
Hedging instruments	-	-	-	-	-	-	-
Deposits from credit institutions	1	157	861	865	1,854	-	3,738
Due to customers	21	2,478	58	85	235	-	2,877
Debt securities	(2)	623	1,114	755	3,481	-	5,971
Fair value adjustments to debt portfolios hedged against interest rate risks	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	155	155
Other liabilities	1,176	-	-	-	-	-	1,176
Equity	-	-	120	-	-	1,323	1,443
TOTAL EQUITY AND LIABILITIES	**1,198**	**3,258**	**2,153**	**1,705**	**5,570**	**1,478**	**15,362**

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 18 Fair value of financial assets and liabilities

	Book value	Fair value	Fair value hierarchy		
(in million euros)	31/12/2020	31/12/2020	Level 1	Level 2	Level 3
Assets					
Financial assets at fair value through profit or loss [1]	-	-	-	-	-
Hedging instruments [1]	-	-	-	-	-
Loans and advances to credit institutions at amortised cost [2]	964	964	-	-	964
Customer loans and receivables at amortised cost [3]	13,894	13,932	-	-	13,932
Equity and liabilities					
Financial liabilities at fair value through profit or loss [1]	1	1	-	1	-
Hedging instruments [1]	-	-	-	-	-
Deposits from credit institutions [4]	4,937	4,926	-	3,944	982
Debt securities [4]	4,684	4,715	2,030	2,685	-
Due to customers [2]	3,214	3,214	-	-	2,314
Subordinated debt [4]	155	143	-	143	-

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) The fair value of loans and advances to credit institutions and of customer loans and receivables, mainly short-term operations at adjustable rate, are accordingly close to their amortised cost. Their fair value is determined by applying a valuation that uses, significantly, at least one non-observable item of data (level 3).

(3) Customer loans and receivables are stated at amortised cost. If necessary, they are hedged against interest rate risks (fair value hedge) in order to frame interest rate risks 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).

(4) 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 19 Other commitments

(in million euros)	31/12/2020	31/12/2019
Financing commitments		
Commitments received from credit institutions	-	-
Commitments given to credit institutions	-	-
Commitments given to customers (1)	776	677
Guarantee commitments		
Commitments received from credit institutions (2)	272	305
Guarantees received in respect of customer loans	272	305
Guarantees received in respect of securities held	-	-
Other guarantees received from credit institutions	-	-
Guarantees given to credit institutions	-	-
Commitments given to customers	5	6
of which related companies with STELLANTIS	-	-
Other commitments received		
Securities received as collateral	-	-
Others (3)	126	126
Other commitments given		
Assets given as collateral for own account, remains available (4)	919	942
To the European Central Bank	919	942

(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 2020, CHUBB guarantees amounted to €197 million compared to €187 million as at 31 December 2019.
As at 31 December 2020, COFACE guarantees amounted to €75 million compared to €118 million as at 31 December 2019.

(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 €2,399 million as ABS securities and €957 million as credit claims on its collateral account, that Banque de France has evaluated for a total amount of €3,062 million. The PSA Banque France Group has drawn €2,250 million of financing (see Note 11), therefore €919 million remain available, given a non-used authorised financing of €817 million financing, of which €5 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.

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NOTE 20 Interest and similar income

(in million euros)	31/12/2020	31/12/2019
On financial assets at amortised cost	**508**	**475**
Customer transactions	**493**	**470**
Loans	**146**	**152**
of which related companies with STELLANTIS	*1*	*-*
of which securitised	*105*	*78*
Leasing with a purchase option	**298**	**268**
of which related companies with STELLANTIS	*43*	*40*
of which securitised	*110*	*93*
Long-term leases	**191**	**174**
of which related companies with STELLANTIS	*-*	*-*
of which securitised	*60*	*67*
Trade receivables	**60**	**60**
of which related companies with STELLANTIS	*41*	*42*
Other finance receivables (including equipment loans, revolving credit)	**9**	**10**
of which related companies with STELLANTIS	*-*	*-*
Ordinary accounts	**-**	**-**
Guarantee commitments	**-**	**-**
Commissions paid to referral agents	**(197)**	**(188)**
Loans	(80)	(73)
Leasing with a purchase option / Long-term leases	(117)	(115)
Other financing	-	-
of which related companies with STELLANTIS	*(32)*	*(32)*
Other business acquisition costs	**(14)**	**(6)**
Interbank transactions*	**15**	**5**
Debt securities	**-**	**-**
On financial assets recognised at fair value through other comprehensive income	**-**	**-**
Accrued interest receivable on hedging instruments	**-**	**-**
Other interest income	**1**	**-**
TOTAL	**509**	**475**

* *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. An LTRO drawdown was carried out from April to June 2020 at a rate of -0.50%. Six TLTRO-III drawdowns have been carried out since September 2019. 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 21 Interest and similar expenses

21.1 ANALYSIS BY NATURE

(in million euros)	Notes	31/12/2020	31/12/2019
On financial liabilities at amortised cost		**(75)**	**(70)**
Customer transactions		**(42)**	**(35)**
Loans		-	-
Leasing with a purchase option		-	-
Long-term leases		-	-
Trade receivables		(4)	(6)
Other finance receivables (including equipment loans, revolving credit)		-	-
Ordinary accounts		-	-
Savings accounts	*21.2*	(25)	(26)
Expenses related to financing commitments received		(13)	(3)
Interbank transactions	*21.3*	**(11)**	**(12)**
Debt securities	*21.4*	**(22)**	**(23)**
Accrued interest receivable on hedging instruments	*21.5*	**(4)**	**(4)**
Other interest expenses		**(9)**	**(4)**
TOTAL		**(88)**	**(78)**

21.2 INTEREST ON SAVINGS ACCOUNTS

(in million euros)	31/12/2020	31/12/2019
Interest on savings accounts	(25)	(26)
On passbook savings accounts	(20)	(21)
On term deposits	(5)	(5)
TOTAL	**(25)**	**(26)**

21.3 INTEREST ON DEPOSITS FROM CREDIT INSTITUTIONS

(in million euros)	31/12/2020	31/12/2019
Interest on treasury and interbank transactions	(5)	(7)
of which related companies with STELLANTIS	-	-
of which related companies with Santander Consumer Finance Group	*(2)*	*(4)*
Interest expenses of assets	(1)	(1)
Interest expenses comparable to debt issuing costs	(5)	(4)
TOTAL	**(11)**	**(12)**

21.4 INTEREST ON DEBT SECURITIES

(in million euros)	31/12/2020	31/12/2019
Interest expenses on debt securities	(17)	(18)
of which securitisation: placed bonds	*(4)*	*(5)*
Interest on subordinated debts	(2)	(2)
Interest expenses comparable to debt issuing costs	(3)	(3)
TOTAL	**(22)**	**(23)**

21.5 INTEREST ON HEDGING INSTRUMENTS

(in million euros)	31/12/2020	31/12/2019
Swaps hedging (Fair Value Hedge)	(4)	(4)
of which related companies with STELLANTIS	-	-
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**(4)**	**(4)**

NOTE 22 Fees and commissions

(in million euros)	31/12/2020	31/12/2019
Income	**147**	**139**
Incidental commissions from finance contracts	15	15
Commissions on sales of service activities	132	124
Other	-	-
Expenses	**(5)**	**(4)**
Commissions on sales of service activities	(5)	(4)
Other	-	-
TOTAL	**142**	**135**

NOTE 23 Net gains or losses on financial instruments at fair value through profit or loss

23.1 ANALYSIS BY NATURE

(in million euros)	Notes	31/12/2020	31/12/2019
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	23.2	**-**	**(2)**
Fair value hedges: change in value of hedging instruments of customer loans		1	(2)
Fair value hedges: change in value of hedged customer loans		(1)	-
Fair value hedges: change in value of hedging instruments of debt		-	-
Fair value hedges : change in value of hedged debt		-	-
TOTAL		**-**	**(2)**

* *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 9.1).*

23.2 GAINS AND LOSSES FROM HEDGE ACCOUNTING

PSA Banque France Group interest rate management policy

(See the "Credit risk" and "Currency and Interest rate risks" 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 2020, the nominal amount of hedging swaps was €1,720 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 26.

The PSA Banque France Group limits the exposure at the minimum from the implementation of its investment policy. Available cash other than interbank loans and reserves deposited with central banks is invested solely in HQLA type investments.

ANALYSIS OF INTEREST RATE RISK HEDGING EFFECTIVENESS (FAIR VALUE HEDGE)

(in million euros)	31/12/2020	31/12/2019	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	(0.3)	0.1		
Leasing with purchase option	(0.5)	0.1		
Long-term leases	(0.4)	0.1		
Total valuation, net	**(1.2)**	**0.4**	**(1.6)**	
Derivatives designated as hedges of customer loans				
Assets	-	-		
Liabilities (Note 10)	(3.4)	(4.6)		
Total valuation, net	**(3.4)**	**(4.6)**	**1.2**	**(0.4)**
Ineffective portion of gain and losses on outstanding hedging transactions	**(4.6)**	**(4.2)**		**(0.4)**
Fair value adjustments to hedged debt				
Valuation, net		-		
Total valuation, net		**-**		
Derivatives designated as hedges of debt				
Assets		-		
Liabilities (Note 10)		-		
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 (Note 10)		-		
Total valuation, net		**-**		
Ineffective portion of gain and losses on outstanding hedging transactions		**-**		

NOTE 24 Net income or expense of other activities

	31/12/2020			31/12/2019		
(in million euros)	Income	Expenses	Net	Income	Expenses	Net
Gains/losses on sales of used vehicles	18	-	18	22	-	22
Share of joint venture operations	-	(13)	(13)	-	(9)	(9)
Other banking operating income/expenses	-	(5)	(5)	-	(4)	(4)
Other operating income/expenses	3	(1)	2	1	(11)	(10)
TOTAL	**21**	**(19)**	**2**	**23**	**(24)**	**(1)**

NOTE 25 General operating expenses

(in million euros)	31/12/2020	31/12/2019
Personnel costs	**(65)**	**(66)**
Remunerations	(41)	(41)
Payroll taxes	(17)	(18)
Employee profit sharing and profit-related bonuses	(7)	(7)
Other general operating expenses	**(89)**	**(88)**
of which related companies with STELLANTIS	*(40)*	*(42)*
of which related companies with Santander Consumer Finance Group	*(1)*	*(2)*
TOTAL	**(154)**	**(154)**

In the 2020 financial year, the average headcount (permanent and temporary contracts) of the PSA Banque France Group was 837.5 employees. It comprised 405.5 technicians and 432 executives.

NOTE 26 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.

26.1 CHANGES IN LOANS

			Cost of risk					
(in million euros)	Balance at 31/12/2019	Net new loans	Charges	Reversals	Credit losses	Recoveries on loans written off in prior periods	Cost of risk for the period at 31/12/2020	Balance at 31/12/2020
Retail								
Stage 1 loans	7,871	606	-	-	-	-	-	8,477
Stage 2 loans	179	92	-	-	-	-	-	271
Guarantee deposits (lease financing)	-	-	-	-	-	-	-	-
Stage 3 loans	146	38	-	-	(53)	-	(53)	132
Total	**8,196**	**736**	**-**	**-**	**(53)**	**-**	**(53)**	**8,880**
Impairment of stage 1 loans	(26)	-	(5)	3	-	-	(2)	(28)
Impairment of stage 2 loans	(19)	-	(8)	4	-	-	(4)	(23)
Impairment of stage 3 loans	(99)	-	(26)	32	-	-	6	(93)
Total impairment	**(144)**	**-**	**(39)**	**39**	**-**	**-**	**(0)**	**(144)**
Deferred items included in amortised cost	**155**	**22**			**-**	**-**	**-**	**177**
Net book value (A - see B Note 6.2)	**8,207**	**758**	**(39)**	**39**	**(53)**	**-**	**(53)**	**8,912**
Recoveries on loans written off in prior periods			-	-	-	6	6	
Impairment of other customer transactions			-	-	-	-	-	
Retail cost of risk			**(39)**	**39**	**(53)**	**6**	**(47)**	

(in million euros)	Balance at 31/12/2019	Net new loans	Cost of risk: Charges	Cost of risk: Reversals	Cost of risk: Credit losses	Cost of risk: Recoveries on loans written off in prior periods	Cost of risk for the period at 31/12/2020	Balance at 31/12/2020
Corporate dealers								
Stage 1 loans	3,657	(374)	-	-	-	-	-	3,283
Stage 2 loans	628	(54)	-	-	-	-	-	574
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans*	58	(7)	-	-	-		-	51
Total	**4,343**	**(435)**	**-**	**-**	**-**	**-**	**-**	**3,908**
Impairment of stage 1 loans	(1)	-	(2)	2	-	-	-	(1)
Impairment of stage 2 loans	(5)	-	(8)	1	-	-	(7)	(12)
Impairment of stage 3 loans	(18)	-	(10)	8	-	-	(2)	(20)
Total impairment	**(24)**	**-**	**(20)**	**11**	**-**	**-**	**(9)**	**(33)**
Deferred items included in amortised cost	**3**	**5**	**-**	**-**	**-**	**-**	**-**	**8**
Net book value (B - see A Note 6.2)	**4,322**	**4**	**(20)**	**11**	**-**	**-**	**(9)**	**3,883**
Recoveries on loans written off in prior periods			-	-	-	-	-	
Impairment of other customer transactions			(1)	-	-	-	(1)	
Corporate dealers cost of risk			**(21)**	**11**	**-**	**-**	**(10)**	
Corporate and equivalent								
Stage 1 loans	828	(28)	-	-	-	-	-	800
Stage 2 loans	128	133	-	-	-	-	-	261
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans	22	(3)	-	-	-	-	-	19
Total	**978**	**102**	**-**	**-**	**-**	**-**	**-**	**1,080**
Impairment of stage 1 loans	-	-	-	-	-	-	-	(1)
Impairment of stage 2 loans	(1)	-	-		-	-	-	(1)
Impairment of stage 3 loans	(10)	-	(3)	3	-	-	-	(10)
Total impairment	**(11)**	**-**	**(3)**	**3**	**-**	**-**	**-**	**(12)**
Deferred items included in amortised cost	**28**	**4**	**-**	**-**	**-**	**-**	**-**	**32**
Net book value (C - see C Note 6.2)	**995**	**106**	**(3)**	**3**	**-**	**-**	**-**	**1,100**
Recoveries on loans written off in prior periods			-	-	-	-	-	
Impairment of other customer transactions			(1)	-	-	-	(1)	
Corporate and equivalent cost of risk			**(4)**	**3**	**-**	**-**	**(1)**	
Total loans								
Stage 1 loans	12,356	204	-	-	-	-	-	12,560
Stage 2 loans	935	171	-	-	-	-	-	1,106
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans	226	28	-	-	(53)	-	(53)	201
Total	**13,517**	**403**	**-**	**-**	**(53)**	**-**	**(53)**	**13,867**
Impairment of stage 1 loans	(28)	-	(7)	5	-	-	(2)	(30)
Impairment of stage 2 loans	(25)	-	(16)	5	-	-	(11)	(37)
Impairment of stage 3 loans	(126)	-	(39)	43	-	-	4	(122)
Total impairment	**(179)**	**-**	**(62)**	**53**	**-**	**-**	**(9)**	**(189)**
Deferred items included in amortised cost	**186**	**31**	**-**	**-**	**-**	**-**	**-**	**217**
Net book value (A + B + C)	**13,524**	**434**	**(62)**	**53**	**(53)**	**-**	**(62)**	**13,895**
Recoveries on loans written off in prior periods			-	-	-	6	6	
Impairment of other customer transactions			(2)	-	-	-	(2)	
TOTAL COST OF RISK			**(64)**	**53**	**(53)**	**6**	**(58)**	

(1) 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 €47 million as at end of December 2020 (€54 million as at end of December 2019). 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 Risks 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).

(2) An additional provision (post-model adjustment) of €15 million was recorded to prevent estimated impacts of the Covid-19 crisis on future non-performing loans.

26.2 CHANGE IN COST OF RISK

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	31/12/2020	31/12/2019
Stage 1 loans					
Allowances	(5)	(2)	-	(7)	(9)
Reversals	3	2	-	5	8
Stage 2 loans					
Allowances	(8)	(8)	-	(16)	(8)
Reversals	4	1	-	5	8
Stage 3 loans					
Allowances	(26)	(10)	(3)	(39)	(36)
Reversals	32	8	3	43	18
Stage 3 other customer transactions					
Allowances	-	(1)	(1)	(2)	(1)
Reversals	-	-	-	-	-
Credit losses	**(53)**	**-**	**-**	**(53)**	**(27)**
Recoveries on loans written off in prior periods	**6**	**-**	**-**	**6**	**10**
COST OF RISK	**(47)**	**(10)**	**(1)**	**(58)**	**(37)**

The Bank's credit management policy is described in the "Credit Risk" section of the Management Report as at 31 December 2020.

26.3 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 2020 are presented in the table below:

(in million euros)	Stage 1	Stage 2	Stage 3	Total
Impairment stock as at 31/12/2019	**28**	**25**	**126**	**179**
Transfers				
Transfer from stage 1 to stage 2	(2)	13	-	11
Transfer from stage 1 to stage 3	-	-	19	19
Transfer from stage 2 to stage 3	-	(4)	15	11
Transfer from stage 2 to stage 1	-	(5)		(5)
Transfer from stage 3 to stage 2	-	1	(6)	(5)
Transfer from stage 3 to stage 1	-	-	-	0
Changes in PDs/LGDs for assets remaining in same stage	(6)	(1)	4	(3)
Methodology changes	-	-		
Financial assets derecognised that are not written off*	(5)	(4)	(8)	(17)
New financial assets originated	12	11	7	30
Write-offs: top-up provisions in the month before write-off	-	-	7	7
Write-offs: provisions on written-off assets	-	-	(53)	(53)
Post-model adjustment provision	3	1	11	15
Impairment stock as at 31/12/2020	**30**	**37**	**122**	**189**

* *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 €13 million from 96% of the Retail portfolio) and from stage 2 to stage 3 (impact of €16 million from 87% 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 €19 million, of which 99% related to Retail activities. The majority of the contracts concerned went through stage 2 in 2020 before being in stage 3 on 31 December 2020;
- the increase in provisions for assets transferred to losses in 2020 was marked:
  - by the sale of a portfolio of retail receivables, generating a total of €29 million in fully provisioned losses,
  - by €24 million in provisions related to the PSA Banque France Group's current activities and at a level similar to the previous year;
- the changes in PDs/LGDs on assets remaining in the same stage stem from the update of the IFRS 9 rate parameters that took place during the financial year, as at the end of June 2020. Said update revealed a decrease in PD and an increase in LGD, mainly on the retail portfolio;
- derecognised financial assets that are not written off consist of the amortisation of the contracts. New financial assets are composed of new production;
- in addition to the first observed impacts of the Covid-19 crisis, the PSA Banque France Group decided, as part of the application of IFRS 9 accounting standards, 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 over 2020, which breaks down as follows:
  - €13 million calculated:
    - after the update of the parameters for the next five years, notably PD with:
      - > an increase of 1.0% on average on loans for the purchase of new vehicles by individuals,
      - > a 6.1% increase on used vehicles,
      - > a 1.4% increase on leases to individuals,
      - > a 7.6% increase on financing for SMEs,
    - according to a macroeconomic scenario reassessed using a medium- and long-term projection of the impacts of the Covid-19 crisis (notably based on a decline in gross national product from 2020, before a return to normal in 2023),
  - €2 million assessed according to a specific assumption of a future deterioration of receivables that benefited from a payment moratorium in 2020, based on a historical review of the transfer rate between stages for those that did not. The highest transfer rate was used with this assumption, increasing the transfer rate from stage 2 to stage 3 for receivables with a moratorium from 6.2% to 11.5%.

NOTE 27 Income taxes

27.1 EVOLUTION OF BALANCE SHEET ITEMS

(in million euros)	Balance at 31/12/2019	Income	Equity	Payment	Balance at 31/12/2020
Current tax					
Assets	9				1
Liabilities	(3)				(8)
TOTAL	**6**	**(30)**	**-**	**17**	**(7)**
Deferred tax					
Assets	1				3
Liabilities	(374)				(449)
TOTAL	**(373)**	**(73)**	**-**	**-**	**(446)**

27.2 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 Note 2.A, last paragraph of the 2020 Annual Report, dedicated to deferred taxes.

In France, the standard corporate income tax rate is 31%.

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. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

At the end of December 2020, deferred taxes are evaluated based on the rates of the 2020 French Finance Act, and the 2021 finance law published on 30 December 2020, for the following years.

(in million euros)	31/12/2020	31/12/2019
Current tax		
Income taxes	(30)	(34)
Deferred tax		
Deferred taxes arising in the year	(73)	(45)
Unrecognised deferred tax assets and impairment losses	-	-
TOTAL	**(103)**	**(79)**

27.3 PSA BANQUE FRANCE GROUP TAX PROOF

(in million euros)	31/12/2020	31/12/2019
Pre-tax income	346	333
Permanent differences	4	3
Taxable Income	**350**	**336**
Theoretical tax	(112)	(116)
Theoretical rate	*32.02%*	*34.43%*
Deferred Taxes evaluation without exceptional contribution of 15%	11	40
of which effect of revaluation of deferred taxes assets and liabilities reversed from 1 January 2021	*11*	*40*
Special tax contribution on dividend distributed	-	-
Reclassification of the contribution on added value of incomes taxes (CVAE) as current tax (IAS12)	(2)	(3)
Other	-	-
Income taxes	**(103)**	**(79)**
Group effective tax rate	*29.5%*	*23.4%*

27.4 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 28 Segment information

28.1 KEY BALANCE SHEET ITEMS

FOR 2020

(in million euros)	Financing activities			Unallocated	Total at 31/12/2020
	Corporate dealers	End user – Retail	End user – Corporate and equivalent		
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".*

FOR 2019

(in million euros)	Financing activities			Unallocated	Total at 31/12/2019
	Corporate dealers	End user – Retail	End user – Corporate and equivalent		
Assets					
Customer loans and receivables	4,322	8,207	995	-	13,524
Cash, central banks	138	262	53	-	453
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances to credit institutions	30	125	824	-	979
Other assets				406	406
TOTAL ASSETS					**15,362**
Liabilities					
Refinancing*	2,824	8,665	1,039	-	12,528
Due to customers*	17	37	4	-	58
Other liabilities				1,333	1,333
Equity				1,443	1,443
TOTAL LIABILITIES					**15,362**

* *In the segment information, "Customer ordinary accounts in credit", "Passbook savings accounts" and "Term deposit accounts" are classified in "Refinancing".*

28.2 KEY INCOME STATEMENT ITEMS

AS AT 31 DECEMBER 2020

	Financing activities					
		End user				
(in million euros)	**Corporate dealers**	**Retail**	**Corporate and equivalents**	**Unallocated**	**Insurance and services**	**Total at 31/12/2020**
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*	-	-	-	-		-
Income on other activities	1	18	-	2		21
Expenses on other activities	-	-	-	(19)		(19)
Net banking revenue	**57**	**358**	**36**	**(13)**	**127**	**565**
Credit Cost of 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**

* *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 -€0.4 million as at 31 December 2020 (compared to -€2.2 million as at 31 December 2019) (See Note 23). The other part corresponds to other revenue and expenses.*

AS AT 31 DECEMBER 2019

	Financing activities					
		End user				
(in million euros)	**Corporate dealers**	**Retail**	**Corporate and equivalents**	**Unallocated**	**Insurance and services**	**Total at 31/12/2019**
Interest and similar income	74	357	39	5		475
Interest and similar expenses	(18)	(54)	(9)	3		(78)
Fees and commissions income	3	7	5	-	124	139
Fees and commissions expenses	-	-	-	-	(4)	(4)
Net gains or losses on financial instruments at fair value through profit or loss*	-	-	-	(2)		(2)
Income on other activities	2	19	2	-		23
Expenses on other activities	(2)	(1)	-	(21)		(24)
Net banking revenue	**59**	**328**	**37**	**(15)**	**120**	**529**
Credit Cost of risk	-	(34)	(3)			(37)
Net income after cost of risk	**59**	**294**	**34**	**(15)**	**120**	**492**
General operating expenses and equivalent				(159)		(159)
Operating Income	**59**	**294**	**34**	**(174)**	**120**	**333**

* *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 -€0.4 million as at 31 December 2020 (compared to -€2.2 million as at 31 December 2019) (See Note 23). The other part corresponds to other revenue and expenses.*

NOTE 29 Auditors' fees

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**	

* *In 2020, these costs correspond to:*

> *audit opinions prepared by the Statutory Auditors of the PSA Banque France Group as part of the preparation for the merger of the PSA Group and the FCA Group, in compliance with US GAAS on the one hand, and PCAOB on the other;*

> *comfort letters issued as part of the PSA Banque France bond programme (EMTN) and certificate on reporting provided as part of the participation in the ECB TLTRO-III refinancing operations.*

FOR 2019 FINANCIAL YEAR

	Mazars		PricewaterhouseCoopers Audit	
Pre-tax values *(in million euros)*	**Amount**	**%**	**Amount**	**%**
Statutory audit services	0.40	95%	0.56	97%
Services except statutory audit services	0.02	5%	0.02	3%
TOTAL	**0.42**		**0.58**	

NOTE 30 Subsequent events

Between 31 December 2020 and 24 February 2021, the date of review of the financial statements by the Board of Directors, a sixth bond issue (EMTN) for an amount of €500 million and a maturity of four years was carried out, in January 2021.

Since 31 December 2020 and until 24 February 2021, 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 2020

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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 consolidated financial statements of PSA Banque France for the year ended December 31, 2020.

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 at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by 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 relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Application of IFRS 9 in the calculation of impairment of customer loans

See Notes 6 and 26 to the consolidated financial statements.

Description of risk

As part of its operations, PSA Banque France provides financing to the Peugeot, Citroën and DS auto dealer network and car loan 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 allowance set aside requires the Bank's management to exercise judgment. This primarily takes into account risk indicators such as payments that are contractually past-due, a deterioration in the financial condition and outlook 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 allowances for asset impairment, introduced by IFRS 9, involve a large number of inputs to calculate expected losses.

In the unprecedented context of the Covid-19 crisis, some adjustments were required to the way in which expected credit losses are estimated, such as post-model adjustments or the inclusion of certain flexibility measures such as payment moratoria.

This made loss calculations more complex and increased the risk regarding the reliability of the data used to determine the relevant assumptions and to apply the models.

Given the material nature of the outstandings for the Bank, the significance of management's judgment and the multitude of assumptions in estimating the allowances, particularly in the context of the crisis related to the Covid-19 pandemic, we deemed the assessment of the adequacy of allowances for credit risk and the level of the associated cost of risk to constitute a key audit matter for 2020.

How our audit addressed this risk

Management has put in place controls designed 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 and significant increases in credit risk;
- checks on the entering of critical data into the source system, as well as the flow and transformation of the data between the source systems, the engine for calculating the expected losses and the financial accounts;
- checks on the changes made to the methods for calculating impairment on expected credit losses in the context of the crisis Covid-19 crisis;
- checks on payment moratoria granted by assessing compliance with the conditions for the application of such flexibility measures.

Regarding the impairment of individual loans, our tests concerned the controls in place for monitoring loans, regularly reviewing credit files and approving individual impairment.

Additionally, we performed tests on:

- the risk-adjusted models, including the recalculation of the risk parameters;
- the multiple 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 and of the scenarios and assumptions considered, as well as the reliability of the data used to calculate these adjustments.

We also assessed the information on credit risk presented in the consolidated financial statements for the year ended December 31, 2020.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

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

We attest that the management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of PSA Banque France by the General Meetings held on March 15, 2017 for PricewaterhouseCoopers Audit and May 10, 2005 for Mazars.

At December 31, 2020, PricewaterhouseCoopers Audit and Mazars were in the fourth and the sixteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of 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 expects 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 risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

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

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective 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 of 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 taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain 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 Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute 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, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, April 1, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Laurent Tavernier	Matthew Brown
Isabelle Gallois	Olivier Gatard

3

PSA BANQUE FRANCE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

3.1 MANAGEMENT REPORT AND 2020 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 €57,247 thousand from €144,502 thousand at the end of 2019 to €87,255 thousand at the end of 2020, mainly under the effect of lower dividends received from CREDIPAR, which were €141,374 thousand in 2019 and €86,746 thousand in 2020.

Interest income from credit institutions fell by €1,521 thousand as a result of the decrease in loans to CREDIPAR. Income from customer transactions fell by €948 thousand, essentially due to the decrease in interest on short-term credit facilities.

Interest expenses linked to Distingo savings accounts fell by €1,406 thousand, essentially due to a rate effect. Interest expenses on term accounts in credit rose by €353 thousand. For the remainder, interest expenses on bonds and other fixed-income securities rose by €135 thousand.

Cost of risk

The cost of risk stood at -€65 thousand compared to €1,393 thousand in 2019.

Operating expenses

The general operating expenses have lowered by €384 thousand to €4,812 thousand in 2020.

Net income before tax

The net income before tax amounted to €82,378 thousand in 2020 compared to €140,699 thousand in 2019. This decrease of €58,321 thousand was essentially due to the reduction in net banking revenue following the payment of dividends.

Net Income

Net profit totalised €81,737 thousand in 2020 compared to €139,944 thousand in 2019.

3.1.1.2 BALANCE SHEET

The balance sheet total as at 31 December 2020 amounted to €7,868 million compared to €8,550 million in 2019. This decrease is mainly due to the reduction in outstanding term loans to CREDIPAR (€6,342 million at the end of 2020 and €6,983 million at the end of 2019) stemming from the different sources of financing obtained by PSA Banque France, for which outstanding fell (notably, on debts represented by a security by €693 million).

3.1.1.3 APPROPRIATION OF PROFIT

The General Meeting, upon a proposal by the Board of Directors, notes that the distributable net income is €437,402,499.16 consisting of net income for 2020 financial year of €81,737,488.78 plus the balance of "Prior retained earnings" in the amount of €355,665,010.38.

Pursuant to the ECB recommendation of 15 December 2020 (ESRB/2020/15), communicated by the ACPR's College of Supervisors at its meetings of 9 and 18 February 2021, on the conservative approach to be maintained until 30 September 2021 with regard to dividend distribution policies, the General Meeting, in view of the medium-term equity trajectory, decides to appropriate the distributable profit for the financial year as follows:

- to "retained earnings": €311,208,446.64;
- to shares: €126,194,052.52.

In accordance with the law, the General Meeting therefore notes that a dividend of €13.94 will be paid in respect of the 2020 financial year, at the earliest on 30 September 2021 or at the discretion of the regulator.

The General Meeting recalls that a dividend of €13.29 was paid in respect of the 2019 financial year, a dividend of €12.83 was paid in respect of the 2018 financial year, and a dividend of €10.24 was paid in respect of the 2017 financial year.

3.1.2 Payment deadlines

The tables below show the delay of payment to suppliers and clients pursuant to Article D. 441-6-1 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	23					2
Total incl. VAT amount of invoices affected	55	1	971	-	-	972
Percentage of incl. VAT amount of invoices received during the year	0.47%	0.01%	8.35%	-	-	8.36%
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 - Article D. 441-6 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 (Article D 441-6 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 - Article D. 441-6 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 issued on 17 December 2020 as part of the PSA Banque France bond programme (EMTN): €15 thousand for PricewaterhouseCoopers Audit and €15 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 D1 33, D135, D148 of the decree of 23 March 1967)

(in thousand euros, unless otherwise specified)	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017	Financial year 2016
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	6,172	6,627	5,964	4,684	3,438
Income before tax, depreciation, amortisation and provisions	82,443	139,307	114,517	186,126	287,977
Income taxes	(640)	(755)	(2,125)	2,891	(6,000)
Income after tax, depreciation, amortisation and provisions	81,737	139,944	116,492	184,441	282,204
Dividends	126,194	120,310	116,146	92,699	71,697
Result of operations per share *(in euro)*					
After tax income, but before depreciation, amortisation and provisions	9.04	15.31	12.42	20.88	31.15
After-tax Income after depreciation, amortisation and provisions	9.03	15.46	12.87	20.37	31.17
Net dividend for each share					
Distributed dividend	13.94	13.29	12.83	10.24	7.92
No tax credit (tax integration)	-	-	-	-	-
Equity (Note 15)	**1,194,461**	**1,233,034**	**1,209,235**	**1,185,442**	**1,072,699**
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 2021, PSA Banque France, within the scope of its direct activity, has set the following main targets:

- to continue the strategy rolled out in 2020:
  - 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)

Assets	31/12/2020	31/12/2019
Loans and receivables to credit institutions (Note 3)	**6,639,617**	**7,226,053**
Loans and advances to credit institutions	6,639,617	7,226,053
Customer loans and receivables (Note 4)	**345,514**	**437,403**
Other customer loans	265,464	297,125
Ordinary accounts in debit	80,050	140,278
Equity-type investments and other securities held for long-term investment (Note 5)	**859,872**	**858,323**
Other assets (Note 6)	**16,335**	**18,371**
Accruals (Note 7)	**7,103**	**9,964**
TOTAL ASSETS	**7,868,441**	**8,550,114**

(in thousand euros)

Equity and liabilities	31/12/2020	31/12/2019
Deposits from credit institutions (Note 8)	**300,625**	**555,211**
Due to credit institutions	300,625	555,211
Due to customers (Note 9)	**3,136,669**	**2,830,302**
Debt securities (Note 10)	**3,053,800**	**3,746,694**
Other liabilities (Note 11)	**12,910**	**13,789**
Accruals (Note 12)	**14,871**	**15,960**
Provisions (Note 13)	**5**	**20**
Subordinated debt (Note 14)	**155,100**	**155,104**
Equity (Note 15)	**1,194,461**	**1,233,034**
Share premiums	593,347	593,347
Share capital	144,843	144,843
Reserves	18,869	18,869
Retained earnings	355,665	336,031
Net income	81,737	139,944
TOTAL EQUITY AND LIABILITIES	**7,868,441**	**8,550,114**

OFF-BALANCE SHEET

(in thousand euros)	31/12/2020	31/12/2019
Commitments given		
Financing commitments	**273,271**	**113,671**
Financing commitments given to customers	193,271	103,671
Financing commitments given to credit institutions (1)	80,000	10,000
Guarantees commitments	**1,760**	**1,855**
Guarantees given to customers (2)	1,146	1,241
Guarantees given to credit institutions (3)	614	614
Commitments received		
Financing commitments	**-**	**-**
Financing commitments received from credit institutions	-	-
Guarantees commitments	**(116,353)**	**109,784**
Guarantees received from credit institutions	-	-
Other guarantees received from customers	(116,353)	109,784

(1) Loans granted to CREDIPAR with a value date not reached, for €80,000 thousand at the end of December 2020.
(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)	31/12/2020	31/12/2019
Interest and similar income	**49,675**	**52,144**
Transactions with credit institutions (Note 16)	45,884	47,405
Customer transactions (Note 17)	3,791	4,739
Interest and similar expenses	**(46,551)**	**(48,243)**
Transactions with credit institutions (Note 16)	(8,374)	(9,143)
Customer transactions (Note 17)	(25,095)	(26,153)
Bonds and fixed income securities (Note 18)	(13,082)	(12,947)
Variable income securities (Note 19)	**86,746**	**141,374**
Fees and commissions – income (Note 20)	**2,942**	**3,271**
Fees and commissions – expenses (Note 20)	**(4,704)**	**(2,747)**
Other banking operating income (Note 21)	**554**	**40**
Other banking operating expenses (Note 21)	**(1,407)**	**(1,337)**
Net banking revenue	**87,255**	**144,502**
General operating expenses (Note 22)	**(4,812)**	**(5,196)**
Gross operating income	**82,443**	**139,306**
Cost of risk (Note 23)	**(65)**	**1,393**
Operating income	**82,378**	**140,699**
Gains or losses on fixed assets	-	-
Pre-tax income	**82,378**	**140,699**
Extraordinary result	-	-
Income taxes (Note 24)	(640)	(755)
Net income	**81,737**	**139,944**
Earnings per share *(in euros)*	***€9.03***	**€15.46**

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

2020 was the sixth 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 the PSA and Santander Consumer Finance groups, to which PSA Banque France belongs.

A. FIXED ASSETS

As at 31 December 2020, PSA Banque France holds no tangible or 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 book value of the securities is thus gradually adjusted to the redemption value.

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When the market price of the securities at the closing date is lower than the book value on the balance sheet, an impairment loss is recognised.

Latent capital gains are not recorded. 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 recorded. 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 recorded.

As at 31 December 2020, 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.

C. LOANS AND ADVANCES TO CUSTOMERS

The gross value of financing granted to customers includes the principal amount lent and the accrued interest, entered under financial income on a monthly basis. Loans granted are recorded 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 non-performing loans.

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 irrecoverable non-performing 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 (non-performing and irrecoverable non-performing), 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 recorded a collective impairment on non-performing Corporate loans since the end of 2014.

A non-performing 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 postponement of maturity.

  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 reduction corresponds to the discounting (at the loan rate) during the moratorium;
- reduction in interest rate.

  Interest rate reductions 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 Performing Loans, in a specific sub-category (Restructured Performing 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 non-performing 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 performing loans is made as soon as the details of the new relationship between the Company and the client are known (free postponement of maturity, 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 performing loan for restructuring, the debtor does not respect the due dates, it is immediately transferred to non-performing loans, from the first missed instalment. After 149 days of non-payment (retail) or 451 days (corporate), it is downgraded to irrecoverable non-performing 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 recorded according to regulation ANC No. 2014-07 of 26 November 2014.

Amounts recorded 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 recorded prorata 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 2020, 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.

NOTE 3 Loans and receivables to credit institutions

ANALYSIS ON DEMAND AND TIME ACCOUNTS

(in thousand euros)	31/12/2020	31/12/2019
Ordinary accounts in debit	**288,790**	**232,310**
of which related companies (1)	*6,442*	-
Overnight loans	**-**	**-**
of which related companies	-	-
Time accounts	**6,342,000**	**6,983,000**
of which related companies (2)	*6,342,000*	*6,983,000*
Accrued interest	**8,827**	**10,743**
of which related companies	*8,827*	*10,743*
TOTAL	**6,639,617**	**7,226,053**

(1) CREDIPAR: ordinary account of €6,442 thousand from bank account transfer.
(2) CREDIPAR: loans and accrued interests of €6,342,000 thousand.

SCHEDULE OF TERM LOANS AS AT 31 DECEMBER 2020

(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	632,000	1,488,000	4,067,000	155,000	6,342,000
TOTAL	**632,000**	**1,488,000**	**4,067,000**	**155,000**	**6,342,000**

NOTE 4 Customer loans and receivables

(in thousand euros)	31/12/2020	31/12/2019
Customer loans and receivables	**265,207**	**296,469**
Short-term credit facilities	210,770	233,367
of which impairment on sound loans	*(401)*	*(444)*
Equipment loans	13,758	16,694
of which impairment on sound loans	*(26)*	*(32)*
Property loans	40,500	45,360
of which impairment on sound loans	*(77)*	*(87)*
Other customer loans	-	-
of which impairment on sound loans	-	-
Non allocated values	179	1,049
Ordinary accounts in debit	**80,050**	**140,278**
of which related companies	-	-
of which impairment on sound loans	*(152)*	*(267)*
Accrued interest	**232**	**202**
Cash credit facilities	108	54
Equipment loans	9	15
Property loans	115	133
Other customer loans	-	-
Irrecoverable non-performing loans	**26**	**454**
Gross amount	12,506	12,682
Impairments*	(12,480)	(12,227)
TOTAL	**345,514**	**437,403**

* *Changes in the cost of risk are presented in Note 23.*

SCHEDULE OF CUSTOMER LOANS AND RECEIVABLES EXCLUDING ACCRUED INTEREST AS AT 31 DECEMBER 2020

(in thousand euros)	Less than 3 months	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)	119,650	36,387	92,003	17,493	265,533
TOTAL	**119,650**	**36,387**	**92,003**	**17,493**	**265,533**

NOTE 5 Equity-type investments and other securities held for long-term investment

(in thousand euros)	**31/12/2020**	**31/12/2019**
Equity investment in BPI France	**3**	**3**
Shares in credit institutions	**855,425**	**855,425**
*Shares in CREDIPAR**	*855,425*	*855,425*
Certificate for the deposit guarantee fund	**4,444**	**2,894**
TOTAL	**859,872**	**858,323**

* *See Note on subsidiaries and interests.*

There is no provision for securities impairment.

NOTE 6 Other assets

(in thousand euros)	**31/12/2020**	**31/12/2019**
Government and social agencies*	5,604	13,699
Taxes receivable from subsidiaries	5,911	-
of which related companies	*5,911*	-
Guarantee deposits	3,163	3,017
Other assets	1,657	1,656
Margin calls	-	-
of which related companies	-	-
TOTAL	**16,335**	**18,371**

* *This item includes the 2020 tax advance on income from securities paid on behalf of customers as part of Distingo activities (€5,604 thousand).*

NOTE 7 Accruals – Assets

(in thousand euros)	**31/12/2020**	**31/12/2019**
Share premium of fixed income securities*	4,328	6,040
Other deferred charges on term borrowings	2,014	2,952
Deferred charges	756	971
Deferred income	-	-
Other	5	1
TOTAL	**7,103**	**9,964**

* *Issue premiums on EMTN and NEU MTN.*

NOTE 8 Deposits from credit institutions

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in thousand euros)	31/12/2020	31/12/2019
Ordinary accounts in credit	**616**	**5,173**
*of which related companies**	*616*	*5,172*
Accounts and time deposits	**300,000**	**550,000**
*of which related companies**	-	-
Accrued interest	**9**	**38**
On ordinary accounts and deposits at overnight rates	-	-
*of which related companies**	-	-
On time deposits	9	38
*of which related companies**	-	-
TOTAL	**300,625**	**555,211**

* *Accounts payable of CLV, CREDIPAR, Banque PSA Finance in 2020.*

SCHEDULE OF DEMAND AND TIME DEPOSITS AS AT 31 DECEMBER 2020

(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	100,000	-	300,000

NOTE 9 Due to customers

ANALYSIS OF DEMAND AND TIME DEPOSITS

(in thousand euros)	31/12/2020	31/12/2019
Demand deposits	**2,738,888**	**2,403,944**
Ordinary accounts payable - dealers	293,233	219,963
of which related companies	-	-
Passbook savings accounts - retail customers (1)	2,441,316	2,170,319
of which payables related to passbook accounts	-	*14,902*
Other amounts due	4,339	13,663
Time deposits	**397,781**	**426,358**
Time deposit accounts - retail customers (2)	379,819	407,952
Time deposit accounts - dealers	11,231	11,948
Guarantee deposits	40	40
Accrued interest	6,691	6,418
TOTAL	**3,136,669**	**2,830,302**

(1) Sight deposit accounts of retail customers paid to PSA Banque France as part of the Distingo activity.
(2) Term deposit accounts of retail customers paid to PSA Banque France as part of the Distingo activity.

SCHEDULE OF TERM DEPOSIT ACCOUNTS AS AT 31 DECEMBER 2020

(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	43,188	136,543	200,088	-	379,819
Time deposit accounts (PSA Banque France Evolution)					
Non-group companies	830	1,150	9,251	-	11,231

NOTE 10 Debts securities

(in thousand euros)	31/12/2020	31/12/2019
Interbank instruments and money-market securities	**3,047,000**	**3,738,000**
Issue of NEU MTN/EMTN (1)	2,524,000	2,823,000
Issue of NEU CP (2)	523,000	915,000
Accrued interest	**6,800**	**8,694**
Accrued interest	6,800	8,694
TOTAL	**3,053,800**	**3,746,694**

(1) Following the implementation in 2016 of NEU MTN (formerly BMTN) and bonds (EMTN) issuance programmes, as at 31 December 2020, the value of securities issued amounted to €2,524,000 thousand.

(2) Following the introduction in 2016 of an NEU CP issuance programme (formerly certificates of deposit), as at 31 December 2020, the value of securities issued amounted to €523,000 thousand.

SCHEDULE OF DEBT SECURITIES AS AT 31 DECEMBER 2020

(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	392,000	468,000	2,187,000	-	3,047,000

NOTE 11 Other liabilities

(in thousand euros)	31/12/2020	31/12/2019
Government and social agencies*	11,876	13,782
Other liabilities	7	7
Trade payables	1,027	-
TOTAL	**12,910**	**13,789**

* *This item includes tax and social security contributions relating to the Distingo activity to be paid to the French Treasury (€5,857 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 (€5,952 thousand).*

NOTE 12 Accruals – Liabilities

(in thousand euros)	31/12/2020	31/12/2019
Other differed income [(1)]	7,023	10,031
Other deferred expenses [(2)]	7,135	5,405
of which related companies	*4,539*	*3,469*
Other	713	524
Accrued expenses on derivatives	-	-
of which related companies with Santander	-	-
TOTAL	**14,871**	**15,960**

(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)	31/12/2019	Allowance	Reversal resulting from utilisation	Reversal of provision now considered unnecessary	31/12/2020
Provisions for risk of execution of network commitments	20	126	-	(141)	5
TOTAL	**20**	**126**	**-**	**(141)**	**5**

NOTE 14 Subordinated debts

(in thousand euros)	31/12/2020	31/12/2019
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	100	104
of which related companies with Santander Consumer Finance	*50*	*52*
of which related companies with Banque PSA Finance	*50*	*52*
TOTAL	**155,100**	**155,104**

* *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)	Balance at 31/12/2019	2019 Income appropriation	Change in capital	2020 net income	Balance at 31/12/2020
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	336,031	19,634	-	-	355,665
Net income (2)	139,944	(139,944)	-	81,737	81,737
TOTAL	**1,233,034**	**(120,310) (3)**	**-**	**81,737**	**1,194,461**

(1) As at 31 December 2020, 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, upon a proposal by the Board of Directors, notes that the distributable net income is €437,402,499.16 consisting of net income for 2020 financial year of €81,737,488.78 plus the balance of "Prior retained earnings" in the amount of €355,665,010.38.

Pursuant to the ECB recommendation of 15 December 2020 (ESRB/2020/15), communicated by the ACPR's College of Supervisors at its meetings of 9 and 18 February 2021, on the conservative approach to be maintained until 30 September 2021 with regard to dividend distribution policies, the General Meeting, in view of the medium-term equity trajectory, decides to allocate the distributable profit for the financial year as follows:

- *to "retained earnings": €311,208,446.64;*
- *to shares: €126,194,052.52.*

It being understood that no payment to PSA Banque France shareholders may be made before 30 September 2021, or without the approval of the General Secretariat of the ACPR.

In accordance with the law, the General Meeting therefore notes that a dividend of €13.94 will be paid in respect of the 2020 financial year, at the earliest on 30 September 2021 or at the discretion of the regulator.

In accordance with the law, the General Meeting notes that a dividend of €13.29 was paid in respect of the 2019 financial year, a dividend of €12.83 was paid in respect of the 2018 financial year, and a dividend of €10.24 was paid in respect of the 2017 financial year.

(3) Corresponds to the 2020 distributed dividend in respect of the 2019 financial year for an amount of €120,309,824.82.

NOTE 16 Interest and similar income and expenses on transactions with credit institutions

(in thousand euros)	**31/12/2020**	**31/12/2019**
Income		
Interest on ordinary accounts in debit	-	-
Interest on overnight loans	50	-
of which related companies (CREDIPAR)	*50*	-
Interest on time deposits	41,090	42,603
of which related companies (CREDIPAR)	*41,090*	*42,603*
Net impact of the borrowings micro-hedge	-	-
Income from guarantee commitment	-	1
Other interest income	1,577	1,504
Income on issuing costs	3,168	3,298
of which related companies (CREDIPAR)	*3,168*	*3,298*
TOTAL	**45,884**	**47,405**
Expenses		
Interest on ordinary accounts in credit	(20)	(21)
Interest on time deposits	(1,272)	(1,781)
of which related companies (Santander Consumer Finance)	-	*(64)*
Interest on subordinated debt	(2,320)	(2,457)
of which related companies (Banque PSA Finance)	*(1,160)*	*(1,228)*
of which related companies (Santander Consumer Finance)	*(1,160)*	*(1,228)*
Other interest expenses	(4,333)	(4,363)
of which related companies (CREDIPAR)	*(1,577)*	*(1,504)*
of which related companies (Santander Consumer Finance)	-	-
Expenses on guarantee commitment	(1)	(32)
of which related companies (Santander Consumer Finance)	-	*(31)*
Expenses on issuing costs	(428)	(489)
of which related companies (Santander Consumer Finance)	-	*(34)*
TOTAL	**(8,374)**	**(9,143)**

NOTE 17 Interest and similar income and expenses on customer transactions

(in thousand euros)	31/12/2020	31/12/2019
income		**-**
Interest income from customer transactions	**3,785**	**4,722**
Trade receivables	-	-
Short-term credit facilities	1,884	2,401
Equipment loans	221	264
Property loans	1,278	1,465
Other customer loans	-	-
Ordinary accounts in debit	402	593
Income from guarantee commitments	**6**	**17**
TOTAL	**3,791**	**4,739**

Expenses		
Interest on ordinary accounts	**-**	**-**
of which related companies	-	-
Interest expenses on savings accounts – retail customers (1)	**(19,866)**	**(21,272)**
Interest expenses on time accounts	**(5,230)**	**(4,877)**
of which related companies	-	-
of which non-group companies	*(5,230)*	*(4,877)*
Net interest on customer loans and receivables hedging instruments (macro hedging) (2)	**-**	**(3)**
of which related companies (Santander Consumer Finance)	-	*(1)*
TOTAL	**(25,095)**	**(26,153)**

(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)	31/12/2020	31/12/2019
Interest expenses		
Interest expenses on debt securities*	(13,082)	(12,947)
TOTAL	**(13,082)**	**(12,947)**

* *Expenses linked to NEU MTN and EMTN issues.*

NOTE 19 Interest and similar income on variable income securities

(in thousand euros)	31/12/2020	31/12/2019
Income on shares in related companies		
Dividends received from French entities*	86,746	141,374
Other similar income	-	-
TOTAL	**86,746**	**141,374**

* *Dividends received from CREDIPAR following the General Meeting of 19 March 2020, for €86,746 thousand.*

NOTE 20 Fees and commissions

(in thousand euros)	31/12/2020	31/12/2019
Income		
From transactions with credit institutions		-
From customer transactions*	2,658	2,970
From securities transactions	-	-
From foreign exchange transactions	-	-
From securities under management or in deposit	-	-
From securities transactions on behalf of customers	-	-
From fees on securities transactions	119	109
From means of payment	155	182
From other delivery of financial services	10	10
TOTAL	**2,942**	**3,271**
Expenses		
From transactions with credit institutions	(216)	(304)
From means of payment	(109)	(121)
From other delivery of financial services	(4,206)	(2,210)
of which related companies (Santander)	*(4,005)*	*(2,103)*
From fees on securities transactions	(174)	(112)
TOTAL	**(4,704)**	**(2,747)**

* *Mainly €2,249 thousand relating to commissions received on current account movements in 2020 compared to €2,448 thousand in 2019.*

NOTE 21 Other banking operating income and expenses

(in thousand euros)	31/12/2020	31/12/2019
Other banking operating income	**554**	**40**
Other banking operating expenses*	**(1,407)**	**(1,337)**
TOTAL	**(853)**	**(1,297)**

* *Calls on guarantee deposits, cash and securities (FGDR scheme).*

NOTE 22 Other operating income and expenses

(in thousand euros)	31/12/2020	31/12/2019
Other structure costs	**(4,812)**	**(5,196)**
Taxes	(533)	(608)
External services provided by the Group entities	(1,814)	(2,038)
Other external services	(2,464)	(2,550)
Transport, travel	-	-
Other operating expenses	**-**	**-**
Transfer of expenses	-	-
TOTAL	**(4,812)**	**(5,196)**

NOTE 23 Cost of risk

(in thousand euros)	31/12/2020	31/12/2019
Corporate dealers		
Impairment of non-performing loans	-	-
Impairment of irrecoverable non-performing loans	(543)	(710)
Reversal of provisions for non-performing loans	-	-
Reversal of provisions for irrecoverable non-performing loans	290	1,972
Provisions on irrecoverable loans	-	-
Recoveries on written-off loans	-	-
Impairment of sound loans	(2)	(3)
Reversal of provisions for sound loans	174	110
Provisions for contingencies and losses	(126)	(121)
Reversal of provisions for contingencies and losses	142	146
TOTAL	**(65)**	**1,393**

NOTE 24 Income taxes

(in thousand euros)	31/12/2020	31/12/2019
Income taxes		
Current income tax for the financial year	(640)	(755)
3% tax on dividends paid	-	-
TOTAL	**(640)**	**(755)**

NOTE 25 Subsequent events

Between 31 December 2020 and 24 February 2021, the date of review of the financial statements by the Board of Directors, a sixth bond issue (EMTN) for an amount of €500 million and a maturity of four years was carried out, in January 2021.

Since 31 December 2020 and until 24 February 2021, 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.

3.5 SUBSIDIARIES AND EQUITY INTERESTS

(in euros)	31/12/2020		31/12/2019	
Nature	**Number of shares**	**Net asset value**	**Number of shares**	**Net asset value**
Other equity-type investments				
BPI France Garantie	247	3,278	247	3,278
TOTAL		**3,278**		**3,278**

(en euros)	31/12/2020		31/12/2019	
Nature	**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.*

3.6 REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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 December 31, 2020.

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 at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by 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 relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

We determined that there were no key audit matters to discuss in our report.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

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 Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, 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.

Report on corporate governance

We attest that the section of the Board of Directors' report relating to corporate governance sets out the information required by articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code, 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 Statutory Auditors of PSA Banque France by the General Meetings held on March 15, 2017 for PricewaterhouseCoopers Audit and May 10, 2005 for Mazars.

At December 31, 2020, PricewaterhouseCoopers Audit and Mazars were in the fourth and the sixteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 expects 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 risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective 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 of 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 taken by users on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess 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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute 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, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, April 1, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Laurent Tavernier	Matthew Brown
Isabelle Gallois	Olivier Gatard

Statement by the person responsible for the 2020 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, 30 April 2021

Laurent AUBINEAU

Chief Executive Officer of PSA Banque France

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