PSA PEUGEOT CITROËN

ANNUAL RESULTS

2013 Annual Results

CONTENTS

I. MANAGEMENT AND SUPERVISORY BODIES at 31 December 2013 2

II. ANNUAL REPORT 3

1 Risk and uncertainty factors 3

2 Group activities 8

3 Cash and capital resources 22

III. CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013 26

Consolidated statement of income 28

Consolidated statements of income and expenses recognised directly in equity 30

Consolidated balance sheets 32

Consolidated statement of cash flows 34

Consolidated statement of changes in equity 36

Notes to the consolidated financial statements 37

IV. STATUTORY AUDITORS' REPORT ON THE 2013 CONSOLIDATED FINANCIAL STATEMENTS 140

I. MANAGEMENT AND SUPERVISORY BODIES at 31 December 2013

Supervisory Board

CHAIRMAN

Thierry Peugeot

DEPUTY CHAIRMEN

Jean-Philippe Peugeot
Jean-Louis Silvant

SUPERVISORY BOARD MEMBERS

Patricia Barbizet
Louis Gallois
Pamela Knapp
Jean-François Kondratiuk (employee representative)
Jean-Paul Parayre
Robert Peugeot
Thierry Pilenko
Henri Philippe Reichstul
Dominique Reiniche
Marie-Hélène Roncoroni
Geoffroy Roux de Bézieux
Anne Valleron (employee shareholder representative)

NON-VOTING ADVISORS

Marc Friedel
François Michelin
Roland Peugeot

Managing Board

CHAIRMAN

Philippe Varin

MEMBERS OF THE MANAGING BOARD

Jean-Baptiste de Chatillon
Grégoire Olivier
Jean-Christophe Quémard
Carlos Tavares (at 01/01/2014)

II. ANNUAL REPORT

1. RISK AND UNCERTAINTY FACTORS

Principal risk factors specific to the Group and its activity

In its various business lines, the PSA Peugeot Citroën Group ensures that the risks inherent in its activities are controlled. The various operating units identify and assess risks and evaluate the related internal controls on an on-going basis, in France and abroad, within the main units of the Automotive Division and the non-Automotive subsidiaries (except Faurecia which has its own system). The principal specific risk factors to which the Group may be exposed will be described in depth in the 2013 Registration Document that will be published in March 2014, and include notably:

1.1 Operational risks

They include in particular: risks related to the Group's operating and geopolitical environment, risks related to the development, launch and sale of new vehicles, customer and dealer risks, raw material risks, supplier risks, industrial risks, environmental risks, risks related to occupational health and safety, risks related to cooperation agreements and risks related to information systems.

- **Risks related to the Group's operating and geopolitical environment**

A difficult operating environment is likely to influence the Group's activities and thus its financial results. Therefore, periods of reduced economic activity and, even more so, periods of crisis may contribute to substantial fall in demand in one or more geographic markets. The impact for the Group can be even greater if the falloff in demand hits the regions where PSA Peugeot Citroën has a strong sales presence.

In areas outside Europe, the Group is, de facto, exposed to various risks, including:

- Exchange rate risk: sharp falls in local currencies against the euro or currency overvaluation may affect the Group's ability to sell its products in certain markets;
- unfavourable changes in tax and/or customs regulations in the countries with which the Group trades;
- Geopolitical events: the Group may be exposed to risks such as popular uprisings, diplomatic crises, the overthrow of a regime, arbitrary or discriminatory behaviour, or a war in a foreign country. For instance, the Group decided to suspend its shipments to Iran because of difficulties finding secure sources of funding.

Risk management and control processes

The Group has a tight managerial organisation enabling it to react very rapidly to various types of risk situations: thus, in a context of strong commercial competition where the European market is expected to be depressed on a long-term basis, the Group decided to strengthen its performance plan by implementing new cost reduction operations. The Group's globalisation strategy – which primarily involves internationalising its business activities – is part of its strategy to deal with any negative consequences that could arise in a particular geographic area as a result of a recession or serious geopolitical events.

The Group's exposure to exchange rate risks is managed mostly on a centralised basis by PSA International (PSAI) which sets up the appropriate currency hedges where required. In addition, the impact of negative currency effects is passed on in selling prices wherever possible. In addition, please refer to Note 36 in the Notes to the consolidated financial statements at 31 December 2013.

- **Risks related to the development, launch and sale of new vehicles**

The decision to develop new vehicle models or subassemblies and to introduce them in the market is backed by marketing and profitability studies. Profitability calculations are based primarily on unit sales forecasts. Any downward adjustment in a unit sales forecast may lead to the recognition of i) an impairment loss on moulds and tooling or capitalised development costs depreciated/amortised over the commercial life of the vehicle models concerned or ii) a provision to cover any contractual penalties that may be imposed in the event of a breach of take-or-pay clauses included in the Group's cooperation agreements with other carmakers.

The development of new vehicles and subassemblies also exposes the Group to risks arising from constant changes in European and global regulations, particularly in the areas of safety and the environment. The overall trend is towards increasingly strict regulations. New regulations on the CO2 emissions of light commercial vehicles are expected. China is also reinforcing its regulations on new technologies and CO2 emissions. In Brazil, the 2013-2017 INOVAR Auto regulatory obligations imposed on vehicle sales (CO2 level, Local Integration level, R&D expenditure level in Brazil) apply to the Group and to its competitors.

Technical risks related to product quality and safety can lead carmakers to recall vehicles in order to correct the identified defects.

As regards sales risks, the Group is strongly exposed to the mature European market, in a current context of relative economic decline of the European countries, saturation of vehicle fleets and reduced space allocated for vehicles in urban areas. On the European market, given the substantial amounts allocated to selling expenses for promoting sales, there is also a risk concerning the effective use of selling expense budgets.

The strong growth in volumes in China leads the Group to be increasingly exposed to the Chinese market. The main risk concerns reduced growth in this market which would soon lead to a situation of overcapacity given the rate of investment by manufacturers, and thus to tension on prices and margins. The method of developing PSA activities in China via the two 50% joint ventures: Dongfeng Peugeot Citroën Automobile (DPCA) and Changan PSA Automotive Division (CAPSA), nevertheless shares the financial risk with the partners.

Concerning its development in the Southern Common Market, the Group is potentially exposed to all the risk factors described in the paragraph on risks associated with the Group's operating and geopolitical environment.

Risk management and control processes

The Automotive Programmes Department is tasked with deploying the Group's strategic vision and enhancing value creation by ensuring the alignment of all of the contributing processes and by leading the implementation of Group programmes. This mission is global in scope. It ensures in particular that project inductions are carried out in accordance with the Worldwide Master Plan, both by the programme functions (vehicles, modules, services), and by the contributing departments (industrial, human resources, etc.) and that the economic performance of programmes is kept in line with the objectives defined in the strategic planning framework.

To cover the project management risks related to new vehicle development and process engineering, the Group leverages a comprehensive design and development process, known as the operational development plan, which is regularly updated. For each vehicle project, a set of product services, profitability, quality, time-to-market and CO_2 reduction objectives are set. Progress in meeting these objectives is tracked by a system of project milestones, corresponding to the various stages at which senior management reviews all the financial and technical indicators. In addition, the Quality Department authorises the sale of each vehicle that leaves the production line and organises any necessary recalls of faulty vehicles delivered to dealers or customers. It also ensures that vehicles in the marketing or design stage comply with the applicable regulations, particularly those relating to safety and the environment. Close consideration of customer after-sales requirements, from vehicle design onwards (ease of repairs, diagnostics, etc.), also contributes to constant quality improvement in the Group's new models.

The Group considers it of great importance that effective time-frames for new regulations are determined based on the results of objective impact studies and that they are realistic, taking into account the time that carmakers will reasonably need to adapt. The Group's interaction with the regulatory authorities is designed to ensure this is the case. In Brazil, the Group has set up centralised management of the INOVAR Auto regulatory obligations.

Regulatory watch systems and appropriate Action Plans have been set up in Europe and in the Group's main host countries outside Europe.

In Europe, the Group has strengthened its market forecast process, relying on a cautious approach to the development of European markets. Actions to strengthen internal controls and manage margins and variable selling expenses were also taken in 2013. Thus the Group deployed a self-assessment approach to the internal controls of its subsidiaries over selling expenses, and introduced in all countries a new system for analysing margins and variable selling expenses. Audits targeted by country or by kind of expenditure were also conducted by the Audit and Risk Management Department. Finally, the Group is gradually freeing itself from its dependence on the European market through its growing internationalisation.

To date in China, the development of the market appears well controlled in so far as the developing areas in the country are taking over from saturated cities. The Group is managing the vehicle and subassembly projects of its two joint ventures via dedicated internal governance, as well as via the boards of its two joint ventures. Concerning CAPSA, the industrial and sales development of the premium-oriented DS range are under way and do not contribute any specific alerts. The strengthening of the partnership with DPCA will also enable the Group to have an engineering and export base for the rest of Asia, the activity of which may help compensate for any decline in the Chinese market.

In the Southern Common Market, the specific risk management and control processes were strengthened during 2013, with in particular:

- the introduction of routine risk analyses before validation of the vehicle programming process;
- strengthening Local Integration action plans on vehicle and subassembly projects aiming to reduce the Group's exposure to currency risk;
- strengthening the currency hedging policy on the Southern Common Market;

- introducing crisis management procedures in order to react rapidly (particularly given the macro-economic tensions concerning Argentina).

- **Raw materials risks**

The Group's Automotive Division and Automotive Equipment Division (Faurecia) are exposed to raw materials risk either as a result of their direct purchases of raw materials or indirectly when purchasing components from suppliers. Purchases of raw materials thus represented 30% of the Purchasing series budget in 2013. They are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between purchasing officers and vendors, or commodities traded on organised markets, such as aluminium, copper, lead or precious metals, in which case the purchase prices of the raw materials or components concerned are based directly on quoted market prices. Raw materials with the greatest impact on production costs are as follows, in declining order:

- for negotiated raw materials: steel (38% of total raw material series purchasing costs), thermoplastics and elastomers (24%);
- for listed raw materials: aluminium (8% of the total cost of raw material purchases), precious metals (3%) and non-ferrous metals (copper, zinc, lead) (3%).

The Group has identified two different types of raw materials risk:

1. supply risk associated with the availability of raw materials;
2. financial risk associated with fluctuations in raw material prices.

Risk management and control processes

To respond to these two risks, the strategy implemented by the Purchasing Department is aimed at fully leveraging a number of action points, such as optimising global sourcing, using bulk purchases for raw materials (for both direct and indirect transactions), increasing flexibility in terms of substitute materials, using recycled and green materials, recovering and reusing by-products and putting in place financial hedging mechanisms.

The implementation of this materials strategy is managed by quarterly reviews chaired by the Director of Research and Development and the Director of Group Purchasing. It is deployed by technical Purchasing units organised by material, which are responsible for implementing the action points and regularly monitoring the supply risks.

In order to limit the economic risk for listed raw materials, the Purchasing Department and Corporate Finance have set up a medium-term (3-year) financial hedging policy through the subsidiary PSA International. This policy is subject to quarterly review, chaired by the Group's Financial Director and the Purchasing Director, during which decisions on the positions taken are ratified in accordance with the governance regulations, updated consumption estimates and the major market trends. No speculative positions are taken and the principle in periods of rising prices is to secure at least 50 % of requirements for the coming year and 20 % of requirements for the next 2 years.

In addition, please refer to Note 36 in the Notes to the consolidated financial statements at 31 December 2013.

- **Risks associated with cooperation agreements**

To accelerate its development and reduce engineering and production costs, PSA Peugeot Citroën has implemented a policy of entering into cooperation agreements with other carmakers. This policy, based on mutual trust and risk sharing, forms part of the Worldwide Master Plan. This policy applies both to vehicle platforms and subassemblies (gear boxes, engines and electrical components). The Group also regularly grants production licences to certain industrial partners.

In the pre-signature negotiation phase for cooperation agreements there is a risk that the partner concerned could use the information provided to it by PSA Peugeot Citroën.

Once the cooperation agreement has been signed, the risk run by PSA Peugeot Citroën is basically financial. It takes the form of potential payment of penalties for failure to take the volumes reserved or to compensate for the negative impact of volume reductions on component purchase prices, for R&D cost overruns or overvaluation, and for investments, when the partner is acting as project manager.

In cases where a project's profitability is jeopardised, a provision for onerous contracts and/or an asset impairment loss is recorded in the consolidated financial statements to reflect the future costs that will be incurred.

Failure to respect intellectual property in cases where the partner grants licences to third parties with no pecuniary consideration for PSA Peugeot Citroën is another form of risk, as is a low-quality product manufactured by the partner, requiring remedial action with customers which could affect the image of PSA Peugeot Citroën products.

The strategic alliance between the PSA Peugeot Citroën Group and General Motors announced on 29 February 2012 (the "Alliance") and signed on 19 December 2012, gave rise to contracts in relation to the implementation of the Alliance. These contracts contain a certain number of termination provisions, such as those relating to a change in control or a material adverse event.

In addition, the estimated amount and timing of the synergies announced by the Group in connection with the Alliance are based on assumptions, including the successful implementation of the next steps of the Alliance, which may not be realised.

The announced amount of synergies may not be achieved, or may be achieved only at a later time than currently expected, which could have a material adverse effect on the business, results, prospects or reputation of the Group.

Risk management and control processes

To limit risk relating to performance of the contract from the exploratory phase, the Group has strengthened its control processes for projects termed strategic, via stricter regulations in terms of Contract Management, a procedure approved by the Executive Committee in May 2013 specifying the arrangements for responsibility, sequencing (authority and guidelines, monitoring the negotiation, validation prior to signature, monitoring contract performance) and validation (Executive Committee, Managing Board).

At the operational level, Corporate Finance and the Programmes Department have set up a process for verifying that the partners involved in cooperation ventures comply with their contractual commitments.

Part of this process entails setting up governance bodies for each venture, with a referral procedure for settling any disputes that may arise. These entities enable regular activity and joint decision-making, in particular, action plans aimed at rectifying any potential problems or mitigating the related risks.

1.2. Financial market risks

The Group is exposed to liquidity risk, as well as interest rate risks, counterparty risks, exchange rate risk and other market risks related in particular to fluctuations in commodity prices and in equity markets. Note 36 to the 2013 consolidated financial statements provides information on risk management, which is primarily carried out by Corporate Finance, and identified risks and the Group policies designed to manage them.

1.3. Risks associated with Banque PSA Finance activity

These include in particular risks associated with financial markets and the financial institution status of Banque PSA Finance, operational risks and credit risks. (See Note 36 in the Notes to the consolidated financial statements at 31 December 2013).

For more detail, please refer to the 2013 annual report of Banque PSA Finance, available on the website, www.banquepsafinance.com

1.4. Legal and contractual risks

These risks include in particular: legal and arbitration proceedings, financial covenants, pension obligations and end-of-career benefits, risks associated with intellectual property rights, commitments made as part of cooperation agreements, whether they are charged to a provision or recognised as off-balance-sheet commitments.

The PSA Peugeot Citroën Group is exposed to legal risks as an employer and in connection with the design and distribution of vehicles, the purchase of components and the supply of services.

To manage these risks, the Group implements preventive policies covering workplace health and safety, industrial and intellectual property, the manufacturing environment, vehicle safety, product and service quality and the security of the Group's transactions from a legal standpoint.

Like all economic operators, the Group is exposed, in France and in other countries where it is established, to legal risks associated with competition law. The identified risks have been mapped; they concern the fields of purchasing, trade and cooperation agreements.

To prevent these risks, the Group has, both centrally and in the countries where it is established, in-house lawyers and external advisors, experts in competition law, who work closely with the line managers concerned. Furthermore, in 2013 the Group initiated continuing education actions on competition law for the line managers likely to face risks of anti-competitive practices, while at the same time deploying classroom and distance training courses. In 2013, these actions were initiated in the trade field. In 2014, these actions will continue and will be extended within the Group.

- **Legal and arbitration proceedings**

As of 31 December 2013, no Group company was involved in any claims or litigation that had a material impact on the consolidated financial statements.

During the period covering the last twelve months, there were no government, court or arbitration proceedings that could have or have had a material impact on the Group's financial situation or profitability. Similarly, the Group is not aware of any proceedings pending or threatened, likely to have a material impact on its financial position or profitability.

Concerning provisions for claims and litigation, please refer to Note 27.2 to the Consolidated Financial Statements at 31 December 2013.

- **Financial covenants**

The details of financial covenants applicable to debts and undrawn lines of credit are given in Note 36.1 A for manufacturing and sales activities and financing activities.

All clauses are currently complied with.

For more details, please refer to Chapter 4 Risk factors of the 2013 Registration Document, which will be published in March 2014.

2. GROUP ACTIVITIES

2.1 Significant events in the 2013 financial year

2.1.1 Sale of BNP Paribas shares

On 14 March 2013, PSA Peugeot Citroën* announced that it had sold its entire participating interest, representing 4,004,695 BNP Paribas shares, i.e. 0.32% of the capital in BNP Paribas, for a total amount of around €177 million.

These shares were placed at a price of €44.24 per share.

Pursuant to this transaction, PSA Peugeot Citroën will no longer hold any BNP Paribas share. This transaction comes within the framework of its active balance sheet management by PSA Peugeot Citroën.

(*) Through its subsidiary Grande Armée Participations

2.1.2 New milestones in PSA Peugeot Citroën's development in China

On 2 July 2013 in Wuhan, China, Philippe Varin, Chairman of the PSA Peugeot Citroën Managing Board, opened the third plant operated by Dongfeng Peugeot Citroën Automobiles (DPCA), the Group's joint venture with the Chinese manufacturer Dongfeng.

This third plant will enable DPCA to increase its production capacity from 450,000 to 600,000 vehicles/year from 2013, before reaching 750,000 vehicles/year in 2015.

The opening of the Wuhan plant allowed the partners to begin production of the new Citroën C-Elysée, which represents a new step in DPCA's sales offensive. The Wuhan 3 plant started production of the Peugeot 301 at the end of 2013.

DPCA clearly confirms its market share target of 5% for 2015, supported by its on-going sales offensive.

On 28 September 2013, Philippe Varin opened a new plant in Shenzhen in Guangdong province, China. This is the first plant operated by Changan PSA Automobile Co., Ltd (CAPSA), the Group's joint venture with the Chinese manufacturer "China Changan Automobile Group". This plant will give CAPSA capacity to build 200,000 vehicles per year.

The joint venture will also have its own R&D centre - construction started in July 2013 - in which CAPSA invests RMB 500 million. The centre's engineers will work closely with the China Tech Centre, the Group's R&D centre in Shanghai.

The Shenzhen plant, world best in class for its compactness, high technology process and its Excellence Management System, will produce the Chinese version of the DS5, which was unveiled at the Chengdu Auto Show on 30 August 2013. The new model will spearhead the DS brand's market offensive in China.

Since "DS World", an institutional showcase for the brand, opened in March 2013 in Shanghai, the sales network has grown rapidly. Following the successive market launches of the imported DS5, DS4 and DS3, CAPSA is writing a new chapter in its history with the introduction of the locally produced DS5.

2.1.3 New Social Contract: agreement signed

A New Social Contract was signed following the Central Works Council meeting of 24 October 2013.It is designed to involve employees in the Group's recovery and to maintain PSA Peugeot Citroën's industrial and technological base in France, while preserving employees' basic interests.

It focuses on four main pathways:

- Greater involvement by employees and their representatives in the Group's strategic vision and in each department and site's forward-looking projects;
- A new approach that secures jobs while carrying out collective transformations, particularly to improve the utilisation rate of our plants;
- Deployment of a PSA intergenerational contract that provides for senior leave and the hiring, under work-study schemes, of 2,000 young people;
- Flexibility and wage moderation measures (with no decline in remuneration paid).

The New Social Contract also gives employees a stake in the Company's recovery through an improved discretionary profit sharing agreement and an additional profit-sharing payment (discretionary or non-discretionary) in early 2014.

Annual expenses related to the New Social Contract are disclosed in Note 9.3.

2.1.4 Carlos Tavares nominated to the Managing Board of PSA Peugeot Citroën to succeed Philippe Varin in 2014

Appointed in June 2009 as President of the Managing board of PSA Peugeot Citroën, confirmed with a new mandate, Philippe Varin, with his management team, has defined and led an extensive program of upgrading the Group's strategic, industrial, commercial and financial plans, all in the context of the major crisis that the European automotive industry has been enduring.

As the Managing Board, with the support of the Supervisory Board, has begun negotiations with different partners on industrial and commercial projects, Philippe Varin expressed the wish that the next step of consolidation and conquest be undertaken under the leadership of a new pilot, enabling the strategy of the Group to be implemented over the long term.

He asked the Supervisory Board to set up a succession process leading to the rapid appointment of a new member of the Managing Board in order to succeed him in 2014.

After conducting extensive research, the Supervisory Board chose Carlos Tavares to succeed the current President of the Managing Board. With this aim, Carlos Tavares joined the Managing Board on 1 January 2014 pending his appointment as President of the Managing Board during 2014.

During this period Philippe Varin will continue his mission as President of the Managing Board, in particular with the responsibility of carrying out strategic discussions begun with the various partners. Carlos Tavares is working with the Managing Board on the action plans aimed at continuing the recovery of the Group.

2.1.5 Impairment loss on Automotive Division assets

In accordance with IAS36, the Group's 2013 financial statements recorded an impairment charge on Automotive Division assets, reflecting the impact of worsening automobile markets and unfavourable exchange rates in Russia and Latin America. This allowance amounts to €1,009 million (see Note 9.1).

It is also maintaining its objectives for 2014 and to this end is stepping up its action plans to offset the negative impact of exchange rates on operating free cash flow.

2.1.6 Implementation of the industrial reorganisation and workforce redeployment plans

As a result of reduced activity in the Automotive Division in Europe, an industrial activity reorganisation and workforce redeployment plan, announced in July 2012, has been implemented since May 2013, following the consultation procedure with employee representative bodies. It includes the following measures:

- The shutdown of production activities at the Aulnay plant (concerning 3,000 persons);
- Adjustment of the production facilities in Rennes, leading to redeployment of 1,400 workers out of a total of 5,600;

A special process for reorienting the Aulnay and Rennes sites towards new industrial and automotive-related activities was established with all the stakeholders concerned.

- Adjusting the Group's overhead staff.

The Group is continuing to reduce its costs and improve its operational activity, which led to a reduction of 3,600 jobs distributed across all the sites in France. This reduction was achieved through voluntary redundancies.

At the end of December, the Group recorded 7,300 staff members including 2,250 staff departures.

2.1.7 End of vehicle production at the Aulnay site

On 25 October 2013, the last car to be produced at the Aulnay-sous-Bois site came off the assembly line. The car was a Citroën C3, which will join the Citroën brand Heritage Conservation Centre.

The Aulnay site will produce spare parts in its body-in-white workshop until 2014. Citroën C3 production will then be entirely carried out at the Poissy (Yvelines) site.

2.1.8 Progress report on the General Motors Alliance

- Confirmation of the joint development of two vehicles on PSA platforms:
  a B-MPV segment vehicle and a C-CUV segment vehicle;
- Add a new generation B-segment light commercial vehicle cooperation;
- Announce balanced cross vehicle manufacturing ;
- Proceed with purchasing collaboration and confirm early favourable results;

- After detailed evaluation, the collaboration on a B segment platform and associated small petrol engine is dropped from consideration.

PSA Peugeot Citroen (PSA) and General Motors (GM) announced further steps in their strategic Alliance on 12 December 2013. The Alliance remains structured around the main pillars of joint programs, purchasing, and logistics, focused on Europe and is extended into cross manufacturing.

The two groups confirmed their continuing cooperation for the development of vehicles on PSA platforms: a B-MPV segment model and a C-CUV model. Additionally, the partners will cooperate on new generation products in the light commercial vehicle B-segment, which are based on a PSA new generation platform. The first vehicles from the Alliance are expected to launch starting in 2016.

In addition, the parties will balance manufacturing – with each company producing one vehicle for the other. As announced in October, B-MPVs from both companies will be built in the General Motors Zaragoza plant in Spain.

It was decided that future C-CUV segment vehicles will be produced in the French PSA plant in Sochaux.

The updated synergies expected from the Alliance are estimated at approximately $1.2 billion by 2018. The synergies will be shared about evenly between the two companies.

GM and PSA also amended certain other terms of the Alliance. They will simplify the joint governance of the Alliance and removed as a ground for terminating the Alliance the failure to achieve a minimum number of cooperation programmes within a specific time. GM also waived its right to terminate the Alliance, under certain conditions, in the event of certain other investors acquiring interests in Peugeot S.A., provided that said investors support the Alliance.

On 12 December 2013, PSA Peugeot Citroën formally noted the transfer by GM of its participating interest of 7% in the Group's capital, as well as GM's strongly reaffirmed commitment to the strategic Alliance.

2.1.9 New financing and French State guarantee

The Group undertook several financing transactions during the year.

For the Automotive division, these transactions chiefly comprised two bond issues by Peugeot S.A. in a total amount of €1.6 billion, and a further loan of €300 million from the European Investment Bank (EIB).

Faurecia also reconstituted its entire syndicated loan by repaying sums drawn in a total amount of €300 million (see Note 31.3).

Banque PSA Finance issued a €1.2 billion bond and carried out seven securitisation transactions.

The bonds issued by Banque PSA Finance since 2013 are covered by a first demand guarantee by the French State, under the authorisation given by the European Commission for a total principal amount capped at €7 billion (see Note 36.1.A. (b)).

To complement its funding sources, Banque PSA Finance launched in March 2013 a savings account offer targeting individual customers in France under the Distingo brand. Deposits totalled €955 million as of 31 December 2013.

Banque PSA Finance also renewed its bank funding facilities in 2013 (see Note 36.1.A. (b)).

2.1.10 Development of PSA Peugeot Citroën's participating interest in Faurecia

On 30 November 2013, Faurecia announced its decision to proceed with early repayment of the bonds convertible into new or existing shares (OCEANE), issued in 2009. Following this operation, PSA Peugeot Citroën now holds 51.7% of the capital and 68% of the voting rights in Faurecia (see Note 29.2).

2.1.11 Change in PSA Peugeot Citroën's participating interest in the share capital of Française de Mécanique

In 2013, PSA Peugeot Citroën and Renault each expressed the desire to acquire full independence in the management of Française de Mécanique and Société de Transmissions Automatiques and take responsibility for the strategic future of an exclusively owned subsidiary.

Henceforth, PSA Peugeot Citroën has exclusive control of Française de Mécanique and sold its equity stake in Société de Transmissions Automatiques in 2013.

2.1.12 Products

Successful launches during the year

2013 was a particularly good year in terms of new products with 17 launches over the year, including nine in the first half, bringing the average age of the range to 3.1 years in 2014.

In particular, these launches include:

- the Peugeot 2008, the new urban crossover from Peugeot, which significantly exceeded its targets, necessitating the setting up of a second production team at the Mulhouse plant;
- the new Peugeot 308, which was a resounding success with nearly 42,000 sales just [three] months after its launch, and a high trim mix;
- the new Citroën C4 Picasso, and Grand C4 - Picasso, best in its category for CO2 emissions.

Innovation and technology

On 22 January 2013, several brand new technologies developed by PSA Peugeot Citroën were presented at the Innovation Day. In particular, in a world first, the Group has unveiled a revolutionary technology: Hybrid Air, a petrol and compressed air full-hybrid solution.

Other brand new solutions to emerging expectations were also presented, available from 2013 on Peugeot and Citroën brand vehicles, including EMP2, the Group's new global modular platform.

On 26 November, and during a Capital Day dedicated to financial analysts and investors gathered together at the ADN Tech Centre in Vélizy, PSA Peugeot Citroën presented the development plan for the Peugeot and Citroën brands and their respective vehicle lines.

This meeting was also the occasion to present the technologies developed by the Group, as well as its innovation strategy.

2.1.13 Important events since the year-end

The Group will announce on 19 February 2014, with three specific press releases, major projects of operations to this effect.

Please refer to Note 40 in the Notes to the consolidated financial statements at 31 December 2013.

2.2 Overview of sales activities

Significant events in 2013

- Worldwide sales of assembled vehicles and spare parts at 2,819,000 units, a fall of 4.9% over the year, and sales of assembled vehicles stable at -0.1%;
- An annual trend that reversed in the fourth quarter with a rise of 4% in sales of assembled vehicles;
- Further increase in the share of sales outside Europe to 42% versus 38% in 2012;
- Continued upscaling strategy with 19% premium sales, compared with 9% in 2009;
- Success of the Peugeot 2008 and 308;
- Success of the Citroën C4 Picasso and Grand C4 Picasso;
- Successful launch of the DS brand in China;
- PSA Peugeot Citroën remains a leader in CO2 emission reduction, with an average of 116.2 grams/km, i.e. a fall of 6.2 grams compared with 2012.

In 2013, the world's automotive markets showed decidedly mixed trends. Thus, the European and Russian markets continued their fall with drops of 1.6% (Europe 30) and 5.4% respectively. In contrast, the Chinese market experienced a rise of +19.1%, and the Latin American market of +2.9%.

In this context, the Group's worldwide sales (assembled vehicles and spare parts) totalled 2,819,000 units, a fall of 4.9%. Sales of assembled vehicles remained almost stable at 2,818,000 units, a fall of 0.1% compared with 2012, and grew by 4% over the fourth quarter.

European market recording further decline

After a fall of 8.6% in 2012, the European market (Europe 30) again dropped in 2013 by 1.6%.

In 2013, only a few markets grew, such as Great Britain and Spain (respectively 11% and 4.1%).

Those markets that experienced a recovery are a long way from the 2007 levels: Spain grew in 2013 to 809,000 vehicle registrations compared with 1,892,000 in 2007.

France recorded a decline of 5.5% and Italy of 7.6% to 1,404,000 vehicle registrations - the lowest level since 1979 - compared with 2,739,000 in 2007.

Across Europe, with 304,000 Light Commercial Vehicle (LCV) registrations, the Group retains its leadership and has a 20.7% market share, almost stable compared with 2013.

In this context, the Group is focusing on the most profitable distribution channels and its market share is 11.9% in Europe 30 compared with 12.7% in 2012.

The Group's internationalisation is confirmed

The internationalisation strategy continues to yield positive results: the share of vehicles sold outside Europe has grown strongly since 2009. With 42% of sales outside Europe in 2013, PSA Peugeot Citroën is on track to achieve its objective of 50% of its sales outside Europe in 2015.

China: very strong growth

The Chinese market recorded growth of 19.1% in 2013. In this context, Group sales increased by 26.1% to 557,000 units versus 442,000 in 2012. The market share is 3.64%. China is PSA Peugeot Citroën's second largest market after France.

Peugeot recorded another rise of 25.8% with 272,000 units sold compared with 216,000 in 2012. Citroën sales grew by 26.3% to 285,000 units as against 226,000 in 2012.

The Peugeot 3008 and the Citroën C4L, launched at the start of the year, and the Peugeot 301 and Citroën C-Elysée, on sale from the second half of 2013, contributed strongly to the commercial development of the Group in China.

In 2014, PSA Peugeot Citroën's sales are expected to continue to grow, particularly with development of the sales network throughout the country and a wider offer.

The middle classes, the Group's core sales target in China, today represent 25% of the Chinese population but will represent 40% by 2020. To accompany this development, the Group is planning annual production capacity of 950,000 vehicles in its Shenzhen (200,000 units for CAPSA) and Wuhan (750,000 units for DPCA) plants. Construction of a fourth plant by DPCA is being studied.

Latin America: still a mixed situation

The Latin American market (Argentina, Brazil, Chile, Mexico) grew overall by 2.9% in 2013 with 5,937,000 vehicle registrations. Detailed analysis of this figure shows major local disparities.

Thus the Brazilian market fell by 1.5% for the first time in 10 years. This decline appears despite the cut in IPI[1] introduced in 2012 being maintained throughout 2013, and aggressive sales offers, particularly in the second half of the year. However, the exchange rate trend in the area (versus €) was very unfavourable and strongly penalised the Group's economic performance.

The low level of local integration in the Group's activities amplifies this exchange rate effect.

In this context, PSA Peugeot Citroën's sales in the area are up by 7% compared with 2012, with 303,000 units sold in the Latin America area and a market share of 4.9%. In Argentina, the PSA group is continuing its strong growth, with 140,100 vehicle registrations in 2013 representing growth of 25.5% compared with 2012. In particular, the Group successfully launched the Peugeot 208 and the Citroën C4 Lounge, sales of which have already exceeded forecasts. Group vehicle registrations recorded strong growth both in Chile (+31.5%) and Mexico (+33.4%), well above the markets, which rose respectively by +10.3% and +7.9%.

Russia: major decline in the automotive market

In the context of a slowdown in the Russian economy, the automotive market experienced a distinct decline of 5.4% in 2013. The Group's market share dropped by 0.3 points, to 2.3%.

In 2013, the launches of vehicles adapted for the market, the Peugeot 301 and 208 and the Citroën C-Elysée, added to the product range. Note that the Citroën C4 Sedan, produced locally in Kaluga, was launched in June. These models will allow the Group to strengthen its presence in the Russian market in 2014.

Rest of the World

Thanks to the success of the Peugeot 301 and Citroën C4L and C-Elysée, Group sales are also growing outside these three destinations, particularly in Algeria (+6.9%) and Turkey (+7.6%).

Premium sales increasing

The Group's upscaling strategy relies on strong brands, with clearly differentiated customer territories.

Group upscaling takes the form of increased premium sales[2], which went from 505,000 units in 2012 to 540,000 units in 2013, i.e. 19% of the total sales volume.

Vehicles equipped with the "Hybrid4" diesel hybrid technology contribute to the brand upscaling: In Europe, they represent 11% of Peugeot 3008, 16% of Peugeot 508 and 34% of Citroën DS5 sales.

In total, the Group sold 24,319 Hybrids in 2013, and thus became the number two for hybrid sales in Europe.

Successful launches

In 2013, PSA Peugeot Citroën successfully launched several new vehicles.

The urban crossover Peugeot 2008, launched last spring, and the new Peugeot 308 recorded better results than the objectives, with respectively 82,000 and 34,000 orders.

For Citroën, the new C4-Picasso and Grand C4-Picasso, with 58,000 orders, help to boost brand results.

---

[1] *"Imposto sobre Produtos Industrializados" (tax on industrial products)*

[2] *Premium vehicles offer a level of driving pleasure, safety, quality of finish, connectivity and comfort, etc. that serves as a benchmark in their segment. They include distinctive models in segments A, B et C (Peugeot 207CC, 2008, 308CC, RCZ, 3008, 4008 and Citroën DS3, DS3 Cabrio, DS4, C4-AIRCROSS) and models in segments D and E (Peugeot 508, 407 and Citroën DS5, C5, C6).*

CO2 emission reduction: PSA Peugeot Citroën is leading the way and is ahead of European standards

The Group is continuing CO2 emission reduction in its vehicles and emerging as one of the European leaders in this field. With an average of 116.2g of CO2 emitted per km[3] in 2013, versus 122.4g CO2 per km in 2012, the objectives set by Brussels for 2015 (130g CO2/km) have already been achieved and exceeded.

55.3% of vehicles sold by the Group in Europe emit less than 111g CO2/km, up from 39.1% in 2012.

CO2 emissions are being reduced through new technologies developed and launched during 2013:

- The new generation modular platform EMP2 deployed from 2013 on the Vigo sites for the new Citroën C4 Picasso and at Sochaux for the new Peugeot 308. This new platform will allow diversified silhouettes to be developed on segments C and D, with unequalled performance, particularly as regards CO2 emissions;
- Optimised internal combustion engines with its family of three-cylinder petrol engines, including the Turbo PureTech 110 and 130 hp versions, were launched at the end of October at the Française de Mécanique site;
- The exclusive emission control technology, Diesel Blue HDi, in order to meet the Euro 6 standard and lower nitrogen oxide emissions from the Diesel engine to the level of petrol. This new exhaust stream, launched at the end of 2013 on the Peugeot 508 and the Citroën C4, will gradually be deployed on the Diesel range of vehicles during 2014;
- Hybrid technologies with broader deployment of second-generation Stop & Start e-HDi on the diesel Peugeot and Citroën ranges;
- "Hybrid4" diesel hybrid technology, which is continuing to be developed in Europe, with over 50,000 Peugeot and Citroën vehicles equipped with this technology sold since their launch.

2.3 Capital expenditure and Research & Development

Innovation, research and development are priorities for PSA Peugeot Citroën. They are a powerful lever for addressing major auto industry challenges (changing standards and legislation, rising environmental awareness, emerging mobility and networking needs, product appeal, etc.). and thus developing competitive advantages.

In 2013, investments and capitalised R&D expenses amounted to €2,397 million, including €802 million for Faurecia, compared to €3,814 million in 2012, including €861 million for Faurecia. To meet its objective of achieving 50% of its sales outside Europe by 2015, PSA Peugeot Citroën has invested in its priority development areas: Asia, Latin America and Russia with a peak over the 2011-2012 period (additional capacity at Wuhan III and Shenzhen sites in China, Porto Real in Brazil and Kaluga in Russia).

After two years of significant investment associated with increasing international capacity, and investment for the EB engines, the Group returned in 2013 to a more usual level of investment. This level will enable the Group to continue its investment in product R&D and innovation, thanks, in particular, to improved efficiency and sharing development costs with partners, including GM through the Alliance.

In 2013, R&D projects were directed towards:

- solutions to reduce CO2 emissions: solutions to reduce carbon emissions: measures to lower vehicle weight, make more energy efficient powertrains with smaller carbon footprints and pave the way for alternative hybrid and electric powertrain development;
- vehicle development associated with renewal of the Peugeot and Citroën ranges: thus the average age of the range is kept at 3.5 years, with 17 launches in 2013. The rate of change will continue, along with significant innovations;
- the emergence of the communicating car with improved driver assistance systems for even greater safety and comfort and work on the connectivity between the driver and vehicle to integrate new clients uses in the cars.

R&D projects continue to expand internationally to such places as China, Latin America and Russia. They resulted in 17 launches in 2013: the new Peugeot 208 XY, 208 GTI, 2008, 308, Partner Electric, the new 5- and 7-seat Citroën C4 Picasso and the DS3 Cabrio, the electric Berlingo; and also specific launches in China (3008 and 301, C4L, C-Elysée and DS5), Latin America (208 and C4 Lounge) and Russia (C4 Sedan). The Group also launched a new engine in 2013: the EB Turbo Tech and the new manual 5-speed and automatic 6-speed gear boxes.

[3] *Data updated at the end of November 2013*

2.4 Financial position and results

2.4.1 2013 Group Operating Results

The Group financial statements at 31 December 2012, presented for comparison, have been adjusted compared with the previously published financial statements: *Amendment to IAS 19 Employee Benefits.*

For more details, please refer to Note 3 in the Notes to the consolidated financial statements at 31 December 2013.

2.4.1.1 Revenue

The Group's operations are organised around four main segments:

- the Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;
- the Automotive Equipment Division, corresponding to the Faurecia Group comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Finance Division, corresponding to the Banque PSA Finance Group, which provides retail financing to customers of the Peugeot and Citroën brands and wholesale financing to the two brands' dealer networks;
- other Businesses, which include the operations of Peugeot S.A., the Group's holding company, and Peugeot Motocycles. The income from the Gefco group, accounted for by the equity method, is presented under these businesses.

The table below shows consolidated revenue by business.

(in million euros)	**2013**	**2012**	**%**
Automotive Division	36,461	38,299	-4.8%
Faurecia	18,029	17,365	3.8%
Banque PSA Finance	1,773	1,910	-7.2%
Other Businesses and intersegment eliminations	(2,173)	(2,128)	-
TOTAL	**54,090**	**55,446**	**-2.4%**

Consolidated revenue does not include the contribution of our Chinese company, Dongfeng Peugeot Citroën Automobile (DPCA), as it is jointly controlled on a 50/50 basis with our local partner and is therefore accounted for by the equity method.

In 2013, PSA Peugeot Citroën consolidated revenue was down 2.4% to €54,090 million from €55,446 million in 2012.

The Automotive Division saw its revenue fall by €1,838 million in a year marked by a declining European market and a negative trend in foreign exchange. Faurecia's revenue increased by €664 million, while Banque PSA Finance revenue fell by €137 million. The performances of each business are commented on in Section 2.4.1.3.

The table below shows consolidated revenue by region, based on the location of the customer.

(in million euros)	**2013**	**2012**
Consolidated revenue	54,090	55,446
Net contribution to consolidated revenue by region		
Europe	65.8%	68.1%
Russia	3.3%	3.2%
Asia	7.6%	6.2%
Latin America	10.1%	9.6%
Rest of the World	13.2%	12.9%
TOTAL	**100%**	**100%**

2.4.1.2 Recurring operating income

The following table shows recurring operating income (loss) by business.

(in million euros)	**2013**	**2012**
Automotive Division	(1,042)	(1,496)
Faurecia	538	516
Banque PSA Finance	368	391
Other businesses and intersegment eliminations	(41)	29
TOTAL	**(177)**	**(560)**

The Group reported a recurring operating loss of €177 million in 2013, compared with a loss of €560 million in 2012. The Automotive Division's recurring operating loss improved by €454 million to €1,042 million over the year. Faurecia's performance rose 4.3% to €538 million. As regards Banque PSA Finance, its operatioresult fell 5.9% to €368 million.

2.4.1.3 Analysis of revenue and recurring operating income by division

Automotive Division

(in million euros)	**2013**	**2012**
Revenue	36,461	38,299
Recurring operating income (loss)	(1,042)	(1,496)
As a % of revenue	*-2.9%*	*-3.9%*

Revenue

Automotive Division revenue totalled €36,461 million in 2013, a fall of 4.8% in a European market down by 1.6%. The second half of the year was less unfavourable with a drop in revenue of 1.8%.

New vehicle revenue declined by 8% to €25,532 million in 2013, down from €27,765 million in 2012. The product mix continues to be favourable at +0.8%, reflecting the success of recent launches (17 in 2013) and with the average age of the range falling. The price effect was also favourable over the year at +0.7%, thanks to the Group's pricing policy. These two effects were not, however, enough to offset the strong contraction in volumes (-5.4%) reflecting in particular shrinking European markets and market share losses, and intensified by the disruptions to Citroën C3 sales due to production shutdowns at the Aulnay plant in the first half of the year. The exchange rate effect was strongly negative (-3.5%), resulting in particular from the unfavourable movements in the Argentinian peso, the Brazilian real and the pound. The country mix was slightly unfavourable over the year, at -0.3%, and the "other" effect at -0.4% was mainly a result of fall in the price of diesel over the year.

The Group's market share fell 0.8 points in Europe, to11.9% in 2013 versus 12.7% in 2012, impacted by disruptions to the sales of the Citroën C3, the channel and country mix and the Group's pricing policy.

The proportion of sales made outside Europe continued to expand, rising to 42% over the period:

In this difficult environment, the Group maintained the steady pace of new model launches, with 17 launches in 2013, and continued its upscaling strategy.

Recurring operating income (loss)

The Automotive Division reported a recurring operating loss of €1,042 million in 2013, up from the €1,496 million loss recorded the previous year. The €454 million difference is associated with an unfavourable environment, for -€886 million, and with the Group's performance, for +€1,340 million.

The change in the Automotive Division's reported performance was due to the following factors:

Operating Environment

The deteriorating operating environment had a negative impact of €886 million on the recurring operating income.

- The non-recurring exchange rate effect had a negative impact of €500 million, including €526 million in negative foreign currency impact, mainly due to depreciation of the euro against the Argentinian peso, the Brazilian real and the pound;
- The shrinking market demand had a negative impact of €147 million;
- Higher raw material costs and other external costs had a negative impact of €239 million.

Underlying Automotive Division Performance

The Automotive Division's underlying performance contributed positively to the recurring operating income, at €1,340 million over the 2013 financial year.

- The improvement in production costs and other costs continued for €933 million, as well as a reduction in research and development expenses of €140 million, including the positive impact as a result of the non-recurring depreciation of Automotive Division assets recognised in 2012 [4];
- Improvement in the product mix continued, with €406 million associated in particular with recent launches;
- The price effect was positive, at €287 million, thanks to prices being maintained in Europe and increased in Latin America in order to counter the negative foreign exchange effect;
- These positive effects offset the impact of the fall in market share for €264 million.

Faurecia

(in million euros)	**2013**	**2012**
Revenue	18,029	17,365
Recurring operating income (loss)	538	516
As a % of revenue	*+3.0%*	*+3.0%*

Revenue

Faurecia's total sales for fiscal 2013 stood at €18.03 billion, up 5.0% over 2012 sales of €17.36 billion.

Product sales (delivery of parts and components to automakers) totaled €13.69 billion, up 3.9% from 2012 sales of €13.30 billion.

In 2013, Asia accounted for 13% of product sales (a 3 point increase), while North America represented 27% and South America 5%. Sales outside Europe represented 46% of the total. Faurecia reinforced the diversification of its customer portfolio, posting substantial growth with Nissan, Daimler and Ford; the latter consolidating its position as Faurecia's second largest customer with 15% of product sales. Business for commercial vehicles rose 17% over the year.

Product sales in 2013 break down as follows:

- in Europe, product sales were stable at €7.41 billion, in line with automotive production evolution ;
- in North America, product sales stood at €3.71 billion, compared to €3.64 billion in 2012, a 1.3% increase, while automotive production rose 5% ;
- in Asia, product sales reached €1.71 billion, compared to €1.39 billion in 2012, up 24.3% while automotive production grew 5%. Sales in China climbed to €1.39 billion. This 27.7% increase is nearly double the growth of the Chinese automobile market (14%) ;
- in South America, product sales stood at €717 million, up from €662 million a year earlier, representing a 26.3% increase compared with a 6% rise in automotive production.

Product sales by business group

The Business Group with the most dynamic growth was Emissions Control Technologies, where product sales totaled €6.4 billion, up 7.3% driven by growth in Asia (up 22%) and the commercial vehicle segment (up 17%). The increase in the second half was 12.1%.

Product sales for the Automotive Seating Business Group totaled €5.2 billion, compared to €5.1 billion in 2012, an increase of 3.4%.

Product sales at the Interior Systems Business Group totaled €4.6 billion, versus €4.3 billion in 2012, up 4.1%. This growth was driven by a sales increase with Ford in North America and double-digit growth in Asia.

Product sales at Automotive Exteriors stood at €1.9 billion, an increase of 3.9% over 2012.

---

[4] *Non-recurring depreciation of Automotive Division assets recognised in 2012 (IAS 36) generated a reduction in amortisation expenses leading to a positive €595 milion effect, recognized in manufacturing and purchasing, R&D and production costs.*

Recurring operating income (loss)

Operating income stood at €538 million, or 3.0% of total sales, compared with €516 million (3.0% of sales) in 2012.

By region, operating income is explained as follows:

- in Asia, at 8.3%, the margin continued to improve over the year, thanks to a business model that combines strong growth and excellence in execution ;
- in Europe, at 2.7%, the margin slipped slightly due to the 4.0% drop in automotive production in the first half. The margin improvement in the second half (up 60 basis points to reach 3.0%), reflects the first effects of the fixed cost reduction plan launched late 2012;
- in North America, at 2.1%, operating income posted a slight gain over the year, but profitability remains below targeted levels. A limited number of product and new technology launches had operational difficulties;
- in South America, at -3.2%, the margin has been impacted by the negative effects of inflation, currency fluctuations and higher costs of raw materials.

By Business Group, operating income evolved as follows:

- Automotive Seating: at 4.2% of sales (€198.7 million) for the fiscal year and 4.5% in the second half, operating income reached benchmark competition levels. The 50 basis points margin increase for the year stems from a good performance in Asia and a strong margin improvement in the mechanisms division;
- Emissions Control Technologies: at 3.1% of sales (€217.4 million), the gap with competition was reduced. The margin increase of 70 basis points is the result of significant progress in North America, a marked improvement in Europe and a margin which remains high in Asia;
- Interior Systems: at 1.8% of sales (€98.3 million) faced some launch difficulties particularly in North America;
- Automotive Exteriors: at 2.0% of sales (€37.9 million), the margin was impacted by launch costs in South America and transformation costs in the composites business. The margin in Europe remained satisfactory at 4.5%.

More detailed information about Faurecia is provided in the Bank's Annual Report, which can be downloaded from its website at www.faurecia.com.

Banque PSA Finance

(in million euros)	**2013**	**2012**
Revenue	1,773	1,910
Net banking revenue	891	1,075
Recurring operating income (loss)	**368**	**391**
As a % of revenue	*20.8%*	*20.5%*

Revenue

Banque PSA Finance's revenue for 2013 totalled €1,773 million, down 7.2% from the €1,910 million recorded in 2012.

In what continues to be a challenging economic climate, our end-user financing business continued to perform well overall, with 29.1% new vehicle financing, the best performance in the last ten years, apart from the record high of 29.8% in 2012. Despite this strong performance in terms of penetration, we recorded an 8,0% drop in the number of new vehicle contracts on our eligible market (sales of new Peugeot and Citroën vehicles) which was itself down 5.8%.

Due to wide variances from one country to another depending on the continued effects of the financial crisis on the car market, BPF recorded a decrease in overall volumes of end-user financing for new and used vehicles in 2013, with 731,003 contracts compared to 805,143 in 2012. The table below provides information relating to BPF's end-user financing activity in 2012 and 2013.

New retail financing granted in 2013 totalled €7,256 million, down 10.9% from €8,449 million in 2012.

At 31 December 2013, the retail loan book stood at €15,762 million, down from €17,007 million at 31 December 2012.

Our corporate dealer financing business fell off sharply in 2013. The decrease was particularly significant in the second semester, mainly due to the conservative policy adopted by the brand driven primarily by the decline in the European markets.

We provided corporate dealer financing for a total of 1,619,118 vehicles in 2013, a significant decrease compared with 2012 in volume. Vehicle financing amounts followed the same trend, with a 9.8% drop.

The wholesale loan book at 31 December 2013 came to €5,550 million, down 8.3% from €6,054 million at 31 December 2012.

Outstanding retail and wholesale loans totalled €21,312 million at 31 December 2013, down 7.6% on the €23,061 million recorded at the previous year-end.

Insurance and services margin (excluding net cost of refinancing) increased sharply to €170 million in 2013, compared to €162 million in the previous year.

(in million euros)	**2013**	**2012**
Outstanding loans (including securitised loans) by customer segment		
• Corporate Dealers	5,550	6,054
• Retail and Corporate & Equivalent	15,762	17,007
TOTAL BANQUE PSA FINANCE*	**21,312**	**23,061**

(in million euros)	**2013**	**2012**
Outstanding loans (including securitised loans)		
• France	7,991	8,572
• Rest of Europe	11,789	12,626
• Rest of the World	1,532	1,863
TOTAL BANQUE PSA FINANCE	**21,312**	**23,061**

* *Excluding remeasurement of interest rate portfolios.*

Recurring operating income (loss)

Banque PSA Finance reported recurring operating income of €368 million in 2013 versus €391 million the previous year. This deterioration is mainly due to the fall in Net banking revenue, partially offset by an improvement in the cost of risk and general operating expenses.

More detailed information about Banque PSA Finance is provided in the Bank's Annual Report, which can be downloaded from its website at www.banquepsafinance.com.

2.4.2 Other income statement items

2.4.2.1 Operating income (loss)

Non-recurring operating expenses amounted to €1,582 million in 2013 versus €4,528 million in 2012.

- Impairment losses on CGUs, provisions for Automotive Division onerous contracts and other assets totalled €1,100 million. This includes in particular an impairment loss on Automotive Division CGU assets of €1,009 million, given the deterioration in the automotive markets and the exchange rate trend in Russia and Latin America (see Note 9.1. in the Notes to the consolidated financial statements at 31 December 2013). Other depreciation from Vehicle CGUs and provisions for Automotive Division onerous contracts amounted to €91 million;
- Restructuring costs amounted to €460 million in 2013, including €365 million concerning the Automotive Division and €91 million related to Faurecia. The former relate primarily to France, in particular the plan to restructure the Automotive Division's production base and redeploy its workforce, as well as costs in relation to the New Social Contract. Restructuring costs for Faurecia included €84 million for employee separations (see Note 9.3).

Non-recurring operating income amounted to €413 million versus €406 million in 2012 and mainly included reversals on CGU impairment losses, contracts for pecuniary consideration and other Automotive Division income.

For more details, please refer to Note 9 in the Notes to the consolidated financial statements at 31 December 2013.

As a result of these factors, the Group ended 2013 with a consolidated operating loss of €1,346 million, compared with operating income of €4,682 million in 2012.

(in million euros)	**2013**	**2012**
Automotive Division	(2,111)	(5,752)
Faurecia	431	428
Banque PSA Finance	368	390
Other Businesses and holding company	(34)	252
TOTAL PSA PEUGEOT CITROËN	**(1,346)**	**(4,682)**

2.4.2.2 Net financial income (expense)

Net financial expense came to €658 million in 2013 compared with €430 million the previous year. This amount includes interest income from loans and on cash and cash equivalents, finance costs and other financial income and expense.

This increase is explained mainly by the rise in financial expenses associated with bond issues during the year, partially offset by the disposal of BNP securities for €89.3 million.

For more information, please refer to Notes 10 and 11 in the Notes to the Consolidated Financial Statements at 31 December 2013.

2.4.2.3 Income tax expense

Income tax expense stands at €387 million in 2013 compared to €774 million in 2012. Income tax before impairment losses on the French tax group amounted to €835 million. Unrecognised tax assets corresponding to tax loss carryforwards for the French tax group amounted to €746 million, impairment losses on the French tax group totalled €80 million and other impairment losses amounted to €396 million at 31 December 2013.

The current tax expense stands at €387 million in 2013 compared to €774 million in 2012. New deficits generated in the year amounted to €824 million and were not recognised in income.

For more details, please refer to Note 12 in the Notes to the consolidated financial statements at 31 December 2013.

2.4.2.4 Share in net earnings of companies at equity

The net income of companies accounted at equity was €176 million for the 2013 financial year, compared to €160 million in 2012. The companies accounted at equity are firstly Dongfeng Peugeot Citroën Automobile (DPCA), Changan PSA Automobiles (CAPSA), and secondly cooperations with other car manufacturers, when they have a specific legal structure, as is the case for the joint ventures with Fiat and Toyota. In 2013, the PSA Peugeot Citroën Group took exclusive control of Française de Mécanique, previously 50%-owned.

The DPCA contributed €187 million to income in 2013, compared with €171 million in 2012 (see Note 16.5).

Toyota Peugeot Citroën Automobiles' contributed €4 million to the Group's result, compared to €15 million in 2012. The contribution from the companies created by the cooperation with Fiat amounted to €2 million, compared to the negative contribution of €1 million in 2012. The contribution of Française de Mécanique, previously held in cooperation with Renault, amounted to a loss of €3 million in 2013 compared to a loss of €5 million in 2012.

For more information about the Group's share in the net earnings of companies at equity, please refer to the Notes to the consolidated financial statements at 31 December 2013 (Note 16 - Investments in Companies at Equity).

2.4.2.5 Consolidated profit (loss) from continuing operations

The Group ended the year with a consolidated loss of €2,215 million compared to a loss of €5,726 million in 2012.

2.4.2.6 Profit (loss) from discontinued operations

The net loss from discontinued operations was €3 million in 2013 compared with a profit of €803 million in 2012. The 2012 result mainly included the capital gain on the breakup of GEFCO.

2.4.2.7 Consolidated profit (loss) for the year

The Group ended the year with a consolidated loss of €2,218 million compared with a loss of €4,923 million in 2012.

2.4.2.8 Consolidated profit (loss) attributable to equity holders of the parent

The consolidated loss attributable to the parent company's equity holders was €2,317 million in 2013 compared to a loss of €5,008 million in 2012.

2.4.2.9 Earnings per share

The basic loss per share amounted to €6.77 compared with a basic loss per share of €15.59 in 2012. Diluted loss per €1 par value share was €6.77 versus a loss of €15.60 in 2012.

Please refer to the Notes to the consolidated financial statements to 31 December 2013 (Note 13 - Earnings per Share).

2.5 Outlook

In 2014, PSA Peugeot Citroën expects growth in automotive demand to be slightly positive at around 2% in Europe and around 10% in China, with a 2% decline in Latin America, and a stable market in Russia.

Continuing the trend of 2013, we will pursue our active cash management to target positive operational free cash flow in 2016 at the latest. Beyond, the operating free cash flow generation should accelerate due to the structural benefit of the projects of transactions.

3. CASH AND CAPITAL RESOURCES

3.1 Equity

Consolidated equity amounted to €7,791 million at 31 December 2013, down on the €10,167 million recorded at the previous year-end. This difference is mainly due to taking into account the result of the fiscal year, which was particularly impacted by the depreciation of the Automotive Division's assets.

At 31 December 2013, the share capital comprised 354,848,992 shares with a par value of one euro each. The Group holds 12,788,627 treasury shares, enabling it to cover its requirements under its current stock option plans, and to cover part of the OCEANE bond issue of June 2009. No treasury shares were bought back in 2013.

3.2 Net debt of manufacturing and sales companies and net debt-to-equity ratio

Consolidated current and non-current financial liabilities of the manufacturing and sales companies amounted to €11,120 million compared with €10,734 million on 31 December 2012 (see Note 31.1 to the consolidated financial statements at 31 December 2013). Manufacturing and sales company financial assets amounted to €6,972 million at 31 December 2013 versus €7,586 million at 31 December 2012.

The net debt of the manufacturing and sales companies thus deteriorated at 31 December 2013 to a loss of €4,148 million, compared with a loss of €3,148 million at the end of December 2012 (see Note 31 to the Consolidated Financial Statements at 31 December 2013). Faurecia's net debt represents €1,629 million, compared to €1,892 million in 2012. The net debt of the Automobile Division (manufacturing and sales companies excluding Faurecia) grew by €1,263 million over the period to €2,519 million.

Funds from operations in the 2013 financial year amounted to €700 million (including €588 million used in restructuring) and is down compared with 2012 (€1,033 million).

The Working Capital Requirement (WCR) had a positive impact of €397 million, thanks to good inventory control (up by €323 million compared with 31 December 2012). Trade receivables rose by €9 million compared to 31 December 2012. Trade payables rose by €77 million compared to 31 December 2012. The "Other Changes in Working Capital Requirements" item fell by €12 million compared to 31 December 2012.

Capital expenditure and capitalised Research & Development expenses amounted to €2,397 million in 2013. It fell by €1,417 million following two years of significant investment in increasing the international capacity and investment for the EB engines. This amount includes a reduction in investments of €610 million, in accordance with the objective set by the Rebound Plan at €600 million.

In addition, the Group made a number of financial investments totalling €71 million net, for the most part in relation to the capital increase by the CAPSA joint venture in China.

Payment of Group subsidiary dividends totalled €286 million in 2013, including €281 million from Banque PSA Finance.

Asset sales provided a cash injection of €37 million in 2013. This figure includes additional costs linked to the disposal of Gefco.

Free cash flow[5] ended the year at €-1,048 million, versus €-1,387 million a year earlier. Operational free cash flow, excluding disbursement of €588 million for restructuring, excluding non-recurring items (CAPSA financing and sale of fixed assets) for €34 million, amounted to -€426 million.

The net debt-to-equity ratio stood at 53% at 31 December 2013, compared to 31% a year earlier (see Note 31.3).

---

[5] *Free Cash Flow of manufacturing and sales companies: the dividends received from Banque PSA Finance have been included in Free Cash Flow since 2010. This is equal to: operating flows + investment flows + net dividends received from Group companies.*

3.3 Origin, amount and description of consolidated cash flows

3.3.1 Consolidated cash flows

For more information, please refer to the Consolidated Financial Statements - Consolidated Statements of Cash Flows for the year ended 31 December 2013.

3.3.2 Cash flows for manufacturing and sales companies

The following table presents the manufacturing and sales companies' cash flows for 2013 and 2012:

	Manufacturing and sales companies	
(in million euros)	**2013**	**2012**
Net Profit	(2,453)	(6,019)
Funds from operations	700	1,033
Change in working capital	397	(602)
Net cash from (used in) operating activities	**1,097**	**431**
Net cash used in investing activities	**(2,431)**	**(2,450)**
Net cash from/(used in) financing activities	**2,204**	**2,387**
Effect of changes in exchange rates	(91)	(6)
Net increase (decrease) in cash and cash equivalents from continuing operations	**779**	**362**
Net cash from discontinued operations	(41)	345
Cash and cash equivalents at beginning of year	5,399	4,692
Net cash and cash equivalents at end of period	6,137	5,399

Cash flows from operating activities of manufacturing and sales companies

Funds from operations for manufacturing and sales companies stood at €700 million in 2013 versus €1,033 million in 2012. This represents 1.3% of revenue for the manufacturing and sales companies, compared with 1.9% the previous year.

The €397 million change in working capital requirements mainly reflects good inventory management for €323 million.

Consequently, funds from manufacturing and sales companies present a positive balance of €1,097 million compared to €431 million in 2012.

The table below shows new vehicle inventory levels for the Group and in the independent dealer network:

(in thousands of new vehicles)	**2013**	**2012**	**2011**
The Group	169	184	234
Independent dealer network	215	232	259
TOTAL	**384**	**416**	**493**

The new vehicles inventory at 31 December 2013 totalled 384,000 new vehicles, representing a ratio of 62 days' sales,[6] inline with the announced objective. At 31 December 2012, there were 416,000 new vehicles in inventory, representing 65 days' sales.

Cash flows from manufacturing and sales company investment activities

Flows connected to investment in manufacturing and sales companies stand at €2,431 million at the end of 2013, compared with €2,450 million at the end of 2012. These investments, beyond those carried out by the Automotive Division, include investments made by Faurecia. Capitalised development expenditure stood at €835 million versus €1,262 million in 2012. (See note 8 to the Consolidated Financial Statements at 31 December 2013).

[6] *Sales ratio: ratio calculated on the basis of sales forecasts for the next three months.*

Cash flows from financing activities of manufacturing and sales companies

Flows from the financing activities of the manufacturing and sales companies totalled €2,204 million, compared to €2,387 million at 31 December 2012.

Net cash and cash equivalents at end of year - manufacturing and sales companies

Given the flows from operations, investment flows, and flows from financial operations explained above, and after taking the negative foreign exchange rate conversions of €91 million into account, net cash and cash equivalents at the year end totals €6,137 million, compared with €5,399 million at 31 December 2012.

Liquidity reserves for the manufacturing and sales companies amounted to €10,121 million at end-2013 versus €10,574 million at end-2012, with €6,571 million in cash and current & non-current financial assets, and €3,550 million in undrawn lines of credit (see Note 31.4).

3.3.3 Net cash and cash equivalents at end of year - finance companies

At the end of 2013, Banque PSA Finance cash stood at €1,804 million versus €1,669 million at the end of 2012 (see Note 25.2 to the Consolidated Financial Statements at 31 December 2013).

3.4 Liquidity and funding

3.4.1. Manufacturing and sales companies

In the prevailing economic environment, the Group continued with its diversified, proactive financing strategy and conservative liquidity policy in order to meet its general financing needs, particularly the financing of its business and of its development projects. This strategy enabled the Group to refinance its debt maturities on favourable terms. The refinancing transactions strengthened the balance sheet by maintaining the average life of debt.

Refinancing transactions carried out during 2013 included the following in particular:

- On 28 February 2013, Peugeot S.A. issued a €1 billion 7.375% bond maturing in March 2018;
- In September 2013, Peugeot S.A. issued a €600 million 6.5% bond maturing in January 2019;
- In December 2013, the Group took out a €300 million 2.283% loan with the EIB, maturing in December 2018.

Peugeot S.A. and GIE PSA Trésorerie also have a confirmed line of credit for €2,400 million, which matures in July 2015 for €2,225 million, leaving a balance of €175 million due in July 2014. This facility was not drawn at 31 December 2013 (see Note 29.1). Faurecia has undrawn confirmed lines of credit amounting to €1,150 million at 31 December 2013.

3.4.2. Banque PSA Finance

In 2013, Banque PSA Finance made use of different sources of financing: bank deposits (launch of the "DISTINGO" passbook savings account on March 7, 2013), bonds, securitization, and syndicated backup and revolving bilateral lines. As a regulated credit institution, we also have access to sources of liquidity such as the European Central Bank (ECB).

At December 31, 2013, 22% of the financing came from drawn bank loans, 38% from the capital markets, 25% from securitization transactions on the markets, 10% from financings of public origin such as the ECB or the SFEF ('Société de Financement de l'Economie Française'), which raised funds in 2008 and 2009 in order to lend them to the banks and financial institutions during the previous crisis), and 5% from the bank deposit business started in March 2013. At December 31, 2012, these sources provided 23%, 42%, 20%, 15% and 0% of our financing, respectively.

Furthermore, Banque PSA Finance pursued its securitization program in 2013 with the success of eight securitization transactions completed in three countries (France, Germany and Switzerland) for a total amount at the outset of €1,529 million of senior securities.

In 2013, Banque PSA Finance borrowed from the European Central Bank (ECB) under its long-term refinancing operation (LTRO). At 31 December 2013, this amounted to €1,700 million.

A bank loan collateralised by Belgian credit sale receivables was implemented in April 2013, generating net funding of €92 million at inception.

On 25 March 2013, Banque PSA Finance issued a fixed-rate bond maturing in April 2016 for €1.2 billion, with a coupon of 0.625%. The bond was issued in the context of the European Commission's authorisation to use the French State's guarantee (cf. note 36.1.A(b)).

In March 2013, the Distingo interest-bearing passbook savings account was introduced for private customers in France. The total funds for these accounts at 31 December 2013 were €955 million out of total amounts owed to customers of €1,446 million repayable at any time.

Financial security

Financial security amounted to €8,400 million at 31 December 2013, compared to €8,233 million at 31 December 2012. (see Note 32.8).

More detailed information about Banque PSA Finance is provided in the Bank's Annual Report, which can be downloaded from its website at www.banquepsafinance.com.

Consolidated financial statements at 31 December 2013

Contents

Consolidated Statements of Income 28

Consolidated Statements of Income and Expenses Recognised in Equity 30

Consolidated Balance Sheets 32

Consolidated Statements of Cash Flows 34

Consolidated Statements of Changes in Equity 36

Notes to the Consolidated Financial Statements 37

The consolidated financial statements of the PSA Peugeot Citroën Group are presented for the years ended 31 December 2013 and 2012. The 2011 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (*Autorité des Marchés Financiers*) on 5 March 2012 under no. D.12-0128.

CONSOLIDATED STATEMENTS OF INCOME

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
		2013		
Continuing operations				
Sales and revenue (Note 6)	**52 627**	**1 773**	**(310)**	**54 090**
Cost of goods and services sold	(45 260)	(1 014)	310	(45 964)
Selling, general and administrative expenses	(6 027)	(391)	-	(6 418)
Research and development expenses (Note 8)	(1 885)	-	-	(1 885)
Recurring operating income (loss)	**(545)**	**368**	**-**	**(177)**
Non-recurring operating income (Note 9)	413	-	-	413
Non-recurring operating expenses (Note 9)	(1 582)	-	-	(1 582)
Operating income (loss)	**(1 714)**	**368**	**-**	**(1 346)**
Interest income	138	-	-	138
Finance costs (Note 10)	(624)	-	-	(624)
Other financial income (Note 11)	71	-	-	71
Other financial expenses (Note 11)	(243)	-	-	(243)
Income (loss) before tax of fully consolidated companies	**(2 372)**	**368**	**-**	**(2 004)**
Current taxes	(198)	(123)	-	(321)
Deferred taxes	(51)	(15)	-	(66)
Income taxes (Note 12)	**(249)**	**(138)**	**-**	**(387)**
Share in net earnings of companies at equity (Note 16)	168	8	-	176
Consolidated profit (loss) from continuing operations	**(2 453)**	**238**	**-**	**(2 215)**
Attributable to equity holders of the parent	*(2 544)*	*223*	*6*	*(2 315)*
Discontinued operations				
Profit (loss) from discontinued operations	(3)	-	-	(3)
Consolidated profit (loss) for the period	**(2 456)**	**238**	**-**	**(2 218)**
Attributable to equity holders of the parent	*(2 546)*	*223*	*6*	*(2 317)*
Attributable to minority interests	*90*	*15*	*(6)*	*99*

(in euros)	
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	(6.76)
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	(6.77)
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	(6.76)
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	(6.77)

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
		2012		
Continuing operations				
Sales and revenue (Note 6)	**53 860**	**1 910**	**(324)**	**55 446**
Cost of goods and services sold	(46 781)	(1 125)	324	(47 582)
Selling, general and administrative expenses	(5 983)	(394)	-	(6 377)
Research and development expenses (Note 8)	(2 047)	-	-	(2 047)
Recurring operating income (loss)	**(951)**	**391**	**-**	**(560)**
Non-recurring operating income (Note 9)	406	-	-	406
Non-recurring operating expenses (Note 9)	(4 527)	(1)	-	(4 528)
Operating income (loss)	**(5 072)**	**390**	**-**	**(4 682)**
Interest income	72	-	-	72
Finance costs (Note 10)	(442)	-	-	(442)
Other financial income (Note 11)	172	-	-	172
Other financial expenses (Note 11)	(232)	-	-	(232)
Income (loss) before tax of fully consolidated companies	**(5 502)**	**390**	**-**	**(5 112)**
Current taxes	(251)	(138)	-	(389)
Deferred taxes	(419)	34	-	(385)
Income taxes (Note 12)	**(670)**	**(104)**	**-**	**(774)**
Share in net earnings of companies at equity (Note 16)	153	7	-	160
Consolidated profit (loss) from continuing operations	**(6 019)**	**293**	**-**	**(5 726)**
Attributable to equity holders of the parent	*(6 106)*	*281*	*5*	*(5 820)*
Discontinued operations				
Profit (loss) from discontinued operations	803	-	-	803
Consolidated profit (loss) for the period	**(5 216)**	**293**	**-**	**(4 923)**
Attributable to equity holders of the parent	*(5 294)*	*281*	*5*	*(5 008)*
Attributable to minority interests	*78*	*12*	*(5)*	*85*

(in euros)	
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	(18.12)
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	(15.59)
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	(18.13)
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	(15.60)

CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNISED IN EQUITY

(in million euros)	Before tax	2013 Income tax benefit (expense)	After tax
Consolidated profit (loss) for the period	**(1 831)**	**(387)**	**(2 218)**
Items that may be recycled through profit or loss			
Fair value adjustments to cash flow hedges	(48)	18	(30)
- of which, reclassified to the income statement	*(57)*	*13*	*(44)*
- of which, recognised in equity during the period	*9*	*5*	*14*
Gains and losses from remeasurement at fair value of available-for-sale financial assets	(83)	3	(80)
- of which, reclassified to the income statement	*-*	*-*	*-*
- of which, recognised in equity during the period	*(83)*	*3*	*(80)*
Exchange differences on translating foreign operations	(371)	-	(371)
- of which, reclassified to the income statement	*-*	*-*	*-*
- of which, recognised in equity during the period	*(371)*	*-*	*(371)*
Total	**(502)**	**21**	**(481)**
Items that may not be recycled through profit or loss			
Actuarial gains and losses on pension obligations	207	(54)	153
Income and expenses recognised directly in equity, net	**(295)**	**(33)**	**(328)**
- of which, companies at equity	*(35)*	*-*	*(35)*
Total recognised income and expenses, net	**(2 126)**	**(420)**	**(2 546)**
- of which, attributable to equity holders of the parent			*(2 620)*
- of which, attributable to minority interests			*74*

(in million euros)		Before tax	2012 Income tax benefit (expense)	After tax
Consolidated profit (loss) for the period		**(4 149)**	**(774)**	**(4 923)**
Items that may be recycled through profit or loss				
Fair value adjustments to cash flow hedges		(2)	3	1
- of which, reclassified to the income statement		*42*	*(6)*	*36*
- of which, recognised in equity during the period		*(44)*	*9*	*(35)*
Gains and losses from remeasurement at fair value of available-for-sale financial assets		50	(2)	48
- of which, reclassified to the income statement	-	*2*	-	*2*
- of which, recognised in equity during the period	-	*48*	*(2)*	*46*
Exchange differences on translating foreign operations		(132)	-	(132)
- of which, reclassified to the income statement	-	-	-	-
- of which, recognised in equity during the period	-	*(132)*	-	*(132)*
Total		**(84)**	**1**	**(83)**
Items that may not be recycled through profit or loss				
Actuarial gains and losses on pension obligations		(363)	99	(264)
Income and expenses recognised directly in equity, net		**(447)**	**100**	**(347)**
- of which, companies at equity		(19)	-	*(19)*
Total recognised income and expenses, net		**(4 596)**	**(674)**	**(5 270)**
- of which, attributable to equity holders of the parent				*(5 331)*
- of which, attributable to minority interests				*61*

CONSOLIDATED BALANCE SHEETS

ASSETS

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
	31 December 2013			
Continuing operations				
Goodwill (Note 14)	1 484	77	-	1 561
Intangible assets (Note 14)	3 962	70	-	4 032
Property, plant and equipment (Note 15)	10 898	17	-	10 915
Investments in companies at equity (Note 16)	1 490	83	-	1 573
Investments in non-consolidated companies	22	10	-	32
Other non-current financial assets (Note 17)	670	53	-	723
Other non-current assets (Note 18)	598	5	(1)	602
Deferred tax assets (Note 12)	459	74	-	533
Total non-current assets	**19 583**	**389**	**(1)**	**19 971**
Operating assets				
Loans and receivables - finance companies (Note 19)	-	21 335	(55)	21 280
Short-term investments - finance companies (Note 20)	-	829	-	829
Inventories (Note 21)	5 626	-	-	5 626
Trade receivables - manufacturing and sales companies (Note 22)	1 821	-	(156)	1 665
Current taxes (Note 12)	161	43	(16)	188
Other receivables (Note 23)	1 640	657	(131)	2 166
	9 248	**22 864**	**(358)**	**31 754**
Current financial assets (Note 24)	**141**	**-**	**-**	**141**
Cash and cash equivalents (Note 25)	**6 161**	**1 804**	**(210)**	**7 755**
Total current assets	**15 550**	**24 668**	**(568)**	**39 650**
Total assets of continuing operations	**35 133**	**25 057**	**(569)**	**59 621**
Total assets held for sale	**43**	**-**	**-**	**43**
Total assets	**35 176**	**25 057**	**(569)**	**59 664**

EQUITY AND LIABILITIES

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
	31 December 2013			
Equity (Note 26)				
Share capital				355
Treasury stock				(351)
Retained earnings and other accumulated equity, excluding minority interests				6 878
Minority interests				909
Total equity				**7 791**
Continuing operations				
Non-current financial liabilities (Note 29)	8 081	-	-	8 081
Other non-current liabilities (Note 30)	3 045	-	(1)	3 044
Non-current provisions (Note 27)	1 067	16	-	1 083
Deferred tax liabilities (Note 12)	475	347	-	822
Total non-current liabilities	**12 668**	**363**	**(1)**	**13 030**
Operating liabilities				
Financing liabilities (Note 32)	-	20 444	(216)	20 228
Current provisions (Note 27)	2 564	89	-	2 653
Trade payables	8 177	-	(12)	8 165
Current taxes (Note 12)	116	44	(16)	144
Other payables (Note 33)	4 110	828	(281)	4 657
	14 967	**21 405**	**(525)**	**35 847**
Current financial liabilities (Note 29)	**3 039**	**-**	**(43)**	**2 996**
Total current liabilities	**18 006**	**21 405**	**(568)**	**38 843**
Total liabilities of continuing operations [(1)]	**30 674**	**21 768**	**(569)**	**51 873**
Total liabilities related to assets held for sale	**-**	**-**	**-**	**-**
Total equity and liabilities				**59 664**

[(1)] *excluding equity*

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
		31 décembre 2012		
Continuing operations				
Goodwill (Note 14)	1 487	77	-	1 564
Intangible assets (Note 14)	4 047	86	-	4 133
Property, plant and equipment (Note 15)	12 423	15	-	12 438
Investments in companies at equity (Note 16)	1 490	46	-	1 536
Investments in non-consolidated companies	50	12	-	62
Other non-current financial assets (Note 17)	664	108	-	772
Other non-current assets (Note 18)	511	3	-	514
Deferred tax assets (Note 12)	536	77	-	613
Total non-current assets	**21 208**	**424**	**-**	**21 632**
Operating assets				
Loans and receivables - finance companies (Note 19)	-	23 146	(51)	23 095
Short-term investments - finance companies (Note 20)	-	867	-	867
Inventories (Note 21)	6 193	-	-	6 193
Trade receivables - manufacturing and sales companies (Note 22)	2 014	-	(187)	1 827
Current taxes (Note 12)	105	62	(17)	150
Other receivables (Note 23)	1 966	955	(122)	2 799
	10 278	**25 030**	**(377)**	**34 931**
Current financial assets (Note 24)	**1 501**	**-**	**-**	**1 501**
Cash and cash equivalents (Note 25)	**5 421**	**1 669**	**(279)**	**6 811**
Total current assets	**17 200**	**26 699**	**(656)**	**43 243**
Total assets of continuing operations	**38 408**	**27 123**	**(656)**	**64 875**
Total assets held for sale	**9**	**-**	**-**	**9**
Total assets	**38 417**	**27 123**	**(656)**	**64 884**

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
		31 décembre 2012		
Equity				
Share capital				355
Treasury stock				(351)
Retained earnings and other accumulated equity, excluding minority interests				9 463
Minority interests				700
Total equity				**10 167**
Continuing operations				
Non-current financial liabilities (Note 18)	7 828	-	-	7 828
Other non-current liabilities	3 184	-	-	3 184
Non-current provisions (Note 17)	1 163	19	-	1 182
Deferred tax liabilities	475	326	-	801
Total non-current liabilities	**12 650**	**345**	**-**	**12 995**
Operating liabilities				
Financing liabilities (Note 20)	-	22 140	(279)	21 861
Current provisions (Note 17)	2 988	76	-	3 064
Trade payables	8 472	-	(9)	8 463
Current taxes	130	54	(17)	167
Other payables	4 475	1 091	(309)	5 257
	16 065	**23 361**	**(614)**	**38 812**
Current financial liabilities (Note 18)	**2 906**	**-**	**(42)**	**2 864**
Total current liabilities	**18 971**	**23 361**	**(656)**	**41 676**
Total liabilities of continuing operations [(1)]	**31 621**	**23 706**	**(656)**	**54 671**
Total liabilities related to assets held for sale	**46**	**-**	**-**	**46**
Total equity and liabilities				**64 884**

[(1)] *excluding equity*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2013			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations	**(2 453)**	**238**	**-**	**(2 215)**
Adjustments for non-cash items:				
• Depreciation, amortisation and impairment (Note 34.4)	3 458	28	-	3 486
• Provisions	(368)	14	-	(354)
• Changes in deferred tax	46	15	-	61
• (Gains) losses on disposals and other	(39)	-	-	(39)
Share in net (earnings) losses of companies at equity, net of dividends received	(36)	(8)	-	(44)
Revaluation adjustments taken to equity and hedges of debt	129	-	-	129
Change in carrying amount of leased vehicles	(37)	-	-	(37)
Funds from operations [(1)]	**700**	**287**	**-**	**987**
Changes in working capital (Note 34.2)	397	182	64	643
Net cash from (used in) operating activities	**1 097**	**469**	**64**	**1 630**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies	(9)	-	-	(9)
Capital increase and acquisitions of consolidated companies and equity interests [(2)]	(90)	(30)	-	(120)
Proceeds from disposals of property, plant and equipment and of intangible assets	182	8	-	190
Investments in property, plant and equipment	(1 385)	(12)	-	(1 397)
Investments in intangible assets	(1 002)	(7)	-	(1 009)
Change in amounts payable on fixed assets	(173)	-	-	(173)
Other	46	(1)	-	45
Net cash from (used in) investing activities	**(2 431)**	**(42)**	**-**	**(2 473)**
Dividends paid:				
• Intragroup	286	(286)	-	-
• To minority shareholders of subsidiaries	(48)	-	-	(48)
Dividends received from Gefco S.A.	-	-	-	-
Proceeds from issuance of shares	10	-	-	10
(Purchases) sales of treasury stock	-	-	-	-
Changes in other financial assets and liabilities (Note 31.2)	1 956	-	-	1 956
Net cash from (used in) financing activities	**2 204**	**(286)**	**-**	**1 918**
Effect of changes in exchange rates	(91)	(6)	5	(92)
Net increase (decrease) in cash and cash equivalents from continuing operations	**779**	**135**	**69**	**983**
Net cash from discontinued operations	(41)	-	-	(41)
Net cash and cash equivalents at beginning of period	**5 399**	**1 669**	**(279)**	**6 789**
Net cash and cash equivalents of continuing operations at end of period (Note 34.1)	**6 137**	**1 804**	**(210)**	**7 731**

[(1)] Interest received and paid by the manufacturing and sales companies is presented in Note 34.5 Income tax paid (net of refunds) during the year is presented in Note 12.3.

[(2)] of which €17 million in acquisitions in 2013 (€104 million in 2012).

	2012			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations	**(6 019)**	**293**	**-**	**(5 726)**
Adjustments for non-cash items:				
• Depreciation, amortisation and impairment (Note 34.4)	6 098	18	-	6 116
• Provisions	687	20	-	707
• Changes in deferred tax	422	(35)	-	387
• (Gains) losses on disposals and other	(312)	1	-	(311)
Share in net (earnings) losses of companies at equity, net of dividends received	(29)	(7)	-	(36)
Revaluation adjustments taken to equity and hedges of debt	154	-	-	154
Change in carrying amount of leased vehicles	32	-	-	32
Funds from operations [1]	**1 033**	**290**	**-**	**1 323**
Changes in working capital (Note 34.2)	(602)	760	(64)	94
Net cash from (used in) operating activities	**431**	**1 050**	**(64)**	**1 417**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies	830	21	-	851
Capital increase and acquisitions of consolidated companies and equity interests [2]	(292)	(10)	-	(302)
Proceeds from disposals of property, plant and equipment and of intangible assets	678	7	-	685
Investments in property, plant and equipment	(2 267)	(12)	-	(2 279)
Investments in intangible assets	(1 442)	(8)	-	(1 450)
Change in amounts payable on fixed assets	40	-	-	40
Other	3	1	3	7
Net cash from (used in) investing activities	**(2 450)**	**(1)**	**3**	**(2 448)**
Dividends paid:				
• Intragroup	532	(532)	-	-
• To minority shareholders of subsidiaries	(37)	-	-	(37)
Dividends received from Gefco S.A.	100	-	-	100
Proceeds from issuance of shares	1 028	-	-	1 028
(Purchases) sales of treasury stock	89	-	-	89
Changes in other financial assets and liabilities (Note 31.2)	675	-	4	679
Net cash from (used in) financing activities	**2 387**	**(532)**	**4**	**1 859**
Effect of changes in exchange rates	(6)	(2)	2	(6)
Net increase (decrease) in cash and cash equivalents from continuing operations	**362**	**515**	**(55)**	**822**
Net cash from discontinued operations	345	-	(1)	344
Net cash and cash equivalents at beginning of period	**4 692**	**1 154**	**(223)**	**5 623**
Net cash and cash equivalents of continuing operations at end of period (Note 34.1)	**5 399**	**1 669**	**(279)**	**6 789**

[1] *Interest received and paid by the manufacturing and sales companies is presented in Note 34.5 Income tax paid (net of refunds) during the year is presented in Note 12.3.*

[2] *of which €104 million in acquisitions in 2012 (€95 million in 2011).*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in million euros)	Share capital	Treasury stock	Retained earnings excluding revaluations	Revaluations - excluding minority interests: Cash flow hedges	Available-for-sale financial assets	Actuarial gains and losses on pension obligations	Translation adjust-ments	**Equity - Attributable to equity holders of the parent**	Equity - Minority interests	**Total equity**
At 31 December 2011	**234**	**(502)**	**13 850**	**(40)**	**32**	**-**	**262**	**13 836**	**658**	**14 494**
First adoption of IAS 19R	-	-	(48)	-	-	(64)	(1)	(113)	(17)	(130)
At 1 January 2012	**234**	**(502)**	**13 802**	**(40)**	**32**	**(64)**	**261**	**13 723**	**641**	**14 364**
Income and expenses recognised directly in equity for the period	-	-	(5 008)	(2)	48	(246)	(123)	(5 331)	61	(5 270)
Measurement of stock options and performance share grants	-	-	(5)	-	-	-	-	(5)	(1)	(6)
Minority shareholder puts	-	-	-	-	-	-	-	-	15	15
Effect of changes in scope of consolidation and other	-	-	(5)	-	-	-	-	(5)	10	5
Issuance of shares	121	-	845	-	-	-	-	966	-	966
Purchases and sales of treasury stock	-	151	(62)	-	-	-	-	89	-	89
Equity component (conversion option) of Oceane bonds	-	-	30	-	-	-	-	30	22	52
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(48)	(48)
At 31 December 2012	**355**	**(351)**	**9 597**	**(42)**	**80**	**(310)**	**138**	**9 467**	**700**	**10 167**
Income and expenses recognised directly in equity for the period	-	-	(2 317)	(32)	(80)	145	(336)	(2 620)	74	(2 546)
Measurement of stock options and performance share grants	-	-	1	-	-	-	-	1	1	2
Minority shareholder puts	-	-	-	-	-	-	-	-	6	6
Effect of changes in scope of consolidation and other	-	-	(6)	-	-	5	-	(1)	(12)	(13)
Issuance of shares [1]	-	-	35	-	-	-	-	35	189	224
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(49)	(49)
At 31 December 2013	**355**	**(351)**	**7 310**	**(74)**	**-**	**(160)**	**(198)**	**6 882**	**909**	**7 791**

[1] *This item essentially concerns the increase in Faurecia's shareholders' equity resulting from the early repayment of the 2015 OCEANE*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
at December 2013

General Information

Note 1 - Significant Events 39
Note 2 - Accounting Policies 41
Note 3 - Changes to Financial Statements Previously Reported 57
Note 4 - Scope of Consolidation 58
Note 5 - Segment Information 59

Statements of Income

Note 6 - Sales and Revenue 61
Note 7 - Recurring Operating Expenses Analysed by Nature 61
Note 8 - Research and Development Expenses 62
Note 9 - Non-Recurring Operating Income and Expenses 62
Note 10 - Finance Costs 65
Note 11 - Other Financial Income and Expenses 65
Note 12 - Income Taxes 66
Note 13 - Earnings per Share 69

Balance Sheets - Assets

Note 14 - Goodwill and Intangible Assets 70
Note 15 - Property, Plant and Equipment 71
Note 16 - Investments in Companies at Equity 73
Note 17 - Other Non-Current Financial Assets 77
Note 18 - Other Non-Current Assets 78
Note 19 - Loans and Receivables – Finance Companies 78
Note 20 - Short-Term Investments – Finance Companies 81
Note 21 - Inventories 82
Note 22 - Trade Receivables – Manufacturing and Sales Companies 82
Note 23 - Other Receivables 82
Note 24 - Current Financial Assets 83
Note 25 - Cash and Cash Equivalents 84

Balance Sheets – Equity and Liabilities

Note 26 - Equity 85
Note 27 - Current and Non-Current Provisions 89
Note 28 - Pensions and Other Post-Employment Benefits 90
Note 29 - Current and Non-Current Financial Liabilities – Manufacturing and Sales Companies 94
Note 30 - Other Non-Current Liabilities 99
Note 31 - Net Financial Position of Manufacturing and Sales Companies 100
Note 32 - Financing Liabilities – Finance Companies 102
Note 33 - Other Payables 105

Additional Information

Note 34 - Notes to the Consolidated Statements of Cash Flows 105
Note 35 - Financial Instruments 108
Note 36 - Management of Financial Risks 113
Note 37 - Off-Balance Sheet Commitments and Contingent Liabilities 127
Note 38 - Related Party Transactions 129
Note 39 - Management Compensation 130
Note 40 - Subsequent Events 131
Note 41 - Fees Paid to the Auditors 132
Note 42 - Consolidated Companies at 31 December 2013 133

Preliminary note

The consolidated financial statements for 2013 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 11 February 2014, with Note 40 taking into account events that occurred in the period up to the Supervisory Board meeting on 18 February 2014.

NOTE 1 - SIGNIFICANT EVENTS

1.1. ALLIANCE WITH GENERAL MOTORS

PSA Peugeot Citroën (PSA) and General Motors (GM) announced further steps in their strategic Alliance in December 2013. The Alliance remains structured around the main pillars of joint programs, purchasing, and logistics, focused on Europe and is extended into cross manufacturing.

The two groups confirmed their continued cooperation for the development of two vehicles on PSA platforms. The partners will also cooperate to develop a new light commercial vehicle based on the new-generation PSA platform. The first vehicles from the Alliance are expected to launch starting in 2016. In addition, the two groups will share the manufacturing of these vehicles equally.

GM and PSA also amended certain other terms of the Alliance. They will simplify the joint governance of the Alliance and have removed as a ground for terminating the Alliance the failure to achieve a minimum number of cooperation programmes. GM also waived its right to terminate the Alliance, under certain conditions, in the event of certain other investors acquiring interests in Peugeot S.A., provided that said investors support the Alliance. Following the change in the Alliance, GM sold its 7% stake in Peugeot S.A.'s share capital.

1.2. PSA PEUGEOT CITROËN'S NEW SOCIAL CONTRACT

Following a meeting of the Central Works Council, the New Social Contract was signed on 24 October 2013. The agreement is designed to involve employees in the Group's recovery and to maintain PSA Peugeot Citroën's industrial and technological base in France, while preserving employees' basic interests.

The New Social Contract focuses on four main pathways:

- Greater involvement by employees and their representatives in the Group's strategic vision and in each department's and site's forward-looking projects.
- A new approach that secures jobs while carrying out collective transformations, particularly to improve the utilization rate of our plants.
- Deployment of a PSA intergenerational contract that provides for senior leave and the hiring, under work-study schemes, of young people.
- Flexibility and wage moderation measures (with no decline in remuneration paid).

The New Social Contract also gives employees a stake in the Company's recovery through an improved discretionary profit sharing agreement and an additional profit-sharing payment (discretionary or non-discretionary) in early 2015.

Annual expenses related to the New Social Contract are disclosed in Note 9.3.

1.3. NEW FINANCING AND FRENCH STATE GUARANTEE

The Group undertook several financing transactions during the year.

For the Automotive Division, these transactions chiefly comprised two bond issues by Peugeot S.A. in a total amount of €1.6 billion, and a new loan of €300 million from the European Investment Bank (EIB).

Faurecia also reconstituted its entire syndicated loan by repaying sums drawn in a total amount of €300 million (see Note 31.3).

Banque PSA Finance issued a €1.2 billion bond and carried out eight securitisation transactions.

Bond issues carried out by Banque PSA Finance since 2013 benefit from a first-demand guarantee from the French State within the framework of the authorisation granted by the European Commission, capped at a total principal amount of €7 billion (see Note 36.1.A. (b)).

To complement its sources of funding, in March 2013 Banque PSA Finance launched a savings account targeting individual customers in France under the name Distingo. Deposits totalled €955 million as of 31 December 2013.

Banque PSA Finance also renewed its bank facilities in 2013 (see Note 36.1.A. (b)).

1.4. IMPAIRMENT LOSSES ON AUTOMOTIVE DIVISION ASSETS

In accordance with accounting standard IAS 36, PSA Peugeot Citroën recorded an impairment loss on its Automotive Division assets in Russia and Latin America, notably reflecting a context of deteriorating automotive markets and fluctuations in exchange rates in those areas. The impairment charge totalled €1,009 million (see Note 9.1).

NOTE 2 - ACCOUNTING POLICIES

The PSA Peugeot Citroën Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union on 31 December 2013, the balance sheet date.[1]

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

All IFRS standards and interpretations published by the IASB and the IFRS Interpretation Committee whose application is compulsory in financial years beginning on or after 1 January 2013 have been adopted for use and are compulsory in the European Union, except for :

- IAS 39 which has only been partially adopted for use in the European Union. There are no items in the PSA Peugeot Citroen Group's financial statements that would be affected by the unadopted provisions of this standard.
- IFRS 10, 11 and 12, and amendments to IAS 27, 28 and 31, for which the European Union has deferred compulsory application until 1 January 2014, with the possibility of early application. The Group has not opted for early application of these standards. The impact of the new standards is described below.

New compulsory standards and interpretations		First application in the EU for annual periods beginning on or after:	Impacts
Amendment to IAS 19	*"Employee Benefits"*	01.01.2013	See Note 2.21
IFRS 13	*"Fair Value Measurement "* This standard provides guidance on determining fair value when the application is required or permitted by another IFRS	01.01.2013	Without material impact
Amendment to IAS 1	*"Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income".* This standard has resulted in the separation of non-recyclable items within income and expense being recognised in equity.	01.07.2012	See Consolidated Statement of Income and Expenses Recognised in Equity
Amendment to IFRS 7	*" Disclosures – Offsetting Financial Assets and Financial Liabilities".* This standard mainly concerns margin call agreements on OTC derivatives held by finance companies.	01.01.2013	Without material impact

[1] *The International Financial Reporting Standards adopted for use in the European Union can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)*

The other texts that became mandatory on 1 January 2013 have no impact.

New standards and interpretations compulsory on or after 1 January 2014, and not early adopted		First application in the EU for annual periods beginning on or after:	Impacts
IFRS 10	*"Consolidated Financial Statements"*		
IFRS 11	"*Joint Arrangements*"		
IFRS 12	"*Disclosure of Interests in Other Entities* "		
Amendment to IFRS 10, IFRS 11 and IFRS 12	*"IFRS 10, IFRS 11, IFRS 12: Transition Guidance"*	01.01.2014[2]	See below
IAS 27	*"Separate Financial Statements "*		
IAS 28	"*Investments in Associates and Joint Ventures*"		
Amendment to IFRS 10, IFRS 12 et IAS 27	*"Investment Entities "*	01.01.2014	Without material impact
Amendment to IAS 32	*"Offsetting Financial Assets and Financial Liabilities"*	01.01.2014	Impacts currently being analysed
Amendement to IAS 36	*"Recoverable Amount Disclosures for Non-Financial Assets"*	01.01.2014	Impacts currently being analysed
Amendement to IAS 39	*"Novation of Derivatives and Continuation of Hedge Accounting"*	01.01.2014	Impacts currently being analysed

New standards and interpretations not yet adopted by the European Union		First application in the EU for annual periods beginning on or after:	Impacts
IFRIC 21	"*Levies*" This text specifies the date on which the taxes charged by government authorities must be provisioned.	Not adopted	Impacts currently being analysed
Amendement to IAS 19	*"Defined Benefit Plans: Employee Contributions"*	Not adopted	Impacts currently being analysed
IFRS 9	*Financial instruments – "Classification and Measurement" and "Hedge accounting".* These texts materialise two out of three phases of the revision of *IAS 39 Financial instruments*.	Not adopted	Impacts currently being analysed
	"Annual improvement 2010-2012"	Not adopted	Impacts currently being analysed
	"Annual improvement 2011-2013"	Not adopted	Impacts currently being analysed

Impact of the application of IFRS 10 and IFRS 11 from 1 January 2014

IFRS 11 states that joint arrangements classified as joint operations must be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a contractual arrangement or through a jointly controlled entity. Joint arrangements that are qualified as joint ventures because the parties have rights to the net assets of the arrangement will be accounted for using the equity method. IFRS 10 redefines exclusive control on the basis of substantive rights.

[2] The IASB first application date is 1 January 2013.

In practice:

- the main companies under joint control classified as joint ventures are DPCA and CAPSA. They will continue to be consolidated by the equity method;
- the companies classified as joint operations at 31 December 2013 are Toyota Peugeot Citroën Automobile, Sevel SpA and PCMA Automotive Rus, as well as Française de Mécanique prior to its takeover (see Note 4). TPCA and Sevel SpA are currently consolidated by the equity method. In view of the rights held by the Group in the event of a conflict between shareholders, PCMAR was deemed to be controlled in application of the previous standards and therefore fully consolidated. With regard to IFRS 10, these rights are no longer deemed to provide exclusive control.

The main impact of the new standards will be the recognition of the Group share of the carrying amount of the relevant subsidiaries' assets in assets on the consolidated balance sheet and that of the Group share of their debt among liabilities. The main impact will be, on 1 January 2013, an increase of €227 million in the net debt of the Group, consolidating the net debt of the Française de Mécanique company for €188 million. In view of the takeover of Française de Mécanique, its debt is included in the Group's net debt at 31 December 2013. At that date, the impact of the application of these new standards was therefore limited to an increase of €33 million.

2.1. CONSOLIDATION

A. **Consolidation methods**

The generic name PSA Peugeot Citroën refers to the Group of companies of which Peugeot S.A. is the parent.

The financial statements of Peugeot S.A. and companies in which Peugeot S.A. directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises joint control or significant influence over operating and financial policies are included in the consolidated financial statements using the equity method.

Certain companies meeting the above criteria have not been consolidated because they do not meet any of the following minimum requirements:
- revenue in excess of €50 million;
- total assets in excess of €20 million;
- total debt in excess of €5 million.

Investments in these companies are recorded under "Investments in non-consolidated companies" in accordance with the general accounting principles described in Note 2.16.B(2)(a). Their consolidation would not have a material impact on the consolidated financial statements.

All significant intragroup transactions and internal margins are eliminated in consolidation.

The Group attributes the profit or loss of a subsidiary between the parent and minority interests based on their respective ownership interests. As a result, if there is no agreement committing the parent to absorbing the losses of the subsidiary, minority interests may be negative.

B. **Changes in scope of consolidation resulting in exclusive control**

Business combinations occurring after 1 January 2010 are accounted for using the acquisition method, in accordance with *IFRS 3 (Revised) – Business Combinations.*
The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria of IFRS 3 (revised). The residual goodwill represents anticipated post-acquisition cash flows due to synergies in addition to the assets and liabilities recognised on initial consolidation. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred.

In the event of a price adjustment in the 12 months following the acquisition date, the provisional initial assessment is adjusted against goodwill. Any subsequent adjustment is recognised as debt or credit against profit or loss.

C. **Other changes in scope of consolidation**

Puttable financial instruments - corresponding to put options granted to minority shareholders - are recognised as debt in accordance with the principles described in Note 2.16.E.

Following any change in ownership interest that results in the loss of control of an entity, the initial interest is remeasured at fair value and the gain or loss is recognised in non-recurring operating income or expense (if material).
Changes in ownership interests that do not result in a loss of control of the subsidiary are accounted for as equity transactions (transactions with owners in their capacity as owners) and therefore lead to equity, including transaction costs, being reallocated between the parent and the minority interests.

2.2. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

A. **Standard method**

The Group's functional currency is the euro (€), which is also the presentation currency in the consolidated financial statements. The functional currency of most foreign subsidiaries is their local currency, corresponding to the currency in which the majority of their transactions are denominated. The balance sheets of these subsidiaries are translated at the year- end exchange rate and their income statements are translated on a monthly basis at the average exchange rate for each month. Gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded in equity under "Translation reserve". Goodwill arising on the acquisition of these subsidiaries is measured in their functional currency.

B. **Specific method**

Certain subsidiaries outside the euro zone carry out most of their transactions in euros or US dollars, which is accordingly recognised as their functional currency. Non-monetary items in these subsidiaries' accounts are translated at the historical exchange rate and monetary items at the year-end rate. The resulting translation gains and losses are recognised directly in profit or loss.

2.3. TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are measured and recognised in accordance with *IAS 21 – the Effects of Changes in Foreign Exchange Rates*. In compliance with this standard, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date.
At each balance sheet date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance Group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

2.4. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the financial statements relating to contingent assets and liabilities.

The estimates and assumptions used are those deemed by management to be the most pertinent and accurate in view of the Group's circumstances and past experience. To reduce uncertainty, estimates and assumptions are reviewed periodically.
Nevertheless, given the uncertainty inherent in any projections, actual results may differ from initial estimates.

For the preparation of the 2013 annual financial statements, special attention was paid to the following items which are particularly exposed to estimation uncertainty in a crisis environment:

- The recoverable amount of Automotive Division intangible assets and property, plant and equipment (see Note 9.1);
- Provision for onerous contracts entered into pursuant to cooperation agreements (see Note 9.1);
- Deferred tax assets (see Note 12);
- Receivables – finance companies (see Note 19).

The use of estimates and assumptions is also crucial for the following item:

- Pension obligations (see Note 28);
- Provisions (particularly vehicle warranty provisions, restructuring provisions, claims and litigation) (see Note 27 and Note 9.3);
- The recoverable amount of inventories and other receivables (see Note 21 and Note 22);
- The fair value of derivative financial instruments (see Note 35);
- Sales incentives (see Note 2.6).

2.5. REVENUE

A. Manufacturing and sales companies

(a) Automotive Division

Sales and revenue of the manufacturing and sales companies include mainly revenues from the sale and leasing of vehicles and the sale of other goods and services.
In accordance with *IAS 18 – Revenue*,new vehicle sales are recognised on the date the risks and rewards of ownership are transferred. This generally corresponds to the date when the vehicles are made available to non-group dealers or the delivery date, in the case of direct sales.

Sales at cost of items purchased on behalf of other parties and sales to subcontractors of raw materials, parts and mechanical sub-assemblies that are intended to be bought back at cost are not included in revenue.

Sales of new vehicles with a buyback commitment are not recognised at the time of delivery but accounted for as operating leases when it is probable that the vehicle will be bought back. This principle applies:

- whatever the duration of the buyback commitment;
- for both direct sales and sales financed by Banque PSA Finance and its subsidiaries.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over the term of the lease by the straight-line method, on the basis of the vehicle's cost less its estimated residual value, representing the anticipated resale price on the used vehicle market. Any additional gain made on the final sale of the vehicle is recognised in the period in which it is sold on the used vehicle market. If the net difference is a loss, an allowance is booked when the buyback contract is signed.

(b) Automotive Equipment Division

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders.

The revenue recognition criteria provided for in IAS 18 are not met in cases where development and tooling costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer. Under such circumstances, development work

and tooling cannot be considered as having being sold. The development costs are recognised in intangible assets (see Note 2.13.A) and tooling in property, plant and equipment (see Note 2.14.A).

If the contract includes a payment guarantee, the development and tooling costs are recognised in inventories and work-in-progress. The corresponding revenue is recognised when the customer signs off on each technical phase.

B. **Finance companies**

The Group's finance companies provide wholesale financing to dealer networks and retail financing to customers. Financing may take the form of conventional loans, finance leases, buyback contracts or long-term leasing. The different forms of financing are treated as lending transactions and are recognised in the balance sheet in the amount of the Banque PSA Finance Group's net financial commitment (see Note 2.16.B). Sales financing revenues are recorded using the yield-to-maturity method, so as to recognise a constant rate of interest over the life of the loan.

2.6. SALES INCENTIVES

The cost of current and future sales incentive programmes is accrued on the basis of historical costs for the previous three months, determined country by country, and charged against profit for the period in which the corresponding sales are recognised. In cases where the cost of the programme varies according to sales, it is deducted from revenue.

The Group's incentive programmes include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognised at the time of the sale.

2.7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses correspond to general administrative expenses, indirect selling expenses and warranty costs.

Warranties

A provision is recorded to cover the estimated cost of vehicle and spare parts warranties at the time of sale to independent dealer networks or end-customers. Revenues from the sale of extended warranties or maintenance contracts are recognised over the period during which the service is provided.

2.8. RESEARCH AND DEVELOPMENT EXPENDITURE

Under *IAS 38 - Intangible Assets,* research expenditure is recognised as an expense, while development expenditure is recognised as an intangible asset when certain conditions are met (see Note 2.13.A).
In accordance with this standard, all research costs and all development expenditure other than that described in Note 2.13.A are recognised as an expense for the period in which they are incurred, as is the amortisation of capitalised development costs (see Note 8).

2.9. OPERATING INCOME (LOSS)

Operating income corresponds to profit before net financial income or expense, current and deferred taxes and the Group's share in the net earnings of companies at equity.

The Group uses recurring operating income as its main business performance indicator. Recurring operating income corresponds to operating income before other non-recurring income and expenses, defined as material items of income and expense that are unusual in nature or infrequent in occurrence whose inclusion in operating income creates a distorted view of the Group's underlying performance.

In practice, other non-recurring operating income and expenses consist mainly of the following items which are described in the notes to the financial statements where appropriate (see Note 9):

- restructuring and early-termination plan costs;
- impairment losses (and subsequent adjustments) recognised on (i) non-current assets following impairment tests performed on the cash-generating units (CGUs) to which they belong, and (ii) the corresponding onerous contracts;
- gains on disposals of real estate and impairment of real estate held for sale.

2.10. SHARE IN EARNINGS OF COMPANIES AT EQUITY

The share in earnings of companies at equity represents the Group's share of the earnings of those companies, plus any impairment of investments in companies at equity.

Gains on disposals of investments in companies at equity are recorded in operating income.

2.11. BORROWING COSTS

Effective from 1 January 2009, borrowing costs that are directly attributable to the acquisition, construction or production of an item of property, plant and equipment or an intangible asset that takes at least twelve months to get ready for its intended use are capitalised as part of the cost of that asset (the "qualifying asset"). Group inventories do not meet the definition of qualifying assets under *IAS 23 – Borrowing Costs* and their carrying amount does not therefore include any borrowing costs.
When funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation corresponds to the actual borrowing costs incurred during the period less any investment income on the temporary investment of any borrowed funds not yet used.
When funds borrowed for general corporate purposes are used to obtain a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate equal to the weighted average borrowing costs for the period of the operating segment that obtains the qualifying asset.

2.12. GOODWILL

In accordance with *IAS 36 – Impairment of Assets,* goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired (see Note 2.15).

Goodwill attributable to acquisitions of associates and joint arrangements is the excess of the cost of shares, including directly attributable acquisition costs, over the Group's equity in the acquisition-date fair value of the identifiable assets and liabilities acquired. It is included in "Investments in companies at equity" and tested for impairment at the level of the associate or joint arrangement concerned.

2.13. INTANGIBLE ASSETS

A. **Research and development expenditure**

Under *IAS 38 – Intangible Assets,* development expenditure is recognised as an intangible asset if the entity can demonstrate in particular:

- its intention to complete the intangible asset and use or sell it, as well as the availability of adequate technical, financial and other resources for this purpose;
- that it is probable that the future economic benefits attributable to the development expenditure will flow to the entity;
- that the cost of the asset can be measured reliably.

Capitalised development costs include related borrowing costs (see Note 2.11).

(a) Automotive Division

Development expenditure on vehicles and mechanical sub-assemblies (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognised in intangible assets. It is amortised from the start-of-production date over the asset's useful life, representing up to seven years for vehicles and ten years for mechanical sub-assemblies and modules. The capitalised amount mainly comprises payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. No overheads or indirect costs are included, such as rent, building depreciation and information system utilisation costs. The capitalised amount also includes the portion of qualifying development expenditure incurred by the Group under cooperation agreements that is not billed to the partner. Generally, development costs billed to the Group by its partners under cooperation agreements are also capitalised, unless they relate to a project with milestones and are incurred after the final capitalisation milestone. All development expenditure incurred to develop mechanical sub-assemblies compliant with new emissions standards is monitored on a project-by-project basis and is also capitalised.

(b) Automotive Equipment Division

Development work is undertaken for all programmes covered by specific customer orders. Where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer, the costs incurred during the period between the customer's acceptance of the commercial offer and the start-of-production date of the parts or modules are recognised in intangible assets. The intangible asset is amortised based on the quantity of parts delivered to the customer, provided that accumulated amortisation at each year-end does not represent less than the amount that would be recognised if the asset were amortised on a straight- line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognised in inventories and work-in-progress.

Other research and development expenditure is recognised as an expense for the period in which it is incurred (see Note 2.8).

B. **Other internally-developed or purchased intangible assets**

The portion of development costs relating to software for internal use that corresponds to directly attributable internal or external costs necessary to create the software or improve its performance is recognised as an intangible asset when it is probable that these costs will generate future economic benefits. The capitalised costs are amortised over the estimated useful life of the software, ranging from four to twelve years. Other software acquisition and development costs are expensed as incurred.

Other intangible assets (consisting principally of patents and trademarks) are amortised on a straight- line basis over the estimated period of benefit, not to exceed twenty years.

2.14. PROPERTY, PLANT AND EQUIPMENT

A. **Cost**

In accordance with *IAS 16 - Property, Plant and Equipment*, property, plant and equipment are stated at acquisition or production cost. They are not revalued.

Capitalised costs include the portion of specific tooling expenses incurred by the Group under cooperation agreements that is not billed to its partners. All specific tooling expenditure billed to the Group by its partners under cooperation agreements is also capitalised.

The cost of items of property, plant and equipment that take at least twelve months to get ready for their intended use includes related borrowing costs (see Note 2.11).

Government grants are recognised as a reduction in the cost of the corresponding assets.
Maintenance costs are expensed as incurred.

Leased assets include vehicles leased to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 2.5.A.

Assets acquired under finance leases, as defined in *IAS 17 - Leases*, are recognised at an amount equal to the present value of the future lease payments, or to the fair value of the leased property, whichever is lower. A financial liability is recognised in the same amount. The assets are depreciated by applying the method and rates indicated below.

B. **Depreciation**

(a) Standard method

Depreciation is calculated on a straight-line basis to write off the acquisition or production cost of the assets, less any residual value, over their estimated useful lives. Property, plant and equipment generally have no residual value, except for rental vehicles. The main useful lives of property, plant and equipment are as follows:

	(in years)
Buildings	20 - 30
Plant and equipment	4 - 16
Computer equipment	3 - 4
Vehicles and handling equipment	4 - 7
Fixtures and fittings	10 - 20

(b) Specific tooling

In the Automotive Division, specific tooling is depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the tooling concerned due to the frequency of model changes.
In the Automotive Equipment Division, specific tooling is depreciated based on the quantity of parts delivered to the customer, provided that accumulated depreciation at each year-end does not represent less than the amount that would be recognised if the asset were depreciated on a straight-line basis over five years.
The estimated useful lives of property, plant and equipment are reviewed periodically, particularly whenever a decision is made to halt production of a vehicle or mechanical sub-assembly.

2.15. IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with *IAS 36 – Impairment of Assets*, the recoverable amount of property, plant and equipment and intangible assets is tested for impairment at each balance sheet date, whenever events or changes in circumstances indicate that it might be impaired. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. The impairment test usually consists of estimating the asset's value in use. Value in use is measured as the net present value of estimated future cash flows. Assets with indefinite useful lives, i.e. mainly goodwill, are tested for impairment at least once a year.

The tests are performed at the level of cash generating unit (CGU) to which the assets belong. CGUs are defined as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If a CGU's recoverable amount is less than its carrying amount, an impairment loss is recognised in profit or loss and, to the extent possible, as an adjustment to the carrying amount of any goodwill allocated to the CGU.
The Automotive Division comprises a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of tooling and other specific plant and equipment used to manufacture the model, as well as capitalised model development expenditure (see Note 2.13.A(a)). The Automotive Division CGU consists of the Vehicle CGUs and all other fixed assets, including goodwill.
In the Automotive Equipment Division, each CGU corresponds to a programme and comprises all customer contract-related intangible assets (corresponding to capitalised development costs) and property, plant and equipment. These CGUs are combined in Business Units (Automotive Seating, Interior Systems, Automotive Exteriors and Emissions Control Technologies) to which support assets and goodwill are allocated. The

Automotive Equipment Division CGU comprises the assets of the CGUs in the above four Business Units and the Faurecia goodwill recognised in the PSA Peugeot Citroën Group's consolidated financial statements.

Within the Banque PSA Finance group, fixed assets used in a given country constitute a homogeneous group of assets (CGU).

2.16. FINANCIAL ASSETS AND LIABILITIES

A. **Definitions**

Under IAS 39, financial assets include loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss (including financial assets designated upon initial recognition as being at fair value through profit or loss) (See Note 35).

Financial liabilities as defined by IAS 39 comprise financial liabilities at amortised cost (see details of the items in Note 35).

Financial assets and liabilities with maturities of more than one year at the balance sheet date are classified as non-current. All other assets and liabilities are reported as current.

As allowed under IAS 39, the Group has chosen to recognise financial assets and liabilities at the transaction date. Consequently, when the transaction (or commitment) date is different from the settlement date, the securities to be delivered or received are recognised on the transaction date.

B. **Recognition and measurement of financial assets**

(1) Financial assets at fair value through profit or loss

(a) Manufacturing and sales companies

These assets are recognised in the balance sheet at fair value. Any change in their fair value is recognised in profit or loss for the period.
This mainly covers marketable securities and cash investments not meeting the criteria for classification as cash equivalents.

Cash primarily represents cash in bank current accounts, and excludes bank overdrafts. Cash equivalents consist primarily of cash investments and negotiable debt securities that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and held in order to meet short-term cash commitments (Note 25).

(b) Short-term investments - finance companies

Marketable securities are carried at amortised cost or under the fair value option if they benefit from interest rate hedges. Changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change fair value of the economic hedges.

(2) Available-for-sale financial assets

Available-for-sale financial assets are securities that are not intended to be held to maturity and that are not classified either as financial assets at fair value through profit or loss or as loans and receivables. They may be held on a lasting basis or sold in the short term.

Available-for-sale financial assets are recognised in the balance sheet at fair value. Gains and losses arising from remeasurement at fair value are recognised directly in equity. Only impairment losses reflecting a prolonged or significant decline in fair value are recognised in the income statement.
The Group uses the following criteria to assess whether it is prolonged or significant: an impairment loss is systematically recognised in profit or loss where the value falls by over 50% compared to the acquisition cost or

over a minimum of three years. Furthermore, a special line-by-line analysis is carried out where the value falls over 30% compared to the acquisition cost or within a minimum of 1 year.

Assets classified as “available-for-sale” are described in Note 35.

(3) Loans and receivables

(a) Loans and receivables - finance companies

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance's net financial commitment in respect of the loans and receivables. Consequently, their carrying amount includes the outstanding principal and accrued interest plus the following items (before the effect of hedge accounting):

- commissions paid to referral agents as well as directly attributable administrative expenses incurred with third parties on inception of loans and receivables, which are added to the outstanding principal;
- contributions received from the brands, which are deducted from the outstanding principal;
- unamortised loan set-up costs, which are deducted from the outstanding principal;
- deposits received at the inception of finance leases, which are deducted from the amount financed.

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.

Loans and receivables are generally hedged against interest rate risks, with the hedged portion of the loan remeasured at fair value in accordance with hedge accounting principles. 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. (see Note 2.16.D).

Loans and receivables are tested for impairment when a loss event occurs, corresponding in practice to default on a single instalment. Impairment is measured by comparing the carrying amount of the loan or receivable to the present value of estimated future cash flows discounted at the effective interest rate.

For retail loans and receivables:

- an impairment loss is recognised on sound loans when the borrower defaults on a single instalment. Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss ratio;
- impairment losses on non-performing loans are determined based on the average loss ratio discounted at the loans’ effective interest rate, which is used to calculate provisions for credit losses on non-performing and doubtful loans.

For other loans and receivables (consisting mainly of wholesale loans), provisions for known credit risks are determined on a case-by-case basis, when the first instalment is missed or at the latest when the loan is reclassified as non-performing. Reclassification occurs when at least one instalment is over 91 days past due, or within a maximum of 451 days if it can be demonstrated that there is no counterparty risk. In the case of an aggravated risk, the loan may be reclassified as non-performing before the 91-day period has expired.

(b) Loans and receivables of the manufacturing and sales companies

“Loans and receivables” are carried at amortised cost measured using the effective interest method.
They mainly comprise trade receivables (Note 22 and section 2.18), other receivables (Note 23) and other loans and deposits.

C. **Recognition and measurement of financial liabilities**

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method.
Items hedged by interest rate swaps are accounted for using fair value hedge accounting. The hedged portion of the financial liability is remeasured at fair value, with changes in fair value attributable to the hedged risk taken to profit or loss and offset by the loss or gain arising from remeasurement at fair value of the hedging instrument.

The Oceane convertible bonds issued by the Group are recognised and measured as follows:

- the debt component is recognised in liabilities at amortised cost, determined using the market interest rate for debt securities with similar characteristics but without the conversion feature. The carrying amount is stated net of a proportionate share of the debt issuance costs;
- the conversion option is recognised in equity for an amount equal to the difference between the total issue proceeds and the value of the debt component. The carrying amount is stated net of a proportionate share of the debt issuance costs and corresponding deferred taxes.

The conversion option is recognised in equity because the conversion ratio is fixed (i.e. bond holders will receive a fixed number of shares in exchange for a fixed amount of bonds). It is not subsequently remeasured at fair value, unless there is a change in the bonds' estimated life. It will, however, be adjusted, for all conversions of bonds. A deferred tax liability calculated on the gross value of the conversion option is also recognised in equity.

The government loans at below-market interest rates obtained by the Group are adjusted when the effect is material. The adjustment consists of calculating the loans' amortised cost by multiplying future cash flows on the loans by an effective interest rate based on market rates. The subsidy corresponding to the below-market interest rate is recognised in accordance with IAS 20 as related either to assets (see Note 2.14.A) or to income, depending on the purpose for which the funds are used.

D. **Recognition and measurement of derivative instruments**

Derivative instruments are stated at fair value.

They may be classified as hedging instruments if:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedge is demonstrated at inception and in each financial reporting period for which the hedge is designated.

The Group uses two hedging relationships:

- *fair value hedges*:
  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;
- *cash flow hedges*:
  The effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognised directly in equity, since the gain or loss arising from remeasurement at fair value of the hedged portion of the underlying future transaction is not recognised in the balance sheet. The ineffective portion is recognised in profit or loss. Cumulative gains and losses recognised in equity are reclassified to profit or loss when the hedged item affects profit or loss. The effective portion of the gain or loss arising from remeasurement at fair value of hedges of raw materials purchases does not affect the value at which the raw materials are recognised in inventory.

The Group implements currency hedges to protect against changes in the value of receivables and payables denominated in foreign currencies. Despite being effective, they do not qualify as hedges under IFRS in the absence of documentation. However, this has no effect on the Group's operating income or net financial income. Change in the fair value of these derivatives is recorded in the income statement, offsetting the change in receivables and payables denominated in foreign currencies, recognised in profit or loss.

E. **Commitments to purchase minority interests**

In accordance with IAS 32, put options granted to minority shareholders of subsidiaries are recognised in the balance sheet under "Non-current financial liabilities" with an offsetting adjustment to equity. The adjustment is recorded as a deduction from minority interests to the extent possible, with any excess deducted from equity attributable to equity holders of the parent.
The liability is remeasured at the present value of the redemption amount at each period-end.

2.17. INVENTORIES

Inventories are stated at the lower of cost and net realisable value, in accordance with *IAS 2 - Inventories*.
Cost is determined by the first-in-first-out (FIFO) method and includes all direct and indirect variable production expenses, plus fixed production expenses based on the normal capacity of the production facility. As inventories do not take a substantial period of time to get ready for sale, their cost does not include any borrowing costs.
The net realisable value of inventories intended to be sold corresponds to their selling price, as estimated based on market conditions and any relevant external information sources, less the estimated costs necessary to complete the sale (such as variable direct selling expenses, refurbishment costs not billed to customers for used vehicles and other goods).

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders. When the contract includes a payment guarantee, the development costs are recognised in inventories and work-in-progress and the corresponding revenue is recognised when the customer signs off on each technical phase.

2.18. TRADE RECEIVABLES

A provision for impairment is recorded on the manufacturing and sales companies' trade receivables if the Group believes that there is a risk that the receivables will not be recovered. Indications of probable impairment include the existence of unresolved claims or litigation, the age of the receivables and the obligor's significant financial difficulties.

In accordance with IAS 39, the Group derecognises receivables for which the contractual rights to receive the cash flows have been transferred along with substantially all of the risks and rewards of ownership. In analysing the transfer of risks, dilution risk is not included inasmuch as it has been defined and correctly segregated notably from the risk of late payment. Transferred receivables are not derecognised when the default risk is retained by the Group. Costs incurred in transferring a receivable are recognised in financial expense.
This rule also applies to Automotive Division receivables sold to Group finance companies, in the analyses by operating segment.

2.19. DEFERRED TAXES

In accordance with *IAS 12 - Income Taxes*, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognised, while deferred tax assets are recognised only when there is a reasonable expectation that they will be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and companies at equity, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:

- for subsidiaries, a deferred tax liability is recognised only in respect of distribution taxes on dividends that will be paid by the subsidiary in the following year by decision of the Group;
- for companies at equity, a deferred tax liability on dividend distributions is recognised for all differences between the tax base of the shares and their carrying amount;
- current tax benefits generated by intragroup provisions and sales are not cancelled by recognising deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

2.20. PROVISIONS

In accordance with *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognised when, at the balance sheet date, the Group has a present obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources of an equivalent amount is expected. Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan. Provisions are discounted only when the effect is material. In this case, the discount rate is based on a risk-free rate.

2.21. PENSIONS AND OTHER POST- EMPLOYMENT BENEFITS

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement benefits (see Note 28.1). These benefits are paid under defined contribution and defined benefit plans.

The payments made under defined contribution plans are in full discharge of the Group's liability and are recognised as an expense for the period.

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

- an assumption concerning the expected retirement date;
- an appropriate discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

The projected benefit obligation is measured twice a year for the main plans, at mid-year and at year-end, and every three years for the other plans, except when more frequent valuations are necessary to take into account changes in actuarial assumptions or significant changes in demographic statistics.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses. These actuarial gains and losses are recorded under "income (expense) recognised directly in equity", and are not recyclable in the income statement.

In the event of change in the benefits conferred by a pension plan, the effects of changes taking place after 1 January 2012 are recognised in full in the income statement of the period in which they are incurred, in "operating income".

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.
The purpose of external funds is to cover the total projected benefit obligation. In some cases the amount of these external funds exceeds the recognised portion of the projected benefit obligation. This leads to the recognition of a non-current asset.

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 "Recurring operating income");
- The accretion expense of the net commitment of the return on plan hedging assets (in financial income and expense). These two components (accretion and return on assets) are determined based on the discount rate of commitments;
- Any adjustment to the IFRIC 14 minimum funding requirement liability (recognised in "Non-recurring operating income or expense").

Other employee benefit obligations recognised in the balance sheet concern:

- long-service awards payable by French and foreign subsidiaries;
- healthcare costs paid by certain subsidiaries in the United States.

2.22. OPTIONS TO PURCHASE EXISTING OR NEWLY ISSUED SHARES AT AN AGREED PRICE AND PERFORMANCE SHARE GRANTS

Stock options and performance shares are granted to Group management and certain employees under equity-settled share-based payment plans. These plans are recognised in accordance with *IFRS 2 Share-based Payment*.

2.23. TREASURY STOCK

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury stock are taken to equity, so that any disposal gains or losses have no impact on profit.

2.24. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset or disposal group (operations) is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable.
Assets held for sale and discontinued operations are measured at the lower of the carrying amount and the estimated selling price, less costs to sell. Such non-current assets are no longer depreciated from the date on which these assets or disposal group are considered by the Group to satisfy the criteria for classification as held for sale.
Such assets and related liabilities are presented on separate headings under other Group assets and liabilities: “Assets held for sale and discontinued operations” and “Liabilities related to assets held for sale and discontinued operations”.
The items in the income statement, statement of cash flows and other comprehensive income relating to assets held for sale are presented separately in the consolidated financial statements for all periods presented.

2.25. CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows is partitioned into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities depending on the nature of the transactions.

The Group's main choices as regards presentation were as follows:

- Interest flows were kept under cash flows from operating activities;
- Payments received in connection with grants were allocated by function to cash flows from investing activities or cash flows from operating activities depending on the nature of the grant;
- The conversion options of convertible bonds (involving both optional and mandatory conversion) are presented on a capital increase line under cash flows from financing activities;
- Voluntary contributions paid into pension funds are recognised under cash flows from operating activities;
- Payments made on the deferred portion of a fixed asset purchase are presented under cash flows from investing activities for the period ("Change in amounts payable on fixed assets");
- Tax payments are classified under cash flows from operating activities.

NOTE 3 - CHANGES TO FINANCIAL STATEMENTS PREVIOUSLY REPORTED

The Group's financial statements at 31 December 2012, presented comparatively, have been restated as explained below, relative to the financial statements previously reported.

3.1. AMENDMENT TO IAS 19 EMPLOYEE BENEFITS

The amendment to IAS 19 Employee Benefits is compulsory for financial years commencing on 1 January 2013 and retroactively for financial years presented previously. Accordingly, the summary statements for the 2012 financial year and the first half of 2012 have been restated. The main impacts on the 2012 consolidated financial statements are:

- Balance sheet:
  - Reduction in equity,
  - Increase in non-current provisions,
  - Reduction in deferred tax liabilities,
  - Increase in deferred tax assets;
- Income statement :
  - Cancellation of amortisation of actuarial gains and losses previously recognised in Recurring operating income,
  - Use of a standard rate to calculate the return on hedging assets instead of an expected rate.

The main impact on the consolidated financial statements at 1 January 2012 is a reduction in equity in the amount of €130 million, stemming primarily from an increase in the pension provision of €183 million, net of deferred taxes. The impact at 31 December 2012 is a €390 million reduction in equity and a €536 million increase in pension provisions (see Note 3.2 on restatement of the 2012 consolidated financial statements).

3.2. RESTATEMENT OF FINANCIAL STATEMENTS

The impacts on the 2012 financial statements of this adjustment are shown in the tables below:

Statement of income

(in million euros)	**2012** reported in February 2013	**2012** Impact as at 31 December 2013	**2012 impact**
Continuing operations			
Sales and revenue	**55 446**	**55 446**	**-**
Recurring operating income (loss)	**(576)**	**(560)**	**16**
Operating income (loss)	**(4 698)**	**(4 682)**	**16**
Income (loss) before tax of fully consolidated companies	**(5 116)**	**(5 112)**	**4**
Consolidated profit (loss) from continuing operations	**(5 728)**	**(5 726)**	**2**
Discontinued operations			
Profit (loss) from discontinued operations	803	803	-
Consolidated profit (loss) for the year	**(4 925)**	**(4 923)**	**2**
Atributable to equity holders of the parent	*(5 010)*	*(5 008)*	*2*
Atributable to equity minority interests	*85*	*85*	*-*

Balance sheets - Assets

(in million euros)	31 December 2012 reported in February 2013	31 December 2012 Impact as at 31 December 2013	2012 impact
Total non-current assets	**21 597**	**21 632**	**35**
Of which:			
Other non-current assets	518	514	(4)
Deferred tax assets	574	613	39
Total assets	**64 849**	**64 884**	**35**

Balance sheets – Equity and liabilities

(in million euros)	31 December 2012 reported in February 2013	31 December 2012 Impact as at 31 December 2013	2012 impact
Total equity	**10 557**	**10 167**	**(390)**
Total non-current liabilities	**12 570**	**12 995**	**425**
Of which:			
Non-current provisions	646	1 182	536
Deferred tax liabilities	912	801	(111)
Total equity and liabilities	**64 849**	**64 884**	**35**

NOTE 4 - SCOPE OF CONSOLIDATION

	31 December 2013	31 December 2012
Fully consolidated companies		
Manufacturing and sales companies	321	318
Finance companies	50	45
	371	**363**
Companies at equity		
Manufacturing and sales companies	43	47
Finance companies	1	1
	44	**48**
Consolidated companies at 31 December 2013	**415**	**411**

There was no significant change in the scope of consolidation in 2013, aside from the full takeover of Française de Mécanique.

The Group owns 51.7% of Faurecia's capital and 68% of the voting rights due to the existence of shares with double voting rights. If all of the dilutive instruments issued by Faurecia were to be exchanged for shares, this would have no impact on the Group's exclusive control.

NOTE 5 - SEGMENT INFORMATION

In accordance with IFRS 8 Operating Segments, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The disclosures below are derived from the internal reporting system and have been prepared in accordance with the IFRSs adopted by the European Union. The Group's main performance indicator is recurring operating income.

5.1. BUSINESS SEGMENTS

The Group's operations are organised around four main segments:

- The Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;
- The Automotive Equipment Division, corresponding to the Faurecia group comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- The Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot and Citroën brands and wholesale financing to the two brands' dealer networks;
- Other Businesses, which include the operations of Peugeot S.A., the Group's holding company, and Peugeot Motocycles. The equity-accounted earnings of the Gefco group are included among these businesses.

The balances for each segment shown in the table below are on a stand-alone basis. Faurecia and Banque PSA Finance publish consolidated financial statements and segment information for these two businesses is therefore presented down to the level of net profit. For the other segments, as cash positions and taxes are managed jointly in some countries, only operating income and share in net earnings of companies at equity are presented by segment. All intersegment balance sheet items and transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and reconciliations" together with unallocated amounts.

All intersegment commercial transactions are carried out on an arm's length basis on the same terms and conditions as those applicable to the supply of goods and services to third parties.

2013 *(in million euros)*	Automotive	Automotive equipment	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue						
- third parties	36 460	16 067	1 463	100	-	**54 090**
- intragroup, intersegment	1	1 962	310	92	(2 365)	**-**
Total	**36 461**	**18 029**	**1 773**	**192**	**(2 365)**	**54 090**
Recurring operating income (loss)	**(1 042)**	**538**	**368**	**(42)**	**1**	**(177)**
Non-recurring operating income	396	5	-	12	-	**413**
Restructuring costs	(365)	(91)	-	(4)	-	**(460)**
Impairment of CGUs, provisions for onerous contracts and other.	(1 100)	-	-	(1)	-	**(1 101)**
Other non-recurring operating income and (expenses), net	-	(21)	-	-	-	**(21)**
Operating income (loss)	**(2 111)**	**431**	**368**	**(35)**	**1**	**(1 346)**
Interest income		9	-		129	138
Finance costs		(208)	-		(416)	(624)
Other financial income		4	-		67	71
Other financial expenses		(39)	-		(204)	(243)
Net financial income (expense)	**-**	**(234)**	**-**	**-**	**(424)**	**(658)**
Income taxes expense		(65)	(138)		(184)	**(387)**
Share in net earnings of companies at equity	142	14	8	12	-	**176**
Consolidated profit (loss) from continuing operations		146	238			(2 215)
Profit (loss) from discontinued operations		(3)	-			(3)
Consolidated profit (loss) for the period		**143**	**238**			**(2 218)**
Capital expenditure (excl. sales with a buyback commitment)	**1 610**	**775**	**19**	**2**		**2 406**
Depreciation and amortisation	**(1 849)**	**(533)**	**(26)**	**1**		**(2 407)**

In 2013, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €891 million. Net provision expense (cost of risk) for the year amounted to €131 million.

2012 (in million euros)	Automotive	Automotive equipment	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue						
- third parties	38 295	15 460	1 586	105	-	**55 446**
- intragroup, intersegment	4	1 905	324	97	(2 330)	**-**
Total	**38 299**	**17 365**	**1 910**	**202**	**(2 330)**	**55 446**
Recurring operating income (loss)	**(1 496)**	**516**	**391**	**27**	**2**	**(560)**
Non-recurring operating income	155	15	-	236	-	**406**
Restructuring costs	(440)	(84)	-	(4)	-	**(528)**
Impairment of CGUs, provisions for onerous contracts and other.	(3 971)	-	-	(9)	-	**(3 980)**
Other non-recurring operating income and (expenses), net	-	(19)	(1)	-	-	**(20)**
Operating income (loss)	**(5 752)**	**428**	**390**	**250**	**2**	**(4 682)**
Interest income		10	-		62	72
Finance costs		(183)	-		(259)	(442)
Other financial income		3	-		169	172
Other financial expenses		(27)	-		(205)	(232)
Net financial income (expense)	**-**	**(197)**	**-**	**-**	**(233)**	**(430)**
Income taxes expense		(67)	(104)		(603)	**(774)**
Share in net earnings of companies at equity	129	24	7	-	-	**160**
Consolidated profit (loss) from continuing operations		188	293			(5 726)
Profit (loss) from discontinued operations	8	(3)	-	798		803
Consolidated profit (loss) for the period		**185**	**293**			**(4 923)**
Capital expenditure (excl. sales with a buyback commitment)	**2 886**	**813**	**20**	**10**		**3 729**
Depreciation and amortisation	**(2 370)**	**(498)**	**(18)**	**-**		**(2 886)**

In 2012, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €1,075 million. Net provision expense (cost of risk) for the year amounted to €290 million.

5.2. GEOGRAPHICAL SEGMENTS

In the table below, sales and revenue are presented by destination of products sold, and investments and assets by geographic location of the subsidiary concerned.

2013 (in million euros)	Europe	Russia	Asia	Latin America	Rest of the World	Total
Sales and revenue	35 597	1 806	4 110	5 442	7 135	54 090
Non-current assets (excl. deferred tax assets and financial instruments)	13 701	175	332	430	650	15 288

2012 (in million euros)	Europe	Russia	Asia	Latin America	Rest of the World	Total
Sales and revenue	37 761	1 778	3 416	5 308	7 183	55 446
Non-current assets (excl. deferred tax assets and financial instruments)	14 201	480	280	1 508	466	16 935

NOTE 6 - SALES AND REVENUE

(in million euros)	**2013**	2012
Sales of vehicles and other goods	51 248	52 442
Service revenues	1 379	1 418
Financial services revenue	1 463	1 586
Total	**54 090**	**55 446**

Sales of goods consist mainly of sales of vehicles and automobile parts, sub-assemblies and components.
Service revenues primarily comprise auto repairs and servicing by captive dealers, and vehicle leasing services as described in Note 15.2.
Financial services revenue corresponds for the most part to interest income, insurance premiums and other gross revenues.

NOTE 7 - RECURRING OPERATING EXPENSES ANALYSED BY NATURE

Broken down by type, operating expenses include staff costs and the depreciation or amortisation of intangible assets and property, plant and equipment, explained below. Other recurring operating expenses are analysed by each Division at its own appropriate level with the result that they cannot be presented on a consistent basis at Group level.

Personnel Costs

Group personnel costs are as follows:

(in million euros)	**2013**	2012
Automotive Division	(5 506)	(5 769)
Automotive Equipment Division	(2 986)	(2 929)
Finance companies	(147)	(147)
Other businesses	(87)	(87)
Total	**(8 726)**	**(8 932)**

The Competitiveness and Employment Tax Credit (CICE) established in 2013 has been deducted from personnel expenses in the amount of €72 million.
Details of pension costs are disclosed in Note 28.7.

Depreciation and amortisation expense

Depreciation and amortisation expense included in recurring operating income breaks down as follows:

(in million euros)	**2013**	2012
Automotive Division	(758)	(936)
Automotive Equipment Division	(86)	(78)
Finance companies	(517)	(640)
Other businesses	(1 046)	(1 232)
Total	**(2 407)**	**(2 886)**

NOTE 8 - RESEARCH AND DEVELOPMENT EXPENSES

(in million euros)	**2013**	2012
Total expenditure	(1 966)	(2 373)
Capitalised development expenditure [1]	835	1 262
Non-capitalised expenditure	**(1 131)**	**(1 111)**
Amortisation of capitalised development expenditure (Note 14.1)	(754)	(936)
Total	**(1 885)**	**(2 047)**

[1] *In addition to this expenditure, borrowing costs are capitalised pursuant to IAS 23 "Borrowing Costs" (Revised) (see Note 14.1).*

The amounts presented in the above table are stated net of research funding received by the Group.

NOTE 9 - NON-RECURRING OPERATING INCOME AND EXPENSES

(in million euros)	**2013**	2012
Net gains on disposals of real estate assets	28	389
Reversal of impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts (Note 9.1)	366	1
Other non-recurring operating income	19	16
Total non-recurring operating income	**413**	**406**
Division CGUs and other assets	(1 100)	(3 971)
Impairment loss on Faurecia CGUs and other Faurecia assets (Note 9.2)	-	-
Impairment loss on Other businesses CGUs	(1)	(9)
Restructuring costs (Note 9.3)	(460)	(528)
Other non-recurring operating expenses	(21)	(20)
Total non-recurring operating expenses	**(1 582)**	**(4 528)**

9.1. IMPAIRMENT TEST ON AUTOMOTIVE DIVISION CGUs AND PROVISIONS FOR AUTOMOTIVE DIVISION ONEROUS CONTRACTS

The results of the impairment tests on the assets of the Automotive Division CGU and each Vehicle CGU were updated at 31 December 2013. These tests are based on the Group's best estimates in what is an uncertain economic environment.

AUTOMOTIVE DIVISION CGU

In view of the changes observed in the second half of 2013, the Group updated the projections used for testing the impairment of the Automotive Division CGU in December 2013. Testing was based on the most recent medium-term plan (MTP), covering the years 2014-2018.
The automotive market forecasts used are the Group's most recent estimates, which are based on external forecasts. The MTP's exchange rate assumptions were reviewed on the basis of major trends in the second half of 2013. Forecast synergies with General Motors were updated to reflect changes in the agreements.

Together, these parameters pointed to signs of impairment losses on plants in Latin America and Russia, and specific impairment tests were therefore carried out on these.

The estimate of annual recurring operating income used to determine the terminal value was also updated. It is based on an estimate of the operating margin achievable in the medium term, in light of the various actions planned by the Group. The terminal value is based on a perpetual growth rate of 1%, unchanged compared with the previous tests.

The after-tax discount rate applied was 9.5% for 2014-2018 and 10.5% for the terminal value. These rates are unchanged compared with those used for the periods ended 31 December 2012 and 30 June 2013, and are consistent with industry benchmarks.

Specific tests performed on plants in Latin America and Russia led to the recognition of a total impairment charge of €1,009 million, recorded in non-current operating income (loss). It relates to intangible assets in the amount of €205 million, and property, plant and equipment in the amount of €804 million. Testing of the Automotive Division CGU as a whole did not result in the recognition of changes in value other than those relating to these plants in fiscal 2013. As of 31 December 2013, taking into account impairment recognised previously, net impairment charges totalled €4,713 million. As such, the carrying amount of the intangible assets and property, plant and equipment of the Automotive Division was €12,145 million.

The sensitivity to changes in the main assumptions is as follows: impairment would increase by €443 million with a 0.5% higher discount rate, €335 million with a perpetual growth rate limited to 0.5%, €1,067 million as a result of a 0.5% reduction in the operating margin in the reference year used to calculate the terminal value and €1,239 million if these three factors were combined.

The impairment tests were carried out on the basis of a medium-term plan for which the financing terms were not definitively agreed at 31 December 2013. The Group is confident of its ability to put the corresponding financing in place.

VEHICLE CGUs AND OTHER AUTOMOTIVE ASSETS

In addition to the impairment of €1,009 million described previously, the other impairment losses on Vehicle CGUs and the provisions for onerous contracts of the Automotive Division totalled €91 million.

Concerning the assets allocated to Vehicle CGUs, except for the Vehicle CGUs referred to below, impairment tests at 31 December 2013 did not identify any impairment losses other than those found in the course of the aforementioned test.

For the Vehicle CGUs corresponding to vehicles produced under cooperation agreements, in addition to testing of assets for impairment, provisions for long-term contract losses were recorded for any projected losses arising from purchase commitments.

The updating of data relating to volumes and margins for these vehicles as well as forecast currency exchange rates for purchasing currencies, led to a reversal of the provision for losses on onerous contracts amounting to €201 million over the year, due in particular to the depreciation of the yen against the euro.

A +/- 5% increase or decrease in the projected yen/euro exchange rate would have the effect of reducing the charge for the year by €26 million or increasing it by €49 million.

Other reversals of provisions and income were recognised in the amount of €165 million, i.e. a total of €366 million including the reversal of the €201 million provision for loss on onerous contracts.

9.2. IMPAIRMENT TEST ON FAURECIA GROUP CGUs AND OTHER ASSETS

FAURECIA GROUP CGUs

The carrying amount of each group of assets was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections from the Medium-Term Plan (2014-2017 plan for 2013 impairment tests, as revised at end-2013 based on the latest 2014 budget assumptions). The volume assumptions used to prepare the 2014-2017 Medium-Term Plan were based on external data.
The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. 2017 margin was projected at 4.9%.

The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2017) using a growth rate of 1.5% identical to the rate applied in the impairment tests carried out in the two previous years.

Future cash flows were discounted at an unchanged after-tax rate of 9.5%.

The test performed at end-2013 confirmed that the goodwill allocated to the four CGUs was fairly stated in the balance sheet. The balance sheet values are presented in the table below:

(in million euros)	**2013**	2012
• Automotive Seating	793	792
• Emissions Control Technologies	333	339
• Automotive Exteriors	125	123
• Interior Systems	46	46
Total	**1 297**	**1 300**

The sensitivity of the impairment test to changes in the assumptions used to determine at end-2013 the value in use of the CGUs accounting for the bulk of goodwill is illustrated in the table below:

(in million euros)	Test margin [1]	Discount rate applied to cash flows + 50 bps	Perpetual growth rate - 50 bps	Terminal recurring operating margin - 50 bps	Previous three factors combined
Automotive Seating	1 564	(197)	(161)	(247)	(552)
Interior Systems	771	(108)	(89)	(148)	(315)
Emissions Control Technologies	1 341	(154)	(126)	(248)	(479)
Automotive Exteriors	394	(46)	(37)	(62)	(133)

[1] Test margin = value in use - carrying amount

The declines in values in use that would result from each of the above simulations and the three factors combined would not affect the amount at which the goodwill allocated to the CGUs is carried in the balance sheet.

FAURECIA CGU IN THE ACCOUNTS OF PSA PEUGEOT CITROËN

Faurecia goodwill was tested for impairment at end-2013 based on the PSA Peugeot Citroën Group's share in the sum of the discounted cash flows, net of capital employed including related goodwill, generated by Faurecia's businesses as determined based on the above assumptions. Following the conversion of OCEANE convertible bonds during the year, the Group's interest in Faurecia was 51.7% as of 31 December 2013. The test carried out at end-2013 made it possible to confirm the carrying amount of the goodwill allocated to this CGU. The balance sheet value is presented in Note 14.2.

The sensitivity of the impairment test to changes in the assumptions used to determine the value in use of Faurecia goodwill at end-2013 is illustrated in the table below:

(in million euros)	Test margin [1]	Discount rate applied to cash flows + 50 bps	Perpetual growth rate - 50 bps	Terminal recurring operating margin - 50 bps	Previous three factors combined
	1 917	(261)	(213)	(364)	(764)

[1] Test margin = value in use - carrying amount

The declines in values in use that would result from each of the above simulations and the three factors combined would not affect the amount at which the Faurecia goodwill is carried in the balance sheet.

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2013 was €1,756 million, representing the price that would be paid in a transaction between minority shareholders not leading to the acquisition of control.
The Group's share of Faurecia's net assets in the consolidated balance sheet is valued at €935 million (including the goodwill recognised by Peugeot S.A. at that date). In light of these values no impairment loss was recognised on the Faurecia goodwill at 31 December 2013.

9.3. RESTRUCTURING COSTS

Restructuring costs consist mainly of workforce reductions.

(in million euros)	**2013**	2012
Automotive Division	(365)	(440)
Automotive Equipment Division	(91)	(84)
Finance companies	-	-
Other businesses	(4)	(4)
Total	**(460)**	**(528)**

Automotive Division
Automotive Division restructuring costs amounted to €365 million. For France, they mainly include:

- €177 million in additional expenses for the restructuring of the Automotive Division's French production base and the redeployment the workforce, together with the support mechanisms offered to employees;
- €140 million in new provisions under the measures announced at the Central Works Council meeting of 5 December 2013, within the framework of the New Social Contract. Charges for the year relate mainly to persons eligible for the older employees plan as of 31 December 2013.

Automotive Equipment Division (Faurecia Group)
In 2013, Faurecia group restructuring costs totalled €91 million, including €84 million in provisions for redundancy costs, mainly in France, Germany and Spain.

NOTE 10 - FINANCE COSTS

Interest on other borrowings corresponds to interest accrued according to the method set out in Note 2.16.C.

(in million euros)	**2013**	2012
Interest on borrowings [(1)]	(549)	(374)
Interest on bank overdrafts	(35)	(30)
Interest on finance lease liabilities	(12)	(15)
Foreign exchange gain (loss) on financial transactions	(22)	(16)
Other	(6)	(7)
Total	**(624)**	**(442)**

[(1)] Interest on borrowings does not include €135 million in borrowing costs capitalised in 2013 in accordance with IAS 23 - "Borrowing Costs" (€180 million in 2012).

NOTE 11 - OTHER FINANCIAL INCOME AND EXPENSES

(in million euros)	**2013**	2012
Expected return on pension funds	11	10
Other financial income	60	162
Financial income	**71**	**172**
Interest cost on employee benefit obligations	(37)	(37)
Ineffective portion of the change in fair value of financial instruments	(9)	5
Other financial expenses	(197)	(200)
Financial expenses	**(243)**	**(232)**

NOTE 12 - INCOME TAXES

12.1. INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

(in million euros)	**2013**	2012
Current taxes		
Corporate income taxes	(321)	(389)
Deferred taxes		
Deferred taxes arising in the year	102	1 549
Impairment losses on deferred tax assets	(168)	(1 934)
Total	**(387)**	**(774)**

A. **Current taxes**

Current taxes represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

In France, Peugeot S.A. and its French subsidiaries that are at least 95%-owned maintained their election to determine French income taxes on a consolidated basis in accordance with Article 223 A of the French Tax Code.

The Group has also elected to file a consolidated tax return in other countries that have Group relief schemes.

B. **Tax rate in France**

The French statutory income tax rate is 34.43%, including supplementary contributions.

The Amending Finance Act of 29 December 2013 raising this tax rate to 38% applies up to December 2015. The cap on offsetting tax loss carryforwards against taxable profit for the year is maintained at 50% in 2013.

At 31 December 2013, deferred tax liabilities falling due in 2014 and 2015, and deferred tax assets for tax loss carryforwards available for offsetting against these liabilities (subject to the 50% cap) were remeasured at the new rate. The impact is not material.

C. **Impairment losses on deferred taxes**

Deferred taxes are determined as described in Note 2.19.
Deferred taxes were tested for impairment on the basis of five-year tax estimates, consistent with the impairment testing of the Automotive Division CGU.

At 31 December 2012, given that it was unlikely they would be recovered by the Peugeot S.A. French tax group within this timeframe:
• €1,902 million in the deferred taxes assets corresponding to tax loss carryforwards that cannot be offset more than 50% against deferred tax liabilities was impaired;
• €1,023 million in deferred tax liabilities were reclassified to the income statement as a result of the impairment loss recorded on the Automotive Division CGU.
The net impact on income of these two items is €879 million.

At 31 December 2013 based on the update of the impairment test, the €746 million in additional losses generated during the year were not recognised in income. In addition, the deferred tax assets booked in the opening balance sheet have been impaired by €80 million, in view of the change in the net deferred tax liabilities.

12.2. RECONCILIATION BETWEEN THEORETICAL INCOME TAX IN FRANCE AND INCOME TAX IN THE CONSOLIDATED STATEMENT OF INCOME

(in million euros)	**2013**	2012
Income (loss) before tax of fully-consolidated companies	(2 004)	(5 112)
French statutory income tax rate for the period	*38.0%*	*36.1%*
Theoretical tax expense for the period based on the French statutory income tax rate	**762**	**1 845**
Tax effect of the following items :		
• Permanent differences	77	(28)
• Income taxable at reduced rates	14	34
• Tax credits	57	10
• Profit in France not subject to the surtax	(75)	(93)
• Effect of differences in foreign tax rates and other	-	(32)
Income tax before impairment losses on the French tax group	**835**	**1 736**
Effective tax rate applicable to the Group	***41.7%***	*34.0%*
• Assets on French tax consolidation deficits of Peugeot S.A. generated during the year and not recognised	(746)	(576)
• Impairment losses on the Peugeot S.A. French tax group	(80)	(1 902)
• Other impairment losses	(396)	(32)
Income tax expense	**(387)**	**(774)**

Tax credits include research tax credits that do not meet the definition of government grants.

12.3. CHANGE IN TAX ITEMS ON THE BALANCE SHEET

A. **Analysis by nature**

(in million euros)	**2013**	2012
Current Taxes		
Assets	188	150
Liabilities	(144)	(167)
	44	**(17)**
Deffered Taxes		
Assets before offsetting of French tax group loss	*836*	*964*
Offsetting of French tax group loss	*(303)*	*(351)*
Net assets	533	613
Liabilities	(822)	(801)
	(289)	**(188)**

B. **Movements for the year**

(in million euros)	2013	2012
Current taxes		
At beginning of period	**(17)**	**50**
Expense	(321)	(389)
Equity	-	-
Payments	388	320
Translation adjustments and other charges	(6)	2
At end of period	**44**	**(17)**
Deffered Taxes		
At beginning of period	**(188)**	**148**
Expense	(77)	(385)
Equity	(33)	-
Translation adjustments and other charges	9	49
At end of period	**(289)**	**(188)**

12.4. DEFERRED TAX ASSETS AND LIABILITIES

(in million euros)		2013	2012
Tax credits		**-**	**4**
carryforwards	**Gross** [1]	4 697	3 822
	Valuation allowances (Note 12.1.C)	(2 084)	(1 975)
	Previously unrecognised deferred tax assets [2]	(2 141)	(1 309)
	Deferred tax asset offset (French tax group) [3]	(282)	(362)
	Other deferred tax assets offset	(35)	(56)
	Total deferred tax assets on tax loss carryforwards	**155**	**120**
Other deferred tax assets		**378**	**489**
Deferred tax assets		**533**	**613**
Deferred tax liabilities before offsetting [4]		(1 104)	(1 163)
Deferred tax liabilities offset (French tax group) [1]		282	362
Deferred tax liabilities		**(822)**	**(801)**

[1] *The gross amount of deferred tax assets corresponding to tax loss carryforwards represents all deferred tax assets corresponding to tax losses that can be carried forward, regardless of whether they were recognised on the balance sheet at 31 December 2013.*

[2] *Of the impaired unrecognised deferred tax assets, €759 million (€701 million at 31 December 2012) to Faurecia, and €1,354 million related to the French tax group (€608 million at 31 December 2012), including €32 million recognised directly in equity.*

[3] *Offsetting consists of presenting on the face of the balance sheet the net deferred tax position of the French tax group, with deferred tax assets covered by deferred tax liabilities, taking into account the legal restrictions on the use of tax loss carryforwards (see Note 12.1).*

[4] *The main temporary differences that generate deferred tax liabilities arise from the capitalisation of development costs and differences in amortisation or depreciation methods or periods.*

NOTE 13 - EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the foot of the income statement. They are calculated as follows:

13.1. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

	2013	2012
Consolidated basic earnings of continuing operations - attributable to equity holders of the parent *(in million euros)*	(2 315)	(5 820)
Consolidated basic earnings - attributable to equity holders of the parent *(in million euros)*	(2 317)	(5 008)
Average number of €1 par value shares outstanding	342 051 814	321 185 403
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (in euros)	***(6.76)***	*(18.12)*
Basic earnings per €1 par value share (in euros)	***(6.77)***	*(15.59)*

13.2. DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by the treasury stock method. This consists of taking into account the exercise of stock options, performance share grants to employees and the conversion of Oceane convertible bonds when it is not accretive.

There were no dilutive potential shares in 2012 or 2013 resulting from the Peugeot S.A. Oceane convertible bonds, the 2010 performance share plan or the stock option plans.

The following table shows the effects of the calculation:

A. **Effect on the average number of shares**

	2013	2012
Average number of €1 par value shares outstanding	342 051 814	321 185 403
Dilutive effect, calculated by the treasury stock method, of:		
- Stock option plans (Note 26.3)	-	-
- Outstanding Oceane convertible bonds (Note 29.2)	-	-
Diluted average number of shares	**342 051 814**	**321 185 403**

B. **Effect of Faurecia dilution on consolidated earnings of continuing operations - attributable to equity holders of the parent**

(in million euros)	**2013**	2012
Consolidated profit (loss) from continuing operations - attributable to equity holders of the parent	(2 315)	(5 820)
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	-	(2)
Consolidated profit (loss) from continuing operations (after Faurecia dilution effect)	**(2 315)**	**(5 822)**
Diluted earnings of continuing operations - attributable to equity holders of the parent per €1 par value share (in euros)	*(6.76)*	*(18.13)*

C. **Effect of Faurecia dilution on consolidated earnings - attributable to equity holders of the parent**

(in million euros)	**2013**	2012
Consolidated profit (loss) attributable to equity holders of the parent	(2 317)	(5 008)
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	-	(2)
Consolidated profit (loss) after Faurecia dilution	**(2 317)**	**(5 010)**
Diluted earnings attributable to equity holders of the parent per €1 par value share (in euros)	*(6.77)*	*(15.60)*

The Faurecia Oceane convertible bonds issued in September 2012 and performance share grants have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Peugeot Citroën Group. Consequently, they have a dilutive effect on consolidated profit attributable to the PSA Peugeot Citroën Group.

The conversion of the November 2009 OCEANE convertible bond in December 2013 had no impact on basic earnings per share in 2013.

The Faurecia stock options are anti-dilutive in 2012 and 2013 due to the plans' terms.

NOTE 14 - GOODWILL AND INTANGIBLE ASSETS

14.1. CHANGE IN CARRYING AMOUNT

31 December 2013 *(in million euros)*	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1 564**	**3 757**	**376**	**4 133**
Purchases/additions [1]	-	928	79	1 007
Amortisation for the year	-	(758)	(86)	(844)
Impairment losses [2]	-	(200)	(4)	(204)
Disposals	-	(55)	(13)	(68)
Change in scope of consolidation and other	4	17	23	40
Translation adjustment	(7)	(30)	(2)	(32)
At period-end	**1 561**	**3 659**	**373**	**4 032**

[1] Including borrowing costs of €93 million capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" (see Note 2.11).

[2] of which €227 million in impairment losses on other assets of the Automotive Division CGU (see Note 9.1).

31 December 2012 (in million euros)	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1 582**	**4 958**	**511**	**5 469**
Purchases/additions [1]	-	1 370	89	1 459
Amortisation for the year	-	(936)	(78)	(1 014)
Impairment losses [2]	(10)	(1 593)	(84)	(1 677)
Disposals	-	-	(8)	(8)
Change in scope of consolidation and other [3]	(8)	(11)	(55)	(66)
Translation adjustment	-	(31)	1	(30)
At period-end	**1 564**	**3 757**	**376**	**4 133**

[1] *Including borrowing costs of €111 million capitalised in accordance with IAS 23 (Revised) - "Borrowings Costs" (see Note 2.11).*

[2] *Including €10 million on goodwill and €1,642 million in impairment losses on other assets of the Automotive Division CGU.*

[3] *Including -€48 million in goodwill and -€78 in software & other of the Gefco group reclassified under discontinued operations pursuant to IFRS 5.*

14.2. BREAKDOWN OF GOODWILL

(in million euros)	2013	2012
Net		
Faurecia CGU	187	187
Faurecia CGUs	1 297	1 300
Banque PSA Finance CGU	77	77
Total	**1 561**	**1 564**

Impairment tests on goodwill allocated to the Automotive Equipment CGUs are discussed in Note 9.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

15.1. BREAKDOWN OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of property, plant and equipment can be analysed as follows:

31 December 2013 (in million euros)	Land and buildings	Plant and equipment	Leased vehicles [3]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**2 935**	**4 966**	**2 587**	**30**	**297**	**1 623**	**12 438**
Purchases/additions [1]	66	485	-	22	26	830	1 429
Depreciation for the year	(247)	(1 254)	9	(8)	(63)	-	(1 563)
Impairment losses [2]	(241)	(630)	-	(2)	(32)	(44)	(949)
Disposals	(35)	(16)	-	(13)	(3)	-	(67)
Transfers and reclassifications	32	1 072	-	-	50	(1 154)	-
consolidation and other [3]	15	379	(208)	1	34	(427)	(206)
Translation adjustment	(42)	(88)	(7)	-	(6)	(24)	(167)
At period-end	**2 483**	**4 914**	**2 381**	**30**	**303**	**804**	**10 915**
Gross value	*7 110*	*30 232*	*2 818*	*108*	*945*	*846*	*42 059*
Accumulated depreciation and impairment	*(4 627)*	*(25 318)*	*(437)*	*(78)*	*(642)*	*(42)*	*(31 144)*

[1] *Including property, plant and equipment acquired under finance leases for €32 million. Borrowing costs capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" amounted to €42 million (see Note 2.11).*

[2] *of which €907 million in impairment losses on other assets of the Automotive Division CGU (see Note 9.1).*

[3] *"Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).*

31 December 2012 (in million euros)	Land and buildings	Plant and equipment	Leased vehicles [3]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**3 133**	**6 101**	**2 693**	**99**	**273**	**1 775**	**14 074**
Purchases/additions [1]	268	687	-	11	59	1 361	2 386
Depreciation for the year	(264)	(1 531)	(14)	(7)	(56)	-	(1 872)
Impairment losses [2]	(66)	(1 523)	-	-	(2)	(2)	(1 593)
Disposals	(237)	(21)	-	(9)	(8)	-	(275)
Transfers and reclassifications	62	1 032	-	5	36	(1 135)	-
consolidation and other [3]	63	293	(101)	(69)	(3)	(370)	(187)
Translation adjustment	(24)	(72)	9	-	(2)	(6)	(95)
At period-end	**2 935**	**4 966**	**2 587**	**30**	**297**	**1 623**	**12 438**
Gross value	*7 133*	*30 166*	*3 015*	*109*	*853*	*1 625*	*42 901*
Accumulated depreciation and impairment	*(4 198)*	*(25 200)*	*(428)*	*(79)*	*(556)*	*(2)*	*(30 463)*

[1] Including property, plant and equipment acquired under finance leases for €108 million. Borrowing costs capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" amounted to €69 million (see Note 2.11).

[2] Including €1,357 million in impairment losses on assets of the Automotive Division CGU.

[3] "Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).

15.2. LEASED VEHICLES

Leased vehicles include vehicles leased under short-term leases to retail customers by the Group's companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 2.5.A.(a).

They break down as follows:

(in million euros)	2013	2012
Vehicles sold with a buyback commitment	2 374	2 547
Vehicles under short-term leases	7	40
Total, net	**2 381**	**2 587**

NOTE 16 - INVESTMENTS IN COMPANIES AT EQUITY

These are companies that are between 20%- and 50%-owned, in which PSA Peugeot Citroën exercises significant influence or joint control (see Note 2.1.A). Most are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles, or provide transportation and logistics services.

16.1. CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN COMPANIES AT EQUITY

(in million euros)	**2013**	2012
At beginning of period	**1 536**	**1 472**
Dividends and profit transfers [1]	(133)	(124)
Share of net earnings	176	160
Newly consolidated companies	-	18
Capital increase (reduction)	42	22
Changes in scope of consolidation and other	(13)	7
Translation adjustment	(35)	(19)
At period-end	**1 573**	**1 536**
O/w Dongfeng Peugeot Citroën Automobile goodwill	72	73
O/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	5	5
O/w Gefco goodwill	57	57

[1] *Dividends and profit transfers in 2013 included €112 million in net dividends paid to the Group by DPCA, of which €11 million withheld.*

16.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	**31 December 2013**	31 December 2012
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile [1]	50 %	884	822
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [1]	50 %	83	45
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50 %	163	214
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50 %	127	136
Fiat cooperation agreement			
Sevel SpA	50 %	70	71
Renault cooperation agreement			
Française de Mécanique	50 %	-	10
Société de Transmissions Automatiques	20 %	-	2
Other			
Gefco group companies [1]		148	141
Faurecia companies at equity		84	78
Other excluding Faurecia and Gefco		9	10
Total		**1 568**	**1 529**

[1] *Including goodwill (see Note 16.1)*

16.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	**2013**	2012
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50 %	187	171
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	50 %	8	7
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50 %	(49)	(18)
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50 %	4	15
Fiat cooperation agreement			
Sevelind	50 %	-	(1)
Sevel SpA	50 %	2	-
Renault cooperation agreement			
Française de Mécanique	50 %	(3)	(5)
Société de Transmissions Automatiques	20 %	-	-
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV	0%	-	(35)
Other			
Gefco group companies		12	-
Faurecia companies at equity		14	24
Other excluding Faurecia and Gefco		1	2
Total		**176**	**160**

16.4. KEY FINANCIAL DATA OF COMPANIES AT EQUITY – ATTRIBUTABLE TO THE GROUP

A. Aggregate data

(in million euros)	**31 December 2013**	31 December 2012
Property, plant and equipment	1 697	1 640
Working capital [1]	(899)	(565)
Other capital employed [2]	646	534
Capital employed	**1 444**	**1 609**
Long and medium-term debt	(337)	(151)
Other financial items	461	71
Net financial position	**124**	**(80)**
Total equity (Note 16.2)	**1 568**	**1 529**
Capital expenditure	**445**	**408**

[1] Changan PSA Automobiles Co., Ltd's capital was not fully paid up at 31 December 2012. The portion not paid up (€75 million) was included in working capital.This amount has been paid to CAPSA in 2013.

[2] At 31 December 2013, the main balance sheet items included in "Other capital employed" concern intangible assets for €561 million (€517 million at 31 December 2012) and provisions for €100 million (€118 million at 31 December 2012).

B. Key financial data by company

(a) Capital employed

(in million euros)	Latest % interest	31 December 2013	31 December 2012
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50 %	508	634
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	50 %	83	45
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50 %	289	252
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50 %	158	154
Fiat cooperation agreement			
Sevel SpA	50 %	181	207
Renault cooperation agreement			
Française de Mécanique	50 %	-	93
Société de Transmissions Automatiques	20 %	-	1
Other			
Gefco group companies		177	169
Faurecia companies at equity		49	52
Other excluding Faurecia and Gefco		(1)	2
Total		**1 444**	**1 609**

(b) Net financial position

(in million euros)	Latest % interest	31 December 2013	31 December 2012
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50 %	376	188
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	50 %	-	-
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50 %	(126)	(38)
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50 %	(31)	(18)
Fiat cooperation agreement			
Sevel SpA	50 %	(111)	(136)
Renault cooperation agreement			
Française de Mécanique	50 %	-	(83)
Société de Transmissions Automatiques	20 %	-	1
Other			
Gefco group companies		(29)	(28)
Faurecia companies at equity		35	26
Other excluding Faurecia and Gefco		10	8
Total		**124**	**(80)**

16.5. ADDITIONAL INFORMATION ON DONGFENG PEUGEOT CITROËN AUTOMOBILE

Key financial data for Dongfeng Peugeot Citroën Automobile on a full basis under IFRS are provided in the table below:

(in million euros)	**31 December 2013**	31 December 2012
Sales and revenue	7 034	5 222
Recurring operating income (loss)	439	285
Profit (loss) for the year	375	343
Total assets	4 945	4 095
Net financial position	752	376
Dividends received by the PSA Peugeot Citroën group	112	94
Withholding tax on dividends received	11	10

(in million yuans)	**2013**	2012
Sales and revenue	57 447	42 358
Recurring operating income (loss)	3 621	2 312
Profit (loss) for the year	3 057	2 781
Total assets	41 284	33 663
Net financial position	6 280	3 080
Dividends received by the PSA Peugeot Citroën group	906	776
Withholding tax on dividends received	91	78

16.6. RELATED PARTY TRANSACTIONS – COMPANIES AT EQUITY

Transactions with companies at equity are billed on arm's length terms.

Receivables and payables with companies at equity are as follows:

(in million euros)	**31 December 2013**	31 December 2012
Long-term loans	-	57
Short-term loans	-	333
Trade receivables	263	282
Trade payables	(703)	(1 041)

Sale and purchase transactions carried out by the consolidated Group with companies at equity are as follows:

(in million euros)	**2013**	2012
Sales [1]	1 489	1 137
Purchases [2]	(4 539)	(3 473)

[1] *of which €1,226 million in sales to DCPA in 2013 (€858 million in 2012).*

[2] *of which €25 million in purchases from DCPA in 2013 (€31 million in 2012).*

NOTE 17 - OTHER NON-CURRENT FINANCIAL ASSETS

The recognition and measurement principles applicable to loans and receivables, short-term investments classified as "available-for-sale financial assets", short-term investments classified as "financial assets at fair value through profit or loss" and derivatives are described in Note 2.16.B.

31 December 2013		Financial assets classified as			
(in millions of euros)	Loans and receivables	"Available-for-sale"	"At fair value through profit or loss"	Derivative instruments	Total
Gross					
At beginning of period	**344**	**171**	**374**	**-**	**889**
Purchases/additions	188	-	55	-	243
Disposals	(27)	(88)	(68)	-	(183)
Remeasurement at fair value	-	(83)	4	17	(62)
Transfers to current financial assets [(1)]	(10)	-	-	-	(10)
Translation adjustment and changes in scope of consolidation	(16)	-	(9)	(2)	(27)
At period-end	**479**	**-**	**356**	**15**	**850**
Provisions					
At beginning of period	**(117)**	**-**	**-**	**-**	**(117)**
Net charge for the year	(5)	-	-	-	(5)
Translation adjustment and changes in scope of consolidation	(5)	-	-	-	(5)
At period-end	**(127)**	**-**	**-**	**-**	**(127)**
Carrying amount at 1 January	227	171	374	-	772
Carrying amount at 31 December	**352**	**-**	**356**	**15**	**723**

[(1)] Financial assets classified as "at fair value through profit or loss" transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2013.

Financial assets classified as "available for sale" at 31 December 2012 concerned BNP Paribas shares sold by the Group on 14 March 2013 for a total of €177 million. This transaction generated a pre-tax gain of €89 million, taking into account the reclassification of changes in fair value previously classified under Income and expenses recognised directly in equity.

Changes in current financial assets are due in particular to a change in the structure of investments in favour of short-term financial instruments (initially less than three months), classified as cash.

31 December 2012		Financial assets classified as			
(in millions of euros)	Loans and receivables	"Available-for-sale"	"At fair value through profit or loss"	Derivative instruments	Total
Gross					
At beginning of period	**272**	**122**	**547**	**235**	**1 176**
Purchases/additions	95	5	63	-	163
Disposals	(2)	(4)	(6)	(304)	(316)
Remeasurement at fair value	-	48	12	69	129
Transfers to current financial assets [(1)]	(19)	-	(239)	-	(258)
Translation adjustment and changes in scope of consolidation	(2)	-	(3)	-	(5)
At period-end	**344**	**171**	**374**	**-**	**889**
Provisions					
At beginning of period	**(115)**	**-**	**-**	**-**	**(115)**
Net charge for the year	(2)	-	-	-	(2)
Translation adjustment and changes in scope of consolidation	-	-	-	-	-
At period-end	**(117)**	**-**	**-**	**-**	**(117)**
Carrying amount at 1 January	157	122	547	235	1 061
Carrying amount at 31 December	**227**	**171**	**374**	**-**	**772**

[(1)] Financial assets classified as "at fair value through profit or loss" transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2012.

NOTE 18 - OTHER NON-CURRENT ASSETS

(in million euros)	**31 December 2013**	31 December 2012
Excess of payments to external funds over pension obligations (Note 28)	261	150
Units in the FMEA funds	64	74
Derivative instruments [(1)]	-	2
Guarantee deposits and other	277	288
Total	**602**	**514**

[(1)] *Corresponding to the non-current portion of derivative instruments hedging commodity risks.*

The Group has invested in the two "Fonds de Modernisation des Equipementiers Automobiles" (FMEA - tier 1 and tier 2). The Group has committed €204 million to these two funds, €125 million of which has been paid to date. These units have been classified as "available-for-sale" in accordance with IAS 39 and are therefore measured at fair value (see Note 2.16.B (2)). They are reported as non-current assets because of the lock-up applicable to the Group's investment.

In light of the difficulties experienced by automotive equipment manufacturers, the FMEA units were written down by €52 million at 31 December 2012 based on the valuation published by the fund manager, Caisse des Dépôts et Consignations.

The Group considers that an impairment loss lasting more than three years qualifies as "prolonged" (see Note 2.16.(B) (2)). As it believes that this will be the case for the FMEA units, the impairment loss was recognised through profit and loss.

NOTE 19 - LOANS AND RECEIVABLES – FINANCE COMPANIES

The recognition and measurement principles are described in Note 2.16.B (3) (a).

19.1. ANALYSIS

(in million euros)	**31 December 2013**	31 December 2012
"Retail, Corporate and Equivalent"		
Credit sales	8 863	9 777
Long-term leases	4 681	4 703
Leases subject to buyback commitments	2 039	2 280
Other receivables	133	152
Ordinary accounts and other	46	95
Total net "Retail, Corporate and Equivalent"	**15 762**	**17 007**
Corporate Dealers		
Wholesale Finance Receivables	4 495	5 007
Other receivables	725	733
Other	330	314
Total net "Corporate Dealers"	**5 550**	**6 054**
Remeasurement of interest rate hedged portfolios	23	85
Eliminations	(55)	(51)
Total	**21 280**	**23 095**

The fair value of the loans and receivables of finance companies was €21,234 million as of 31 December 2013 (€22,896 million as of 31 December 2012).

Retail, Corporate and Equivalent finance receivables represent loans provided by the finance companies to Peugeot and Citroën customers to purchase or lease vehicles.
Wholesale finance receivables represent amounts due to Peugeot and Citroën by their dealer networks and certain European importers which have been transferred to Group finance companies, and working capital loans provided by the finance companies to the dealer networks.

Retail, Corporate and Equivalent finance receivables included €8,788 million in securitised automotive receivables that were still carried on the balance sheet at 31 December 2013 (€6,742 million at 31 December 2012).

The Banque PSA Finance group carried out several securitisation transactions in 2013 through special purpose entities.

On 9 April 2013, the subsidiary Sofira sold €818 million in wholesale finance receivables to Auto ABS DFP Master Compartment France 2013, for €808 million after haircut. The fund issued €550 million worth of Aaa/AAA-rated A bonds, €30 million of Aaa/AAA-rated S bonds and €228 million of B bonds.

On 4 May 2013, the German branch of Banque PSA Finance assigned receivables in an amount of €478 million relating to future payments on long-term leasing contracts to FCT Auto ABS 2013-1. The fund issued €362 million worth of AAA/Aaa-rated A bonds and €116 million of B bonds.

On 7 June 2013, the subsidiary Crédipar assigned €495 million in automobile finance receivables to FCT Auto ABS 2013-2. The fund issued €450 million worth of AAA/Aaa-rated A bonds, €20 million of A+/A2-rated B mezzanine bonds and €25 million of C bonds.

In October 2013, the German branch of Banque PSA Finance assigned receivables in the amount of €20 million relating to future payments on long-term leasing contracts to FCT Auto ABS German Lease Master. The fund issued €14 million worth of AAA/Aaa-rated A bonds and €6 million of B bonds. Concurrently, the subsidiary Crédipar assigned receivables in the amount of €735 million relating to future payments on long-term leasing contracts to FCT Auto ABS2 2013-A. The fund issued €522 million worth of Aaa/AAA-rated A bonds, €52 million of A2/A-rated B bonds and €162 million of C bonds.

In November 2013, the German branch sold €302 million of wholesale finance receivables for €297 million after haircut to FCT Auto ABS DFP Master Compartment Germany 2013. The fund issued €189 million worth of Aaa/AAA-rated A bonds and €108 million of B bonds. It also assigned €230 million in automobile finance receivables to FCT Auto ABS German Loans Master. The fund issued €196 million worth of AAA/Aaa-rated A bonds and €34 million of B bonds.

In November 2013, the Swiss subsidiary assigned receivables in a total amount of €245 million relating to future payments on long-term leasing contracts to Auto ABS Swiss Leases 2013 GmbH. The fund issued €196 million worth of A bonds and a subordinate certificate in the amount of €49 million subscribed by the Swiss subsidiary.

The Banque PSA Finance subsidiaries and branches have rights to obtain the majority of benefits of the special purpose entities and are exposed to risks incident to these entities' activities. Therefore, the special purpose entities are fully consolidated.

Liabilities corresponding to securities issued by securitisation funds are shown in Note 32 “Financing liabilities - finance companies”.

19.2. AUTOMOTIVE DIVISION SALES OF RECEIVABLES

The following table shows outstanding Automotive Division receivables sold to the finance companies for which the Automotive Division pays the financing cost:

(in million euros)	**31 December 2013**	31 December 2012
	3 260	3 600

19.3. MATURITIES OF LOANS AND RECEIVABLES

31 December 2013 *(in million euros)*	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other [1]	**Total**
Unallocated	432	153	178	183	303	**1 249**
Less than three months	966	189	683	3 467	153	**5 458**
Three to six months	800	170	527	705	59	**2 261**
Six months to one year	1 737	318	974	222	168	**3 419**
Two to five years	5 212	1 344	2 601	11	371	**9 539**
Beyond five years	89	5	-	-	63	**157**
Total gross loans and receivables outstanding	**9 236**	**2 179**	**4 963**	**4 588**	**1 117**	**22 083**
Guarantee deposits on leases	-	-	(64)	(72)	-	(136)
Allowances	(348)	(96)	(96)	(21)	(74)	(635)
Total net loans and receivables outstanding	**8 888**	**2 083**	**4 803**	**4 495**	**1 043**	**21 312**

[1] *Other receivables include "ordinary accounts" and "items taken into account in amortised cost calculations".*

31 December 2012 *(in million euros)*	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other [1]	**Total**
Unallocated	478	151	177	200	354	**1 360**
Less than three months	1 048	204	604	3 969	148	**5 973**
Three to six months	918	185	507	575	80	**2 265**
Six months to one year	1 902	361	900	347	131	**3 641**
Two to five years	5 558	1 507	2 821	14	383	**10 283**
Beyond five years	292	5	1	-	77	**375**
Total gross loans and receivables outstanding	**10 196**	**2 413**	**5 010**	**5 105**	**1 173**	**23 897**
Guarantee deposits on leases	-	-	(135)	(74)	-	(209)
Allowances	(375)	(86)	(93)	(24)	(49)	(627)
Total net loans and receivables outstanding	**9 821**	**2 327**	**4 782**	**5 007**	**1 124**	**23 061**

[1] *Other receivables include "ordinary accounts" and "items taken into account in amortised cost calculations".*

19.4. ALLOWANCES FOR CREDIT LOSSES

A. Net retail, corporate and equivalent loans and receivables outstanding

(in million euros)	**31 December 2013**	31 December 2012
Performing loans with no past due balances	15 051	16 207
Performing loans with past due balances	631	698
Non-performing loans	668	706
Total gross Retail, Corporate and Equivalent loans and receivables outstanding	**16 350**	**17 611**
Items taken into account in amortised cost calculations	**45**	**92**
Guarantee deposits	**(63)**	**(115)**
Allowances for performing loans with past due balances	*(43)*	*(47)*
Allowances for non-performing loans	*(527)*	*(534)*
Allowances	**(570)**	**(581)**
Total net Retail, Corporate and Equivalent loans and receivables outstanding	**15 762**	**17 007**
Allowances booked during the period	(147)	(276)
Allowances released during the period (utilisations)	151	108

B. Net corporate dealer loans and receivables outstanding

(in million euros)	**31 December 2013**	31 December 2012
Performing loans with no past due balances	5 438	5 912
Performing loans with past due balances	10	40
Non-performing loans	250	264
Total gross Corporate Dealer loans and receivables outstanding	**5 698**	**6 216**
Items taken into account in amortised cost calculations	**(10)**	**(10)**
Guarantee deposits	**(73)**	**(94)**
Allowances	**(65)**	**(58)**
Total net Corporate Dealer loans and receivables outstanding	**5 550**	**6 054**
Allowances booked during the period	(29)	(35)
Allowances released during the period (utilisations)	22	15

NOTE 20 - SHORT-TERM INVESTMENTS – FINANCE COMPANIES

The recognition and measurement principles applicable to short-term investments of the finance companies are described in Note 2.16.B (1) (b).
Short-term investments consist primarily of certificates of deposit held by the securitisation funds.

NOTE 21 - INVENTORIES

(in million euros)	31 December 2013			31 December 2012		
	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	995	(167)	828	955	(165)	790
Semi-finished products and work-in-progress	984	(22)	962	1 049	(24)	1 025
Goods for resale and used vehicles	1 248	(215)	1 033	1 356	(208)	1 148
Finished products and replacement parts	2 978	(175)	2 803	3 478	(248)	3 230
Total	**6 205**	**(579)**	**5 626**	**6 838**	**(645)**	**6 193**

NOTE 22 - TRADE RECEIVABLES – MANUFACTURING AND SALES COMPANIES

(in million euros)	31 December 2013	31 December 2012
Trade receivables	1 964	2 166
Allowances for doubtful accounts	(143)	(152)
Total - manufacturing and sales companies	**1 821**	**2 014**
Elimination of transactions with the finance companies	(156)	(187)
Total	**1 665**	**1 827**

This item does not include dealer receivables transferred to the finance companies, which are reported in the consolidated balance sheet under "Loans and receivables - finance companies" (see Note 19.2).

At 31 December 2013, receivables totalling €928 million sold under the programmes described in Note 29.6 had been derecognised in line with the principles set out in Note 2.18. A further €327 million worth of sold receivables were not derecognised. In cases where financing has been received in respect of the sold receivables, a debt is recognised for an amount equal to the sale proceeds.

NOTE 23 - OTHER RECEIVABLES

23.1. MANUFACTURING AND SALES COMPANIES

(in million euros)	31 December 2013	31 December 2012
State, regional and local taxes excluding income tax [1]	966	1 210
Personnel-related payables	46	50
Due from suppliers	194	245
Derivative instruments	51	65
Prepaid expenses	212	200
Miscellaneous other receivables	171	196
Total	**1 640**	**1 966**

[1] *In 2013, the Group sold €105 million worth of 2012 French research tax credits (see Note 29.6).*

23.2. FINANCE COMPANIES

(in million euros)	31 December 2013	31 December 2012
Taxes payable other than income taxes	47	65
Derivative instruments [1]	92	329
Deferred income and accrued expenses	183	257
Miscellaneous other receivables	335	304
Total	**657**	**955**

[1] *This item corresponds to the fair value of instruments purchased by the Group to primarily hedge interest rate risks on financing liabilities and receivables.*

NOTE 24 - CURRENT FINANCIAL ASSETS

The recognition and measurement principles applicable to current financial assets are described in Note 2.16.B for loans and receivables, Note 2.16.B for financial assets at "fair value through profit or loss", and Note 2.16.D for derivative instruments.

2013 (in millions euros)	Loans and receivables	Financial assets classified as "at fair value	Derivative instruments	Total
At beginning of period	**812**	**688**	**1**	**1 501**
Purchases/additions	125	-	-	125
Disposals	(801)	(683)	-	(1 484)
Remeasurement at fair value	(1)	-	8	7
Transfers (see Note 17)	10	-	-	10
Translation adjustment and changes in scope of consolidation	(13)	(5)	-	(18)
At period-end	**132**	**-**	**9**	**141**
Manufacturing and sales companies				*141*

2012 (in millions euros)	Loans and receivables	Financial assets classified as "at fair value	Derivative instruments	Total
At beginning of period	**238**	**-**	**27**	**265**
Purchases/additions	794	475	-	1 269
Disposals	(679)	(84)	-	(763)
Remeasurement at fair value	-	-	(26)	(26)
Transfers (see Note 17) [1]	15	297	-	312
Translation adjustment and changes in scope of consolidation	444	-	-	444
At period-end	**812**	**688**	**1**	**1 501**
Manufacturing and sales companies				*1 501*

[1] *Transfers of financial assets classified as at "fair value through profit or loss", corresponding to short-term investments with maturities of under one year.*

Loans and receivables include €475 million in debt securities issued with an original maturity of four months, and with a residual maturity of two months at 31 December 2012.

NOTE 25 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined in Note 2.16.B (1) (a) and include:

25.1. MANUFACTURING AND SALES COMPANIES

(in million euros)	**31 December 2013**	31 December 2012
Mutual fund units and money market securities	4 914	4 137
Cash and current account balances	1 247	1 284
Total - manufacturing and sales companies	**6 161**	**5 421**
o/w deposits with finance companies	*(210)*	*(279)*
Total	**5 951**	**5 142**

Cash includes the proceeds from borrowings arranged to meet future financing needs.

At 31 December 2013, cash equivalents mainly included money market funds for €3,271 million, bank deposits and overnight money market notes in the amount of €1,383 million and certificates of deposit for €50 million.
All of these instruments comply with the 'Committee of European Securities Regulators' (CESR) definition of Short-Term Money Market Funds.

25.2. FINANCE COMPANIES

(in million euros)	**31 December 2013**	31 December 2012
Ordinary accounts in debit [1]	779	603
• Central banks and post office banks (deposits)	463	15
• Loans and advances at overnight rates	362	402
• Mutual funds	200	649
Liquidity reserve	1 025	1 066
Total	**1 804**	**1 669**

[1] *Including the last direct debits on customer accounts for the period.*

Cash and cash equivalents include Banque PSA Finance's liquidity reserves, which amounted to €1,025 million at 31 December 2013 (€1,066 million at 31 December 2012), €200 million invested in mutual funds (€649 million at 31 December 2012), €362 million in interbank loans (€402 million at 31 December 2012) and €463 million in central bank deposits (€15 million at 31 December 2012).

NOTE 26 - EQUITY

26.1. CAPITAL MANAGEMENT POLICY

The capital management policy relates to equity as defined under IFRS. It is designed to optimise the Group's cost of capital and ensure that it has secure long-term capital resources. Managing capital essentially involves deciding the level of capital to be held currently or in the future and setting dividend policies.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Equity attributable to equity holders of the parent is equal to the share capital of Peugeot S.A. less any treasury stock, plus reserves and retained earnings of the Group's various businesses.
Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the Faurecia group's consolidated equity (in particular net earnings and change in translation reserves) and - exceptionally - in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. in respect of Faurecia.

There are no financial covenants based on consolidated equity. The drawdown on the confirmed credit facilities of Peugeot S.A. and GIE PSA Trésorerie is subject to compliance with an equity-based financial ratio (see Note 31.3).
Banque PSA Finance complies with the capital adequacy ratio and other capital requirements imposed under banking regulations.

Peugeot S.A. shares are held in treasury for the following purposes:

- to allot shares in connection with equity transactions;
- to award shares to employees, directors and officers of the Company or of companies or groupings that are affiliated with it when the stock options are exercised;
- to reduce the company's share capital.

Furthermore, the Group may carry out capital increases when holders of Peugeot S.A. OCEANE bonds present their bonds for conversion. (See Note 26.2). There was no capital increase as a result of the conversion of OCEANE bonds in 2013.

26.2. ANALYSIS OF SHARE CAPITAL AND CHANGES IN THE YEAR

The share capital amounted to €354,848,992 at 31 December 2013, represented by shares with a par value of €1 each. It is fully paid-up. Shares may be held in registered or bearer form, at the shareholder's discretion. In accordance with article 11 of the bylaws, shares registered in the name of the same holder for at least four years carry double voting rights.

(in euros)	**31 December 2013**	31 December 2012
Share capital at beginning of period	354 848 992	234 049 344
Rights issue	-	120 799 648
OCEANE bonds	-	-
Share capital at end of period	**354 848 992**	**354 848 992**

At 31 December 2013, the Peugeot family group held 25.5% of Peugeot S.A.'s shares and 38.1% of the voting rights at Shareholders Meetings. After taking account of the dilutive effect of potential shares represented by stock options, the family group's share of voting rights stands at 37.0%.

In December 2013, General Motors sold its 7% equity stake. As part of the change in the Alliance, GM also waived its right to terminate the Alliance, under certain conditions, in the event of certain other investors acquiring interests in Peugeot S.A., provided that said investors support the Alliance.

26.3. EMPLOYEE STOCK OPTIONS

A. **Plan characteristics**

No plan was awarded between 2009 and 2013. Former plans awarded each year between 1999 and 2008 to certain employees, directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price, have the following characteristics:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in euros)	Number of options granted
2005 Plan	23/08/2005	23/08/2008	22/08/2013	169	44.76	953 000
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	35.16	983 500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	51.65	1 155 000
2008 Plan	22/08/2008	22/08/2011	19/08/2016	194	28.27	1 345 000

On 31 December 2013, the share price was €9.44.

B. **Changes in the number of options outstanding**

Changes in the number of options outstanding under these plans (exercisable for €1 par value shares) are shown below:

(number of options)	**2013**	2012
Total at 1 January	**4 371 970**	**4 698 000**
Adjustment to the number of options granted as a result of the capital increase	-	797 810
Options granted	-	-
Options exercised	-	-
Cancelled options	(54 405)	(56 800)
Expired options	(1 005 030)	(1 067 040)
Total at 31 December	**3 312 535**	**4 371 970**
o/w exercisable options	3 312 535	4 371 970

Options outstanding at the year-end are as follows:

(number of options)	**31 December 2013**	31 December 2012
2005 Plan	-	1 005 030
2006 Plan	992 500	1 003 615
2007 Plan	1 052 415	1 067 625
2008 Plan	1 267 620	1 295 700
Total at 31 December	**3 312 535**	**4 371 970**

C. **Weighted average value of options and underlying shares**

(in euros)	2013		2012	
	Exercise price	Share price	Exercise price	Share price
Value at 1 January	**39.4**		**46.3**	
New options	-		39.6	
Options granted	-	-	-	-
Options exercised	-	-	-	-
Cancelled options	36.2	36.2	37.4	25.3
Expired options	44.8	37.1	40.7	24.3
Value at 31 December	**37.8**		**39.4**	

D. **Personnel costs arising from stock option plans**

In line with the principles described in Note 2.22, the Peugeot S.A. and Faurecia stock-option plans did not generate any personnel costs.

26.4. PERFORMANCE SHARE PLANS

- **Peugeot S.A. performance share plan**

No performance share plans are currently in force at Peugeot S.A.

- **Faurecia performance share plan**

In 2010, Faurecia established a performance share plan for executives of group companies. These shares are subject to service and performance conditions.
The amount recognised in income for the period is a prior expense of €2.1 million (compared with a reversal of prior expenses of €2.7 million in 2012).

The details of performance share plans are provided in the following table:

	Maximum number of performance shares due if:	
(number of shares)	- objective achieved	- objective exceeded
Date of Managing Board decision:		
23/07/2012	736 500	957 450
24/07/2013	911 000	1 184 300

Following the achievement of the performance target of the first plan (Board meeting of 23 June 2010), 478,400 shares were granted, leaving 241,800 still to be granted. The performance target in the third plan established by the Board on 25 July 2011 was not achieved.

26.5. PEUGEOT S.A. SHARES

The Group may use the buyback authorisations given at Shareholders' Meetings to buy back Peugeot S.A. shares. No shares were bought back in 2012 and 2013.

Changes in treasury stock are presented in the following table:

A. **Number of shares held**

(number of shares)	Authorisations	**2013** Transactions	2012 Transactions
At beginning of period		**12 788 628**	**17 187 450**
Share sales [1]		-	(4 398 821)
On exercise of stock options		-	-
Conversion of Oceane bonds		(1)	(1)
At period-end		**12 788 627**	**12 788 628**
Allocation			
• Shares held for allocation to a future liquidity contract		-	300 000
• Shares held for allocation on conversion of 23 June 2009 OCEANE bonds		9 421 687	8 064 858
• Shares held for allocation on exercise of outstanding stock options (Note 26.3.B)		3 366 940	4 371 970
• Unallocated shares		-	51 800
		12 788 627	**12 788 628**

[1] *Treasury shares sold to General Motors*

B. **Change in value**

(in million euros)	**2013**	2012
At beginning of period	(351)	(502)
Acquired	-	-
Sale of shares to General Motors net of the preferential subscription rights purchased	-	81
Preferential subscription rights sold on the market	-	70
At period-end	**(351)**	**(351)**
Average price per share (in euros)	27.42	

The purchase price of treasury shares is deducted from equity (see Note 2.23).

The share price on 31 December 2013 was €9.44.

26.6. RESERVES AND RETAINED EARNINGS, EXCLUDING MINORITY INTERESTS

Reserves and retained earnings, including profit for the year, can be analysed as follows:

(in million euros)	**31 December 2013**	31 December 2012
Peugeot S.A. legal reserve	31	28
Other Peugeot S.A. statutory reserves and retained earnings	8 474	8 023
Reserves and retained earnings of subsidiaries, excluding minority interests	(1 627)	1 412
Total	**6 878**	**9 463**

Other Peugeot S.A. statutory reserves and retained earnings include:

(in million euros)	**31 December 2013**	31 December 2012
Reserves available for distribution:		
Without any additional corporate tax being due	7 406	6 955
after deduction of additional tax [1]	1 068	1 068
Total	**8 474**	**8 023**
Tax on distributed earnings	**198**	**169**

[1] *Corresponding to the portion of the long-term capital gains reserve that remains subject to additional tax.*

26.7. MINORITY INTERESTS

Minority interests correspond mainly to the interests of other shareholders of Faurecia.

NOTE 27 - CURRENT AND NON-CURRENT PROVISIONS

27.1. NON-CURRENT PROVISIONS

A. **Analysis by type**

(in million euros)	**31 December 2013**	31 December 2012
Pensions (Note 28.6)	954	1 040
Other employee benefit obligations	113	124
Other	16	18
Total	**1 083**	**1 182**

B. **Movements for the year**

(in million euros)	**2013**	2012
At beginning of period	**1 182**	**972**
Movements taken to profit or loss		
Additions	160	150
Releases (utilisations)	(98)	(145)
Releases (unused provisions)	(84)	(106)
	(22)	**(101)**
Other changes		
Translation adjustment	(13)	(2)
Recognised in equity during the period.	(147)	294
Change in scope of consolidation and other	83	19
At period-end	**1 083**	**1 182**

Provision releases mainly concern pensions. These reversals of moot pension provisions relate mainly to staff whose departure is expected under workforce adjustment mechanisms (see Note 9.3).

27.2. CURRENT PROVISIONS

A. **Analysis by type**

(in million euros)	**31 December 2013**	31 December 2012
Warranties	709	689
Commercial and tax claims and litigation	465	443
Restructuring plans	752	847
Long-term contract losses	258	587
Sales with a buyback commitment	176	194
Other	293	304
Total	**2 653**	**3 064**

The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years.

It corresponds to the expected cost of warranty claims related to vehicles and replacement parts. The amount expected to be recovered from suppliers is recognised as an asset, under "Miscellaneous other receivables" (Note 23). Provisions for tax claims concern a number of claims primarily outside France.

B. **Movements for the year**

(in million euros)	**2013**	2012
At beginning of period	**3 064**	**2 299**
Movements taken to profit or loss		
Additions [1]	1 358	2 112
Releases (utilisations)	(1 271)	(1 134)
Releases (unused provisions) [2]	(431)	(170)
	(344)	**808**
Other changes		
Translation adjustment	(91)	(38)
Change in scope of consolidation and other	24	(5)
At period-end	**2 653**	**3 064**

[1] *The main additions for restructuring plans in 2013 are discussed in Note 9.3.*

[2] *The decline in warranty costs resulting from improvements to vehicle quality led to a €71 million reduction in the related provisions in 2013 (€71 million reduction in 2012).*

NOTE 28 - PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

28.1. PLAN DESCRIPTIONS

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits are paid under defined contribution and defined benefit plans. The Group's only obligation under defined contribution plans is to pay fixed contributions into the fund concerned. The payments are recognised in income for the year. Payments under defined benefit plans concern primarily France and the United Kingdom.

In France, the existing defined benefit plans concern:

- the retirement bonuses provided for by collective bargaining agreements;
- the portion of the top-hat pension scheme for engineers and management personnel that was not transferred to an external fund in 2002 and guarantees an aggregate replacement rate from all plans of up to 60% of the employee's final salary (currently covering 2,700 retired employees);
- the pension plan set up by the former subsidiary of the Chrysler group in France (Talbot), which was closed to new entrants in 1981 and covers 17,700 retired employees at end-2013;
- the closed Citroën supplementary plan (ACC) that covered 6,600 retired employees at end-2013.

Members of the managing bodies benefit from a supplementary pension plan, subject to two conditions: firstly, to have held office as a member of managing bodies for a minimum term; secondly, to end their career as employees of the Company. This plan, whose rules have been amended with effect from 1 January 2014, provides a supplementary pension representing a maximum of 30% of the reference compensation, determined on the basis of the average fixed compensation of the last three years of activity before retirement, plus a percentage equal to the average of the ratios of variable compensation to fixed compensation for the eight years of activity before retirement.

In the United Kingdom, the Group has four trustee-administered defined benefit plans. These plans have been closed to new entrants since May 2002. At 31 December 2013, 20,700 beneficiaries were covered by these plans, including 900 active employees, 8,100 former employees not yet retired and 11,700 retired employees. The plans guarantee a replacement rate of up to 66% of the employee's final salary.

The supplementary pension plan for Faurecia group executives in France comprises :

- a non-contributory defined contribution plan for which contribution rates are based on salary bands A and B;
- a supplementary defined benefit plan based on salary band C;
- a supplementary pension scheme closed in 2005, guaranteeing a pension based on the beneficiary's salary and covering 450 potential beneficiaries.

28.2. ASSUMPTIONS

	Euro zone	United-Kingdom
Discount Rate		
2013	**3.25 %**	**4.50 %**
2012	3.00 %	4.25 %
Inflation Rate		
2013	**1.80 %**	**3.20 %**
2012	1.80 %	2.70 %
Average Duration (in years)		
2013	**11**	**15**
2012	11	15

At each period-end, the discount rate is determined based on the most representative returns on prime corporate bonds with a life that approximates the duration of the benefit obligation.

Prime corporate bonds are defined as bonds awarded one of the top two ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

The assumptions regarding future salary increases take into account inflation and forecast individual pay rises in each country. The assumption for French plans is inflation plus 1.0% in 2013, and inflation plus 0.5% for subsequent years. The assumption for UK plans is inflation plus 1%.
Mortality and staff turnover assumptions are based on the specific economic conditions of each host country.

Sensitivity of assumptions: a 0.25-point increase or decrease in the discount rate and in the inflation rate in France or the UK would lead to the following increases or decreases in projected benefit obligations:

	Discount rate	Inflation rate
France	-2.47%	3.03%
United Kingdom	-3.31%	2.86%

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2013 of €11 million for French plans and €19 million for UK plans.
In 2012, the Group arranged an interest rate swap for the United Kingdom within the pension fund, making it possible to vary hedging assets in response to changes in the liability at the discount rate.

28.3. INFORMATIONS ON EXTERNAL FUNDS

The projected benefit obligation is partially covered by dedicated external funds.

The breakdown of external funds is as follows:

	31 December 2013		31 December 2012	
	Equities	Bonds	Equities	Bonds
France	10 %	90 %	20 %	80 %
United Kingdom	40 %	60 %	40 %	60 %

The fair value of shares and bonds was at level 1 in 2013 and 2012.

In 2013, the actual return on external funds managed by the Group in France and by the pension trusts in the United Kingdom was +3.3% for the French funds and +10.3% for the UK funds. In France, equity funds consist of DJ Eurostoxx index tracker funds and international index tracker funds, while bond funds are invested in prime European government bonds and in European corporate bonds rated A or higher.

In the United Kingdom, 60% of the equity portfolio is invested in funds that track the main UK, European, US and Japanese stock market indices. The remaining 40% are actively managed and invested in UK stocks. Half of the bond portfolio is comprised of inflation-linked government bonds denominated in pounds sterling. The other half is comprised mainly of corporate bonds rated A or higher.

In France, the Group is free to decide the amount of its contributions to the external funds. At 31 December 2013, no decision had been made as to the amount of contributions to be paid in 2014.
In 2013, no contribution was paid to the external fund for the top-hat pension plan for Peugeot S.A. senior executives.

In the United Kingdom, the Group's annual contribution amounted to £53 million (€63 million) in 2013. It is estimated at £54 million (€65 million) for 2014, although this sum may change in light of the negotiations planned for 2014.

28.4. IMPACT OF THE APPLICATION OF THE AMENDEMENT TO IAS 19 APPLICABLE TO PREVIOUSLY PUBLISHED DATA

	31 December 2012 IAS19R				31 December 2012 IAS19			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Present value of projected benefit obligation	**(1 747)**	**(1 782)**	**(654)**	**(4 183)**	**(1 747)**	**(1 782)**	**(654)**	**(4 183)**
Fair value of external funds	1 107	1 893	305	3 305	1 107	1 893	305	3 305
Plan surplus (deficit)	**(640)**	**111**	**(349)**	**(878)**	**(640)**	**111**	**(349)**	**(878)**
Unrecognised actuarial gains and (losses)	-	-	-	-	319	36	122	477
Unrecognised past service cost	-	-	-	-	58	-	-	58
Net (liability) asset recognised in the balance sheet before minimum funding requirement (IFRIC 14)	**(640)**	**111**	**(349)**	**(878)**	**(263)**	**147**	**(227)**	**(343)**
Minimum funding requirement liability (IFRIC 14)	-	(12)	-	(12)	-	(12)	-	(12)
Net (liability) asset recognised in the balance sheet	**(640)**	**99**	**(349)**	**(890)**	**(263)**	**135**	**(227)**	**(355)**
Of which, liability	(641)	(50)	(349)	(1 040)	(264)	(18)	(227)	(509)
Of which, asset	1	149	-	150	1	153	-	154
Actuarial gains and losses and past service costs recognised directly in equity (before deferred taxes)	377	36	122	535				
Actuarial gains and losses and past service costs recognised directly in equity (after deferred taxes)	265	19	101	385				

28.5. MOVEMENT FOR THE YEAR

- **Excluding minimum funding requirement (IFRIC 14)**

(in million euros)	2013 France	2013 United Kingdom	2013 Other	2013 Total	2012 France	2012 United Kingdom	2012 Other	2012 Total
Projected benefit obligation								
At beginning of period: Present value	**(1 747)**	**(1 782)**	**(654)**	**(4 183)**	**(1 587)**	**(1 621)**	**(579)**	**(3 787)**
Service cost	(84)	(14)	(20)	(118)	(50)	(15)	(18)	(83)
Interest cost	(54)	(73)	(19)	(146)	(70)	(80)	(24)	(174)
Benefit payments for the year	134	48	30	212	96	71	31	198
Unrecognised actuarial gains and (losses):				-				-
- amount	80	(17)	30	93	(252)	(101)	(98)	(451)
- as a % of projected benefit obligation	*4.6 %*	*1.0 %*	*4.6 %*	*2.2 %*	*15.9 %*	*6.2 %*	*16.9 %*	*11.9 %*
Past service cost	-	-	2	2	-	-	-	-
Translation adjustment	-	35	12	47	-	(38)	2	(36)
Effect of changes in scope of consolidation and other	(38)	(35)	(1)	(74)	17	2	26	45
Effect of curtailments and settlements	80	-	1	81	99	-	6	105
At period-end: Present value	**(1 629)**	**(1 838)**	**(619)**	**(4 086)**	**(1 747)**	**(1 782)**	**(654)**	**(4 183)**
External fund								
At beginning of period: Fair value	**1 107**	**1 893**	**305**	**3 305**	**1 101**	**1 735**	**301**	**3 137**
Normative return on external funds	32	78	10	120	47	87	13	147
Actuarial gains and (losses):				-				-
- amount	26	82	3	111	55	18	1	74
- as a % of projected benefit obligation	*2.3 %*	*4.3 %*	*1.0 %*	*3.4 %*	*5.0 %*	*1.0 %*	*0.3 %*	*2.4 %*
Translation adjustment	-	(36)	(3)	(39)	-	40	-	40
Employer contributions	4	63	15	82	3	82	21	106
Benefit payments for the year	(139)	(48)	(23)	(210)	(92)	(71)	(21)	(184)
Effect of changes in scope of consolidation and other	-	35	-	35	(7)	2	(8)	(13)
Effect of curtailments and settlements	-	-	-	-	-	-	(2)	(2)
At period-end: Fair value	**1 030**	**2 067**	**307**	**3 404**	**1 107**	**1 893**	**305**	**3 305**

28.6. RECONCILIATION OF BALANCE SHEET ITEMS

(in million euros)	31 December 2013 France	31 December 2013 United Kingdom	31 December 2013 Other	31 December 2013 Total	31 December 2012 France	31 December 2012 United Kingdom	31 December 2012 Other	31 December 2012 Total
Present value of projected benefit obligation	**(1 629)**	**(1 838)**	**(619)**	**(4 086)**	**(1 747)**	**(1 782)**	**(654)**	**(4 183)**
Fair value of external funds	1 030	2 067	307	3 404	1 107	1 893	305	3 305
Net (liability) asset recognised in the balance sheet before minimum funding requirement (IFRIC 14)	**(599)**	**229**	**(312)**	**(682)**	**(640)**	**111**	**(349)**	**(878)**
Minimum funding requirement liability (IFRIC 14)	-	(11)	-	(11)	-	(12)	-	(12)
Net (liability) asset recognised in the balance sheet	**(599)**	**218**	**(312)**	**(693)**	**(640)**	**99**	**(349)**	**(890)**
Of which, liability (Note 28.1.A)	(607)	(34)	(313)	(954)	(641)	(50)	(349)	(1 040)
Of which, asset	8	252	1	261	1	149	-	150
Of which, unfunded plans	*1.0 %*	*0.0 %*	*5.9 %*	*1.3 %*	*1,1%*	*0,0%*	*6,0%*	*1,4%*

The projected benefit obligation of French companies includes benefit obligations in respect of supplementary pensions owed to members of the managing bodies (described in Note 39), which were revised in the amount of €27 million starting in December 2013. This amount does not include the additional 30% contribution due above the threshold pursuant to Article L. 137-11 of the French Social Security Code (provisioned in the amount of €2 million). In addition, commitments in respect of retirement benefits for members of managing bodies are provisioned in the amount of €1 million. The service cost for these two plans, excluding the impact of the revision of December 2013, was €9 million in fiscal 2013.

28.7. EXPENSES RECOGNISED IN THE INCOME STATEMENT

These expenses are recorded as follows:

- service cost is recorded under "Selling, general and administrative expenses";
- the impact of restructuring and changes in the minimum funding requirement liability recognised in accordance with IFRIC 14 (see Note 2.21) are reported under "Non-recurring operating income" or "Non-recurring operating expenses";
- interest cost and the expected return on external funds are recorded under "Financial expenses" and "Financial income" respectively.

Pension expenses break down as follows:

	2013				2012			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Service cost	(84)	(14)	(20)	(118)	(50)	(15)	(18)	(83)
Interest cost	(54)	(73)	(19)	(146)	(70)	(80)	(24)	(174)
Normative return on external funds	32	78	10	120	47	87	13	147
Past service cost	-	-	2	2	-	-	-	-
Effect of curtailments and settlements	80	-	1	81	99	-	4	103
Total (before minimum funding requirement liability)	**(26)**	**(9)**	**(26)**	**(61)**	**26**	**(8)**	**(25)**	**(7)**
Change in minimum funding requirement liability (IFRIC14)	-	-	-	-	-	(12)	-	(12)
Total	**(26)**	**(9)**	**(26)**	**(61)**	**26**	**(20)**	**(25)**	**(19)**

NOTE 29 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES – MANUFACTURING AND SALES COMPANIES

The recognition and measurement principles applicable to borrowings and other financial liabilities, excluding derivatives, are described in Note 2.16.C. Derivatives are accounted for as set out in Note 2.16.D.

	Carrying amount at 31 December 2013		Carrying amount at 31 December 2012	
	Amortised cost or fair value		Amortised cost or fair value	
(in million euros)	Non-current	Current	Non-current	Current
Convertible bonds [1]	737	21	907	15
Other bonds	5 301	834	4 616	960
Employee profit-sharing fund	3	1	4	2
Finance lease liabilities	194	61	243	90
Other long-term borrowings	1 841	744	2 037	719
Other short-term financing and overdraft facilities	-	1 335	-	1 072
Derivative instruments	5	-	21	6
Total financial liabilities	**8 081**	**2 996**	**7 828**	**2 864**

[1] The amortised cost of Oceane convertible bonds corresponds to the debt component. The equity component - corresponding to the conversion option - is recognized separately in equity.

29.1. PRINCIPALES OPERATIONS DE FINANCEMENT DE L'EXERCICE

The financial risk management policy is set out in Note 36.1.

The main transactions during the year were as follows:

- **Bond issues by manufacturing and sales companies (excluding Faurecia)**

On 28 February 2013, Peugeot S.A. issued a €1 billion 7.375% bond maturing in March 2018.

On 24 April 2013, Peugeot Citroën Automobiles repaid at maturity the €400 million loan granted by the European Investment Bank (EIB).

Peugeot Citroën do Brasil subscribed new loans during the year, primarily from Banco Nacional Do Desinvolvimento (BNDES), in a total amount of €186 million.

In September 2013, Peugeot S.A. made partial redemptions in a total amount of €300 million:

- €82 million on the €750 million bond maturing in July 2014;
- €40 million on the €500 million bond maturing in June 2015;
- €75 million on the €500 million bond maturing in October 2013 and;
- €103 million on the €500 million bond maturing in March 2016.

In September 2013, Peugeot S.A. issued a €600 million 6.5% bond maturing in January 2019.

In October 2013, Peugeot S.A. made two bond redemptions in a total amount of €775 million.

In December 2013, the Group concluded with the EIB a loan of €300 million maturing in December 2018, with an annual interest rate of 2.283%.

- **Peugeot S.A. syndicated credit facility**

On 9 July 2010, Peugeot S.A rolled over in advance a €2,400 million three-year syndicated revolving credit facility (with two extensions of one year at the banks' option) with a group of 21 banks.
In July 2011, a first one-year extension was accepted by the banks, to July 2014.
In July 2012, PSA Peugeot Citroën obtained a second one-year extension to July 2015 for a €2,225 million tranche, with the remainder still due July 2014.

- **Faurecia syndicated credit facility**

In December 2011, Faurecia obtained a new €1,150 million syndicated credit facility. The facility comprises a €690 million tranche expiring in November 2014 with a two-year extension option and a €460 million tranche expiring in December 2016.
Following the exercise of the two extension options, the first tranche is now split into a €36 million tranche maturing in December 2014 and a €654 million tranche maturing in December 2016. As of 31 December 2013, Faurecia had not drawn on any of its syndicated loan facilities.

29.2. CHARACTERISTICS OF THE PEUGEOT S.A. AND FAURECIA OCEANE CONVERTIBLE BONDS:

- **OCEANE Peugeot S.A.**

On 23 June 2009, Peugeot S.A. issued €575 million worth of Oceane bonds convertible or exchangeable for new or existing shares, i.e. €25.10 per share. The 22,908,365 bonds are due 1 January 2016 and pay interest at an annual nominal rate of 4.45%.
At 31 December 2013, 1,312 bonds had been converted. At inception, the debt component of the OCEANE convertible bonds amounted to €441 million and the equity component to €125 million. The conversion ratio is 1 OCEANE bond for 1.2 shares.

- **OCEANE Faurecia**

OCEANE 2015

On 26 November 2009, Faurecia issued €211 million worth of Oceane bonds convertible or exchangeable for new or existing shares, i.e. €18.69 per share. The 11,306,058 bonds are due 1 January 2015 and pay interest at an annual nominal rate of 4.50%.

On 30 November 2013, Faurecia announced its decision to redeem early the bonds issued on 26 November 2009, convertible into new shares or exchangeable for existing shares. There were 11,304,290 outstanding bonds as of 31 October 2013.

Bondholders opted almost unanimously to convert their bonds into Faurecia shares:
11,284,793 bonds, or 99.83% of the total outstanding number, will be converted into 11,736,190 new Faurecia shares.

This prepayment at the initiative of Faurecia allowed the Group to strengthen its capital base and reduce its net debt by €213 million.

Following the transaction, finalised on 30 December 2013, the total number of Faurecia shares outstanding was 122,588,135, putting Peugeot S.A.'s stake at 51.7%.

OCEANE 2018

On 18 September 2012, Faurecia issued €250 million worth of Oceane bonds convertible or exchangeable for new or existing shares, i.e. €19.48 per share. The 12,833,675 bonds are due on 1 January 2018 and pay interest at an annual nominal rate of 3.25%.

At 31 December 2012, no bond had been converted. At inception, the debt component of the OCEANE convertible bonds amounted to €198 million and the equity component to €47 million. The conversion ratio is 1 OCEANE bond for 1 share.

29.3. CHARACTERISTICS OF BONDS AND OTHER BORROWINGS

(in million euros)	Carrying amount at 31 December 2013		Issuing currency	Due
	Non-current	Current		
Manufacturing and sales companies (excl. Faurecia)				
2009 convertible bond issue - €575m	525	13	EUR	Q1/2016
Faurecia				
2012 convertible bond issue - €250m	210	8	EUR	Q1/2018
2012 redeemable bond issue - €9m	2	-	EUR	Q4/2016
Total convertible bond issues	**737**	**21**		
Manufacturing and sales companies (excl. Faurecia)				
2003 bond issue - €600m	883	10	EUR	Q3/2033
2009 bond issue - €668m	-	693	EUR	Q3/2014
2010 bond issue - €460m	459	13	EUR	Q2/2015
2010 bond issue - €500m	497	5	EUR	Q4/2016
2011 bond issue - €150m	150	1	EUR	Q4/2016
2011 bond issue - €397m	396	21	EUR	Q1/2016
2012 bond issue - €600m	596	16	EUR	Q3/2017
2013 bond issue - €1.000m	990	61	EUR	Q1/2018
2013 bond issue - €600m	592	11	EUR	Q1/2019
Faurecia				
2011 bond issue - €490m	490	2	EUR	Q4/2016
2012 bond issue - €250m	248	1	EUR	Q2/2019
Total bond issues	**5 301**	**834**		
Manufacturing and sales companies (excl. Faurecia) – euro-denominated loans				
EIB loan [1] - €250m	-	250	EUR	Q4/2014
EIB loan [1] - €200m	116	43	EUR	Q3/2017
EIB loan [1] - €65m	35	13	EUR	Q4/2017
EIB loan [1] - €300m	221	60	EUR	2014 to 2018
FDES loan [1] - Zero coupon	24	-	EUR	Q1/2020
Borrowings - Spain	250	-	EUR	2015 to 2026
Borrowings - Russia	206	55	EUR	2017 to 2019
Other borrowings	43	-		
Manufacturing and sales companies (excl. Faurecia) – foreign currency loans				
Borrowings - Brazil	454	109	BRL	2014 to 2024
Borrowings - Russia	74	32	RUB	2016 to 2019
Other borrowings	97	55	nc	nc
Faurecia				
Other borrowings	321	127	EUR	nc
Total other long-term borrowings	**1 841**	**744**		

[1] *EIB: European Investment Bank; FDES: French social and economic development fund.*

[2] *These contracts include covenants, certain of which concern financial ratios. These clauses are presented in Note 36.1.A.*

29.4. CHARACTERISTICS OF OTHER SHORT-TERM FINANCING AND OVERDRAFT FACILITIES

(in million euros)	Issuing currency	**Carrying amount at 31 December 2013**	Carrying amount at 31 December 2012
Commercial paper	EUR	334	224
Short-term loans	N/A	506	402
Bank overdrafts	N/A	438	392
Payments issued [1]	N/A	24	22
Factoring liabilities on assets that have not been derecognised	N/A	33	32
Total		**1 335**	**1 072**

[1] *This item corresponds to payments issued but not yet debited from the bank accounts, as the due date was not a bank business day.*

29.5. FINANCE LEASE LIABILITIES

The present value of future payments under finance leases reported in "Other borrowings" can be analysed as follows by maturity:

(in million euros)	**31 December 2013**	31 December 2012
2013	-	105
2014	73	43
2015	52	42
2016	15	13
2017	12	12
2018	9	12
2019	9	-
Subsequent years	112	129
	282	**356**
Less interest portion	(27)	(23)
Present value of future lease payments	**255**	**333**
Of which short-term	61	90
Of which long-term	194	243

29.6. FINANCING BY THE ASSIGNMENT OF RECEIVABLES

The Automotive Division and Faurecia meet part of their financing needs by selling receivables to financial institutions (see Note 22).
The sold receivables are derecognised when they meet the criteria specified in IFRS (see Note 2.18).

(in million euros)	31 December 2013			31 December 2012		
	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised	Portion sold and derecognised	**Total receivables sold to non-Group financial institutions**	Portion sold but not derecognised	Portion sold and derecognised
Maximum authorised facilities	**1 911**			**1 501**		
- of which Faurecia group	*803*			*710*		
Receivables sold to non-Group financial institutions	**1 255**	327	928	**864**	186	678
- of which Faurecia group	*379*	*154*	*225*	*282*	*105*	*177*
Financed portion [1]	***1 154***	*226*	*928*	***799***	*121*	*678*
- of which Faurecia group	*363*	*138*	*225*	*266*	*89*	*177*
Portion not financed (including guarantee deposit)	***101***	*101*		***65***	*65*	
- of which Faurecia group	*16*	*16*		*16*	*16*	

[1] *The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.*

In 2013, Peugeot S.A. and Faurecia sold and derecognised their 2012 French research tax credits for a total of €105 million. The cash proceeds received at 31 December 2013 amounted to €98 million.

The sale of receivables constitutes usual short-term financing.
No transaction was carried out in December 2013 outside of the sale of receivables programme.

NOTE 30 - OTHER NON-CURRENT LIABILITIES

(in million euros)	**31 December 2013**	31 December 2012
Liabilities related to vehicles sold with a buyback commitment	2 913	3 166
Other	131	18
Total	**3 044**	**3 184**

NOTE 31 - NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES

Net debt of the manufacturing and sales companies is a financial indicator not defined by IFRS. According to the Group's definition, it is equal to the financial liabilities net of financial assets used as collateral, or that may be utilised to redeem these liabilities, as well as those assigned to specific expenses of the manufacturing and sales companies. This definition remains unchanged from the date of first adoption of IFRS in the Group. The share of these financial assets not readily available is not taken into consideration in the financial security of the manufacturing and sales companies (see Note 31.4).

31.1. COMPOSITION OF NET DEBT

(in million euros)	**31 December 2013**	31 December 2012
Financial assets and liabilities of the manufacturing and sales companies		
Non-current financial liabilities	(8 081)	(7 828)
Current financial liabilities	(3 039)	(2 906)
Other non-current financial assets	670	664
Current financial assets	141	1 501
Cash and cash equivalents	6 161	5 421
(Net debt) Net financial position of the manufacturing and sales companies	**(4 148)**	**(3 148)**
Of which external loans and borrowings	(4 315)	(3 385)
Of which financial assets and liabilities with finance companies	167	237

31.2. CHANGE IN NET DEBT

In 2013, the Group kept up the proactive refinancing strategy and conservative liquidity policy described in Note 36.1.A.

Net cash from operating activities for the year totalled positive €1,097 million, representing funds from operations of €700 million and the positive impact of a €397 million increase in working capital. Changes in working capital are discussed in Note 34.2.

Investments for the year in property, plant and equipment and intangible assets, net of disposals, amounted to €2,378 million. Other financing needs stood at €101 million for the year and concerned primarily paying up the residual capital of CAPSA in the amount of €71 million.

Cash inflows for the year were as follows:

- €281 million in dividends from Banque PSA Finance, and €5 million in dividends from PSA Assurance;
- €10 million capital increase subscribed in Faurecia's subsidiaries by minority shareholders;
- €1,086 million increase in net debt.

Hence:

- Cash reserves amounted to €6,661 million at 31 December 2013 versus €5,421 million at 31 December 2012. Current financial assets amounted to €141 million at 31 December 2013 versus €1,501 million at 31 December 2012. Changes in current financial assets are due in particular to a change in the structure of investments. Cash reserves are invested in risk-free financial instruments issued by blue chip financial institutions;
- Net debt before cash and cash equivalents increased by €1,956 million, due in the main to:
  - New borrowings in the amount of €2,556 million,
  - A reduction in short-term investments in the amount of €1,359 million,
  - A rise in short-term financing in the amount of €251 million,
  - Loan repayments in the amount of €2,199 million, notably €775 million in maturing debt for Peugeot S.A., €400 million from the EIB and €300 million in partial redemptions (see Note 29.1).

The change in other financial assets and liabilities is described in the table below:

(in million euros)	**2013**	2012
Increase in borrowings	2 556	1 943
Repayment of borrowings and conversion of bonds	(2 199)	(599)
(Increase) decrease in non-current financial assets	(11)	187
(Increase) decrease in current financial assets	1 359	(505)
Increase (decrease) in current financial liabilities	251	(351)
	1 956	**675**
Net cash flows with Group finance companies	-	*4*
Total	**1 956**	**679**

Furthermore, the non-cash changes represented a decrease of €86 million in the net debt of the Group. They essentially concern the early repayment of Faurecia's 2015 OCEANE (see Note 29.2) and the recognition of the net debt of Française de Mécanique as a result of the Group's takeover on 31 December 2013 (see Note 4).

31.3. SYNDICATED LINES OF CREDIT

The Group's manufacturing and sales companies have the following additional borrowing capacity under revolving lines of credit expiring at various dates through to 2016:

(in million euros)	**31 December 2013**	31 December 2012
Peugeot S.A. and GIE PSA Trésorerie	2 400	2 400
Faurecia	1 150	850
Undrawn confirmed lines of credit	**3 550**	**3 250**

This €2,400 million line of credit of Peugoet S.A. and GIE PSA Trésorerie is due to expire in July 2015 for €2,225 million. The €175 million tranche is expiring in July 2014. This facility, which is subject to the respect of a net debt position of the manufacturing and sales companies on Group's equity lower than one, was not drawn down at the period-end.

The net debt of manufacturing and sales companies is defined and disclosed in Note 31.1. The Group's equity is that listed under "Total Equity" in liabilities. As of 31 December 2013, this ratio was 0.53.

Faurecia's additional borrowing capacity, other than through Peugeot SA, results from a €1,150 million syndicated line of credit that was not drawn down at end-2013:

- A €36 million tranche expiring in December 2014;
- A €654 million tranche expiring in December 2016 after the exercise of the two extension options;
- A €460 million tranche expiring in December 2016.

31.4. LIQUIDITY RESERVES

Financial security is made up of available cash, other readily available financial assets and undrawn credit lines.

€19 million (€1,353 million at 31 December 2012) and €391 million (€550 million at 31 December 2012) in current and non-current financial assets respectively were included in the calculation of financial security, representing a total of €410 million (€1,903 million at 31 December 2012).

(in million euros)	**31 December 2013**	31 December 2012
Cash and cash equivalents (Note 25.1)	6 161	5 421
Current & non current financial assets	410	1 903
Total	**6 571**	**7 324**
Lines of credit (undrawn) – excluding Faurecia (Note 31.3)	2 400	2 400
Lines of credit (undrawn) – Faurecia (Note 31.3)	1 150	850
Total financial security	**10 121**	**10 574**
of which Faurecia	*1 911*	*1 530*

NOTE 32 - FINANCING LIABILITIES – FINANCE COMPANIES

Financing liabilities are accounted for as described in Note 2.16.C.

(in million euros)	**31 December 2013**	31 December 2012
Bond debt	-	413
Securities issued by securitisation funds (Note 32.1)	5 057	4 246
Other debt securities (Note 32.2)	7 677	8 891
Bank borrowings (Note 32.3)	6 264	8 103
	18 998	**21 653**
Customer deposits (Note 32.4)	1 446	487
	20 444	**22 140**
Amounts due to Group manufacturing and sales companies	*(216)*	*(279)*
Total	**20 228**	**21 861**

32.1. BONDS ISSUED BY SECURISATION FUNDS

Banque PSA Finance derives part of its financing from securitisation transactions, mainly involving pools of automobile loans. The new securitisation transactions carried out in 2013 with external investors are described in Note 19 “Loans and receivables - Finance companies”.
These transactions are reported under “Bonds issued by securitisation funds” for €5,057 million at 31 December 2013 (€4,246 million at 31 December 2012).

32.2. OTHER DEBT SECURITIES

“Other debt securities” consist mainly of EMTN/BMTNs for €7,183 million (€8,099 million at 31 December 2012) and certificates of deposit and commercial paper for €64 million (€147 million at 31 December 2012).

On 25 March 2013, Banque PSA Finance issued a fixed-rate bond maturing in April 2016 for €1.2 billion, with a coupon of 0.625%.
The bond was issued in the context of the European Commission's authorisation to use the French State's guarantee (cf. note 36.1.A(b)).

32.3. BANK BORROWINGS

In 2013, Banque PSA Finance borrowed from the European Central Bank (ECB) under its long-term refinancing operation (LTRO). At 31 December 2013, this amounted to €1,700 million.

A bank loan collateralised by Belgian credit sale receivables was implemented in April 2013, generating net funding of €92 million at inception.

As of 31 December 2013, a total of €397 million had been drawn on the syndicated credit facility of €1,584 million.

32.4. CUSTOMER DEPOSITS

In March 2013, the Distingo interest-bearing passbook savings account was introduced for private customers in France. The total funds for these accounts at 31 December 2013 were €955 million out of total amounts owed to customers of €1,446 million repayable at any time.

32.5. ANALYSIS BY MATURITY

31 December 2013 *(in million euros)*	Bonds	Bonds issued by securitisation funds	Other debt securities	Bank borrowings	**Total**
• Less than three months	-	432	929	1 833	**3 194**
• Three months to one year	-	1 209	1 912	1 564	**4 685**
• Two to five years	-	3 416	4 655	2 867	**10 938**
• Beyond five years	-	-	181	-	**181**
Total	**-**	**5 057**	**7 677**	**6 264**	**18 998**

31 December 2012 *(in million euros)*	Bonds	Bonds issued by securitisation funds	Other debt securities	Bank borrowings	**Total**
• Less than three months	-	555	1 321	5 142	**7 018**
• Three months to one year	413	465	1 450	1 074	**3 402**
• Two to five years	-	3 226	5 930	1 887	**11 043**
• Beyond five years	-	-	190	-	**190**
Total	**413**	**4 246**	**8 891**	**8 103**	**21 653**

32.6. ANALYSIS BY REPAYMENT CURRENCY

All bonds are mainly repayable in euros. Other financial liabilities can be analysed as follows by repayment currency:

	31 December 2013			31 December 2012		
(in million euros)	Other debt securities	Bank borrowings	**Total**	Other debt securities	Bank borrowings	**Total**
EUR	9 965	5 428	15 393	10 885	7 065	17 950
GBP	*881*	*322*	*1 203*	*899*	*302*	*1 201*
USD	*907*	*-*	*907*	*947*	*-*	*947*
JPY	*-*	*-*	*-*	*44*	*-*	*44*
BRL	*538*	*188*	*726*	*540*	*320*	*860*
CHF	*379*	*2*	*381*	*186*	*2*	*188*
CZK	*-*	*-*	*-*	*-*	*58*	*58*
Other	*64*	*324*	*388*	*49*	*356*	*405*
Other currencies	2 769	836	3 605	2 665	1 038	3 703
Total	**12 734**	**6 264**	**18 998**	**13 550**	**8 103**	**21 653**

Liabilities consisting of debt securities include bonds, securities issued as part of securitisation transactions and other debt securities.

32.7. CREDIT LINES

(in million euros)	**31 December 2013**	31 December 2012
Undrawn confirmed lines of credit	**7 006**	**6 726**

In order of drawdown, the credit lines are:

- €2,299 million undrawn from the €4,099 million syndicated term loan, comprising mainly long-term financing commitments received;
- €1,187 million in undrawn revolving bilateral lines of credit for €1,584 million, comprising mainly long-term financing commitments received;
- €120 million in undrawn bank lines of credit;
- the following syndicated back-up credit facilities totalling €3,400 million:
  - €184 million expiring in June 2014;
  - €70 million expiring in December 2014;
  - €136 million expiring in December 2015;
  - €1,216 million expiring in January 2016
  - €1,794 million expiring in December 2016.

A change in the Banque PSA Finance's rating could lead to an adjustment of the financial terms of some of these credit lines, but their amount would not be reduced.

32.8. FINANCIAL SECURITY

(in million euros)	**31 December 2013**	31 December 2012
Liquidity reserve (Note 25.2)	1 025	1 066
Lines of credit (confirmed and undrawn)	7 006	6 726
Available collateral with the ECB	369	441
Total financial security	**8 400**	**8 233**

NOTE 33 - OTHER PAYABLES

33.1. MANUFACTURING AND SALES COMPANIES

(in million euros)	**31 December 2013**	31 December 2012
Taxes payable other than income taxes	662	706
Personnel-related payables	955	961
Payroll taxes	430	454
Payable on fixed asset purchases	240	421
Customer prepayments	700	747
Derivative instruments [1]	113	71
Deferred income	572	638
Miscellaneous other payables	438	477
Total	**4 110**	**4 475**

[1] This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables. These instruments are analysed by maturity in Note 36, "Management of financial risks".

33.2. FINANCE COMPANIES

(in million euros)	**31 December 2013**	31 December 2012
Personnel-related payables and payroll taxes	117	118
Derivative instruments [1]	65	116
Deferred income and accrued expenses	253	465
Miscellaneous other payables	393	392
Total	**828**	**1 091**

[1] This item corresponds to the fair value of instruments purchased by the Group to hedge interest rate risks on financing liabilities and receivables. These instruments are analysed by maturity in Note 36, "Management of financial risks"

NOTE 34 - NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

34.1. ANALYSIS OF NET CASH AND CASH EQUIVALENT REPORTED IN THE STATEMENTS OF CASH FLOWS

(in million euros)	**31 December 2013**	31 December 2012
Cash and cash equivalents (Note 25.1)	6 161	5 421
Payments issued (Note 29.4)	(24)	(22)
Net cash and cash equivalents - manufacturing and sales companies	**6 137**	**5 399**
Net cash and cash equivalents - finance companies (Note 25.2)	**1 804**	**1 669**
Elimination of intragroup transactions	*(210)*	*(279)*
Total	**7 731**	**6 789**

34.2. ANALYSIS OF THE CHANGE IN WORKING CAPITAL

A. Manufacturing and sales companies

(in million euros)	**2013**	2012
(Increase) decrease in inventories	323	339
(Increase) decrease in trade receivables [1]	9	(9)
Increase (decrease) in trade payables	77	(835)
Change in income taxes	(77)	102
Other changes	65	(199)
	397	**(602)**
Net cash flows with Group finance companies	*(33)*	*(92)*
Total	**364**	**(694)**

[1] *Including a €928 million decrease in receivables related to sales of receivables to non-Group financial institutions (€678 million in 2012). (See Note 22)*

B. Finance companies

(in million euros)	**2013**	2012
Increase (decrease) in finance receivables	1 404	1 151
Increase (decrease) in short-term investments	20	(64)
(Increase) decrease in financing liabilities	(1 302)	(322)
Change in income taxes	11	(33)
Other changes	49	28
	182	**760**
Net cash flows with Group manufacturing and sales companies	*97*	*28*
Total	**279**	**788**

34.3. ANALYSIS OF THE CHANGE IN BALANCE SHEET ITEMS OF MANUFACTURING AND SALES COMPANIES

2013 *(in million euros)*	At 1 January	Cash flows from operating activities	Cash flows from investing activities	Changes in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 December
Inventories	(6 193)	323	-	(40)	284	-	(5 626)
Trade receivables [1]	(2 014)	9	-	(11)	195	-	(1 821)
Trade payables	8 472	63	-	(60)	(298)	-	8 177
Income taxes	25	(77)	-	(1)	8	-	(45)
Other receivables	(1 966)	270	-	(16)	69	3	(1 640)
Other payables	4 475	(145)	(175)	48	(139)	46	4 110
	2 799	**443**	**(175)**	**(80)**	**119**	**49**	**3 155**
Net cash flows with Group finance companies	*45*	(33)	-	-	1	-	*13*
Total	**2 844**	**410**	**(175)**	**(80)**	**120**	**49**	**3 168**

[1] *Including a €250 million decrease in receivables related to sales of receivables to non-Group financial institutions (see Note 22).*

The change in working capital in the consolidated statement of cash flows at 31 December 2013 (€397 million positive effect) corresponds to cash flows from operating activities (€443 million positive effect), exchange differences (€121 million negative effect) and other movements (€75 million positive effect) including the impact of the payment for the investment in Changan PSA Automobiles Co. Ltd. recognised in 2012, having no impact on the statement of cash flows.

Cash flows from operating activities of manufacturing and sales companies	**443**
Exchange differences	*(121)*
Other changes	*75*
Change in working capital in the statement of cash flows	**397**

34.4. NET CHARGES TO DEPRECIATION, AMORTISATION AND IMPAIRMENT IN THE STATEMENT OF CASH FLOWS

(in million euros)	**2013**	2012
Depreciation and amortisation expense (Note 7)	(2 407)	(2 886)
Impairment of:		
• goodwill (Note 14.1)	(177)	(1 593)
• capitalised development costs (Note 14.1)	-	(10)
• intangible assets (Note 14.1)	(2)	(84)
• property, plant and equipment (Note 15)	(850)	(1 593)
Negative goodwill recognised on a bargain purchase (Note 9)	(17)	67
Other	(33)	(17)
Total	**(3 486)**	**(6 116)**

34.5. INTEREST RECEIVED AND PAID BY THE MANUFACTURING AND SALES COMPANIES

Interest received and paid by manufacturing and sales companies is included in working capital provided by operations, and is as follows:

(in million euros)	**2013**	2012
Interest received	38	51
Interest paid	(602)	(474)
Net interest received (paid)	**(564)**	**(423)**

NOTE 35 - FINANCIAL INSTRUMENTS

35.1. FINANCIAL INSTRUMENTS REPORTED IN THE BALANCE SHEET

(in million euros)	31 December 2013		Analysis by class of instrument				
	Carrying amount	Fair value	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	32	32	-	32	-	-	-
Other non-current financial assets	723	723	356	-	352	-	15
Other non-current assets [1]	341	341	-	67	274	-	-
Loans and receivables - finance companies	21 280	21 234	-	-	21 280	-	-
Short-term investments - finance companies	829	829	829	-	-	-	-
Trade receivables - manufacturing and sales companie	1 665	1 665	-	-	1 665	-	-
Other receivables	2 166	2 166	-	-	2 031	-	135
Current financial assets	141	141	-	-	132	-	9
Cash and cash equivalents	7 755	7 755	7 755	-	-	-	-
Assets	**34 932**	**34 886**	**8 940**	**99**	**25 734**	**-**	**159**
Non-current financial liabilities [2]	8 081	8 313	-	-	105	7 971	5
Other non-current liabilities	131	131	-	-	112	-	19
Financing liabilities - finance companies	20 228	20 361	-	-	-	20 228	-
Trade payables	8 165	8 165	-	-	8 165	-	-
Other payables	4 657	4 657	-	-	4 486	-	171
Current financial liabilities	2 996	2 996	-	-	-	2 996	-
Liabilities	**44 258**	**44 623**	**-**	**-**	**12 868**	**31 195**	**195**

[1] Other non-current assets exclude the amount of pension plan surpluses (see Note 28.6), which are not financial assets as defined by IAS 39.

[2] The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€577 million) and Faurecia (€398 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

(in million euros)	31 December 2012		Analysis by class of instrument				
	Carrying amount	Fair value	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	62	62	-	62	-	-	-
Other non-current financial assets	772	772	374	171	227	-	-
Other non-current assets [1]	364	364	0	79	283	-	2
Loans and receivables - finance companies	23 095	22 896	-	-	23 095	-	-
Short-term investments - finance companies	867	867	867	-	-	-	-
Trade receivables - manufacturing and sales companie	1 827	1 827	-	-	1 827	-	-
Other receivables	2 799	2 799	-	-	2 419	-	380
Current financial assets	1 501	1 501	688	-	812	-	1
Cash and cash equivalents	6 811	6 811	6 811	-	-	-	-
Assets	**38 098**	**37 899**	**8 740**	**312**	**28 663**	**-**	**383**
Non-current financial liabilities [2]	7 828	7 708	-	-	85	7 722	21
Other non-current liabilities	18	18	-	-	6	-	12
Financing liabilities - finance companies	21 861	22 410	-	-	-	21 861	-
Trade payables	8 463	8 463	-	-	8 463	-	-
Other payables	5 257	5 257	-	-	5 085	-	172
Current financial liabilities	2 864	2 892	-	-	-	2 858	6
Liabilities	**46 291**	**46 748**	**-**	**-**	**13 639**	**32 441**	**211**

[1] Other non-current assets exclude the amount of pension plan surpluses (see Note 28.6), which are not financial assets as defined by IAS 39.

[2] The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€602 million) and Faurecia (€468 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably on the basis of market data for assets considering that they are not intended to be sold. The fair value of financial instruments traded on an active market is based on the market price at the balance sheet date. The market price used for financial assets held by the Group is the bid price on the market at the measurement date.

The main valuation methods applied are as follows:

- **Financial assets classified as "at fair value through profit or loss" and "derivative instruments"**
  - The fair value of "cash and cash equivalents" is equivalent to their carrying amount, in view of their very short maturities.
  - Other items recognised at fair value through profit or loss and derivative interest rate and currency hedging instruments are measured by using a valuation technique that benchmarks interbank rates (such as Euribor, etc) and daily foreign exchange rates set by the European Central Bank. Derivative commodity hedging instruments are valued by external experts. All the financial instruments in this category are financial assets and liabilities designated at fair value through profit or loss on initial recognition in accordance with the criteria set out in Note 2.16.

- **Financial assets classified as "available for sale"**
  - "Investments in non-consolidated companies" are stated at fair value in the balance sheet, in accordance with IAS 39. They are carried on the balance sheet at their acquisition cost, which the Group considers to be representative of fair value, except in cases of impairment (see Note 2.16.B (2)).
  - For Other non-current financial assets classified as available-for-sale, fair value corresponds to their quoted market price at the balance sheet date.
  - "Other non-current assets" classified as "available-for-sale" correspond to units in Fonds de Modernisation des Equipementiers Automobiles (FMEA). FMEA is a fund to support automotive equipment manufacturers set up at the French government's initiative under France's Automotive Industry Pact signed on 9 February 2009. The units are measured at fair value. This corresponds to their net asset value at the balance sheet date. This net asset value reflects the fair value of the investments made by the fund.

- **Financial assets and liabilities classified as “loans and receivables and other liabilities”**
  - “Loans and receivables - finance companies” are stated at amortised cost measured using the effective interest method. They are generally hedged against interest rate risks. The hedged portion is remeasured at fair value in accordance with hedge accounting principles. The margin on the outstanding principal is thus excluded from the remeasurement. The fair value presented above is estimated by discounting future cash flows at the rate applicable to similar loans granted at the balance sheet date.
  - The fair value of “Trade receivables - manufacturing and sales companies”, “Other receivables”, “Trade payables” and “Other payables” is considered as being equivalent to their carrying amount, after deducting accumulated impairment if any (Note 2.19), due to their very short maturities.
  - The fair value of other financial assets and liabilities classified in “Loans and receivables and other liabilities” also corresponds to the carrying amount.

- **Financial liabilities classified as "at amortised cost"**
  - “Non-current financial liabilities”, “Current financial liabilities” and “Financing liabilities – finance companies” are stated at amortised cost measured using the effective interest method. Financial liabilities hedged by interest rate swaps are accounted for in accordance with hedge accounting principles. The portion affected by changes in interest rates is remeasured at fair value. The fair value of financial liabilities presented above is determined by taking into account market data and the Group's estimated credit risk at the balance sheet date.

35.2. INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	31 December 2013			31 December 2012		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets
Level 1 fair value inputs: quoted prices in active markets						
Other non-current financial assets	-	305	-	-	263	171
Current financial assets	-	-	-	-	213	-
Cash and cash equivalents	-	6 205	-	-	5 539	-
Level 2 fair value inputs: based on observable market data						
Other non-current financial assets	15	51	-	-	111	-
Other non-current assets	-	-	-	2	-	-
Short-term investments - finance companies	-	829	-	-	867	-
Other receivables	135	-	-	380	-	-
Current financial assets	9	-	-	1	475	-
Cash and cash equivalents [1]	-	1 550	-	-	1 272	-
Level 3 fair value inputs: not based on observable market data						
Investments in non-consolidated companies	-	-	32	-	-	62
Other non-current assets	-	-	67	-	-	79
Total financial assets measured at fair value	**159**	**8 940**	**99**	**383**	**8 740**	**312**

[1] Corresponding to traditional instruments for investing available cash such as certificates of deposit, commercial paper and money market notes.

The change in level 3 fair value does not contain any material items.

(in million euros)	31 December 2013			31 December 2012		
	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets
Level 1 fair value inputs: quoted prices in active markets						
Level 2 fair value inputs: based on observable market data						
Non-current financial liabilities	(5)	-	-	(21)	-	-
Other non-current liabilities	(19)	-	-	(12)	-	-
Other payables	(171)	-	-	(172)	-	-
Current financial liabilities	-	-	-	(6)	-	-
Level 3 fair value inputs: not based on observable market data						
Non-current financial liabilities [1]	-	-	(105)	-	-	(85)
Total financial liabilities measured at fair value	**(195)**	**-**	**(105)**	**(211)**	**-**	**(85)**

[1] The change in "Non-current financial assets" as measured based on Level 3 fair value imputs is recognised in "Income and expenses recognised directly in equity, net".

35.3. INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

(in million euros)	31 December 2013		Fair value level		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables - finance companies	21 280	21 234	-	-	21 234
Liabilities					
Non-current financial liabilities	8 076	8 308	6 452	1 856	-
Financing liabilities - finance companies	18 988	19 121	12 739	-	6 382
Current financial liabilities	2 996	2 996	850	2 146	-

(in million euros)	31 December 2012		Fair value level		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables - finance companies	23 095	22 896	-	-	22 896
Liabilities					
Non-current financial liabilities	7 807	7 687	5 569	2 118	-
Financing liabilities - finance companies	21 650	22 199	14 016	-	8 183
Current financial liabilities	2 858	2 886	984	1 902	-

35.4. EFFECT OF FINANCIAL INSTRUMENTS ON PROFIT OR LOSS

(in million euros)	2013 Income Statement Impact	Analysis by class of instrument				
		Instruments at fair value through profit or loss	Available-for sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	19	-	-	19	-	-
Total interest expense	(596)	-	-	-	(596)	-
Remeasurement [1]	(33)	119	-	(8)	(3)	(141)
Disposal gains and dividends	(212)	-	1	(213)	-	-
Net impairment	(35)	-	(38)	3	-	-
Total - manufacturing and sales companies	**(857)**	**119**	**(37)**	**(199)**	**(599)**	**(141)**
Finance companies						
Total interest income	1 477	-	-	1 477	-	-
Total interest expense	(675)	-	-	-	(675)	-
Remeasurement [1]	36	12	-	(62)	120	(34)
Net impairment	(131)	-	-	(131)	-	-
Total - finance companies	**707**	**12**	**-**	**1 284**	**(555)**	**(34)**
Net gain (loss)	**(150)**	**131**	**(37)**	**1 085**	**(1 154)**	**(175)**

[1] *For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.*

(in million euros)	2012 Income Statement Impact	Analysis by class of instrument				
		Instruments at fair value through profit or loss	Available-for sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	9	-	-	9	-	-
Total interest expense	(419)	-	-	-	(419)	-
Remeasurement [1]	(22)	65	-	(6)	6	(87)
Disposal gains and dividends	(205)	-	5	(210)	-	-
Net impairment	(36)	-	(4)	(32)	-	-
Total - manufacturing and sales companies	**(673)**	**65**	**1**	**(239)**	**(413)**	**(87)**
Finance companies						
Total interest income	1 608	-	-	1 608	-	-
Total interest expense	(702)	-	-	-	(702)	-
Remeasurement [1]	61	19	-	12	(42)	72
Net impairment	(290)	-	-	(290)	-	-
Total - finance companies	**677**	**19**	**-**	**1 330**	**(744)**	**72**
Net gain (loss)	**4**	**84**	**1**	**1 091**	**(1 157)**	**(15)**

[1] *For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.*

In the case of the finance companies, the total net gain or loss on financial assets and liabilities, as defined in IAS 39, is recognised in recurring operating income.

NOTE 36 - MANAGEMENT OF FINANCIAL RISKS

36.1. FINANCIAL RISK MANAGEMENT POLICY

In the course of its business, PSA Peugeot Citroën is exposed to liquidity risks, as well as interest rate, counterparty, currency and other market risks arising, in particular, from changes in commodity prices and equity prices.

A. **Liquidity risk**

(a) Management of liquidity risk: manufacturing and sales companies

In the prevailing economic environment, the Group continued with its diversified, proactive financing strategy and conservative liquidity policy in order to meet its general financing needs, particularly the financing of its business and of its development projects. The financing strategy is defined by the Managing Board, and implemented under the direction of the Chief Financial Officer with the Corporate Finance & Treasury Department and submitted to the Supervisory Board's Finance and Audit Committee. The Group's cash forecasts, financing needs and interest income and expenses, as well as the level of liquidity reserves are reviewed at monthly meetings of the Treasury and Foreign Exchange Committee chaired by the Chief Financial Officer. The financing plan is implemented by the Corporate Finance & Treasury Department.

Pursuant to this policy, the Group:

- issues bonds under an EMTN programme;
- has recourse to bank borrowings in France and abroad;
- sells receivables;
- arranges confirmed lines of credit for its financial security;
- and, where necessary, issues convertible bonds.

The Group could also raise funds by a capital increase.

This financing policy allows it to seize market opportunities to pre-finance itself and to thereby optimise its financial security.

At 31 December 2013, the net debt of the manufacturing and sales companies was €4,148 million compared to €3,148 million at 31 December 2012. The breakdown of the net debt can be found in Note 31.1, and changes thereto in Note 31.2. The repayment schedule of financial liabilities is set out in the table below.
In June 2010, Peugeot S.A. put in place a €5 billion EMTN programme, €3,707 million of which had been drawn down at end-December 2013.

At 31 December 2013, the Group had liquidity reserves of €10,121 million (see Note 31.4) compared to €10,574 million at end-December 2012.

It covers all currently anticipated financing needs for the manufacturing and sales companies over the coming 12 months.

Contractual repayment schedule of financial liabilities and derivative instruments: manufacturing and sales companies

The following table shows undiscounted cash flows from financial liabilities and derivative instruments. They include principal repayments as well as future contractual interest payments. Foreign currency cash flows and variable or indexed cash flows have been determined on the basis of market data at the year-end.

(in million euros)	Assets	Liabilities	Undiscounted contractual cash flows				
			0-3 months	3-6 months	6-12 months	2-5 years	> 5 years
Financial liabilities							
Bonds - principal repayments							
Manufacturing and sales companies - excluding Faurecia		(5 756)	-	-	(668)	(3 682)	(1 200)
Faurecia		(950)	-	-	-	(749)	(250)
Other long-term debt - principal repayments							
Manufacturing and sales companies - excluding Faurecia		(2 073)	-	-	(597)	(1 252)	(284)
Faurecia		(448)	(127)	-	-	(293)	(28)
Total bonds and other borrowings							
Manufacturing and sales companies - excluding Faurecia		(7 829)	-	-	(1 265)	(4 934)	(1 484)
Faurecia		(1 398)	(127)	-	-	(1 042)	(278)
Bond interest							
Manufacturing and sales companies - excluding Faurecia		(176)	(121)	(26)	(172)	(907)	(579)
Faurecia		(11)	(8)	(34)	(34)	(224)	-
Interest on other long-term debt							
Manufacturing and sales companies - excluding Faurecia		(64)	(3)	(18)	(35)	(29)	-
Faurecia		-	-	-	-	-	-
Total interest on bonds and other borrowings							
Manufacturing and sales companies - excluding Faurecia		(240)	(124)	(44)	(207)	(936)	(579)
Faurecia		(11)	(8)	(34)	(34)	(224)	-
Other short-term debt		(1 378)	(1 378)	-	-	-	-
Finance lease liabilities		(255)	-	-	(61)	(88)	(121)
Employee profit-sharing fund		(4)	-	-	(1)	(3)	-
Derivative instruments							
Derivative instruments							
- of which fair value hedges	-	-	-	-	-	-	-
- of which cash flow hedges	-	(5)	-	-	-	(1)	-
- of which trading instruments [1]	-	-	-	-	-	-	-
Currency derivatives							
- of which fair value hedges	12	(8)	-	-	-	-	-
- of which cash flow hedges	41	(1)	9	4	4	3	9
- of which trading instruments [2]	13	(50)	5	(10)	(6)	(12)	-
Commodity derivatives							
- of which fair value hedges	-	-	-	-	-	-	-
- of which cash flow hedges	1	(73)	(1)	(13)	(19)	(23)	-
- of which trading instruments	-	-	-	-	-	-	-
TOTAL	**67**	**(11 252)**	**(1 624)**	**(97)**	**(1 589)**	**(7 260)**	**(2 453)**

[1] Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

[2] Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

Contractual repayment schedule of long-term borrowings (principal)

(in million euros)	2014	2015	2016	2017	2018	2 to 5 years	> 5 years	Total
Long-term borrowings excluding Faurecia	1 265	935	1 986	839	1 156	4 916	1 484	7 665
Long-term borrowings Faurecia	127	90	616	56	280	1 042	278	1 447
Total long-term borrowings of manufacturing and sales companies	**1 392**	**1 025**	**2 602**	**895**	**1 436**	**5 958**	**1 762**	**9 112**

Covenants

None of the borrowings of the manufacturing and sales companies excluding Faurecia are subject to specific acceleration clauses based on minimum credit ratings. In some cases, the borrowings of manufacturing and sales companies are subject to clauses whereby the borrower gives the lenders certain guarantees that are commonly required within the automotive industry.

They include:

- Negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. These clauses nevertheless carry certain exceptions;
- "material adverse changes" clauses, which apply in the event of a major negative change in economic conditions;
- "pari passu" clauses, which ensure that lenders enjoy at least the same treatment as other creditors;
- "cross-default" clauses, whereby if one loan goes into default other loans become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with applicable legislation;
- change of control clauses.

In addition, EIB loans are dependent on the Group carrying out the projects being financed and, in some cases, require the Group to pledge a minimum amount of financial assets.
The OCEANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Peugeot S.A. shares.
All of these clauses were complied with in 2013.

The drawdown of this facility is subject to keeping the net debt-to-equity ratio of the Group's manufacturing and sales companies below one. The net debt of manufacturing and sales companies is defined and disclosed in Note 31.1. The Group's equity is that listed under "Total Equity" in liabilities.

The €1,150 million syndicated line of credit arranged in December 2011 by Faurecia contains covenants setting limits on debt and requiring Faurecia to comply with certain financial ratios. Updates on these ratios are provided every six months. All of the covenants were complied with at 31 December 2013.

The ratios are as follows:

Ratio		
Adjusted net debt* / EBITDA**	maximum	2.50
Interest cover (EBITDA** / net finance costs)	minimum	4.50

** Consolidated net debt*

*** EBITDA: Faurecia's Earnings Before Interest, Tax, Depreciation and Amortisation for the last 12 months.*

The OCEANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Faurecia shares.

(b) Management of liquidity risk: finance companies

The financing strategy of Banque PSA Finance is defined under the direction of the governing bodies of Banque PSA Finance.
Banque PSA Finance's capital structure and equity ratio comply with the latest regulatory requirements, reflecting the quality of the bank's assets.
Its financing is ensured by a broad range of liquidity sources, matching of maturities of assets and liabilities, and hedging all of its exposure to currency and interest rate risks.

Refinancing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. In addition to the financing that has been drawn down, undrawn lines of credit amounting to €7,006 million of which €3,400 million syndicated credit facility have been arranged with syndicates of leading banks, expiring at five different dates through 2016. The bank also has undrawn bilateral lines of credit amounting to €1,187 million as well as liquidity reserves totalling €1,025 million at 31 December 2013, of which €451 million of high quality liquid assets.
In all, as in prior years, these facilities are sufficient to cover over six months of loan origination at constant sales levels.

Financing strategy put in place in 2012

In March 2013, Banque PSA Finance launched a savings account targeting individual customers in France under the Distingo name. Deposits totalled €995 million as of 31 December 2013. Banque PSA Finance had increased recourse to securitisation and to ECB financing totalling €4,612 million and €1,700 million respectively in 2013, compared to with €3,714 million and 2,900 million respectively in 2012.

Against this background, the following agreements have been put in place.

€7 billion guarantee from the French State

Under Article 85 of the Amending Finance Act of 29 December 2012, the Minister for the Economy is authorised to provide a State guarantee for a fee for securities issued between 1 January 2013 and 31 December 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee.

An initial guarantee agreement for an amount of €1,200 million has been signed on 5 March 2013 after reception of the temporary authorization from the European Commission under state rescue aid rules on 12 February 2013. On this basis, on 25 March 2013 Banque PSA Finance issued a €1,200 million bond maturing in April 2016.

The final approval of the European Commission on the French State guarantee in favour of Banque PSA Finance was obtained on 30 July 2013. Under the terms of the agreement, The French State has made a certain number of undertakings to the European Commission, which will remain in effect until 15 December 2015. Key aspects of these undertakings include a commitment relative to the Group’s return to viability, pursuant to which PSA Peugeot Citroën would be obliged to take appropriate measures to reduce net debt if it were to exceed a given threshold, and a commitment to seek the prior approval of the European Commission to make acquisitions in excess of €100 million per annum.

A second guarantee agreement corresponding to the remaining €5,800 million tranche was signed on 28 October 2013 between the French State, Peugeot S.A. and Banque PSA Finance. A five-member guarantee monitoring committee, comprising representatives of the French State and the PSA Peugeot Citroën Group, will oversee the implementation of the guarantee.

Renewal of bank facilities

On 11 January 2013, Banque PSA Finance signed a new five-year €4,009 million syndicated line of credit, involving 19 banks in eight different countries.

As part of the restructuring and extension of its backup facilities, Banque PSA Finance also agreed that day the extension of a €1,200 million revolving line of credit, that will now expire in January 2016. Furthermore, Banque PSA Finance exercised its option to extend the €2,000 million syndicated line of credit, arranged in December 2011 and expiring in December 2014, with €1,800 million now expiring in December 2015, and the remainder expiring in December 2014. In December 2013, Banque PSA Finance received a second extension of one year of its syndicated loan maturing in December 2015, extending maturity to December 2016. The initial amount of €1,784 million was raised to €1,794 million.

These agreements contain acceleration clauses on top of the pre-existing covenants: a prohibition on providing PSA with more than €500 million in financing, a Common Equity Tier One ratio of at least 11% and the need to retain the French State guarantee for bond issues from 2013 to 2015.

Finally, Banque PSA Finance also obtained in 2013 commitments to renew the bulk of the bilateral bank facilities for a total amount exceeding of €1,000 million.

The renewal of these bank facilities, combined with the securitisation drive undertaken in 2013 and the final approval of the guarantee from the French State, satisfy the refinancing needs of Banque PSA Finance for at least the coming twelve months.

Contractual cash flows: finance companies

Liquidity risk is analysed based on the contractual timing of cash inflows and outflows from detailed asset and liability items, determined by reference to the remaining period to maturity used to calculate Banque PSA Finance's consolidated liquidity ratio. As a result, the future contractual interest payments are not included in the schedule. The derivative instruments used to hedge contractual future interest payments are not analysed by period.

Banque PSA Finance *(in million euros)*	31 December 2012	Not analysed	0-3 months	3-6 months	6-12 months	2-5 years	> 5 years
Assets							
Cash	1 804	-	1 804	-	-	-	-
Short-term investments - finance companies	829	39	785	-	-	5	-
Derivative instruments [1]	92	92	-	-	-	-	-
Other non-current financial assets	53	5	-	-	-	48	-
Loans and receivables - finance companies	21 335	501	5 458	2 261	3 419	9 539	157
Total cash flows from assets	**24 113**	**637**	**8 047**	**2 261**	**3 419**	**9 592**	**157**
Liabilities							
Derivative instruments [1]	65	65	-	-	-	-	-
Financing liabilities	20 444	8	4 600	2 315	2 398	10 940	183
Total cash flows from liabilities	**20 509**	**73**	**4 600**	**2 315**	**2 398**	**10 940**	**183**

[1] *Intercompany loans and borrowings with manufacturing and sales companies are mainly short-term.*

Covenants

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

- "negative pledge" clauses whereby the borrower undertakes not to grant any collateral to any third parties. These clauses nevertheless comprise exceptions allowing the Group to carry out securitisation programmes or to give assets as collateral;
- "material adverse changes" clauses, which apply in the event of a major negtive change in 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;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with applicable legislation;
- clauses whereby no change in control of the company is authorised.

Many of BPF's agreements include four specific acceleration clauses requiring it to maintain a banking licence and to thereby comply with the capital ratios applicable to all French banks. And, from 2013, the need to retain the optional guarantee from the French State for bond issues and a Common Equity Tier One ratio of at least 11%.
All applicable clauses were complied with in 2013.

B. **Interest Rate Risks**

(a) Management of interest rate risks: manufacturing and sales companies

Trade receivables and payables are due within one year and their value is not affected by the level of interest rates.

Cash reserves and short-term financing needs of manufacturing and sales companies - excluding Automotive Equipment companies - are mainly centralised at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets. These short-term instruments are indexed to variable rates.

The gross borrowings of manufacturing and sales companies - excluding Automotive Equipment companies - consist mainly of fixed- and adjustable-rate long-term loans. New borrowings obtained since 2009 have been kept at fixed rate in order to retain the benefit of record low fixed interest rates. The GIE's bond maturing in 2033 had initially been converted to variable rate by means of derivatives qualifying for hedge accounting under IFRS. This hedging was terminated in November 2012.

The proportion of the manufacturing and sales companies' borrowings - excluding Automotive Equipment companies - at variable rates of interest is now 11%, based on the principal borrowed.

Faurecia independently manages its interest rate risk on a centralised basis. This is organised by Faurecia's Finance and Treasury Department, which reports to its executive management. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. Issues of conventional and convertible bonds in 2012 were at fixed rate, increasing the proportion of fixed-rate debt compared to the previous year. Nevertheless, with a significant portion of the debt (syndicated line of credit, short-term borrowings, commercial paper) being variable rate, the hedging policy aims to limit the effect on Faurecia's profit of an increase in short-term rates. This hedging is mainly implemented through the use of interest rate swaps, primarily in euros. Substantially all variable rate interest payable in 2013 and 2014 is hedged, and to a lesser extent in 2015.

Some of Faurecia's derivative instruments have qualified for hedge accounting under IAS 39 since 2008. The other derivative instruments purchased by Faurecia represent economic hedges of interest rate risks on borrowings but do not meet the criteria in IAS 39 for the application of hedge accounting.
Faurecia is the only entity that holds cash flow hedges of interest rate risks.

The net interest rate position of manufacturing and sales companies is as follows:

31 December 2013 *(in million euros)*		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	924	202	296	**1 422**
	Variable rate	5 370	24	2	**5 396**
Total liabilities	Fixed rate	(1 201)	(4 645)	(2 502)	**(8 348)**
	Variable rate	(2 400)	(6)	-	**(2 406)**
Net position before hedging	Fixed rate	**(277)**	**(4 443)**	**(2 206)**	**(6 926)**
	Variable rate	**2 970**	**18**	**2**	**2 990**
Derivative financial instruments	Fixed rate	-	(583)	(139)	**(722)**
	Variable rate	252	470	-	**722**
Net position after hedging	Fixed rate	**(277)**	**(5 026)**	**(2 345)**	**(7 648)**
	Variable rate	**3 222**	**488**	**2**	**3 712**

31 December 2012 *(in million euros)*		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	1 074	100	177	**1 351**
	Variable rate	5 859	-	-	**5 859**
Total liabilities	Fixed rate	(1 246)	(4 615)	(1 810)	**(7 671)**
	Variable rate	(2 618)	(1)	-	**(2 619)**
Net position before hedging	Fixed rate	**(172)**	**(4 515)**	**(1 633)**	**(6 320)**
	Variable rate	**3 241**	**(1)**	**-**	**3 240**
Derivative financial instruments	Fixed rate	(223)	(567)	(166)	**(956)**
	Variable rate	223	567	166	**956**
Net position after hedging	Fixed rate	**(395)**	**(5 082)**	**(1 799)**	**(7 276)**
	Variable rate	**3 464**	**566**	**166**	**4 196**

(b) Management of interest rate risks: finance companies

Banque PSA Finance's fixed-rate loans to customers of the Automotive Division are refinanced mainly through adjustable rate borrowings. Banque PSA Finance's policy aims to offset the impact of changes in interest rates using appropriate financial instruments to match interest rates on the loans and the related refinancing.

Implementation of this strategy is overseen by the Bank's Refinancing Committee and led by Corporate Treasury. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives.

Concerning assets, fixed rate instalment loans are hedged by interest rate swaps that are purchased on the market as soon as the financing is granted. In practice, the swaps are purchased at ten-day intervals. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates.

Concerning liabilities, all new interest-bearing debt is converted to a rate based on a three-month benchmark using appropriate hedging instruments. Refinancing costs for new retail loans may be capped through the occasional use of options. Given the historically low interest rates and the lack of consensus as to rate rises over the coming year, no optional hedging was put in place in 2012 for Banque PSA Finance.

The net interest rate position of finance companies is as follows:

31 December 2013 *(in million euros)*		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	6 400	9 686	-	**16 086**
	Variable rate	7 912	-	-	**7 912**
Total liabilities	Fixed rate	(2 159)	(4 932)	(181)	**(7 272)**
	Variable rate	(12 653)	-	-	**(12 653)**
Net position before hedging	Fixed rate	**4 241**	**4 754**	**(181)**	**8 814**
	Variable rate	**(4 741)**	**-**	**-**	**(4 741)**
Derivative financial instruments	Fixed rate	(4 025)	(999)	181	**(4 843)**
	Variable rate	4 922	292	-	**5 214**
Net position after hedging	Fixed rate	**216**	**3 755**	**-**	**3 971**
	Variable rate	**181**	**292**	**-**	**473**

31 December 2012 *(in million euros)*		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	7 074	10 395	-	**17 469**
	Variable rate	8 236	-	-	**8 236**
Total liabilities	Fixed rate	(2 181)	(5 561)	(178)	**(7 920)**
	Variable rate	(13 395)	(23)	-	**(13 418)**
Net position before hedging	Fixed rate	**4 893**	**4 834**	**(178)**	**9 549**
	Variable rate	**(5 159)**	**(23)**	**-**	**(5 182)**
Derivative financial instruments	Fixed rate	(3 732)	(462)	178	**(4 016)**
	Variable rate	4 375	23	-	**4 398**
Net position after hedging	Fixed rate	**1 161**	**4 372**	**-**	**5 533**
	Variable rate	**(784)**	**-**	**-**	**(784)**

Sensitivity tests show that an increase or a decrease by 1% in average interest rates would have had an impact on income before tax of less than €2 million in 2013 (€4 million in 2012).

C. **Counterparty and credit risks**

(a) Counterparty risk: manufacturing and sales companies

The Automotive Division places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the Banque PSA Finance sales financing system described below. Payments from other customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee.

At Faurecia, the main counterparties are leading carmakers whose creditworthiness is tracked customer-by-customer.

Other counterparty risks concern investments of available cash and transactions involving currency, interest rate and commodity derivatives. These two types of transactions are carried out solely with leading financial partners approved by the Group Treasury Committee. The related counterparty risks are managed through a system of exposure limits by amount and by commitment duration. The limits are determined according to a range of criteria including the results of specific financial analyses by counterparty, the counterparty's credit rating and the amount of its equity capital.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds or deposit accounts. The bulk of money market securities in the portfolio are issued by leading banks and the remainder by non-financial sector issuers. Mutual funds are selected according to guidelines specifying minimum fund credit ratings and maximum maturities of underlying assets. In addition, the amount invested in each fund is capped based on the fund's total managed assets.

Derivatives transactions are governed by standard ISDA or Federation Bancaire Française (FBF) agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

(b) Credit and counterparty risks: finance companies

Banque PSA Finance's exposure to credit risk corresponds to the risk of losses due to borrower default or borrower failure to fulfil their contractual obligations. The counterparties concerned are Peugeot and Citroën dealers and the dealers' retail customers. In the event of default, Banque PSA Finance generally has the right to repossess the vehicle and sell it on the used vehicle market. The risk that the vehicle's selling price on the used vehicle market will be less than the outstanding debt is taken into account in determining the amount of the related impairment (see Note 1.16.B).

Wholesale lending decisions for fleet customers and dealers are made based on a detailed risk assessment in accordance with strict rules on lending limits, either by the local Banque PSA Finance credit committees, or by the Group credit committee. The level of credit lines is dependent on the item to be financed, the client's risk rating and lastly the general level of risk borne by the approving Credit Committee.

Banque PSA Finance's Corporate Lending Department is responsible for controlling the credit risk of these activities throughout the credit cycle. It uses Basel II-compliant credit scoring systems. The systems are tested regularly to ensure that they are reliable. They contribute to determining commitment levels and lending limits, and to defining detailed management and control rules. Their effectiveness is underpinned by high quality credit analyses performed by local units and headquarters teams, as well as by warning systems designed to ensure that incurred risks are identified and dealt with on a timely basis.

Retail loan acceptance processes are based on a local credit scoring system that is managed and overseen by a dedicated expert unit at the Bank's headquarters. To enhance its effectiveness, the scoring system is adapted according to the specific characteristics of each local market. The headquarters-based credit risk control unit regularly assesses the credit scoring system's effectiveness, working closely with the French and international operating units that perform regular reviews of requests, acceptances and payment incidents. For partnership subsidiaries, customer selection is the responsibility of the partner which uses the decision-making tools that it has developed. Nevertheless, teams at Banque PSA Finances's headquarters monitor the level of risk of requests and acceptance closely on an on-going basis, as well as the characteristics of files with past due instalments.
A dedicated headquarters-based collections unit leads the activities of all the finance companies in this area, manages their shared collection systems and coordinates the results. It also oversees two collection call centres.

The following table presents the ageing analysis of sound finance company loans with past due instalments that have not been written down:

Ageing analysis of sound loans with past due instalments that have not been written down

(in million euros)	**31 December 2013**	31 December 2012
Up to 90 days past due	293	319
90 to 180 days past due	1	2
180 days to 1 year past due	1	1
More than 1 year past due	1	1
Total	**296**	**323**

Loans to corporate dealers and corporate and equivalent financing for which one or more instalments are more than 90 days past due (or 270 days for loans to local administrations) are not classified as non-performing when non-payment is due to an incident or a claim and is not related to the borrower's ability to pay.

Concerning concentration of credit risks, Banque PSA Finance continually monitors its largest exposures to ensure that they remain at reasonable levels and do not exceed the limits set in banking regulations. The Bank's ten largest weighted exposures other than with PSA Peugeot Citroën Group entities amounted to €2,057 million compared to €2,110 million in 2013.
As Banque PSA Finance is structurally in a net borrower position, its exposure to other financial counterparties is limited to (i) the investment of funds corresponding to the liquidity reserve and of any excess cash, and (ii) the use of derivatives (swaps and options) to hedge currency and interest rate risks.
Available cash is invested in money market securities issued by leading banks, in deposit accounts with leading banks or in mutual funds offering a capital guarantee and a guaranteed yield.

Financial analyses are performed to ensure that each counterparty operates on a sustainable basis and has adequate capital resources. The results of the analysis are used to award an internal rating to the counterparty and to set

acceptable exposure limits. These limits are defined by type of transaction (investments and derivatives), and cover both amounts and durations. Utilisation of these limits is assessed and checked daily. Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls. Derivative contracts are entered into solely with counterparties rated A or higher.

D. **Currency risk**

(a) Management of currency risk: manufacturing and sales companies

The manufacturing and sales companies manage their foreign exchange positions on transactions denominated in foreign currencies with the objective of hedging the risk of fluctuations in exchange rates. Automotive Division currency risks are managed centrally, for the most part by PSA International S.A. (PSAI) under the supervision of executive management. All products used by PSAI are standard products covered by International Swaps and Derivatives Association (ISDA) master agreements.

The goal is to minimise Automotive Division exchange differences by systematically hedging as soon as the foreign currency invoice is booked.
At Group level, currency risks are managed by requiring manufacturing companies to bill sales companies in the latter's local currency (except in rare cases or where this is not allowed under local regulations). Currency risks on these intragroup billings are also hedged using forward foreign exchange contracts. In most cases, foreign currency intragroup loans of Automotive Division companies are also hedged.

A new foreign currency policy includes the hedging of future flows for the Automotive Division. It consists of hedging the main net exposures to G10 currencies. These hedges are underpinned by governance rules and a strict decision-making process. They are classified as cash flow hedges under IAS 39. The maximum horizon for these hedges is two years. The hedging ratios depend on the maturity.

At 31 December 2013, the Automotive Division had cash flow hedges on the following currencies: GBP, JPY, CHF, SEK and NOK.

The Group does not hedge its net investment in foreign operations.

PSAI also carries out proprietary transactions involving currency instruments. These transactions are subject to very strict exposure limits and are closely monitored on a continuous basis. They are the only non-hedging transactions carried out by companies in the PSA Peugeot Citroën Group and have a very limited impact on consolidated profit.

The historical Value at Risk (VaR) method is used to identify and manage market risks. The historical VaR uses volatilities and exchange rates for the various currencies since the beginning of 2008. VaR represents the maximum possible loss on the portfolio, based on the confidence level. The confidence levels measured are 95% and 99%. For both of these confidence levels, applying historical VaR to the portfolio at 31 December 2013 would not have had a material impact on Group earnings. This method assumes that future VaR will follow the same trend as historical VaR. It does not provide an indication of the losses that would be incurred under an extreme stress scenario.

Faurecia manages the currency risks incurred by its subsidiaries on commercial transactions principally through forward purchase and sale contracts or options, and foreign currency financing. Future transactions are hedged on the basis of cash flow forecasts drawn up during the budgeting process and approved by management. The derivative instruments used to hedge these future transactions qualify for cash flow hedge accounting, insofar a hedging relationship exists under IAS 39 standard. Subsidiaries located outside the euro zone receive intragroup loans in their functional currency. These loans are refinanced in euros, and the related currency risk is hedged by swaps.

Net position of the manufacturing and sales companies in the main currencies (open positions at 31 December)

The net position of the manufacturing and sales companies in the main foreign currencies is as follows:

31 December 2013 *(in million euros)*	GBP	JPY	USD	PLN	CHF	RUB	CZK	Other	**Total**
Total assets	221	79	622	47	23	103	116	232	1 443
Total liabilities	(112)	(74)	(3)	(12)	-	(276)	(139)	(8)	(624)
Future transactions [(1)]	312	2	92	(104)	163	42	(51)	137	593
Exposure to fixed charge coverage commitments	-	(321)	-	-	-	-	-	-	(321)
Net position before hedging	**421**	**(314)**	**711**	**(69)**	**186**	**(131)**	**(74)**	**361**	**1 412**
Derivative financial instruments	(430)	185	(632)	63	(186)	167	35	(350)	(1 148)
Net position after hedging	**(9)**	**(129)**	**79**	**(6)**	**-**	**36**	**(39)**	**11**	**264**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

31 December 2012 *(in million euros)*	GBP	JPY	USD	PLN	CHF	RUB	CZK	Other	**Total**
Total assets	262	68	644	31	22	196	127	350	1 700
Total liabilities	(161)	(124)	(2)	(18)	-	(298)	(145)	(81)	(829)
Future transactions [(1)]	73	(8)	37	(55)	134	-	(27)	70	224
Exposure to fixed charge coverage commitments	-	(509)	-	-	-	-	-	-	(509)
Net position before hedging	**174**	**(573)**	**679**	**(42)**	**156**	**(102)**	**(45)**	**339**	**586**
Derivative financial instruments	(184)	224	(635)	21	(156)	99	23	(411)	(1 019)
Net position after hedging	**(10)**	**(349)**	**44**	**(21)**	**-**	**(3)**	**(22)**	**(72)**	**(433)**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

A 5% increase or decrease in the year-end exchange rate of the main currencies in which the manufacturing and sales companies had open balance sheet positions at 31 December 2013 (see table below) would have the following direct impact on income before tax and equity :

(in million euros)	PLN/EUR	CZK/EUR	JPY/EUR	USD/CAD	USD/EUR	USD/DZD	JPY/RUB	Other
Hypothetical fluctuation against the euro	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0%
Impact on income before tax	1	1	-	5	1	2	-	1
Impact on equity	5	1	6	-	1	-	-	-

The following table shows the net position of the manufacturing and sales companies in the main foreign currencies versus the other currencies:

31 December 2013 *(in million euros)*	RUB/UAH	USD/CAD	USD/BRL	USD/ARS	USD/DZD	UAH/USD	RUB/USD	JPY/RUB
Total assets	-	98	62	69	-	-	-	-
Total liabilities	(1)	-	(166)	(137)	(45)	(17)	-	(3)
Future transactions [(1)]	-	(15)	-	-	-	-	-	-
Net position before hedging	**(1)**	**83**	**(104)**	**(68)**	**(45)**	**(17)**	**-**	**(3)**
Derivative financial instruments	-	(85)	99	73	-	-	-	-
Net position after hedging	**(1)**	**(2)**	**(5)**	**5**	**(45)**	**(17)**	**-**	**(3)**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

31 December 2012 *(in million euros)*	RUB/UAH	USD/CAD	USD/BRL	USD/ARS	USD/DZD	UAH/USD	RUB/USD	JPY/RUB
Total assets	-	84	37	92	-	-	-	-
Total liabilities	(2)	-	(52)	(87)	(162)	(12)	(2)	(63)
Future transactions [(1)]	-	(19)	-	-	-	-	-	-
Net position before hedging	**(2)**	**65**	**(15)**	**5**	**(162)**	**(12)**	**(2)**	**(63)**
Derivative financial instruments	-	(65)	15	-	-	-	-	-
Net position after hedging	**(2)**	**-**	**-**	**5**	**(162)**	**(12)**	**(2)**	**(63)**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

(b) Management of currency risk: finance companies

Group policy consists of not entering into any operational currency positions. Liabilities are matched with assets in the same currency, entity-by-entity, using appropriate financial instruments. The hedging is achieved using cross currency swaps, currency swaps and forward foreign exchange contracts.
The Group does not hedge its net investment in foreign operations.

The net position of the finance companies in the main foreign currencies is as follows:

31 December 2013 *(in million euros)*	GBP	HUF	PLN	CHF	RUB	CZK	USD	Other	**Total**
Total assets	2 735	10	119	205	63	50	10	54	3 246
Total liabilities	(1 278)	-	-	(234)	-	-	(916)	(113)	(2 541)
Net position before hedging	**1 457**	**10**	**119**	**(29)**	**63**	**50**	**(906)**	**(59)**	**705**
Derivative financial instruments	(1 457)	(10)	(119)	29	(63)	(50)	906	59	(705)
Net position after hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31 December 2012 *(in million euros)*	GBP	JPY	PLN	CHF	RUB	CZK	USD	Other	**Total**
Total assets	2 341	-	146	363	153	70	-	103	3 176
Total liabilities	(1 087)	(44)	-	(188)	-	(54)	(947)	(60)	(2 380)
Net position before hedging	**1 254**	**(44)**	**146**	**175**	**153**	**16**	**(947)**	**43**	**796**
Derivative financial instruments	(1 254)	44	(146)	(175)	(153)	(16)	947	(42)	(795)
Net position after hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**1**

In view of the Group's hedging policy, a change in exchange rates at the level of the finance companies would not have any material impact on consolidated profit or equity.

E. **Commodity risk**

The Automotive Division's exposure to commodity risks is tracked jointly by the Purchasing Department and PSA International S.A. (PSAI) which is responsible for hedging the Group's currency and commodity risks, while Faurecia's risks are managed independently. The Automotive Division's commodity risks are reviewed at quarterly intervals by a Metals Committee chaired by the Group's Chief Financial Officer. This Committee monitors hedging gains and losses, reviews each commodity that may have a material impact on the Group's operating income and sets hedging targets in terms of volumes and prices over periods of up to three years. Cash flow hedges are used only when they qualify for hedge accounting under IAS 39.

The production costs of the Automotive Division and Faurecia are exposed to the risk of changes in certain raw materials prices, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities traded on organised markets, such as aluminium, copper, lead or precious metals, for which the transaction price is determined by direct reference to the prices quoted on the commodity market.

Part of the Automotive Division's exposure to fluctuations in commodity prices is hedged using derivative instruments traded on regulated markets. The aim of these hedges is to minimize the impact of changes in commodity prices on physical deliveries for the Group's production needs. In 2013, hedging volumes were lower than in previous years with hedging extending to the first half of 2016.

In 2013, commodity hedges concerned purchases of aluminium, copper, lead, platinum, palladium and rhodium.

For the Automotive Division, in the event of a 28% rise (fall) in base metal prices (aluminium, copper and lead) and a 19% rise (fall) in precious metal prices (platinum, palladium and rhodium), the impact of the commodity hedges held at 31 December 2013 would have been a €83 million increase (decrease) in consolidated equity at 31 December 2013 (versus €133 million at 31 December 2012). As all commodity hedges qualified as cash flow hedges under IAS 39, changes in the fair value of these instruments resulting from changes in the prices of the hedged commodities would not have had any impact on 2013 profit.

The commodity price trend assumptions were determined based on the average historical and implicit volatilities observed on the relevant commodity markets in the reporting year.

Faurecia's sales contracts with customers do not include any indexation clause based on commodity prices. The risk of an unfavourable change in commodity prices is attenuated through a policy of regular price negotiations with customers and tight inventory management. Faurecia does not use derivative instruments to hedge its commodity and energy purchases.

36.2. HEDGING INSTRUMENTS: MANUFACTURING AND SALES COMPANIES

The various types of hedging instrument used and their accounting treatment are described in Note 2.16.D.

A. Details of values of hedging instruments and notional amounts hedged: manufacturing and sales companies

31 December 2013	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	3	-	73	73	-	-
• Currency options	-	(8)	74	74	-	-
• Currency swaps	6	-	665	665	-	-
• Cross-currency swaps	3	-	36	36	-	-
Cash flow hedges:						
• Forward foreign exchange contracts	26	(1)	252	252	-	-
• Cross-currency swaps	15	-	261	-	150	111
• Currency options	-	-	391	374	17	-
Trading instruments [1]	13	(50)	6 928	6 773	155	-
Of which Intragroup	-	-				
Total currency risks	**66**	**(59)**	**8 680**	**8 247**	**322**	**111**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	-	-	-	-	-	-
Cash flow hedges:						
• Interest rate options	-	(5)	522	-	470	52
• Cross-currency swaps	-	-	-	-	-	-
Trading instruments [2]	-	-	-	-	-	-
Of which Intragroup	-	-				
Total interest rate risks	**-**	**(5)**	**522**	**-**	**470**	**52**
Commodity risk						
Cash flow hedges:						
• Swaps	1	(73)	421	246	175	-
Total commodity risks	**1**	**(73)**	**421**	**246**	**175**	**-**
TOTAL	**67**	**(137)**	**9 623**	**8 493**	**967**	**163**
Of which:						
Total fair value hedges	**12**	**(8)**	**848**	**848**	**-**	**-**
Total cash flow hedges	**42**	**(79)**	**1 847**	**872**	**812**	**163**

[1] Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

[2] Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

Hedging instruments that are not subject to compensation clauses in case of default by either party do not represent a significant amount for the Automotive Division.

31 December 2012	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	-	-	6	6	-	-
• Currency options	-	(3)	61	61	-	-
• Currency swaps	1	(3)	756	756	-	-
Cash flow hedges:						
• Forward foreign exchange contracts	10	(1)	283	283	-	-
• Cross-currency swaps	-	(11)	298	-	188	110
• Currency options	-	-	258	254	4	-
Trading instruments [1]	51	(26)	7 019	6 988	31	-
Of which Intragroup	-	-				
Total currency risks	**62**	**(44)**	**8 681**	**8 348**	**223**	**110**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	-	-	-	-	-	-
Cash flow hedges:						
• Interest rate options	-	(13)	700	223	420	57
• Cross-currency swaps	-	-	-	-	-	-
Trading instruments [2]	-	-	-	-	-	-
Of which Intragroup	-	-				
Total interest rate risks	**-**	**(13)**	**700**	**223**	**420**	**57**
Commodity risk						
Cash flow hedges:						
• Swaps	6	(45)	516	297	219	-
Total commodity risks	**6**	**(45)**	**516**	**297**	**219**	**-**
TOTAL	**68**	**(102)**	**9 897**	**8 868**	**862**	**167**
Of which:						
Total fair value hedges	**1**	**(6)**	**823**	**823**	**-**	**-**
Total cash flow hedges	**16**	**(70)**	**2 055**	**1 057**	**831**	**167**

[1] *Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.*

[2] *Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.*

B. Impact of hedging instruments on income and equity: manufacturing and sales companies

(a) Impact of cash flow hedges

(in million euros)	2013	2012
Change in effective portion recognised in equity	-	(33)
Change in ineffective portion recognised in profit or loss	(2)	3
Effective portion reclassified to the income statement under "Cost of goods and services sold"	25	(41)
Effective portion reclassified to the income statement under "Finance costs"	28	(8)

(b) Impact of fair value hedges

(in million euros)	2013	2012
Gains and losses on hedged borrowings recognised in profit or loss	-	(63)
Change in ineffective portion recognised in profit or loss	(7)	2
Gains and losses on hedges of borrowings recognised in profit or loss	-	63
Net impact on income	**(7)**	**2**

The “Net gain (loss) on hedges of borrowings” presented in Note 10 also includes gains and losses on economic hedges that do not qualify for hedge accounting under IAS 39.

36.3. HEDGING INSTRUMENTS: FINANCE COMPANIES

The different types of hedges and their accounting treatment are described in Note 2.16.D.

A. **Details of values of hedging instruments and notional amounts hedged: finance companies**

Offsetting notional amounts have been netted to make the financial statements easier to read. However, separate disclosures are made at the foot of the page.

31 December 2013	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	35	(3)	2 679	2 679	-	-
Interest rate risk						
Fair value hedges:						
• Swaps on borrowings	3	-	150	100	50	-
• Swaps on EMTN/BMTN issues	108	(3)	6 793	2 018	4 594	181
• Swaps on EMTN issues at variable rate	-	-	-	-	-	-
• Swaps on bonds [1]	17	(17)	-	-	-	-
• Swaps on certificates of deposit	-	-	-	-	-	-
• Swaps on other debt securities	-	-	-	-	-	-
• Swaps on retail financing	7	(21)	11 400	5 793	5 607	-
• Accrued income/expenses on swaps	(81)	(18)	-	-	-	-
Cash flow hedges:						
• Swaps	-	-	67	31	36	-
Trading instruments	3	(3)	372	368	4	-
Total	**92**	**(65)**	**21 461**	**10 989**	**10 291**	**181**
Of which Intragroup	-	*(7)*				
Total fair value hedges	**89**	**(62)**	**21 022**	**10 590**	**10 251**	**181**
Total cash flow hedges	**-**	**-**	**67**	**31**	**36**	**-**

[1] *This item includes €3,778 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.*

31 December 2012	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
- Currency swaps	83	-	2 777	2 777	-	-
Interest rate risk						
Fair value hedges:						
- Swaps on borrowings	8	-	255	100	155	-
- Swaps on EMTN/BMTN issues	214	(2)	7 633	2 048	5 407	178
- Swaps on bonds [1]	18	(18)	-	-	-	-
- Swaps on certificates of deposit	-	-	17	17	-	-
- Swaps on other debt securities	1	-	16	16	-	-
- Swaps on retail financing	2	(79)	11 894	5 871	6 023	-
- Accrued income/expenses on swaps	1	(15)	-	-	-	-
Cash flow hedges:						
- Swaptions	-	-	42	19	23	-
Trading instruments	2	(2)	382	382	-	-
Total	**329**	**(116)**	**23 016**	**11 230**	**11 608**	**178**
Of which Intragroup	*14*	*(6)*				
Total fair value hedges	**327**	**(114)**	**22 592**	**10 829**	**11 585**	**178**
Total cash flow hedges	**-**	**-**	**42**	**19**	**23**	**-**

[1] *This item includes €3,714 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.*

B. **Impact of hedging instruments on income and equity: finance companies**

(a) Impact of cash flow hedges

(in million euros)	**2013**	**2012**
Change in effective portion recognised in equity	-	-
Change in ineffective portion recognised in profit or loss	-	-
Effective portion reclassified to the income statement under "Cost of goods and services sold"	4	7

(b) Impact of fair value hedges

(in million euros)	**2013**	**2012**
Gains and losses on hedged customer loans recognised in profit or loss	(48)	12
Gains and losses on hedges of customer loans recognised in profit or loss	49	(12)
Net impact on income	**1**	**-**
Gains and losses on remeasurement of financial liabilities recognised in profit or loss	99	(42)
Gains and losses on remeasurement of hedges of financial liabilities recognised in profit	(101)	49
Net impact on income	**(2)**	**7**

NOTE 37 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Off-balance sheet commitments given in the normal course of business were as follows at 31 December 2013:

(in million euros)	**31 December 2013**	31 December 2012
Manufacturing and sales companies		
■ **Financing commitments (Note 37.1)**		
Guarantees given	304	201
Pledged or mortgaged assets	497	921
■ **Operating commitments (Note 37.2)**		
Capital commitments for the acquisition of non-current assets	408	879
Orders for research and development work	16	34
Financing commitments	-	30
Minimum purchase commitments	285	170
Non-cancellable lease commitments	1 462	1 018
	2 972	**3 253**
Finance companies		
Financing commitments to customers	1 257	1 426
Guarantees given on behalf of customers and financial institutions [(1)]	3 268	5 508
	4 525	**6 934**

[(1)] This item primarily includes receivables given as collateral as follows:
- *€2,957 million to the European Central Bank for €700 million in long-term refinancing and €1,000 million in short-term refinancing;*
- *€165 million to Société de Financement de l'Economie Française (SFEF) for €105 million in refinancing;*
- *€72 million to CA-CIB and Société Générale;*
- *€61 million to Mediobanca.*

37.1. FINANCING-RELATED COMMITMENTS

- **Pledged or mortgaged assets**

This item includes the French government bonds (OATs) given as collateral for loans from the European Investment Bank (EIB).
The following table analyses pledged and mortgaged assets by commitment period :

Pledges or mortgages expiring in the years indicated		
(in million euros)	**31 December 2013**	31 December 2012
2013	-	101
2014	414	270
2015	16	10
2016	14	2
2017	11	1
2018	16	-
2019	-	-
Subsequent years	26	537
Total pledged or mortgaged assets	**497**	**921**
Total assets	59 664	64 884
Percentage of total assets	0.8%	1.4%

37.2. OPERATIONS-RELATED COMMITMENTS

- **Minimum purchase commitments**

In order to speed up its growth and reduce costs, the Group has entered into cooperation agreements with other carmakers for the joint development and/or manufacture of mechanical sub-assemblies or vehicles. These joint arrangements enable the partners to share project costs, delivering economies of scale that translate into competitive advantage.

Under the terms of these agreements, the Group is committed to financing investment in research and development and specific tooling and to taking delivery of a minimum quantity of products manufactured by the joint arrangements. If it fails to honour this minimum purchase commitment, it will be required to pay a penalty designed to cover the related production costs borne by the partner.
Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.
For contracts where the products are manufactured by the Group's partner, capacity reservation fees are accounted for as off- balance sheet commitments net of any provisions.

- **Capital commitments for the acquisition of non-current assets**

This item corresponds mainly to commitments to purchase property, plant and equipment. It also includes the Group's commitment towards the two Fonds de Modernisation des Equipementiers Automobiles (FMEA - tier 1 and tier 2), two funds set up to support automotive equipment manufacturers. The Group's total commitment to FMEA amounted to €204 million. At 31 December 2013, the Group had already paid €125 million into this fund.

- **Non-cancellable lease commitments**

Periods (in million euros)	31 December 2013	31 December 2012
2013	-	187
2014	261	157
2015	215	132
2016	186	113
2017	154	88
2018	135	70
2019	119	-
Subsequent years	392	271
Total non-cancellable lease commitments	**1 462**	**1 018**

Non-cancellable leases are entered into in the normal course of business and consist mainly of leases on commercial property and vehicles. The lease terms reflect local practices in each country.

37.3. CONTINGENT LIABILITIES

The Group is involved in claims and litigation arising in the normal course of business. Based on the information currently available, the outcome of this litigation is not expected to result in an outflow of economic resources without anything in return.

37.4. COMMITMENTS CONNECTED WITH THE GEFCO GROUP

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the Gefco Group from PSA. At 31 December 2013, the Group had not identified any material risks associated with these representations and warranties.

Under the logistics and transportation service agreements entered into by the PSA and Gefco groups, the Group gave guarantees regarding the satisfactory performance of the logistics contracts and a five-year exclusivity clause. At 31 December 2013, the Group had not identified any material risks associated with these representations and warranties.

NOTE 38 - RELATED PARTY TRANSACTIONS

Related parties are companies subject to significant influence consolidated by the equity method, members of the managing bodies and shareholders holding more than 10% of Peugeot S.A. capital.

Transactions with companies accounted for by the equity method are disclosed in Note 16.6. Other than these transactions, there were no significant transactions with other related parties.

NOTE 39 - MANAGEMENT COMPENSATION

(in million euros)	**2013**	2012
Compensation paid to :		
- Members of management bodies	6.9	6.6
- Members of the Supervisory Board	1.4	1.5
Total management compensation	**8.3**	**8.1**
Stock option and performance share costs (Note 2.22)	-	-
Total	**8.3**	**8.1**

The Group is managed by the Managing Board.
The Group's management bodies correspond to the Executive Committee, which includes the members of the Managing Board and other members of executive management.
The compensation details provided in the table above do not include payroll taxes. The Managing Board members will not receive their 2013 bonuses.

The following table presents details of Peugeot S.A. performance shares awarded to members of the management bodies in 2010 and outstanding Peugeot S.A. stock options granted to members of the management bodies in the years prior to 2013:

(number of options)	**2013**	2012
Stock options held at 31 December.	272 610	395 460

Members of the Group's managing bodies benefit from a supplementary pension plan described in Note 28.1.A, amendments to which were taken into account at the 2013 year-end.
Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits and the performance shares under the plans referred to above, or any other forms of share-based payments or any compensation for loss of office.

NOTE 40 - SUBSEQUENT EVENTS

The Group will announce on 19 February 2014, with three specific press releases, major projects of operations to this effect:

The first press release is related to the reinforcement of the industrial and commercial partnership with Dongfeng Motor Corporation, a €3 billion capital increase, with the attribution of free equity warrants to existing shareholders of Peugeot S.A.

These major projects of operations are aimed at improving the competitiveness of the Group, accelerating its globalisation and emerging markets expansion strategy, while reinforcing its financial strength.

The operations would consist of:

1. The strengthening and deepening of the existing industrial and commercial partnership with Dongfeng Motor Corporation ("DFM"), China's second largest carmaker, in order to capitalise on the Group's current success in the world's largest automobile market, which is now the primary source of growth for the automotive industry.
2. A €3 billion capital increase including:
   - A reserved €1,048 million capital increase subscribed by DFM and the French State, on an equal basis, at a subscription price of €7.50 per share;
   - A c. €1.95 billion rights issue open to all Peugeot S.A. shareholders (including DFM and the French State), and underwritten by a syndicate of banks for the shares not subscribed by DFM, the French State and FFP/EPF;
   - Prior to capital increase, an attribution of free equity warrants to existing Peugeot S.A. shareholders, with one warrant granted by existing share, based on an subscription ratio of 10 warrants for 3 new Peugeot S.A. shares. The warrants could be exercised over three years, and would be exercisable from the 2nd year, with a strike price equal to the subscription price of the reserved capital increase in favour of DFM and the French State, i.e. €7.5 per share.
3. A capital increase reserved for employees will be offered to them in the course of 2014, in order to give them the opportunity to participate in the value creation potential of the Group.

These operations, which have been agreed in principle by the parties involved, remain subject to the signature of a binding documentation, planned at the end of March 2014, and the approval of regulatory bodies, notably in France and China, as well as the approval of the Extraordinary General Meeting of Peugeot S.A. shareholders due to take place in the second quarter 2014.

These operations are aimed at financing among others the current medium-term plan of the Group and revitalizing its development.

The second press release is related to the renewal of an amount of €2.7 billion syndicated credit facility, constitutive of confirmed line of credit. It would comprise a €2.0 billion five-year tranche and a €0.7 billion three-year tranche with two optional one-year extensions. It would replace the €2.4 billion line of credit set up in July 2010 and maturing in July 2014 for €0.2 billion and July 2015 for €2.2 billion. The new line would be subject to the completion of the €3 billion capital increase announced here.

The third press release announces the entrance in exclusive negotiations to form a partnership in financing activities between Banque PSA Finance and Santander Consumer Finance.

The partnership with the consumer finance division of Santander, the largest bank in the Eurozone by market capitalisation, would result in the creation of local partnerships, each 50/50 owned by Banque PSA Finance and Santander Consumer Finance, across PSA Peugeot Citroën's main European markets. This partnership would create a competitive, sustainable and dynamic captive financing activity dedicated to Group brands. This partnership would not need the French State guarantee for the funding of its activities. The contemplated perimeter of the transaction would cover approximately 90% of Banque PSA Finance's current activities.

The entering into the agreements to implement this partnership is subject to the finalization of the relevant agreements and the prior information and consultation of the relevant employee representative bodies, and including the approval of the competent banking authorities in the main European countries. The closing of the transaction would then be expected to occur in H2 2015.

The details of the terms of these operations and their potential consequences for the Group are given in the specific press releases.

NOTE 41 - FEES PAID TO THE AUDITORS

	Mazars		Ernst & Young		PricewaterhouseCoopers	
(in million euros)	**2013**	2012	**2013**	2012	**2013**	2012
Audit						
Statutory and contractual audit services						
• Peugeot S.A.	0.2	0.3	0.3	0.4	-	-
• Fully-consolidated subsidiaries	2.7	2.6	8.8	9.0	2.9	3.2
o/w France	*1.4*	*1.4*	*2.6*	*2.7*	*0.8*	*1.0*
o/w International	*1.3*	*1.2*	*6.2*	*6.3*	*2.1*	*2.2*
Audit-related services						
• Peugeot S.A.	-	-	-	-	-	-
• Fully-consolidated subsidiaries	0.1	0.1	0.1	0.1	-	-
o/w France	*0.1*	0.1	*0.1*	0.1	-	*0.0*
o/w International	-	-	-	-	-	-
Sub-total	**3.0**	**3.0**	**9.2**	**9.5**	**2.9**	**3.2**
o/w Faurecia	-	-	4.8	4.8	2.9	3.2
Excluding Faurecia	3.0	3.0	4.4	4.7	-	-
	100%	*100%*	*99%*	*98%*	*97%*	*97%*
Other services provided to subsidiaries						
Legal and tax services	-	-	0.1	0.2	0.1	0.1
Other	-	-	-	-	-	-
Sub-total	**-**	**-**	**0.1**	**0.2**	**0.1**	**0.1**
o/w Faurecia	-	-	-	-	-	-
Excluding Faurecia	-	-	0.1	0.2	0.1	0.1
	0%	*0%*	*1%*	*2%*	*3%*	*3%*
TOTAL	**3.0**	**3.0**	**9.3**	**9.7**	**3.0**	**3.3**
o/w Faurecia	-	-	4.8	4.8	2.9	3.2
Excluding Faurecia	3.0	3.0	4.5	4.9	0.1	0.1

Faurecia's Statutory Auditors are Ernst & Young and PricewaterhouseCoopers

NOTE 42 - CONSOLIDATED COMPANIES AT 31 DECEMBER 2013

Company	Country	F/E	% interest
HOLDING ET AUTRES ACTIVITÉS			
PEUGEOT S.A.	France	I	100
D.J. 06	France	I	100
EMOTION	France	I	100
FINANCIERE PERGOLESE	France	I	100
G.I.E. PSA TRESORERIE	France	I	100
GRANDE ARMEE PARTICIPATIONS	France	I	100
PEUGEOT MOTOCYCLES	France	I	100
PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH	Germany	I	100
PEUGEOT MOTOCYCLES ITALIA S.p.A.	Italy	I	100
SOCIETE ANONYME DE REASSURANCE LUXEMBOURGEOISE - SARAL	Luxembourg	I	100
PSA INTERNATIONAL S.A.	Switzerland	I	100
JINAN QUIGQI PEUGEOT MOTORCYCLES	China	E	50
GEFCO	France	E	25
AUTOMOBILE			
PEUGEOT MOTORS SOUTH AFRICA Ltd	South Africa	I	100
PEUGEOT ALGERIE S.p.A.	Algeria	I	100
CISA	Argentina	I	100
PEUGEOT CITROEN ARGENTINA S.A.	Argentina	I	100
CITROEN OSTERREICH GmbH	Austria	I	100
PEUGEOT AUSTRIA GmbH	Austria	I	100
PEUGEOT WIEN GmbH	Austria	I	100
CITROEN BELUX S.A. - NV	Belgium	I	100
PEUGEOT BELGIQUE LUXEMBOURG S.A.	Belgium	I	100
S.A. PEUGEOT DISTRIBUTION SERVICE N.V.	Belgium	I	100
CITROEN do BRASIL	Brazil	I	100
PCI do BRASIL Ltda	Brazil	I	100
PEUGEOT CITROEN COMERCIAL EXPORTADORA	Brazil	I	100
PEUGEOT CITROEN do BRASIL AUTOMOVEIS Ltda	Brazil	I	100
AUTOMOTORES FRANCO CHILENA S.A.	Chile	I	100
PEUGEOT CHILE	Chile	I	97
PCA (CHINA) AUTOMOTIVE DRIVE Co	China	I	100
CITROEN - HRVATSKA d.o.o.	Croatia	I	100
PEUGEOT HRVATSKA d.o.o.	Croatia	I	100
CITROEN CESKA REPUBLICA s.r.o.	Czech Republic	I	100
PCA LOGISTIKA CZ	Czech Republic	I	100
PEUGEOT CESKA REPUBLICA s.r.o.	Czech Republic	I	100
CITROEN DANMARK A/S	Denmark	I	100
AUTOMOBILES CITROEN	France	I	100
AUTOMOBILES PEUGEOT	France	I	100
CENTRAUTO	France	I	100
CITROEN ARGENTEUIL	France	I	100
CITROEN CHAMP DE MARS	France	I	100
CITROEN DUNKERQUE	France	I	100
CITROEN ORLEANS	France	I	100
EPINETTES	France	I	100
FRANCAISE DE MECANIQUE	France	I	100
G.I.E. PSA PEUGEOT CITROEN	France	I	100
GISEVEL	France	I	100
GRANDS GARAGES DU LIMOUSIN	France	I	100
MECANIQUE ET ENVIRONNEMENT	France	I	100
PEUGEOT CITROEN AULNAY S.N.C.	France	I	100
PEUGEOT CITROEN AUTOMOBILES S.A.	France	I	100
PEUGEOT CITROEN MECANIQUE DU GRAND EST S.N.C.	France	I	100
PEUGEOT CITROEN MECANIQUE DU NORD-OUEST S.N.C.	France	I	100
PEUGEOT CITROEN MULHOUSE S.N.C.	France	I	100
PEUGEOT CITROEN POISSY S.N.C.	France	I	100
PEUGEOT CITROEN RENNES S.N.C.	France	I	100
PEUGEOT CITROEN SOCHAUX S.N.C.	France	I	100

Company	Country	F/E	% interest
PEUGEOT MEDIA PRODUCTION	France	I	100
PEUGEOT MOTEUR ET SYSTEMES	France	I	100
PEUGEOT NEUILLY VICTOR HUGO	France	I	100
PEUGEOT SAINT DENIS AUTOMOBILES	France	I	100
PIECES ET ENTRETIEN AUTOMOBILE BORDELAIS	France	I	100
PRINCE S.A.	France	I	100
PROCESS CONCEPTION INGENIERIE S.A.	France	I	100
RETAIL France	France	I	100
SABRIE	France	I	100
SEVELIND	France	I	100
SNC PC.PR	France	I	100
SOCIETE COMMERCIALE AUTOMOBILE	France	I	100
SOCIETE COMMERCIALE CITROEN	France	I	100
SOCIETE DE CONSTRUCTION D'EQUIPEMENTS DE MECANISATIONS ET DE MACHINES - SCEMM	France	I	100
SOCIETE DE PIECES ET SERVICES AUTOMOBILE DE L'OUEST	France	I	100
SOCIETE EUROPEENNE DE VEHICULES LEGERS DU NORD - SEVELNORD	France	I	100
SOCIETE INDUSTRIELLE AUTOMOBILE DE CHAMPAGNE - ARDENNES	France	I	100
SOCIETE INDUSTRIELLE AUTOMOBILE DE PROVENCE	France	I	100
SOCIETE LILLOISE DE SERVICES ET DE DISTRIBUTION DE PIECES DE RECHANGE	France	I	100
SOCIETE LYONNAISE DE PIECES ET SERVICES AUTOMOBILE	France	I	100
SOCIETE MECANIQUE AUTOMOBILE DE L'EST	France	I	100
SOCIETE NOUVELLE ARMAND ESCALIER	France	I	100
Sté Cle DISTRIBUTION PIECES DE RECHANDES - SCPR	France	I	100
TECHNOBOOST	France	I	60
BMW PEUGEOT CITROEN ELECTRIFICATION SAS	Germany	I	100
CITROEN COMMERCE GmbH	Germany	I	100
CITROEN DEUTSCHLAND AG	Germany	I	100
PEUGEOT DEUTSCHLAND GmbH	Germany	I	100
PEUGEOT NORDHESSEN GmbH	Germany	I	100
PSA SERVICES DEUTSCHLAND GmbH	Germany	I	100
CITROEN HUNGARIA Kft	Hungary	I	100
PEUGEOT HUNGARIA Kft	Hungary	I	100
CITROEN MOTORS Irlande LTD	Ireland	I	100
CITROEN ITALIA S.p.A.	Italy	I	100
PEUGEOT AUTOMOBILI ITALIA S.p.A.	Italy	I	100
PEUGEOT GIANICOLO S.p.A.	Italy	I	100
PEUGEOT MILAN	Italy	I	100
PSA SERVICES SRL	Italy	I	100
PEUGEOT CITROEN JAPAN KK Co Ltd	Japan	I	100
PEUGEOT TOKYO	Japan	I	100
PEUGEOT MEXICO S.A.de CV	Mexico	I	100
SERVICIOS AUTO. FRANCO MEXICANA	Mexico	I	100
CITROEN NORGE A/S	Norway	I	100
CITROEN POLSKA S.p.z.o.o.	Poland	I	100
PEUGEOT POLSKA S.p.z.o.o.	Poland	I	100
AUTOMOVEIS CITROEN S.A.	Portugal	I	100
PEUGEOT CITROEN AUTOMOVEIS	Portugal	I	99
PEUGEOT PORTUGAL AUTOMOVEIS DISTRIBUCAO	Portugal	I	100
PEUGEOT PORTUGAL AUTOMOVEIS S.A.	Portugal	I	100
CITROEN ROMANIA Srl	Romania	I	100
PCMA AUTOMOTIV RUS	Russia	I	70
PEUGEOT CITROEN RUS	Russia	I	100
CITROEN SLOVAKIA s.r.o.	Slovakia	I	100
PCA SLOVAKIA s.r.o.	Slovakia	I	100
PEUGEOT SLOVAKIA s.r.o.	Slovakia	I	100
PSA SERVICE CENTRE EUROPE	Slovakia	I	100
CITROEN SLOVENIJA d.o.o.	Slovenia	I	100
PEUGEOT SLOVENIJA d.o.o. P.Z.D.A.	Slovenia	I	100
AUTOMOVILES CITROEN ESPANA	Spain	I	100
COMERCIAL CITROEN S.A.	Spain	I	97
GARAJE ELOY GRANOLLERS S.A.	Spain	I	99
HISPANOMOCION S.A.	Spain	I	100
MOTOR TALAVERA	Spain	I	99
PEUGEOT CITROEN AUTOMOVILES ESPANA S.A.	Spain	I	100
PEUGEOT ESPANA S.A.	Spain	I	100
RAFAEL FERRIOL S.A.	Spain	I	99
CITROEN SVERIGE AB	Sweden	I	100

Company	Country	F/E	% interest
CITROEN (SUISSE) S.A.	Switzerland	I	100
LOWEN GARAGE AG	Switzerland	I	97
PEUGEOT (SUISSE) S.A.	Switzerland	I	100
PEUGEOT CITROEN GESTION INTERNATIONAL	Switzerland	I	100
CITROEN NEDERLAND B.V.	The Netherlands	I	100
PCMA HOLDING	The Netherlands	I	70
PEUGEOT NEDERLAND N.V.	The Netherlands	I	100
PEUGEOT OTOMOTIV PAZARLAMA AS - POPAS	Turkey	I	100
TEKOTO MOTORLU TASTLAR ANKARA	Turkey	I	100
TEKOTO MOTORLU TASTLAR BURSA	Turkey	I	100
TEKOTO MOTORLU TASTLAR ISTAMBUL	Turkey	I	100
PEUGEOT CITROEN UKRAINE	Ukraine	I	100
ASTON LINE MOTORS Ltd	United Kingdom	I	100
BOOMCITE Ltd	United Kingdom	I	100
CITROEN U.K.Ltd	United Kingdom	I	100
ECONOMYDRIVE CARS	United Kingdom	I	100
MELVIN MOTORS (BISHOPBRIGGS) Ltd	United Kingdom	I	100
PEUGEOT CITROEN AUTOMOBILES UK	United Kingdom	I	100
PEUGEOT MOTOR COMPANY PLC	United Kingdom	I	100
ROBINS & DAY Ltd	United Kingdom	I	100
ROOTES Ltd	United Kingdom	I	100
WARWICK WRIGHT MOTORS CHISWICK Ltd	United Kingdom	I	100
CAPSA	China	E	50
DONGFENG PEUGEOT CITROEN AUTOMOBILES CY Ltd	China	E	50
WUHAN SHELONG HONGTAI AUTOMOTIVE KO Ltd	China	E	10
TOYOTA PEUGEOT CITROEN AUTOMOBILES Czech s.r.o.	Czech Republic	E	50
SOCIETA EUROPEA VEICOLI LEGGERI - SEVEL S.p.A.	Italy	E	50
STAFIM	Tunisia	E	34
STAFIM - GROS	Tunisia	E	34
ÉQUIPEMENT AUTOMOBILE			
FAURECIA	France	I	57
FAURECIA ARGENTINA S.A.	Argentina	I	57
FAURECIA EXTERIORS ARGENTINA	Argentina	I	57
FAURECIA SISTEMAS DE ESCAPE ARGENTINA S.A.	Argentina	I	57
FAURECIA INDUSTRIE N.V.	Belgium	I	57
SOCIETE INTERNATIONALE DE PARTICIPATIONS	Belgium	I	57
FAURECIA AUTOMOTIVE DO BRASIL LTDA	Brazil	I	57
FAURECIA SISTEMAS DE ESCAPAMENTO DO BRASIL LTDA	Brazil	I	57
FAURECIA AUTOMOTIVE SEATING CANADA LTD	Canada	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES CANADA LTD	Canada	I	57
CHANGCHUN FAURECIA XUANG INTERIOR SYSTEMS COMPANY LIMITED	China	I	34
CHANGCHUN FAURECIA XUYANG AUTOMOTIVE SEAT CO., LTD (CFXAS)	China	I	34
CHENGDU FAURECIA. LIMIN INTERIOR & EXTERIOR SYSTEMS	China	I	29
CHONGQING GUANGNENG FAURECIA INTERIOR SYST	China	I	29
CUMMINGS BEIJING	China	I	57
FAURECIA (CHANGCHUN) AUTOMOTIVE SYSTEMS CO., LTD	China	I	57
FAURECIA (CHINA) HOLDING CO. LTD	China	I	57
FAURECIA (GUANGZHOU) AUTOMOTIVE SYSTEMS CO., LTD	China	I	57
FAURECIA (NANJING) AUTOMOTIVE SYSTEMS CO., LTD	China	I	57
FAURECIA (QINGDAO) EXHAUST SYSTEMS CO, Ltd	China	I	57
FAURECIA (SHANGHAI) AUTOMOTIVE SYSTEMS CO., LTD	China	I	57
FAURECIA (SHENYANG) AUTOMOTIVE SYSTEMS CO., LTD	China	I	57
FAURECIA (WUHAN) AUTOMOTIVE COMPONENTS SYSTEMS CO., LTD	China	I	57
FAURECIA (WUHAN) AUTOMOTIVE SEATING CO., LTD	China	I	57
FAURECIA (WUHU) EXHAUST SYSTEMS CO, LTD	China	I	57
FAURECIA (WUXI) SEATING COMPONENTS CO., LTD	China	I	57
FAURECIA (YANCHENG) AUTOMOTIVE SYSTEMS CO LTD	China	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES (NINGBO HANGZHOU BAY NEW DISTRICT) CO. LTD	China	I	38
FAURECIA EMISSIONS CONTROL TECHNOLOGIES DEVELOPMENT (SHANGHAI) COMPANY LTD	China	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES FOSHAN COMPANY LIMITED	China	I	29
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, (Chongqing) Co., Ltd	China	I	41
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, (Shanghai) Co., Ltd	China	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, (Yantai) Co., Ltd	China	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Chengdu	China	I	57
FAURECIA EXHAUST SYSTEMS CHANGCHUN CO., LTD	China	I	29
FAURECIA- GSK (WUHAN) AUTOMOTIVE SEATING CO., LTD	China	I	29
FAURECIA HONGHU EXHAUST SYSTEMS SHANGHAI, Co. Ltd (ex SHEESC)	China	I	29

Company	Country	F/E	% interest
FAURECIA NHK (XIANGYANG) AUTOMOTIVE SEATING CO., LTD	China	I	29
FAURECIA TONGDA EXHAUST SYSTEM (WUHAN) CO., LTD	China	I	29
FOSHAN FAURECIA XUYANG INTERIOR SYSTEMS COMPANY LIMITED	China	I	34
NANCHANG	China	I	29
NINGBO	China	I	52
FAURECIA AUTOMOTIVE CZECH REPUBLIC, s.r.o.	Czech Republic	I	57
FAURECIA COMPONENTS PISEK s.r.o.	Czech Republic	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Mlada Boleslav, s.r.o	Czech Republic	I	57
FAURECIA EXHAUST SYSTEMS S.R.O.	Czech Republic	I	57
FAURECIA INTERIOR SYSTEMS BOHEMIA s.r.o.	Czech Republic	I	57
AUTOMOTIVE SANDOUVILLE	France	I	57
EAK - COMPOSANTS POUR L'AUTOMOBILE (EAK SAS)	France	I	29
EAK - COMPOSANTS POUR L'AUTOMOBILE (EAK SNC)	France	I	29
ECSA - ETUDES ET CONSTRUCTION DE SIEGES POUR L'AUTOMOBILE	France	I	57
FAURECIA ADP HOLDING	France	I	34
FAURECIA AUTOMOTIVE HOLDINGS	France	I	57
FAURECIA AUTOMOTIVE INDUSTRIE	France	I	57
FAURECIA AUTOMOTIVES COMPOSITES	France	I	57
FAURECIA BLOC AVANT	France	I	57
FAURECIA EXHAUST INTERNATIONAL	France	I	57
FAURECIA INDUSTRIES	France	I	57
FAURECIA INTERIEUR INDUSTRIE	France	I	57
FAURECIA INTERIEUR MORNAC	France	I	57
FAURECIA INTERIEUR SAINT QUENTIN	France	I	57
FAURECIA INVESTMENTS	France	I	57
FAURECIA SERVICES GROUPE	France	I	57
FAURECIA SIEGES D'AUTOMOBILES	France	I	57
FAURECIA SYSTÈMES D'ECHAPPEMENT	France	I	57
FAURECIA-METALLOPRODUKCIA Holding	France	I	34
FINANCIERE FAURECIA	France	I	57
HAMBACH AUTOMOTIVE EXTERIORS SAS	France	I	57
SIEBRET	France	I	57
SIEDOUBS	France	I	57
SIELEST	France	I	57
SIEMAR	France	I	57
SIENOR	France	I	57
SIETO	France	I	57
SOTEXO	France	I	57
TRECIA	France	I	57
FAURECIA ABGASTECHNIK GmbH	Germany	I	57
FAURECIA Angell-Demmel GmbH	Germany	I	57
FAURECIA AUTOMOTIVE GmbH	Germany	I	57
FAURECIA AUTOSITZE GmbH	Germany	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Finnentrop GmbH	Germany	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Germany GmbH	Germany	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Novaferra GmbH	Germany	I	57
FAURECIA EXTERIORS GmbH	Germany	I	57
FAURECIA INNENRAUM SYSTEME GmbH	Germany	I	57
FAURECIA KUNSTSTOFFE AUTOMOBILSYSTEME GmbH	Germany	I	57
EMCON Technologies Kft	Hungary	I	57
Faurecia Magyarorszag Kipufogo-rendszer Kft	Hungary	I	57
FAURECIA AUTOMOTIVE SEATING INDIA PRIVATE LIMITED	India	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES INDIA	India	I	57
Faurecia Emissions Control Technologies, India Private Limited	India	I	42
FAURECIA TECHNOLOGY CENTER INDIA PVT Ltd	India	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Italy SRL	Italy	I	57
FAURECIA HOWA INTERIOR'S	Japan	I	29
FAURECIA JAPAN K.K.	Japan	I	57
FAURECIA AST Luxembourg S.A	Luxembourg	I	57
FAURECIA HICOM EMISSIONS CONTROL TECHNOLOGIES	Malaya	I	37
ET Mexico Holdings I, S. de R.L.de C.V.	Mexico	I	57
ET Mexico Holdings II, S. de R.L.de C.V.	Mexico	I	57
Exhaust Services Mexicana, S.A. de C.V.	Mexico	I	57
Faurecia Exhaust Mexicana, S.A. de C.V.	Mexico	I	57
FAURECIA SISTEMAS AUTOMOTRICES DE MEXICO, S.A. de C.V. (ex FAURECIA DUROPLAST MEXICO, S.A	Mexico	I	57
SERVICIOS CORPORATIVOS DE PERSONAL ESPECIALIZADO, S.A. DE C.V.	Mexico	I	57
FAURECIA EQUIPEMENTS AUTOMOBILES MAROC	Morocco	I	57
FAURECIA AUTOMOTIVE POLSKA Spolka Akcyjna	Poland	I	57
FAURECIA GORZOW Spolka Akcyjna	Poland	I	57

Company	Country	F/E	% interest
FAURECIA GROJEC R&D CENTER Spolka Akcyjna	Poland	I	57
FAURECIA LEGNICA Spolka Akcyjna	Poland	I	57
FAURECIA WALBRZYCH Spolka Akcyjna	Poland	I	57
EDA - ESTOFAGEM DE ASSENTOS, LDA,	Portugal	I	57
FAURECIA - ASSENTOS DE AUTOMOVEL, LIMITADA	Portugal	I	57
FAURECIA - SISTEMAS DE ESCAPE PORTUGAL, LDA	Portugal	I	57
FAURECIA SISTEMAS DE INTERIOR DE PORTUGAL. COMPONENTES PARA AUTOMOVEIS S.A. (Ex SAI PC	Portugal	I	57
SASAL	Portugal	I	57
EURO AUTO PLASTIC SYSTEMS S.R.L.	Romania	I	29
FAURECIA SEATING TALMACIU S.R.L.	Romania	I	57
OOO FAURECIA ADP	Russia	I	34
OOO FAURECIA AUTOMOTIVE DEVELOPMENT	Russia	I	57
OOO FAURECIA METALLOPRODUKCIA EXHAUST SYSTEMS	Russia	I	34
FAURECIA SLOVAKIA s.r.o.	Slovakia	I	57
Emission Control Technologies Holdings S.A. (Pty) Ltd	South Africa	I	57
Emission Control Technologies S.A. (CapeTown) (Pty) Ltd	South Africa	I	57
Emission Control Technologies S.A. (Ga-Rankuwa) (Pty) Ltd	South Africa	I	57
FAURECIA EXHAUST SYSTEMS SOUTH AFRICA LTD	South Africa	I	57
FAURECIA INTERIOR SYSTEMS PRETORIA (PTY) LTD	South Africa	I	57
FAURECIA INTERIOR SYSTEMS SOUTH AFRICA (PTY) LTD	South Africa	I	57
FAURECIA AUTOMOTIVE SYSTEMS KOREA LTD	South Korea	I	57
FAURECIA EMISSIONS CONTROL SYSTEMS KOREA (ex DAEKI)	South Korea	I	57
FAURECIA JIT AND SEQUENCING KOREA	South Korea	I	57
FAURECIA SHIN SUNG CO. LTD	South Korea	I	57
FAURECIA TRIM KOREA LTD	South Korea	I	57
ASIENTOS DE CASTILLA LEON, S.A.	Spain	I	57
ASIENTOS DE GALICIA, S.L.	Spain	I	57
ASIENTOS DEL NORTE, S.A.	Spain	I	57
FAURECIA ASIENTOS PARA AUTOMOVIL ESPAÑA, S.A.	Spain	I	57
FAURECIA AUTOMOTIVE ESPAÑA, S.L.	Spain	I	57
FAURECIA AUTOMOTIVE EXTERIORS ESPANA, S.A. (Ex Plastal Spain S.A.)	Spain	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Pampelona, S.L.	Spain	I	57
FAURECIA INTERIOR SYSTEMS ESPAÑA, S.A.	Spain	I	57
FAURECIA INTERIOR SYSTEMS SALC ESPAÑA, S.L.	Spain	I	57
FAURECIA SISTEMAS DE ESCAPE ESPAÑA, S.A.	Spain	I	57
INCALPLAS, S.L.	Spain	I	57
INDUSTRIAS COUSIN FRERES, S.L.	Spain	I	29
TECNOCONFORT	Spain	I	29
VALENCIA MODULOS DE PUERTA, S.L.	Spain	I	57
FAURECIA EXHAUST SYSTEMS AB	Sweden	I	57
FAURECIA INTERIOR SYSTEMS SWEDEN AB	Sweden	I	57
UNITED PARTS EXHAUST SYSTEMS AB	Sweden	I	57
FAURECIA & SUMMIT INTERIOR SYSTEMS	Thailand	I	29
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Thailand Co., Ltd	Thailand	I	57
FAURECIA INTERIOR SYSTEMS THAILAND CO., LTD.	Thailand	I	57
ET Dutch Holding BV	The Netherlands	I	57
ET Dutch Holding II BV	The Netherlands	I	57
ET Dutch Holdings Cooperatie U.A.	The Netherlands	I	57
FAURECIA AUTOMOTIVE SEATING B.V.	The Netherlands	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Netherlands B.V.	The Netherlands	I	57
FAURECIA NETHERLANDS HOLDING B.V.	The Netherlands	I	57
FAURECIA INFORMATIQUE TUNISIE	Tunisia	I	57
SOCIETE TUNISIENNE D'EQUIPEMENTS D'AUTOMOBILE	Tunisia	I	57
FAURECIA POLIFLEKS OTOMOTIV SANAYI VE TICARET ANONIM SIRKETI	Turkey	I	57
FAURECIA AUTOMOTIVE SEATING UK LIMITED	United Kingdom	I	57
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, UK Limited	United Kingdom	I	57
FAURECIA MIDLANDS Limited	United Kingdom	I	57
SAI AUTOMOTIVE FRADLEY LTD	United Kingdom	I	57
SAI AUTOMOTIVE WASHINGTON LIMITED	United Kingdom	I	57
FAURECIA AUTOMOTIVE DEL URUGUAY	Uruguay	I	57
FAURECIA AUTOMOTIVE SEATING, LLC	USA	I	57
Faurecia Emissions Control Technologies, USA, LLC	USA	I	57
FAURECIA EXHAUST SYSTEMS, INC.	USA	I	57
FAURECIA INTERIOR SYSTEMS SALINE LLC	USA	I	57
FAURECIA INTERIOR SYSTEMS, INC.	USA	I	57
FAURECIA INTERIORS LOUISVILLE, LLC	USA	I	57
FAURECIA INTERIORS SYSTEMS HOLDING	USA	I	57
FAURECIA MADISON AUTOMOTIVE SEATING INC	USA	I	57
FAURECIA NORTH AMERICA HOLDINGS LLC	USA	I	57

Company	Country	F/E	% interest
FAURECIA USA HOLDINGS, INC.	USA	I	57
FNK NORTH AMERICA	USA	I	57
SAS Automotriz Argentina S.A. (dormant company)	Argentina	E	29
SAS Automotive N.V.	Belgium	E	29
SAS Automotive Do Brasil Ltda	Brazil	E	29
CHANGCHUN FAURECIA XUYANG AUTOMOTIVE COMPONENTS TECHNOLOGIES R&D COMPANY LIMITED	China	E	26
CHANGCHUN HUAXIANG F.A. PLASTIC	China	E	29
DONGGUAN CSM FAURECIA AUTOMOTIVE SYSTEMS COMPANY LIMITED	China	E	29
JINAN FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS CO.	China	E	29
LANZHOU FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS CO.	China	E	29
SAS (Wuhu) Automotive Systems Co. Ltd, Wuhu City, China	China	E	29
XIANGTAN FAURECIA. LIMIN INTERIOR & EXTERIOR SYSTEMS	China	E	29
ZEIJIANG FAURECIA. LIMIN INTERIOR & EXTERIOR SYSTEMS	China	E	29
SAS Autosystemtechnik s.r.o.	Czech Republic	E	29
AMMINEX EMISSIONS SYSTEMS APS	France	E	24
CHANGCHUN XUYANG FAURECIA ACOUSTICS & SOFT TRIM CO.LTD	France	E	23
COCKPIT AUTOMOTIVE SYSTEMS DOUAI SNC	France	E	29
SAS AUTOMOTIVE France	France	E	29
SAS AUTOSYSTEMTECHNIK GmbH und Co. KG	Germany	E	29
SAS AUTOSYSTEMTECHNIK VERWALTUNGS GmbH	Germany	E	29
FAURECIA-NHK Co., Ltd	Japan	E	29
SAS Automotive Systems & Services, S.A. DE C.V.	Mexico	E	29
SAS Automotive Systems S.A. de C.V.	Mexico	E	29
SAS Autosystemtechnik de Portugal, Unipessoal, Lda.	Portugal	E	29
VANPRO ASSENTOS LIMITADA	Portugal	E	29
SAS Automotive s.r.o	Slovakia	E	29
AD Tech Co Ltd	South Korea	E	29
KWANG JIN FAURECIA Co. Limited	South Korea	E	29
COMPONENTES DE VEHICULOS DE GALICIA, S.A.	Spain	E	29
COPO IBERICA, S.A.	Spain	E	29
SAS Autosystemstechnick, S.A.	Spain	E	29
ORCIA OTOMOTIV Yan Sanayi Ve Ticaret Anonim Sirketi	Turkey	E	29
SAS Otosistem Teknik Ticaret ve Limited Şirketi	Turkey	E	29
TEKNIK MALZEME Ticaret Ve Sanayi A.S.	Turkey	E	29
FAURECIA JV IN DETROIT	USA	E	26
SAS Automotive USA, inc.	USA	E	29
FINANCEMENT ET ASSURANCES			
BANQUE PSA FINANCE	France	I	100
BPF ALGERIE	Algeria	I	100
PSA FINANCE ARGENTINA S.A.	Argentina	I	50
PSA FINANCE BELUX	Belgium	I	100
BANCO PSA FINANCE BRASIL S.A.	Brazil	I	100
FOND D'INVESTISSEMENT EN DROITS DE CREANCES	Brazil	I	100
PSA FINANCE ARRENDAMIENTO COMERCIAL	Brazil	I	100
PSA FINANCIAL Doo	Croatia	I	100
PSA FINANCE CESKA REPUBLIKA s.r.o.	Czech Republic	I	100
BPF - Auto ABS FCT2 2013-A (FONDS A)	France	I	100
BPF - FCT Auto ABS - Compartiment 2012-3	France	I	100
BPF - FCT Auto ABS - Compartiment 2012-7	France	I	100
BPF - FCT Auto ABS - Compartiment 2013-2	France	I	100
COMPAGNIE GENERALE DE CREDIT AUX PARTICULIERS - CREDIPAR	France	I	100
COMPAGNIE POUR LA LOCATION DE VEHICULES - CLV	France	I	100
FCC AUTO ABS - Compartiment 2011.01	France	I	100
FCC AUTO ABS - Compartiment 2012-01	France	I	100
FCC AUTO ABS - Compartiment 2012-02	France	I	100
FCT AUTO ABS - Compartiment 2010-1	France	I	100
PSA ASSURANCES SAS	France	I	100
SOCIETE FINANCIERE DE BANQUE - SOFIB	France	I	100
SOFIRA - SOCIETE DE FINANCEMENT DES RESEAUX AUTOMOBILES	France	I	100
BPF - Auto ABS DFT Master Compartment Germany 2013	Germany	I	100
BPF - Auto ABS German Lease Master	Germany	I	100
BPF - Auto ABS German Loans Master	Germany	I	100
BPF - FCT Auto ABS - Compartiment 2013-1	Germany	I	100
FCT Auto ABS German loans - Compartiment 2011-2	Germany	I	100
PSA FINANCE HUNGARIA Rt	Hungary	I	100
PSA FACTOR ITALIA S.p.A.	Italy	I	100
PSA RENTING ITALIA S.p.A.	Italy	I	100

Company	Country	F/E	%

			interest
PSA FINANCE SCS	Luxembourg	I	100
PSA INSURANCE LTD	Malta	I	100
PSA LIFE INSURANCE LTD	Malta	I	100
PSA SERVICES LTD	Malta	I	100
BPF MEXICO S.A. DE CV	Mexico	I	100
PSA FINANCE POLSKA	Poland	I	100
PSA GESTAO COMERCIO E ALUGER DE VEICULOS	Portugal	I	100
BANK PSA FINANCE RUS	Russia	I	100
PSA FINANCE SLOVAKIA s.r.o.	Slovakia	I	100
BPF FINANCIRANJE D.o.o.	Slovenia	I	50
BPF - FCT Auto ABS - Compartiment 2012-5	Spain	I	100
BPF - Auto ABS Swiss Lease 2013 GmbH	Switzerland	I	100
PSA FINANCE SUISSE S.A.	Switzerland	I	100
PEUGEOT FINANCE INTERNATIONAL N.V.	The Netherlands	I	100
PSA FINANCE NEDERLAND B.V.	The Netherlands	I	100
PSA FINANCIAL HOLDING B.V.	The Netherlands	I	100
BPF PAZARLAMA A.H.A.S.	Turkey	I	100
BPF - Auto ABS UK Loans PLC - Compartiment 2012-5	United Kingdom	I	100
PSA WHOLESALE Ltd	United Kingdom	I	100
VERNON WHOLESALE INVESTMENTS CO Ltd	United Kingdom	I	100
DONGFENG PEUGEOT CITROEN AUTOMOBILE FINANCE COMPANY	China	E	50
Dont 12,5% via Dongfeng Peugeot Citroën Automobile			

IV. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Peugeot S.A.;
- the justification of our assessments;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2013 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.

Without qualifying our opinion, given the context of the group's economic and financial environment as described in the group's management report, we draw your attention to the following notes to the consolidated financial statements:

- note 2.4 on significant estimates and assumptions which specifies the accounts for which estimates and assumptions used are particularly sensitive;
- note 9.1 on the impairment test on the assets of the automotive segment which leads to the recognition of an impairment for an amount of €1,009m. This note indicates that the tests have been performed based on a medium-term plan for which the funding arrangements had not been finalized as at December 31, 2013. It further indicates that the Group is confident in its ability to implement the corresponding funding;
- note 40 on subsequent events. It indicates, in particular, that the Managing Board and the Supervisory Board decided, on February 18, 2014, to submit a capital increase of € 3 billion to the next Shareholders' meeting. It specifies that this capital increase is aimed at financing among others the current medium-term plan of the Group and revitalizing its development;
- note 36 which sets out the Group's and Banque PSA Finance's liquidity position;
- note 3 which sets out the impact of the first application of IAS 19 (revised) concerning employee benefits.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The preparation of the consolidated financial statements requires your company to make estimates and assumptions regarding the valuation of certain assets, liabilities, income and expenses, the most significant of which are outlined in note 2.4 to the consolidated financial statements "Accounting principles – Use of Estimates and Assumptions." For all of these matters, we examined the appropriateness of the accounting rules and methods used and the information given in the notes to the financial statements. In addition, we examined the consistency of the assumptions used, their translation into figures, and the available documentation, and on that basis we assessed the reasonableness of the estimates made.
- Note 2.15 to the consolidated financial statements "Accounting Principles – Impairment of Long-Lived Assets" describes the accounting methods and assumptions used for impairment tests. According to note 9.1 "Impairment

Loss on Automotive Division CGUs and Provisions for Automotive Division Onerous Contracts", impairment tests led to the recognition of an impairment on the Latin American and Russian plants for €1,009m. We verified that the impairment tests were carried out correctly, we verified the reasonableness of the underlying estimates and assumptions, we reviewed the calculations which led to the recognition of the impairment and we verified that the notes mentioned above provide relevant information. We also examined the funding arrangements for the medium-term plan contemplated by management and described in note 40 "Subsequent events."

- As indicated in note 2.19 "Accounting Principles – Deferred Taxes", deferred tax assets and liabilities are accounted for in the statement of financial position as set forth in note 12 "Income tax". This note indicates amongst other things that, in the absence of any prospect of recovery within the medium-term plan period, tax-loss carry forwards relating to the French tax consolidation generated over the year have not been recognized. We examined the group's tax forecasts, deferred tax assets and liabilities timelines and the consistency of overall assumptions used for this depreciation.
- Within the context of our assessment of the continuity of the company as a going concern, we made an in-depth review of the liquidity position of the group and of Banque PSA Finance detailed in note 31 "Current And Non-Current Financial Liabilities – Manufacturing And Sales Companies", note 32 "Financing Liabilities – Finance Companies" and note 36.1 A "Management of Financial Risks – Financial Risk Management Policy – Liquidity Risk". We notably reviewed the cash flow forecasts, the debt schedules, the covenants applicable to them, and the provisions relating to the State guarantee for the refinancing of Banque PSA Finance.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

Courbevoie and Paris-La Défense, February 19, 2014

The statutory auditors
French original signed by

MAZARS ERNST & YOUNG et Autres

Loïc Wallaert Jean-Louis Simon Christian Mouillon Marc Stoessel

This document was printed in France by an Imprim' Vert certified printer on recyclable, chlorine-free and PEFC certified paper produced from sustainably managed forests.

Designed & published by Labrador +33 (0)1 53 06 30 80

PSA PEUGEOT CITROËN

Cover: Head-up display. Photo credit: F. Camuzat. Creation: makheia sequoia

PEUGEOT S.A.
Incorporated in France with issued capital of €354,848,992
Governed by a Managing Board and a Supervisory Board
Registered Office: 75, avenue de la Grande-Armée
75116 Paris – France
R.C.S. Paris B 552 100 554 – Siret 55 2 100 554 00021
Phone: + 33 (0)1 40 66 55 11 – Fax: + 33 (0)1 40 66 54 14
psa-peugeot-citroen.com