GROUPE SOFIB

2015
Annual report




BOARD OF DIRECTORS

Ines Serrano-Gonzalez
Chairman
Chairman of the Audit and Risk Committee and of the Appointment and Remuneration Committee

Carlos Aparicio Manuel
Director

Andrea Bandinelli
Director

Rémy Bayle
Director
Member of the Audit and Risk Committee and of the Appointment and Remuneration Committee

Alain Martinez
Director
Member of the Audit and Risk Committee and of the Appointment and Remuneration Committee

Martin Thomas
Director
Member of the Audit and Risk Committee and of the Appointment and Remuneration Committee

EXECUTIVE COMMITTEE

Andrea Bandinelli
Chief Executive Officer

Carlos Aparicio Manuel
Deputy Chief Executive Officer

STATUTORY AUDITORS

Ernst & Young Audit
Mazars

SUBSTITUTE AUDITORS

PICARLE et associés
Guillaume Potel

Situation at December 31, 2015

SOCIÉTÉ FINANCIERE DE BANQUE - SOFIB

Société anonyme (limited company). Share capital: €144,842,528

Registered office - 29, rue Ernest Cognacq – 92300 LEVALLOIS-PERRET
R.C.S. (Trade and Companies Register number): Nanterre 652 034 638 - Siret 652 034 638 00021
APE/NAF business identifier code: 6419Z
Interbank code: 14749

www.sofib.com
Tel.: + 33 (0) 1 46 39 65 55

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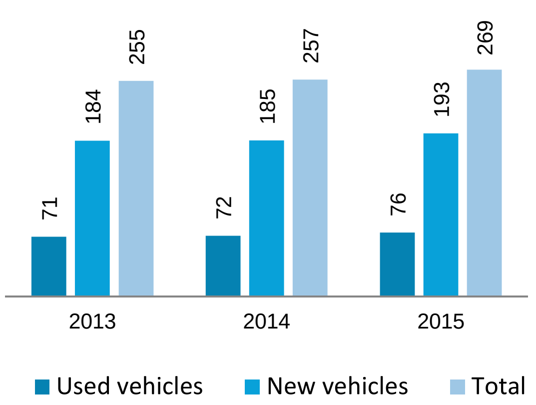
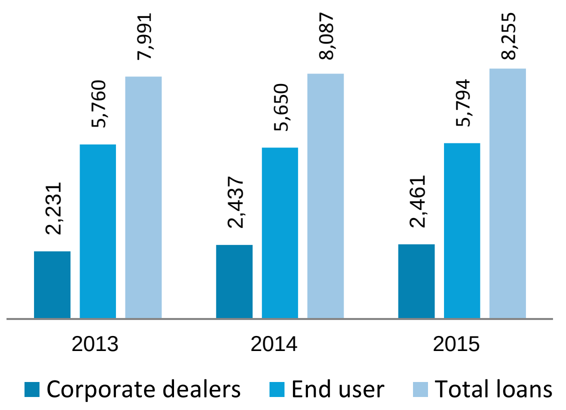
MANAGEMENT REPORT

1.1 Key figures

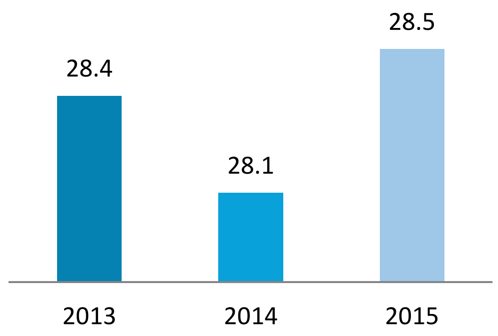
EVOLUTION OF VEHICLES FINANCED FOR END-USERS (in thousands)



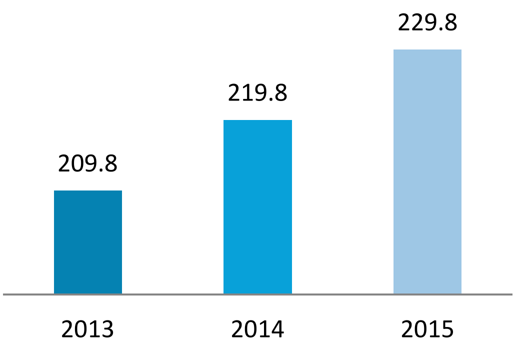
EVOLUTION OF END-USER AND DEALER LOANS OUTSTANDING (in million euros)



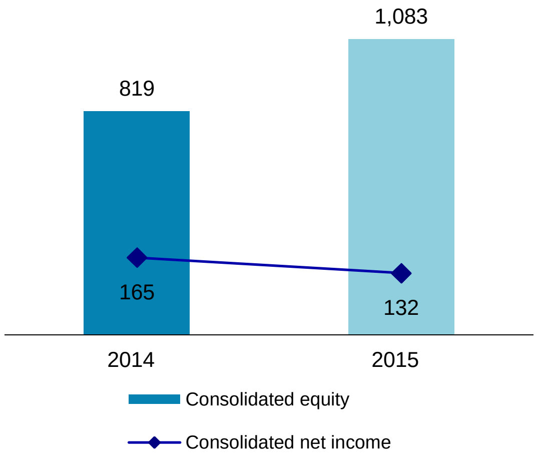
FINANCING PENETRATION RATE (IN %)



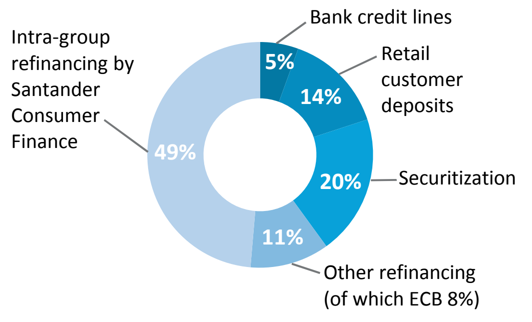
SERVICE PENETRATION RATE (IN %)



EQUITY AND NET PROFIT
(in million euros)



SOURCES OF REFINANCING AT DECEMBER 31, 2015



1.2 Statement from the Chairman

During this first year of cooperation between Santander Consumer Finance and Banque PSA Finance, the SOFIB Group has demonstrated the merits of this partnership.

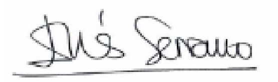
2015 has been a success thanks to the commitment of all our employees. As a major player in automotive financing in France, the SOFIB Group has an operational efficiency that has been improved by the combined strengths of both partners.

In particular, the strengthening of the Group's organization in the Risk department and Finance department enables the SOFIB Group to continue its growth and diversification of its sources of financing, capitalizing on the experience and financial support of Santander Consumer Finance.

The objectives of this first year of cooperation are achieved: the SOFIB Group has supported Peugeot, Citroën and DS brands by contributing to the increase in vehicle sales through financing end-users and dealer networks, as well as providing insurance and value-added services to customers, while promoting at the same time their loyalty.

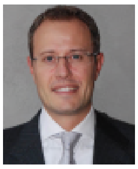
The SOFIB Group has fully contributed to the success of the "Back in the Race" plan and from this point forward the Group will be working on the PSA Group's new strategic plan, "Push to Pass".

In 2016, the momentum of growth will continue through an increasingly competitive and innovative product range. Our clients' expectations for new mobility, the rapid development of connected services and the development of digital services will be given close attention.



Ines SERRANO-GONZALEZ

1.3 Letter from the Chief Executive Officer



On February 2, 2015, Banque PSA Finance and Santander Consumer Finance began their cooperation in France through the SOFIB Group. It includes all entities dedicated to the automotive financing activity of the PSA Group in France, which finance the dealers of Peugeot, Citroën and DS brands and their customers. This partnership contributes to the success of the « Back in the Race » plan that was implemented in April 2014 by Carlos Tavares, Chairman of the managing board of the PSA Group.

The SOFIB Group comprises SOFIB entity, now held at parity between Banque PSA Finance and Santander Consumer France, as well as its subsidiaries CREDIPAR and CLV. The SOFIB Group therefore takes advantage of both the strengths and expertise of the PSA Group and the Santander Group.

A joint governance adapted to this new cooperation is in place.

This first annual report of the SOFIB Group highlights the benefits, from its first year, of the partnership on the three activities, which are financing end-users and dealer networks, as well as providing services and insurance products.

In 2015, the group's commercial activity saw an increase of 4.5% in the number of vehicles financed to end-users, with nearly 269,000 contracts subscribed. The amount of total financing granted to the end-users increased by 9.2% to €2,992 million due to the upmarket shift of Peugeot, Citroën and DS brands and the ability of the SOFIB Group to increase its market share.

This commercial performance results from the increase in sales of the PSA Group and the professionalism of the SOFIB Group's teams. Penetration rates on sales of new vehicles increased by 0.4 point to 28.5% compared to 2014; for used vehicles, the number of new contracts increased by 4.7%.

The SOFIB Group's outstanding loans increased by 2.1% to reach €8,255 million at December 31, 2015.

Sales of insurance products and of services, a strategic priority for the group, increased by 9.4% over the year, enabling the SOFIB Group to achieve a new record penetration rate of 229.8% on financing, representing an increase of 10 points compared to 2014.

Net Banking Revenue for the group thus stood at €409 million for 2015, up to €6 million compared to 2014.

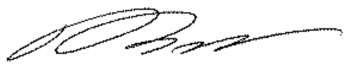
In 2015, the SOFIB Group's cost of risk remained at a good level of 0.77% of average net outstanding loans and this in spite of a non-recurring element related to the homogenization of the accounting methods and principles of the new shareholder Santander Consumer France having impacted the operating income by -€28.7 million.

The commercial momentum associated with the rigor of its management thus enabled the SOFIB Group to generate a net income of €132 million in 2015.

The SOFIB Group is now in charge of the management of its refinancing. It refinances itself through bilateral bank credit lines, debt securitization, various sight and term deposits, via the European Central Bank and through Santander Consumer Finance. The SOFIB Group also wishes to access the capital markets in 2016, after having obtained its first credit rating from Moody's Investors Service in December 2015 (Baa2 with a positive outlook). The SOFIB Group has an adequate capital structure which translates into a solid equity ratio strengthened by the quality of its assets.

The outcome of this first, and particularly positive, year of partnership is the result of the employees' commitment to this new cooperation.

In 2016, pursuit of strong operational efficiency will enable the SOFIB Group to meet its customers' expectations for mobility products, by leveraging new technologies. It will continue to accompany Peugeot, Citroën and DS in their development by supporting the PSA Group's new strategic plan, « Push to Pass ».



Andrea BANDINELLI

1.4 Activities of the SOFIB Group and its development

1.4.1 Definition of concepts in the Management Report

The new SOFIB Group was founded in 2015, firstly through the combination, under the SOFIB entity, of the financing activities of the PSA Group in France. These operations took place following the 50% entry of Santander Consumer France in the equity of SOFIB on February 2, 2015, and were realized according to the following calendar and terms:

- On January 30, 2015, SOFIB received, through a contribution in kind, CREDIPAR shares and the shares of SOFIRA held by Banque PSA Finance;
- On April 1, 2015, SOFIB took over the "PSA Banque" deposit activity originally operated in France by Banque PSA Finance through a partial transfer of business;
- On May 1, 2015, the absorption merger of SOFIRA by CREDIPAR was completed.

These internal restructuring operations relate to activities controlled jointly by the PSA and Santander Consumer Finance groups and effectively meet the definition of a business combination under common control as defined by appendix B of the IFRS 3 accounting standards. Yet these operations are excluded from the scope of application of the standard, and no specific guidance, standard or interpretation is specified in the IFRS framework to define the accounting method for this type of transaction. In this context, the Group's management, in accordance with the provisions of IAS 8.10, used its judgment to develop and apply an accounting method compatible with the conceptual framework. Thus, the SOFIB Group chose to apply the "pooling of interests" method, by reference to the American standard ASU805-50 (which is mandatory for this type of operation in this standard) considering that it complied with the general IFRS principles.

The application of the “pooling of interests” method led to merging the balance sheets and results of the grouped entities or activities, whether via acquisition, merger or contribution, and to the evaluation of the assets and liabilities of these entities according to their IFRS carrying value.

The book value of these assets and liabilities are those presented in the IFRS consolidated financial statements of PSA Group. The accounting of these operations did not result in the recognition of any goodwill.

Lastly, and still pursuant to this accounting method, the comparative period relative to the 2014 financial year was presented as if these transactions had occurred since the origin. The 2014 financial year therefore presents the activities of the group by integrating the contribution of these entities from the opening, the capital of the new group reflecting, from the opening of 2014, the consequences of the combination operations carried out during the 2015 financial year.

1.4.2 Summary of financial information

The financial information presented in the present annual report has been prepared in accordance with "IFRS" (International Financial Reporting Standards) adopted by the European Union countries. The consolidated financial statements were certified on December 31, 2015 by the Statutory auditors, Ernst & Young audit and Mazars.

CONSOLIDATED STATEMENT OF INCOME

(in million euros)	Dec. 31, 2015	Dec. 31, 2014	% change
Net banking revenue	409	403	+1.5
General operating expenses and equivalent	(150)	(130)	+15.4
Cost of risk*	(61)	(50)	+22.0
Operating income	**198**	**224**	**(11.6)**
Other non-operating income	(7)	(11)	(36.4)
Pre-tax income	**191**	**212**	**(9.9)**
Income taxes	(59)	(47)	+25.5
Net income for the year	**132**	**165**	**-20.0**

* including a depreciation of outstanding performing loans without past-due installments with an impact of -€28.7 million on pre-tax income for 2015 related to the standardization of accounting principles of the new shareholder Santander Consumer France (see paragraph C.6.4 of Note 2 – Accounting principles) and Note 33.2 – Change in the cost of risk.

Consolidated Balance Sheet

(in million euros)

Assets	Dec. 31, 2015	Dec. 31, 2014	% change
Cash, central banks, post office banks	98	0	-
Financial assets	140	25	460.0
Loans and advances to credit institutions	663	4,711	(85.9)
Customer loans and receivables	8,255	8,087	2.1
Tax assets	3	5	(40.0)
Other assets	166	287	(42.2)
Property and equipment	5	5	0.0
Total assets	**9,330**	**13,120**	**(28.9)**

Equity and liabilities	Dec. 31, 2015	Dec. 31, 2014	% change
Financial liabilities	5	31	(83.9)
Deposits from credit institutions	4,773	7,695	(38.0)
Amounts due to customers	1,370	189	624.9
Debt securities	1,542	3,712	(58.5)
Tax liabilities	275	337	(18.4)
Other liabilities	284	337	(15.7)
Equity	1,083	819	32.2
Total equity and liabilities	**9,330**	**13,120**	**(28.9)**

Outstanding loans by customer segment

(in million euros)	Dec. 31, 2015	Dec. 31, 2014	% change
Corporate dealers	2,461	2,437	+ 1.0
End-users	5,794	5,650	+ 2.5
Total customer loans and receivables	**8,255**	**8,087**	**+ 2.1**

1.4.3 Activities of the SOFIB Group

1.4.3.1 Presentation

Following their entry into exclusive negotiations on February 19, 2014, Banque PSA Finance, the captive finance company of PSA specialized in automotive financing, and Santander Consumer Finance, the division of Banco Santander specialized in consumer credit, signed a framework agreement on July 10, 2014 on setting up a partnership covering 11 countries in Europe.

This partnership between Banque PSA Finance and Santander Consumer Finance takes the form of joint ventures constituted in 2015 for France, the United Kingdom, Spain and Switzerland, implemented at the beginning of 2016 for Italy and the Netherlands and remaining to be implemented in Germany, Austria, Belgium and Poland, and a commercial partnership in Portugal operational since August 1, 2015.

On February 2, 2015, Banque PSA Finance and Santander Consumer Finance, after having received the authorization of the European Central Bank on January 28, 2015, formalized their cooperation to jointly perform banking operations in France through the SOFIB Group.

The cooperation with Santander Consumer Finance in particular enhances the activities of the SOFIB Group, as more competitive offers are reserved for Peugeot, Citroën and DS customers and networks. These offers are accompanied by a complete range of insurance products and services that enable customers to benefit from a global and coherent product range at the sales point. The SOFIB Group also provides to dealers of the three brands with financing for inventory (of new and used vehicles) and of spare parts, as well as other financing such as working capital.

A. History and organization

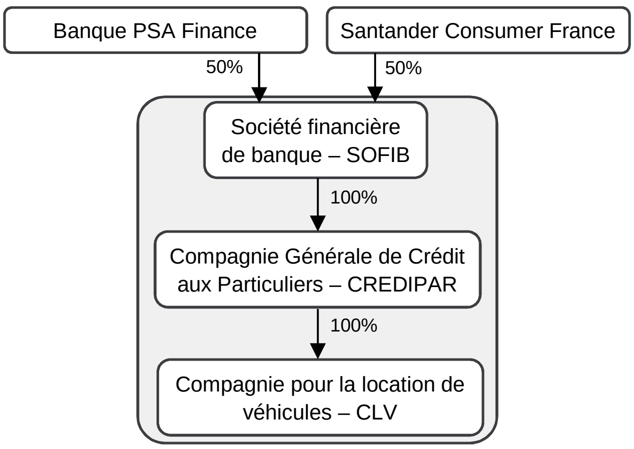
SOFIB Group's structure results from the successive grouping of the financing activities of Citroën and Peugeot, both manufacturers having integrated financing into their development strategy at a very early stage (Citroën in 1919 and Peugeot in 1929), thus making vehicle acquisition affordable to a greater number of consumers.

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

SOFIB is a credit institution, the parent company, which holds 100% of CREDIPAR, which itself holds 100% of CLV. On May 1, 2015, SOFIRA was the subject of an absorption merger by CREDIPAR, without cessation of activity. The financing activities are therefore carried out by SOFIB and its subsidiaries CREDIPAR and CLV.

In addition, the online retail savings business, launched in France in 2013 by Banque PSA Finance under the "PSA Banque" brand, was transferred to the SOFIB Group in April 2015.

STRUCTURE OF THE SOFIB GROUP



The SOFIB Group is established and pursues its activity in the French territory from its registered office located at 29, rue Ernest Cognacq, Levallois-Perret (92300) and its 13 agencies spread over the national territory.

B. Organization of the cooperation with Santander Consumer France

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

The governance rule of the committees implemented in the context of the cooperation in all areas (commerce, risk, finance, etc.,) is compatible with the CRD IV corporate governance regulatory framework (appointments, wages and salaries, audit and risk committees).

C. Business model and strategy

Backed by its economic model based on proximity with the three brands of the PSA Group and their dealership network, as well as by the financial support of the Santander Group, the SOFIB Group demonstrated in 2015 its ability to adjust efficiently to the economic context and maintain a high level of performance.

Thus, the main leverage factors used by the SOFIB Group are:

- ***An extended, structured and customized selection of financing solutions.*** A comprehensive offering has been developed to meet the needs of the Peugeot, Citroën and DS dealer networks and their customers. A relationship of proximity with the commercial networks allows the SOFIB Group to develop financing solutions and services packages specifically designed to address their needs.

- ***A privileged and close relationship with Peugeot, Citroën and DS and with the dealer networks.*** Financing, insurance and services solutions are marketed through the Peugeot, Citroën and DS distribution networks, with a global approach by packaging the financing proposal with the sale of the vehicle. Vehicle renewal rates are usually higher when customers finance their vehicles via the SOFIB Group.

- ***A first-rate integrated sales point IT system.*** The information systems infrastructure of the SOFIB Group is integrated with that of Peugeot, Citroën and DS, enabling the dealers of these brands to make a global commercial proposal that encompasses the vehicle, the financing solution as well as any ancillary services. Eligible customers can thus obtain a decision concerning their financing application directly from the dealer.

- ***Diversified insurance and service offerings with a high added value.*** End-users therefore have various insurance options and services related to the vehicle or ancillary to its financing, proposed either at the same time as the financing offers or during the period of vehicle detention. The idea of a "one-stop-shopping" and immediate approach is to make the financing, insurance and services more attractive for customers. Insurance and services increasingly represent a significant part of SOFIB Group's revenues.

- ***A diversified refinancing policy.*** Since February 2, 2015, the SOFIB Group has been refinanced through the intra-group financing provided by Santander Consumer Finance, supplemented by the financing provided by debt securitization. Since April 2015, the group has benefited from the takeover of the retail savings activity towards French customers, the establishment of bilateral bank credit lines since June 2015 and its participation in the refinancing operations of the European Central Bank (ECB) since September 2015.

Although it fully benefits from its status as a dedicated commercial partner of the PSA Group, the SOFIB Group operates according to an independent management structure which aims for the success of its activities while ensuring a rigorous control of the risks inherent to its business. As for the SOFIB Group's commercial policy, it is closely aligned with the marketing strategy of the brands.

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

1.4.3.2 Products and services

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

- ***Financing for end-users (70% of outstanding loans to customers at December 31, 2015)***. Individuals and companies are offered a range of solutions including installment loans for the purchase of new and used vehicles, as well as leasing solutions with or without a purchase option.

- ***Financing for the corporate dealership network (30% of outstanding loans to customers at December 31, 2015)***. The Peugeot, Citroën and DS distribution networks have at their disposal solutions for financing their stock of new and used vehicles and spare parts as well as other types of financing such as working capital.

- ***Insurance products and services***. An extensive range of services and insurance products intended for end-users can be proposed: insurance policies related to financing, such as death/invalidity insurance, unemployment insurance, or financial loss insurance which covers the total loss of the financed vehicle. There are insurance policies related to the vehicle, such as car insurance or extensions of guarantee for used vehicles:

assistance services including mobility solutions and additional services related, for example, to the maintenance of vehicles and to the "connected vehicle" offer.

- **Retail savings.** The "PSA Banque" retail savings business consists of savings accounts and term deposits. 2015 was marked by a consolidation of SOFIB Group's position, confirming the market approach around the real economy. This commercial success also proves the confidence of savers in the growth outlook for the PSA Group and the SOFIB Group and demonstrates the ability of the Group to retain its customers. This activity is finally fully integrated in the partnership with Santander Consumer Finance.

A. Loan Portfolios

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

- end-user loans primarily consist of financing for the acquisition of vehicles by individuals, small and medium businesses and corporate and equivalent customers, either through installment loans or leasing contracts.
- corporate dealer loans consist of financing the stock of new vehicles, used vehicles and spare parts granted to the Peugeot, Citroën and DS dealer networks. In this segment are also included loans and leases provided to dealers to finance vehicles and equipment used in their everyday activity, working capital, treasury loans, property loans to finance their premises and other types of products, including current accounts.

B. End-users financing

The SOFIB Group finances the purchase and leasing of new and used vehicles by individual customers and companies through Peugeot, Citroën and DS dealer networks. The financing solutions proposed include installment loans and lease contracts with or without the option to purchase the vehicle at the end of the lease duration.

The great majority of financing is for new vehicles. Financing is also proposed for the purchase of used vehicles of any automobile brand. In some cases, financing is provided to corporate clients wishing to refinance their entire fleet with used vehicles.

In 2015, the SOFIB Group supported the launch of PSA Group new models by setting up package-type products (financing + insurance + service) which tend to build customer loyalty, in particular relying on leasing techniques.

Interest rates are generally fixed and administrative fees may be requested.

A number of operations consist of promotional offers which are supported by Peugeot, Citroën and DS to boost vehicle sales. The usual credit-scoring and pricing procedures are applied to these loans.

<u>Marketing and Penetration rates</u>

The SOFIB Group works closely and in a privileged manner in partnership with the Peugeot, Citroën and DS dealer networks, financing 28.5% of new vehicles registered in France by the PSA Group in 2015.

The financing solutions are marketed through these dealer networks, with a global approach that combines the sale of the vehicle with a proposal covering financing, insurance and services.

The SOFIB Group's information systems infrastructure is integrated with that of the brands, giving the distribution network great responsiveness in conducting the processes of negotiation and customer contracting; this "one-stop-shopping" ability is undeniably an advantage that is appreciated by the customers. Eligible customers can thus obtain a decision concerning financing application directly from the dealer. About 90% of requests from individuals and nearly 70% of requests from companies can be managed with in less than four hours. This integrated information management system is also a key factor in driving down costs.

To support the communication and offers of Peugeot, Citroën and DS on their Internet sites, the SOFIB Group has developed tools for simulating monthly installments.

A comprehensive offering is developed to meet the needs of the Peugeot, Citroën and DS networks and their customers. Its close relationship with the commercial networks enables the SOFIB Group to develop financing solutions that include insurance and services to meet the highest expectations of end-users. The SOFIB Group assists Peugeot, Citroën and DS in identifying and designing specific products that will appeal to target market segments, and in anticipating new market trends.

Penetration rates are measured by relating the number of new finance contracts for new Peugeot, Citroën and DS vehicles to the number of passenger cars and utility vehicles registered by the PSA Group. The number of new vehicles registered includes vehicles purchased with cash, without financing. The SOFIB Group's share of the total number of Peugeot, Citroën and DS financed vehicles is significantly higher than that of its competitors (banks, specialized agencies, etc.).

End-user installment loans for new and used vehicles

End-user installment loans generally take the form of fixed monthly payments covering accrued interest and the amortization of principal, although SOFIB Group occasionally offers balloon loans with a final monthly payment higher than the previous ones. In the case of balloon loans, the buyer has the option to sell the vehicle to the dealer at the end of the contract for an amount equal to the last "balloon" payment, if a commitment to buy the vehicle back has been signed by the dealer for the benefit of the buyer.

The financing may be total or partial. In this latter case, the borrower makes a personal contribution. In all cases, the amount of financing cannot exceed 100% of the sale price of the vehicle, including options and accessories. Many customers (especially individuals) choose to partially finance the purchase price of vehicles.

Loan terms typically range from one to six years. Repayments are generally monthly. In some cases it is, however, possible to delay the first installment for 60 to 90 days. The borrower may make early repayment at any time. Penalties may be required in case of early repayment.

The financing of vehicles granted by the SOFIB Group is associated with a guarantee covering the financed vehicle, as well as, in certain cases, additional guarantees required due to the risk level of the counterparty.

The SOFIB Group can therefore request a surety from a third party. For corporate customers, surety may also be required in the form of company or business assets.

Lease activities to end-users

Leasing activities include long-term leasing, leasing with a purchase option and finance leasing. All leases are recorded as financial leases in SOFIB Group's consolidated financial statements and are included in customer loans and receivables. The leased vehicles are not recorded as fixed assets in the consolidated financial statements.

The SOFIB Group purchases vehicles from Peugeot, Citroën and DS dealers and leases them to end-user customers. It offers one to five year contracts and gives the end-user customers the option either to return the vehicle at the term of the lease, or to repurchase it at its residual value. The SOFIB Group remains the owner of the vehicle throughout the term of the lease. At the end of this period, under long-term leasing, the dealer or the manufacturer is committed to repurchase the vehicle from the SOFIB Group directly upon delivery by the customer, at a price determined at the time of entry into the lease. As a result of the lease structure, the SOFIB Group does not bear the buy-back risk (provided that the dealer or manufacturer complies with its buy-back obligation). The price the dealer or manufacturer pays to the SOFIB Group is not affected by any fees the customer may incur if the vehicle is not in a satisfactory condition or has exceeded its agreed mileage. However, the SOFIB Group bears the risk on the value of the vehicle if, during the term of the contract, the customer stops making the lease payments, as the sale price of the vehicle may not be sufficient to compensate the loss of repayments not made during the lease period. Long-term leasing contracts therefore include a clause aiming to compensate for the loss caused by termination of the contract for payment default.

Underwriting, payments and collection

The SOFIB Group has developed differentiated acceptance scores for financing on new vehicles or used vehicles, for retail customers and corporate customers and depending on the financing techniques: loans or leasing. The data used to assess borrowers' counterparty risk come in particular from information and/or documents provided by the customers, internal databases established from detailed profiles of customers and payment histories. Information on customers is verified using various databases and files on credit, which are made available by public organizations (such as the Banque de France) or by specialized companies (Experian and CRIF, for example). For corporate customers, the SOFIB Group uses various sources of public and commercial information to verify credit standing. If the SOFIB Group rejects the financing application, it retains the file for a certain period, which raises an alert in case of a new application is filled.

Installments and lease payments are generally settled by direct debit. In cases of non-payment, a second debit order is triggered in order to automatically deal with as many arrears as possible. For residual non-payments, typically reminder notices are issued or the customer is called within few days after the payment incident, and the process is routinely repeated until the incident is resolved. The SOFIB Group has in-house dedicated amicable collection teams to handle this process, as well as an external service-provider located in Poland managing the first steps of the debt collection process.

In case that unpaid amounts remain outstanding after 65 days, it is the pre-judicial collection teams that manage the payment incidents. Letters are sent and telephone calls are made. According to the elements of the case, the teams determine the most appropriate solution for the customer's situation, in order to collect the unpaid amounts. They may request a specialist to intervene on the field, establish consolidated debt arrangements, and if no other solution is possible, take back possession of the financed vehicle in an amicable or judicial manner, triggering the termination of the contract.

After recovering the vehicle, the SOFIB Group implements existing legal procedures (typically auctions) to sell the vehicle.

For the unpaid exceeding 150 days, the contract is closed-out and the litigation teams are launching procedures to get the termination of the contract through amendments on the contract with the client or repossessing of the car if not already done.

When unpaids remain, 48 months (in case of credit loans) or 36 months (in case of leasing) after the close-out, the litigation teams ask for the intervention of external suppliers to recover the unpaid or they proceed to the assignment of the receivables.

C. Corporate Dealers Financing

The SOFIB Group provides financing solutions for new, demonstration and used vehicles, as well as spare parts, to the dealers of the Peugeot, Citroën and DS networks. Also included in this portfolio are various financing arrangements for dealers to meet their requirements (working capital, conventional current accounts).

Credit lines may also be granted to dealers to finance their vehicle buy-back obligations in the case of leases and balloon loans: in such case, they take the form of used-vehicle lines of credit. The financing covers the full purchase price of the vehicle purchased by dealers, within the limit fixed as an aggregate amount of financing per dealer. The SOFIB Group regularly review the dealers' solvency and overall financial position and adjust credit limits if necessary.

D. Insurance products and services

Over many years, the SOFIB Group has been expanding its range of insurance products and services by distributing to its customers insurance products underwritten with “PSA Insurance”, the insurance companies held, since 2015, at 50/50 by Banque PSA Finance and Santander Consumer France (for Personal Protection or against financial loss), or by external insurance companies (assistance program, extended guarantee for used cars and car insurance) and vehicle related services developed by Peugeot, Citroën and DS (maintenance contracts, connected services and others).

The SOFIB Group therefore offers to B2C and B2B customers a full range of insurance policies and services related to the person or to the vehicle, financed or not.

The global proposal on the sale of the vehicle, its financing and the specific associated services in a “one-stop-shopping” approach makes the automobile offer more complete for customers, and proposed packages provide a more competitive offer while better protecting the customer and the vehicle.

Dedicated B2C offers "Peugeot & Go" and "Citroën Simply Drive" have been developed integrating finance, insurance, services and comprehensive car insurance.

Concerning car insurance, the SOFIB Group is committed to an ambitious program to develop the sales of Peugeot Assurance, Citroën Assurance and DS Assurance, which cover customers whether they are financed or not by SOFIB Group.

The insurance products and services contribute to customer satisfaction while increasing the profitability of the SOFIB Group.

E. Retail savings market

On April 1, 2015, the "PSA Banque" retail savings activity targeted to French customers, was transferred by Banque PSA Finance to the SOFIB Group.

It enables the SOFIB Group to be present in the online savings market and diversifies its sources of funding. Passbooks and Term Deposits are intended only for savers who are adult private individuals and tax-residents of France.

1.4.3.3 Positioning

Being Peugeot, Citroën and DS captive finance company, in France, the SOFIB Group has unparalleled access to their dealer networks, with all the advantages arising from that position. Consequently the Group is able to meet the financing needs of customers at the sales points, in close relationship with the three carmakers commercial policy. Furthermore, the SOFIB Group stands out from the competition due to the specific nature of the products and services offered to end-users through its "one-stop-shopping" packages. These products and services, designed with Peugeot, Citroën and DS, combine financing, insurance and services, and make it possible to respond instantaneously to each individual customer's requirements at the sales point.

Peugeot, Citroën and DS dealers are not contractually bound to use the SOFIB Group for their corporate dealer or end-users financing. It therefore competes for both end-users and corporate dealer customers. Its main competitors are commercial banks and consumer finance companies. On a day-to-day basis, the option that end-users have to acquire their vehicles by paying cash or with alternative sources of financing is also a form of competition.

1.4.3.4 Employees

At December 31, 2015, the overall workforce of the SOFIB Group stood at 847, representing 771 full-time equivalent employees. 2015 saw the establishment of the joint venture, which is 50% controlled by Banque PSA Finance and 50% by Santander Consumer France. Significant recruitment took place in 2015, making the joint venture autonomous, particularly in treasury/finance and risk management.

1.4.3.5 Real property

The SOFIB Group does not own any real estate, neither for its registered office nor its 13 agencies, which are the subject of lease contracts.

1.4.3.6 Legal proceedings and investigations

The SOFIB Group complies with laws and regulations in force. Most of legal proceedings consist of disputes relating to non-payments by end-user customers, and to a lesser extent by dealers in the course of its day-to-day business.

1.5 Analysis of operational results

Most of SOFIB Group's business consists of providing financing solutions for the acquisition of new and used Peugeot, Citroën and DS vehicles, and inventory financing for Peugeot, Citroën and DS corporate dealers. The Group's net banking revenue is derived primarily from net interest income on customer loans and leases. Insurance products and other services offered to the three brands' customers also contribute significantly to its net banking revenue.

The SOFIB Group's operating income in 2015 stood at €198 million, compared to €224 million in 2014.

1.5.1 Vehicle sales for Peugeot, Citroën and DS

In 2015, the sales of PSA Group in France increased by 2.9% to 678,000 units.

Sales of the Peugeot brand increased by 6.3% to 387,000 units, notably thanks to the excellent performance of the Peugeot 308 (+24%), as well as the models Peugeot 2008 (+16.7%, growing for the third consecutive year) and 208 (+7.6%), the second best-selling vehicle in France. 2008 and 308 are on the podium of their respective segments in France.

Citroën had a total sales volume of 260,000 vehicles, slightly down by 0.9%, although sales of vehicles to private individuals held steady with an increase of 0.8%. The C3 remains Citroën's best-selling vehicle.

Lastly, sales of the DS brand dropped by 5% in 2015 to 31,000 units. The recent restyling of the new DS 3 should boost sales while waiting for the launch of new body designs.

1.5.2 Commercial activity of the SOFIB Group

1.5.2.1 End-users financing

In 2015 the SOFIB Group saw an increase of +4.5% in volume of financing new and used vehicles to end customers, rising from 257,260 to 268,845 contracts subscribed, for a total production of €2,992 million, up by more than 9% compared to 2014.

New vehicle penetration increased to 28.5% in 2015, up by +0.4 points compared to 2014, with performance clearly up in the second half-year (30.0% against 27.2% in the first half-year) thanks to the continuation of good sales momentum and the close cooperation with the brands of PSA Group, enabling the development of high-impact joint operations.

The SOFIB Group financed 193,212 new PSA vehicles, through installment loans or leases, which represent an increase of +4.4% compared to 2014.

Financing to individuals led the growth, with a significant increase in performance on the B2C channel: +5.4 points at 37.7%. The better refinancing conditions stimulated the leasing contracts offers on the individuals market.

Lastly, the used vehicle financing volumes were up by 4.7% compared to 2014 thanks to new maintenance contracts offered for used vehicles and the strengthening of promotional actions. The number of used vehicles financed in 2015 reached 75,633 units.

The tables below show the main activity indicators for financing to end customers for the SOFIB Group in 2015 and 2014.

PRODUCTION OF NEW VEHICLE AND USED VEHICLE IN END-USER FINANCING

	Dec. 31, 2015	Dec. 31, 2014	% change
Number of new contracts	268,845	257,260	+4.5
Amount of production (in million euros)	2,992	2,738	+9.3

OUTSTANDING LOANS ON THE END-USER SEGMENT

(in million euros)	Dec. 31, 2015	Dec. 31, 2014	% change
Outstanding loans	5,794	5,650	+2.5

This favorable development is related to higher volumes of contracts subscribed as well as to a higher average amount financed (+3.2% for new vehicles), notably thanks to the enhancement of the mix and a move upmarket in vehicles.

1.5.2.2 Corporate dealer financing

After a drop in 2014, corporate dealer financing recovered in 2015, driven in particular by the rebound in sales of the PSA Group and the effects of the brands' policy to move upmarket.

Outstanding loans at the end of 2015 thus increased by 1% compared to 2014.

The table below shows the outstanding loans granted to dealers at the end of 2014 and 2015.

OUTSTANDING CORPORATE DEALER LOANS

(in million euros)	Dec. 31, 2015	Dec. 31, 2014	% change
Outstanding loans	2,461	2,437	+1.0

1.5.2.3 Insurance and services

In 2015, volumes of insurance contracts and services increased by 9.4% compared to 2014, with 627,776 new contracts subscribed.

The SOFIB Group sold an average of 2.30 insurance or service contracts per client financed, up by 10 points of penetration compared to 2014.

The increase is significant, both in insurance policies related to financing and car insurance and services.

The tables below show the main indicators for the SOFIB Group's insurance and services business in 2015 and 2014:

NEW INSURANCE AND SERVICE CONTRACTS

(in number of contracts)	Dec. 31, 2015	Dec. 31, 2014	% change
Financial services	311,500	285,381	+9.2
Car insurance and vehicle-related services	316,276	288,447	+9.6
Total	**627,776**	**573,828**	**+9.4**

PENETRATION RATE ON FINANCING

(in %)	Dec. 31, 2015	Dec. 31, 2014	Pts change
Financial services	114.0	109.3	+4.7
Car insurance and vehicle-related services	115.8	110.5	+5.3
Total	**229.8**	**219.8**	**+10.0**

1.5.2.4 Retail savings market

The "PSA Banque" online savings activity was transferred from Banque PSA Finance to the SOFIB Group on April 1, 2015, demonstrating the Group's intention to diversify its sources of funding. It is characterized by a very strong propensity to gain the loyalty of its customers, particularly through the success of the term deposit account and positioning in relation to the real economy.

Deposit oustandings increased by 16.8% over 2015, reaching €1,112 million at the end of the year, representing an increase of nearly €160 million compared to the end of 2014.

Prospects for 2016 are directly related to the agreements with Santander Consumer Finance and are now based on a sound foundation which makes use of marketing techniques and an efficient and performing organization. Furthermore, customer satisfaction surveys have given excellent results.

SAVINGS BUSINESS

(in million euros)	Dec. 31, 2015	Dec. 31, 2014	% change
Outstanding	1,112	952	+16.8

1.5.3 Results of operations

NET INCOME

(in million euros)	Dec. 31, 2015	Dec. 31, 2014	% change
Net banking revenue	**409**	**403**	**+1.5**
of which end-users	288	187	+54.0
of which corporate dealers	46	16	+187.5
of which insurance and services(1)	81	176	(54.0)
of which unallocated and other	(6)	23	(126.1)
General operating expenses and equivalent	**(150)**	**(130)**	**+15.4**
Cost of risk(2)	**(61)**	**(50)**	**+ 22.0**
of which end-users	(54)	(44)	+22.7
of which corporate dealers	(7)	(6)	+16.7
Operating income	**198**	**224**	**(11.6)**
Other non-operating income	(7)	(11)	(36.4)
Pre-tax income	**191**	**212**	**(9.9)**
Income taxes	(59)	(47)	+ 25.5
Net income for the year	**132**	**165**	**(20.0)**

(1): in 2014, the insurance companies of the Banque PSA Finance Group confirmed the repayment of an exceptional amount of €106 million relating to the increase in commission rates from 30% to 60% retroactively since 2009.

(2): including a depreciation of outstanding performing loans without past-due installments, in application of the principle of losses incurred but not yet reported (see paragraph C.6.4 of Note 2 – Accounting principles). This change of estimation related to the homogenization of the accounting methods and principles of the new shareholder, namely Santander Consumer France, which entered the capital of the SOFIB Group on February 2, 2015, had an impact of -€28.7 million on SOFIB Group's 2015 pre-tax earnings (see Note 33.2 – Change in the cost of risk) and -€17.8 million after tax.

1.5.3.1 Net banking revenue

Net banking revenue increased by 1.5% to €409 million at December 31, 2015, compared to €403 million at December 31, 2014.

This increase is essentially the result of a more competitive funding cost (impact of the Banque PSA Finance-Santander Consumer Finance partnership) with net banking revenue on end-users and corporate dealer activities up by €102 million at December 31, 2015.

The insurance and services margin stood at €81 million in 2015, compared to €176 million the previous year.

This drop is essentially due to the regularization retroactive to January 1, 2009, of the commissions paid by the insurance companies of the Banque PSA Finance Group to CREDIPAR for the placement, in the French market, of insurance and services contracts marketed by these companies. This regularization gave rise to the recognition of non-recurring income of €106 million in the accounts of the SOFIB Group in 2014.

1.5.3.2 General operating expenses

General operating expenses and equivalent reached €150 million in 2015, against €130 million in 2014.

This increase was mainly the result of costs related to the beginning of the partnership with Santander Consumer Finance as well as additional expenses related to the "PSA Banque" customer deposit activity.

1.5.3.3 Cost of risk

The cost of risk in 2015 stood at €61.2 million, representing 0.77% of average net outstanding loans, against €49.9 million in 2014, representing 0.63% of average net outstanding loans.

This amount includes a depreciation of outstanding performing loans without past-due installments, in application of the principle of losses incurred but not yet reported (see paragraph C.6.4 of Note 2 – Accounting principles). This change of estimation related to the homogenization of the accounting methods and principles of the new shareholder, namely Santander Consumer Finance, who entered the SOFIB Group on February 2, 2015 an exceptional impact of -€28.7 million on the 2015 pre-tax earnings of the SOFIB Group (see note 33.2 – Change in the cost of risk).

Excluding this exceptional element, the cost of risk on the retail activity (individuals, small and medium-sized companies) of the SOFIB Group stood at €25 million in 2015 (0.56% of average net outstanding retail loans). This figure, which has clearly improved compared to 2014 (€41.6 million in 2014, representing 0.92% of average net outstanding retail loans) expresses the continuous improvement of SOFIB Group's risk.

All of the performing and non-performing loans were the subject of provisions in 2015 and several reviews of retail depreciation rates took place during the year, enabling the most accurate amounts to be determined for the various portfolios.

New risk indicators and control tools were implemented following the creation of the cooperation between Banque PSA Finance and Santander Consumer Finance, notably for monitoring non-performing loans.

Collection activities continued at a sustained rate in 2015 within the Group. This led to maintaining the recovery levels throughout the recovery phases.

The cost of risk of the corporate activity in 2015 was marked by an additional charge of €5.7 million related to an increase in provisions for dealers considered the most at risk. However, net allocations to provisions specific to the corporate portfolios remained at a rather low level thanks to an improved risk management and the reduction of defaults: €7.5 million in 2015 (against €14 million in 2014) of which €7 million for the corporate dealers portfolio (representing 0.29% of the corporate dealers average net outstanding loans) and €0.5 million for the corporate and equivalent (excluding dealers) portfolio (0.04% of corporate and equivalent average net outstanding loans).

As changes to performing loans did not lead to significant variations in the amount of collective depreciation compared to 2014, the cost of corporate risk at the end of 2015 stood at €7.1 million for the corporate dealers and €0.4 million for corporate and equivalent.

1.5.3.4 Consolidated income

Operating income in 2015 stood at €198 million.

Net pre-tax income stood at €191 million in 2015, down by 9.9% compared to 2014 essentially due to the following non-recurring elements:

- -€28.7 million of depreciation on performing loans without past-due installments in application of the principle of losses incurred but not yet reported;
- +€106 million of exceptional income recognized in 2014 related to the regularization, retroactive to January 1, 2009, of the commissions paid by the insurance companies of the Banque PSA Finance Group to CREDIPAR for placement, in the French market, of insurance and services contracts marketed by these companies.

The consolidated net income therefore stood at €132 million.

The effective corporate tax rate increased to 30.8% of taxable earnings, against 22.2% in 2014. This difference essentially arises from the reversal of provisions for deferred tax in 2014 following the regularization of commissions paid by the insurance companies of the Banque PSA Finance Group to CREDIPAR.

1.6 Financial situation

1.6.1 Financial situation

Assets at December 31, 2015 stand at a total of €9,330 million, down (by -28.9%) compared to December 31, 2014.

The main variations relate to the loans and advances to credit institutions (-€4,048 million euros), which are mostly explained by a change in the refinancing strategy implemented by the SOFIB Group in 2015.

In 2014, refinancing obtained through the securitization funds was systematically passed on to the parent company Banque PSA Finance (see Note 7 of the consolidated financial statements) which re-lent it to SOFIB Group's entities in return in the form of conventional term loans. This system was substituted, from the establishment of the cooperation with Santander Consumer Finance on February 2, 2015, by the setting up of refinancing granted by Santander Consumer Finance, as a supplement to the funding provided by securitization in the markets.

The outstanding loans (installment loans and lease contracts) stand at €8,255 million, up by 2.1% compared to 2014. End-user loans increased by 2.5% whereas corporate dealer financing increased by 1.0%.

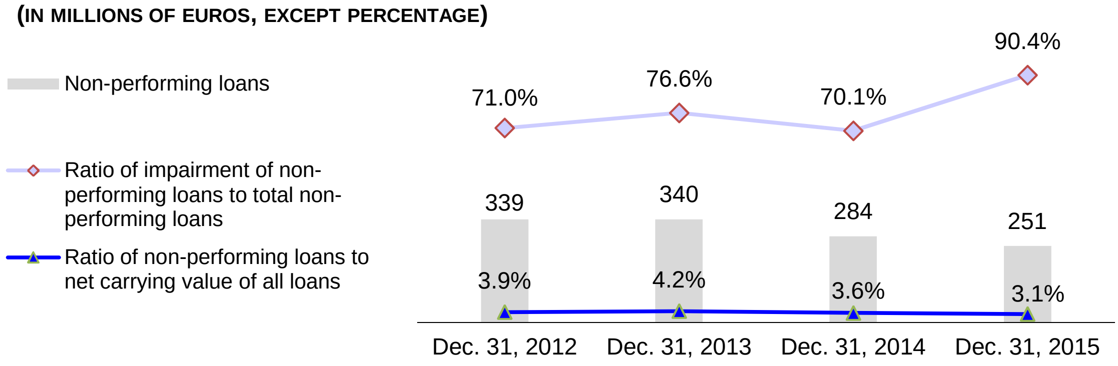
1.6.2 Provisions for non-performing loans

Impairment losses are deducted from the carrying value of loans and receivables as they are recorded. The procedures for the recognition of the impairment charges on the outstanding loans are described in Note 2.C.6.4 of the SOFIB Group's consolidated financial statements. When a loan or receivable is deemed unrecoverable, it is written off through profit and loss. Any previously recognized impairment loss is also reversed through the income statement. Any subsequent recoveries are credited to the income statement. All of this is recorded under the cost of risk.

The table displayed in Note 33.1 of the group's consolidated financial statements sets forth performing loans with past-due installments (delinquent loans), non-performing loans and related impairment amounts, in each case as of December 31, 2015 and 2014. For retail financing to individuals and small and medium businesses, statistical impairment charges are recorded in respect of all debts (performing, delinquent and non-performing).

For corporate financing, each delinquent loan is analyzed to determine if it presents an aggravated risk. If so, the loan is classified as non-performing. Accordingly, impairment charges are recorded in respect of non-performing loans. Depreciation of performing loans is also carried out on all corporate portfolios.

NON-PERFORMING LOANS ON THE TOTAL PORTFOLIO (IN MILLIONS OF EUROS, EXCEPT PERCENTAGE)



The amount of non-performing loans declined in 2015, under the effect of the improvement of the risk profile of customers, resulting in a reduction of new compromised doubtful loans compared to the previous year, whereas recoveries on stocks of non-performing loans remain at very high level in 2015.

The coverage rate of non-performing loans by provisions exceeded 90% at the end of 2015 (rates greater than 100% on retail portfolios, to individuals and small and medium-sized companies). This increase is the result of the joint effect of a reduced defaulted loans balance, an increase in corporate debt provisions and the introduction of generic provisioning with regards to performing loans.

1.6.3 Refinancing

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

The Group's refinancing strategy is based on diversifying its sources of liquidity, matching the maturities of its assets and liabilities. In 2015, the SOFIB Group had the opportunity to secure new sources of financing:

- On February 2, 2015, the day of establishing the joint venture, the financing granted by Banque PSA Finance to the entities of the SOFIB Group has been substituted by the one provided by Santander Consumer Finance, in addition to the current financing provided by securitization publically or privately placed among investors.
- On April 1, 2015, the "PSA Banque" deposit business (retail savings accounts and term accounts) covering French customers has been transferred by Banque PSA Finance to the SOFIB Group.
- Starting June 2015, bilateral credit lines have been granted from several bank counterparties.
- Since September 2015, SOFIB Group as an approved credit institution has access (through the remittance of assets as collateral by its subsidiary CREDIPAR) to the refinancing operations of the European Central Bank (ECB).

The SOFIB Group intends to pursue the diversification of its refinancing in 2016, notably by accessing the capital markets after having obtained an "Investment Grade" credit rating from Moody's Investors Service at the end of December 2015.

At December 31, 2015, 5% of the refinancing came from drawn bank loans, 14% from the bank deposit activity taken over in April 2015, 20% from securitization transactions publically or privately placed among investors, 11% from other refinancing sources (including 8% from the ECB), and 49% from intra-group loans granted by Santander Consumer Finance.

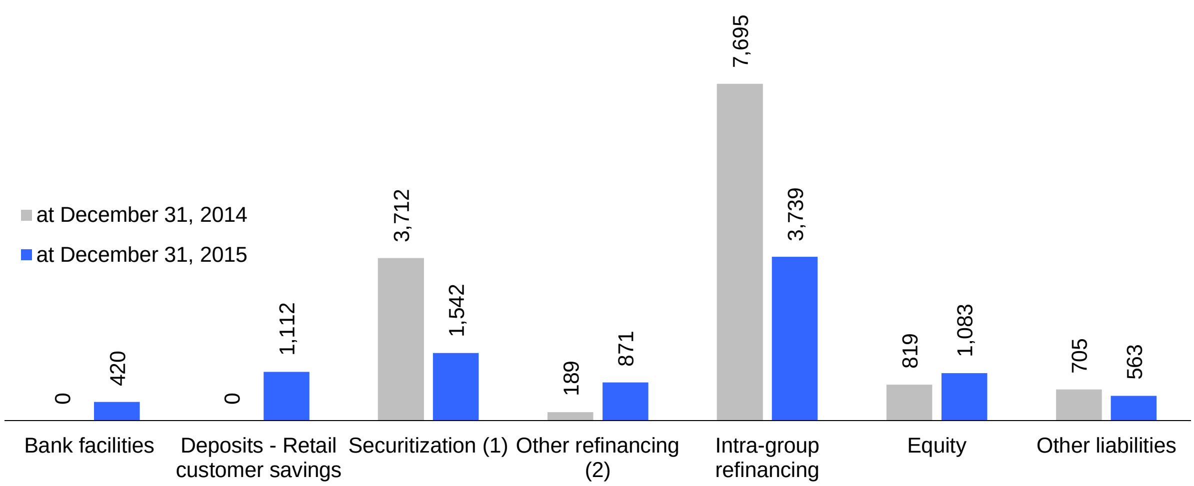
The following table and graphs display a breakdown of the refinancing sources, as of December 31, 2015 and December 31, 2014.

FINANCING BREAKDOWN BY SOURCE

(in million euros)	**Dec. 31, 2015**		**Dec. 31, 2014**
Bank facilities	420	*5%*	-
Deposits – Retail customer savings	1,112	*14%*	-
Securitization(1)	1,542	*20%*	3,712
Other refinancing(2)	871	*11%*	189
External refinancing	**3,945**	***51%***	**3,901**
Intra-group refinancing	**3,739**	**49%**	**7,695**
Equity	**1,083**		**819**
Other liabilities	**563**		**705**
Balance sheet total	**9,330**		**13,120**

(1) securitization includes all of the securitizations placed on the market in 2015. For 2014, it concerns all securities placed or subscribed by Banque PSA Finance.
(2) of which refinancing through the ECB (participation in TLTRO-5 and TLTRO-6 for a total of €600 million) and dealer deposits

SOURCES OF FINANCING *(in million euros)*



The SOFIB Group's refinancing by securitization was based on 6 transactions at the end of 2015, compartment 2011-1 of the Auto ABS fund having been liquidated in November 2015. The 6 transactions outstanding at the end of 2015 are:

- Compartment 2012-1 of the Auto ABS Securitization Fund, in amortization phase since February 2015.
- Compartment 2013-2 of the Auto ABS Securitization Fund, in amortization phase since November 2014.
- Compartment 2013-A of the Auto ABS2 Securitization Fund, in amortization phase since November 2015.
- Compartment 2014-1 of the Auto ABS3 Securitization Fund.
- The Auto ABS French Loans Master monthly issue program for which the reload period (revolving period) was extended to four years at time of the annual renewal of the program in June 2015.
- The Auto ABS DFP Master Compartment France 2013 monthly issue program, for which the financing by a pool of investors of senior securities of class A was renewed following the extension for two years in the expected maturity of the senior securities of class A, at time of the annual renewal of this program in May 2015.

Outstanding securitization in the market represents €1,542 million at December 31, 2015. This outstanding amount is decreasing, following the entry into amortization phase of certain transactions as well as the liquidation of one fund in 2015. The total amount of receivables sold to securitization vehicles represents €3,700 million at December 31, 2015 (see Note 8.4 of the consolidated financial statements)

The assets of the retail savings activity stand at €1,112 million.

Bilateral bank credit lines were negotiated for €420 million at December 31, 2015, fully drawn when implemented.

Furthermore, the SOFIB Group benefits from collateralized financing obtained from the ECB under TLTRO refinancing operations for a total of €600 million at the end of 2015. (See note 14 of the consolidated financial statements).

1.6.4 Security of liquidity

The SOFIB Group is seeking a balanced compromise between security in terms of liquidity and optimization of its refinancing costs.

As of December 31, 2015, financing with an original maturity of 12 months or more represented 60% of the total.

The average maturity of medium and long-term financing raised in 2015 is approximately 1.9 years.

In addition, the SOFIB Group has sound financial security which is based on the support of Santander Consumer Finance and the possibility of additional drawing from the ECB of €397 million after valuation of the amount of readily-available assets of €465 million placed as collateral with the ECB at December 31, 2015 (composed of senior securities of securitization funds, auto-subscribed by CREDIPAR, subsidiary of SOFIB, see note 23 of the consolidated financial statements).

Bank credit lines, existing as of December 31, 2015, do not require specific obligations in terms of the constitution of sureties, default and similar terms, compared to standard market practices. Three factors can trigger the cancellation of these credit lines:

- if Banque PSA Finance and Santander Consumer Finance do not each directly or indirectly hold 50% of the shares of SOFIB;
- the loss by the SOFIB Group of its status as a bank;
- non-compliance with the regulatory level for the Common Equity Tier One ratio.

The bank also has a €220 million liquidity reserve at December 31, 2015, in the form of high-quality liquid assets, composed exclusively of reserves with the central bank and fixed-rate Treasury bonds of level 1, under the Liquidity Coverage Ratio (LCR) classification. The SOFIB Group's consolidated Liquidity Coverage Ratio is 139% at December 31, 2015.

At December 31, 2015, the SOFIB Group granted to its customers financing commitments representing €562 million. In addition, the amount of guarantee commitments given in favor of customers is valued at €43 million (see Note 23 to the consolidated financial statements).

1.6.5 Credit ratings

After the establishment of the partnership between Banque PSA Finance and Santander Consumer Finance, Moody's Investors Service, at December 23, 2015, assigned to the SOFIB Group the rating Baa2/P2 with a positive outlook.

The rating of the SOFIB Group takes into account the support of both Santander Consumer Finance and PSA Group as well as the level of activity and the financial structure of the bank.

Any update of this rating may affect the companies' ability to obtain financing in the short, medium and long term.

CREDIT RATINGS

Moody's	
Short-term	P2
Long-term	Baa2

1.6.6 Capital management

At December 31, 2015, the consolidated equity stood at €1,083 million, up by €264 million compared to €819 million at the end of December 2014 obtained in application of the "pooling of interests" method (see note 2, paragraph A5). The variation is essentially justified by the consolidated net income of the SOFIB Group in 2015 (€132 million) and the cash capital increase of SOFIRA and SOFIB respectively for €107 million and €23 million. (see part 2.4 of the consolidated financial statements).

1.6.6.1 Equity of the SOFIB Group

Thanks to a policy of reinforcement of its basic capital (Common Equity Tier One) enabling the SOFIB Group to reach a high level of capital and thus to be in position to anticipate the future prudential "Basel III" requirements whilst pursuing the development of its activities, shareholders will be invited, during the Annual General Meeting, to approve a resolution for the distribution of dividends for an amount of €150 million.

On this basis, the Prudential Equity of the SOFIB Group stood at €886 million at the end of 2015.

1.6.6.2 Capital requirements

On April 6, 2009, the French banking supervisor, *Autorité de Contrôle Prudentiel et de Résolution* or ACPR (formerly called the *Commission Bancaire* and now named "ACPR") authorized Banque PSA Finance to use the Internal Rating Based Advanced approaches (IRBA) to calculate the minimum capital requirement for the retail portfolio and the Internal Rating Based Foundation approaches (IRBF) for the corporate portfolio. This measure has been effective since January 1, 2009 in France and also applies to the SOFIB Group.

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

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

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

The SOFIB Group's consolidated prudential equity is calculated in accordance with this new regulation. Therefore, the negative difference between the recognized impairment and expected impairment losses (calculated using statistical methods) is deducted from the Core Tier One Capital.

In the context of the implementation of the cooperation between Banque PSA Finance and Santander Consumer Finance, within the joint ventures, Banque PSA Finance and Santander Consumer Finance aim to reuse the internal ratings models developed by Banque PSA Finance, after validation by an independent validation unit (Santander Group's Internal Validation Team) and implementation of the governance principles decided jointly by both partners, and after agreement of the competent supervisory authorities.

Concerning the SOFIB Group, the ECB has temporarily authorized the continued use of internal methods for the calculation of weighted assets at least until June 2016, and an extensive action plan has been implemented in order to allow the integration of the SOFIB Group internal ratings system within Santander Consumer France's scope of consolidation whilst complying with Santander Group standards. Once this plan has been implemented, the SOFIB Group's internal ratings system will be reassessed by the ECB before any final authorization is granted.

At the same time as reusing existing internal models, the SOFIB Group started the process of approving its assessment methodology of corporate dealer exposure using the advanced IRB approach whereas foundation approach was used so far.

Under the application of this new Basel III regulation, the SOFIB Group has a strong financial position. At December 31, 2015, the Basel III CRD IV equity ratio in respect of pillar I thus amounted to 13.32%. The Basel III Tier 1 capital amounted to €886 million, taking into account the deduction of the difference between recognized impairment and expected actual losses on the IRB scope (-€47 million), and the minimum capital requirement stood at €532 million.

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

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

CAPITAL REQUIREMENTS

(in million euros)	**Dec. 31, 2015**
Credit risk	
Standard method	79
Foundation internal ratings-based approach (IRBF)	221
Advanced internal ratings-based approach (IRBA)	183
Subtotal	**483**
Operational risk - Capital Requirement (standard approach)	49
Currency risk - Capital Requirement (structural currency position)	0
Total "Basel" Capital Requirement (A)	**532**
Total Risk Weighted Assets: (A)/0.08=(B)	6,652
"Basel" Tier 1 capital (C)	**886**
Of which expected impairment loss vs. IFRS accounting impairment	**(47)**
Capital adequacy ratio ("Basel"): (C)/(B)	**13.32%**

All of the data used to model and calculate credit risk is extracted from the management accounting systems. The latter feed into the common risk databases: BRC (the central risk database for retail) and BUIC (corporate database) that are used to homogeneously track all the risk parameters applicable to the SOFIB Group.

The information from these central risk management databases feed the central capital management tool. At the same time, some accounting data are also integrated to this central tool. After reconciling management and statutory accounting data, the minimum capital requirement is calculated and regulatory capital reports are produced.

1.6.7 Outlook

For the SOFIB Group, 2016 will be the second year of the cooperation between Banque PSA Finance and Santander Consumer Finance. It will strengthen the sales and marketing momentum of the Peugeot, Citroën and DS brands, primarily through more competitive financing offers proposed to customers.

Lastly, the SOFIB Group intends to pursue the diversification of its refinancing in 2016, notably by accessing the capital markets.

1.7 Risk factors and risk management

1.7.1 Governance of risks

Identification, measurement, control and monitoring of the risks of the SOFIB Group is managed by the new risk department, which was set up following the creation of the cooperation between Banque PSA Finance and Santander Consumer Finance. The risks director is a member of the Management Committee and also reports to the Audit and Risk Committee.

The governance of risks covers risk control, validation of methods or measurement models and setting the desirable risk level. This governance primarily takes into account the list of risks and the evaluation of their potential criticality, given the management policies adopted, as well as the economic context.

These various elements are presented, analyzed and decided within committees chaired by the risk department: the Risk Control and Management Committee, the Credit Committee and the committees with the brands.

The risk department also participates in the Asset and Liability Management Committees (ALCO) and specific collection and recovery committees. The members of the executive body either take part in these committees or are informed of their content.

A fundamental pillar of the risk management model is the risk policies defined by the risk department and validated by the SOFIB Group's Board of Directors in 2015. In this context, risk management is based on the following principles:

- integration of the culture of risk in the organization, so that all attitudes, values, competences, skills and instructions related to the activity are included in all processes;
- involvement of the executive committee in the management and control of risks;
- independence of the risk department from the other professions and separation between risk-generating services and services responsible for controlling and monitoring those risks. The latter having sufficient authority and direct access to the management and decision-making bodies responsible for defining the risks strategy;
- overall inclusion of risks to prepare a complete picture of the risk borne. Understand the relationships between the different types of risks and provide their overall evaluation;
- anticipation and predictability: the evaluation of risks is essentially a matter of anticipation;
- decisions by the collegial bodies including, in the decision process, a variety of methodological points of view in proportion to the potential impact of the decision and the complexity of the factors that come into play;
- limitation of the risks by establishing objective and verifiable limits with an infrastructure for management, control and reporting which guarantees their effectiveness.

The SOFIB Group is subject to several risk factors for which the identification and evaluation are crucial in the risk management model.

1.7.2 Business risk

Risk Factors

Five main risk factors have an impact on the SOFIB Group's level of activity:

- external factors that influence vehicle purchases;
- government policies to incentivise new vehicle purchases;
- regulatory or fiscal changes which could lead to a modification of the activity or alter the profitability thereof;
- the sales volumes achieved by Peugeot, Citroën and DS, as well as their marketing policies, which may include joint financing operations carried out with the SOFIB Group;
- SOFIB Group's competitive positioning, in terms of both product range and price.

Risk measurement, control and monitoring

These risk factors are assessed at least on an annual basis as part of the process of preparing the budget and medium-term plan. SOFIB Group reviews its budget forecasts on four occasions during the financial year. Business risk is also monitored through stress testing.

1.7.3 Credit risk

Risk Factors

Credit risk is the risk of loss arising from the failure of a customer to meet the payment or other terms of a contract with the SOFIB Group. While the Group generally has the ability to recover and resell the financed vehicle following a customer default, the resale value of a recovered vehicle may not be adequate to cover the default loss. Also, contractually, SOFIB Group does not assume the residual value risk.

Regardless of the prudent risk selection policy of the Group, the level of credit risk is influenced by the economic conditions, both at the level of defaults and at the level of the market value of recovered vehicles.

Risk measurement, control and monitoring

Risk is measured daily.

When granting financing, risk measurement is based on internal rating models developed and back-tested by risk experts. Customers are selected from grading models (corporate) or decision-making tools (retail), both managed and controlled by the SOFIB Group with the support provided by shareholders, Banque PSA Finance and Santander Consumer Finance. The decision-making systems are configured according to the specific characteristics of the French car market, thus optimizing its efficiency and ensuring its compliance. Monitoring is regularly carried out to measure the effectiveness of the tools used.

For the retail customers, loan applications are either automatically authorized or require additional assessment procedures, requested either by the risk expert systems or by the analyst's own initiative. Inputs are obtained from external credit databases or from internal data, such as customer payment histories (in the case of a financing renewal following a new vehicle purchase).

All decisions are governed by strict delegation of authority rules on lending limits. For corporate portfolios, the approval decisions escalate up to the SOFIB Group's Credit Committees or shareholders' Credit Committees.

Internal loan acceptance risk measurement models are developed and back-tested by the teams at Banque PSA Finance and controlled by the teams at Santander. Each development is validated by the SOFIB Group. The risk teams verify that all of the customer profiles are correctly entered into the risk measurement tools.

The Basel Internal Ratings Based Approach (IRBA) forms the basis for the models used for retail portfolio. The default and loss rates are calculated on the basis of risk classes, which are themselves modeled. The estimated default and loss given default probabilities used to calculate the capital adequacy requirements are modeled based on default rates and loss rates. For the corporate business outside the network and equivalent, a counterparty rating model (IRBF) is used and regularly back-tested. For the corporate dealers business, a model specific to the activity of the SOFIB Group exists (IRBF) which is used both for loan approvals and for contracts in the portfolio.

All of the models are regularly back-tested and submitted for technical validation carried out by Banque PSA Finance and Santander. Since 2015, the SOFIB Group also takes part in the validation process of the models.

Concerning the accounting measurement of credit risk, all retail loans are depreciated using the depreciation rate which is calculated several times a year according to an estimated discounted future collections model, based on historical recovery data for impaired loans. Impairments for corporate dealer and corporate and equivalent loans in default are determined through an individual analysis for non-performing loans, taking into account the value of any security package underlying the loan. Impairments are made as soon as loans are reclassified if the individual analysis shows a non-zero estimated loss. Furthermore, outstanding performing corporate loans are depreciated.

Risk management is based on:

- a product range specifying the legal framework for the product and related securities, maximum term, minimum down payment, step-up amounts, if applicable, and residual values;
- checking the risk of over-invoicing the financed amount and checking double financing;
- conditions that may be attached to loan approvals;
- strict delegation of authority rules governing loan applications and lending limits;
- verification prior to the release of the financing, of the supporting documents requested as part of the loan application process, including securities for conditional loan approvals.

In addition to the above for the corporate portfolios:

- setting credit lines and their associated periods of validity; credit lines are linked to financial products which have their own dedicated credit lines; however one may not be used in place of the other;
- collective security packages or securities taken when the relationship is established, on renewal of credit lines or if creditworthiness is downgraded between renewal dates. Securities may be personal guarantees, related to identified assets, be provided by loan protection insurers or take the form of bank guarantees;
- daily monitoring of payment incidents;
- a progressive alert system, from placing on watch to declaring a delinquent loan, including conditional delinquency, *i.e*. even if the loan is not delinquent according to the Basel definition;
- a system triggering a review of a dealer's credit rating, according to financial or sales indicators;
- stock audits, scheduled based on the dealer's risk profile, retention of vehicle registration documents, and financing contracts providing for the pledging of the financed vehicles at any time, in accordance with legislation.

Risk monitoring in the retail segment mainly concerns:

- trends in the quality of demand for finance and the quality of new financing;
- payment history, payment method, customer segment, year of loan, etc. indicators;
- Basel risk measurement indicators for the loan portfolio.

The risk monitoring indicators are analyzed by SOFIB Group analysts. Risk areas detected may result in amending risk assessments or risk control measures.

Monitoring of risk for the corporate portfolio primarily consists of:

- monitoring drawdowns of credit lines;
- monitoring the counterparty's financial position;

- tracking payment incidents and past-dues;
- monitoring potentially serious incidents, such as winding up a business, restructuring or court-ordered liquidation;
- tracking credit line drawdowns, payment incidents and reports from stock audits;
- very close monitoring of dealers included in the watch table, or of those with delinquent or conditionally delinquent accounts;
- a monthly Credit Committee meeting attended by non-voting representatives of Peugeot, Citroën and DS;

Transverse risk monitoring is also performed continuously by the Risk Oversight department. Very regular monitoring (quantitative and qualitative) of the credit risk is done on all portfolios and communicated within the SOFIB Group and to shareholders.

1.7.4 Financial risks and market risk

1.7.4.1 Liquidity risk

Risk Factors

The SOFIB Group refinances itself through bank credit lines, securitization transactions, customer deposit activities and by participating to European Central Bank refinancing operations.

The liquidity risk is therefore one of the main financial risks where the group is exposed.

This risk arises from the possibility that, over a given period, the entity cannot fulfill its commitments in due time due to external factors (situation in the worldwide financial markets, inter-bank liquidity crises, etc.) or internal parameters (related, for example, to the group's rating by the rating agencies).

The main objectives of liquidity risk management are:

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

These are accompanied by the following implementation principles:

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

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

- the end of period balance sheet with contractual or conventional outflow;
- and the inclusion of behavioral data (e.g. early repayments).

Risk measurement, control and monitoring

In reference to the standard methodology of the parent companies, the main liquidity risk evaluation indicators are calculated on a monthly basis:

- the liquidity gap: the liquidity gap is defined as the difference between the flows of assets and the flows of liabilities at a given period.
- the internal liquidity ratios: these ratios are indicators of structural liquidity requirements. Their analysis provides an approximation of the evolution of liquidity, taking into account the specific characteristics of the balance sheet.

  Example: Minimum liquidity ratio ("MLR")

$$\text{MLR} = \frac{\text{Available liquidity + Cash inflows over a period up to 12 months}}{\text{Cash outflows over a period up to 12 months}}$$

- the LCR and NSFR ratios, in the context of requirements of the European CRR regulation. The LCR ratio came into force on October 1, 2015. The NSFR ratio will be effective from January 1, 2018.

  The requirements of the regulator have been respected at all times during the financial year.
- the liquidity stress test: can simulate the period of time during which the entity can continue to operate with cash outflows under various crisis scenarios.

Limits are defined in reference to liquidity indicators, regulatory requirements and in compliance with the Group's risk appetite.

The monitoring of liquidity risk is therefore based on daily or monthly calculation, as the case may be, of risk indicators in order to assess the current risk level and anticipate compliance with limits and any measures to be taken to better measure, control or monitor the risk.

This monitoring is subject to monthly management reports to the ALCO Committee and to the Risk Committee, as well as monthly and quarterly regulatory liquidity reporting (CRD IV).

Encumbered assets are calculated and monitored within the context of liquidity management, pursuant to the Decree issued by the *Ministre des Finances et des comptes publics* on December 19, 2014. The consolidated statement of encumbered assets at December 31, 2015 appears below:

Publications relating to the encumbered assets

TEMPLATE A - ASSETS

(in euros)		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
		010	040	060	090
010	**Assets of the reporting institution**	**3,291,785,598**	**-**	**6,038,270,402**	**-**
020	Loans on demand	264,793,542		462,462,458	
030	Equity instruments	0	0	3,000	3,000
040	Debt securities	0	0	132,920,000	132,920,000
100	Loans and advances other than loans on demand	3,026,992,056		5,261,564,944	
120	Other assets	0	-	181,320,000	-

Not applicable for the fair value

TEMPLATE B-COLLATERAL RECEIVED

(In euros)		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
110	**Collateral received by the reporting institution**	**0**	**0**
150	Equity instruments	0	0
160	Debt securities	0	0
230	Other collateral received	0	0
240	**Own debt securities issued, other than own covered bonds or asset backed securities**	**0**	**0**

TEMPLATE C-ENCUMBERED ASSETS/COLLATERAL RECEIVED AND ASSOCIATED LIABILITIES

(in euros)		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	**2,246,361,021**	**3,291,785,598**
020	Derivatives	0	0
040	Deposits (*including: central banks*)	703,680,021	1,031,162,728
090	Debt securities issued (*including: securitizations*)	1,542,681,000	2,260,622,870
120	Other	0	0

TEMPLATE D – INFORMATION ON IMPORTANCE OF ASSET ENCUMBRANCE

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

It can also take part in the ECB monetary policy operations.

1.7.4.2 Interest rate risk

Risk Factors

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

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

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

During the 2015 financial year, the portfolio of interest rate swaps was one of the main elements used to cover exposure to interest rate risk on the balance sheet.

Risk measurement, control and monitoring

The interest rate risk can essentially affect the net interest margin and the market value of the equity of the company. Management of the interest rate risk is governed by sensitivity limits in accordance with the risk appetite.

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

- the interest rate gap: this is the difference between the assets and liabilities according to the type of rate (fixed or variable) over a given period.
- the sensitivity of the Net Interest Margin (NIM): a measure of the additional losses or profits on the interest margins of the entity caused by a variation in interest rates over the next 12 months. Evaluation of the sensitivity of the Net Interest Margin is a short-term approach and is based on the analysis from interest rate gap tools.
- the sensitivity of the market value of equity (MVE): impact on the current value of assets and liabilities of the entity during a variation of the interest rate. The concept of the MVE refers to a long-term approach. The sensitivity of the market value of equity is also calculated using interest rate gap metrics.

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

- static balance sheet: the amounts which reach maturity are renewed by new production of an identical quantity, the balances consequently remaining constant.
- the analysis is based on contractual and conventional maturity and repricing dates.
- the calculations take into account a zero coupon rate curve and different scenarios for the variation of interest rates. For example: +/- 100bp; +/-75 bp; +/- 50 bp and +/- 25 bp.

The interest rate risk limits are fixed by reference to interest rate risk indicators, which are the NIM sensitivity and the MVE sensitivity. These limits are formally approved by the Board of Directors. When the measurements reveals a situation which could lead for the Group to be exposed to risk levels outside of the agreed limits, indicating a change in market conditions, the financial department will have to design and propose appropriate action plans.

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

Lastly, the control of interest rate risk is ensured by the monthly monitoring of these indicators, control of compliance with established limits and any measures to be taken to even better measure, control or monitor the risk. This monitoring is subject to monthly management reports to the ALCO Committee and to the Risk Committee.

At December 31, 2015, the sensitivity to a 1% increase in the global rate curve remained compliant with the limits fixed by the Group's Board of Directors.

1.7.4.3 Counterparty risk

Risk Factors

Counterparty risk represents the potential loss incurred by the SOFIB Group in the event that one of its counterparties defaults in the future.

1.7.4.3.1 Bank counterparty risk

Risk Factors

This risk inludes two components of different kinds: delivery risk and credit risk.

- Delivery risk concerns all market operations including a simultaneous exchange of currency, of flow of interest, security or other. The risk arises from the non-simultaneity of the transactions;

- Credit risk may be defined as the total potential loss recorded by the SOFIB Group on a transaction following the default of the counterparty.

The SOFIB Group is therefore exposed to counterparty risk in several respects:

- market transactions carried out to cover the interest rate risk and a possible operational foreign exchange risk;
- In case of securitization operations, management by mandate of the placement of reserves of SPV (Special Purpose Vehicle) entities.

Risk measurement, control and monitoring

The risk department is responsible for validating changes to the system of measuring and monitoring counterparty risk.

Risk monitoring is based on the following principles:

- each counterparty is subject to a financial analysis to make sure that it is sustainable and solvent and is given an evaluation based on a rating from a rating agency;
- allocation limits are fixed for each counterparty according to its external rating;
- verifying compliance with prudential limits, representing 25% of regulatory capital;
- usage up to limits is measured and controlled daily as a routine activity: any overruns are communicated on a daily basis;
- information related to monitoring counterparty risk is the subject of a monthly report to the ALCO Committee (concerning financial exposure) and to the Risk Committee.

1.7.4.3.2 Corporate counterparty risk

Risk Factors

Concerning loans granted to corporate customers (fleets and dealers), the SOFIB Group is exposed to a credit risk characterized by a potential loss in case of default of the financed counterparty.

Risk Measurement, Control and Monitoring

In order to control the credit risk for corporate customers, the SOFIB Group, and in particular its risk department, defines and implements risk management policies based on:

- an analysis, at least annually, of each corporate counterparty, to prepare a legal, economic and financial evaluation and assess the solvency and ability of the counterparty to meet its commitments;
- a systematic rating based on an internal model whose appropriateness is regularly checked,
- the establishment of credit lines following solid products and guarantees policy and according to the evaluation and rating of the counterparty;
- the declaration of default, usually before they become 90 days past due (conditional default).

The risk department constantly monitors the risk indicators of the portfolio by:

- the daily use of limits for the financing of stocks and bank credit lines for dealers;
- monitoring overruns and returns under the limits on a daily and weekly basis;
- the daily monitoring of unpaid amounts, payment delays and checks of network stocks;
- monitoring defaults and provisions on a monthly basis.

In the context of the governance of SOFIB Group, the risk department:

- holds bi-weekly credit committee meetings, which are decision-making bodies on corporate counterparty risks;
- informs the management bodies of the performance of the portfolio in the context of monthly risk measurement committees: risk Committee, Supervisory Committee, Buy-Back Committee, Fleet Committee
- discussions with the PSA Group brands on the policy and issues of corporate risk management on a monthly basis.

1.7.4.4 Currency Risk

Risk Factors

During the 2015 financial year, the sole activity generating currency risk was terminated and, at December 31, 2015, the SOFIB Group no longer had any activity in currencies which could provide exposure to currency risk. Nevertheless, in case of foreign exchange positions, the hedging of transactions in currencies would be validated by the competent committee.

1.7.4.5 Market risks

SOFIB Group's policy is not to be exposed to market risk, as defined by banking regulations. Interest rate or currency derivative transactions are undertaken to hedge balance sheet items not intended for sale in the short term.

The SOFIB Group is not authorized, on behalf of customers or for its own account, to perform any speculative market activities.

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

The governance bodies must be regularly informed of exposure to market risk through the main competent committees.

1.7.5 Risks related to securitization operations

Risk Factors

The securitization transactions initiated by the SOFIB Group are non-recourse sales by its subsidiary CREDIPAR to securitization vehicles and CREDIPAR retains part of the risk by holding at least 5% of the securities issued by these securitization vehicles as well as through other credit enhancement mechanisms, including liquidity reserves.

Other than holding securities in the securitization vehicles, the risks incurred by the group are:

- an unexpected and exceptional downgrade in the quality of the assets sold;
- a sharp drop in the production of new financing with an impact on securitization transactions during the revolving period.

These two risks may result in breaching triggers and possibly entering into an accelerated amortization, which could in turn produce reputational risk and reduce the Group’s ability to issue on the Auto ABS market.

Risk measurement, control and monitoring

The SOFIB Group is advised by arranging banks when preparing a securitization transaction. Furthermore, the SOFIB Group has developed expertise over ten years of successful securitization programs. To ensure it can continually draw on in-depth knowledge of securitized receivables, each securitization transaction addresses a very consistent 'portfolio'; namely a financing technique, a customer typology. The receivables are consistently originated, held and managed by the CREDIPAR subsidiary of the SOFIB Group (the customer and collections management team have no indication as to whether or not the receivables on which they are working are securitized). The securitization transactions undertaken by the SOFIB Group are generally rated by the rating agencies and monitored throughout the life of the funds. Accordingly, a range of crisis scenarios are analyzed before the securities are invested and throughout the life of the fund.

1.7.6 Concentration risk

Risk Factors

The SOFIB Group is exposed to several types of concentration risk:

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

Risk measurement, control and monitoring

Bank facilities

The SOFIB Group has a principle of respecting the diversification of sources of interbank financing.

Thus, in the context of setting up the financing lines necessary to its activity, a borrowing threshold was established for each authorized bank counterparty based on:

- the total amount financed;
- geographical criteria (French or foreign counterparty);
- external ratings (rating agencies) of the counterparty.

Once established, the monitoring and control of compliance with these thresholds is done as follows:

- when a bank counterparty exclusively controls one or more other bank counterparties, the Group thus constituted is considered as a single counterparty for compliance with them;
- the monitoring system that is implemented enables periodic checking, and during conclusion of a new loan, of compliance with the fixed thresholds;
- for each new finance transaction involving overrunning a level fixed on one of the counterparties, before its implementation, it must be presented to the ALCO Committee and a request for authorization must be made to the Risk Committee.

Credit transactions

The level of concentration risk is analyzed using concentration indices for sector and individual credit operations. The bank has set limits for concentration risks related to individuals, sectors and credit institutions granting bank credit lines to the companies of the SOFIB Group.

Concentration risk limits are presented quarterly to the Risk Committee and the various monitoring bodies within the SOFIB Group.

The SOFIB Group particularly monitors the level of its commitments in relation to the PSA Group.

At December 31, 2015, the outstanding loans of the SOFIB Group to the PSA Group stood at €156.5 million, representing 17.66% of prudential equity.

At that same date, the ten main outstanding loans of the SOFIB Group, other than those to the PSA Group, represented a total amount of €1,131.4 million. By counterparty category, the top 10 commitments break down as follows:

- banks: €374.6 million / 42.2% of prudential equity;
- corporate dealers (excluding PSA): €474.4 million / 53.5% of prudential equity;
- corporate excluding dealers and equivalent: €282.3 million / 31.8% of prudential equity.

1.7.7 Operational risk

Definition of risk and risk factors

The SOFIB Group defines operational risk as "the risk resulting from a maladjustment or failure attributable to procedures, to personnel, internal systems, or to external events, including events with a low probability of occurrence but with substantial risk of loss".

Risk identification, assessment, control and monitoring

The SOFIB Group is exposed to the risk of incidents on all of the Basel families of operational risk:

- internal and external fraud;
- employment practices and workplace safety;
- customers, products and business practices;
- damage to physical assets;
- business disruption and systems failures;
- execution, delivery and process management.

The SOFIB Group is primarily exposed to operational risks linked to credit risk, market risk, external fraud and, to a much lesser extent, the risks inherent in outsourcing activities to contractors or partners.

The risks map covering all activities of the SOFIB Group was revised in 2015. It identifies and prioritizes three levels of operational risk, classified by activity, process and sub-process.

Risk control mechanisms are an integral part of working procedures or instructions and are subject to tier two controls by the bank's permanent risk control departments. They may also take the form of decision and discretionary limits rules, as well as specific processes incorporated in IT systems. Business continuity plans have been defined and deployed for information systems. These are tested annually.

1.7.8 Non-compliance risk

Definition of risk and risk factors

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

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

Risk measurement, control and monitoring

The risk is assessed through regulatory surveillance. The system implemented is aimed at identifying changes, as well as the reasons for sanctions by supervisory authorities, analyzing the information thereby gathered and finally evaluating the impacts thereof on: customer relationships, processes and organization, IT systems, the scope of business and more generally on the economic model.

The risk of non-compliance is controlled by adapting procedures, instructions or operating methods, detecting people who are exposed politically or whose assets have been frozen, setting materiality criteria and thresholds to identify money-laundering and the financing of terrorism, as well as a professional alert system.

Risks of non-compliance are monitored through the implementation of a program of controls. The results of these checks are presented to the Compliance Committee meetings, which are organized on a quarterly basis.

1.7.9 Reputational risk

Definition of reputational risk and risk factors

The reputational risk to which the SOFIB Group is exposed can be broken down into:

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

Reputational risk measurement, control and monitoring

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

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

- compliance with banking secrecy and professional reserve;
- approval of standard letters to customers and advertising messages by the legal department;
- monitoring of the quality of customer relations;
- approval of new products by the legal, fiscal and compliance departments;
- the professional alert system.

1.7.10 Correlation between the SOFIB Group and its shareholders

Definition of correlation risk and risk factors

Since February 2, 2015 the SOFIB Group is 50/50 held by its two shareholders Banque PSA Finance and Santander Consumer France.

As part of both Banque PSA Finance and Santander Consumer France (as well as PSA Group and Santander), the activity and profitability of the SOFIB Group may be partially influenced by various factors arising at the level of its shareholders:

- economic and financial factors: commercial performance, financial results, profitability prospects and the rating of the PSA and Santander groups;
- strategic factors: product development and geographical presence;
- factors related to the reputation and brand image of both shareholders.

Measurement, control and monitoring of the correlation between the SOFIB Group and its shareholders

The main correlation risk concerns, due to the methodology used by the ratings agency, the link between to the level of short and long term rating of the SOFIB Group and the ones its shareholders. The repercussion of any downgrade of the rating of its shareholders on the rating of the SOFIB Group has been studied under liquidity stress scenarios, including the "Liquidity Contingency Plan".

1.8 Internal control

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

The SOFIB Group's fundamental principles underpinning the organization and implementation of internal control are set out in an internal control charter. The internal control charter determines the organizations, resources, scopes of action and tasks, as well as the functioning procedures of the SOFIB Group's control system.

1.8.1 Permanent control system

1.8.1.1 First-level controls, the basis of the Internal Control System

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

1.8.1.2 Permanent control

Second level control, this function is responsible for the following tasks:

- compliance control;
- the permanent control of risks of the Group's entities including those of the outsourced services

The compliance function is responsible for preventing, controlling and overseeing compliance risks. It ensures compliance with obligations regarding data protection, prevention of money laundering and conformity of new or significantly modified products. It has the appropriate systems and training. It also provides regulatory surveillance and ensures regulatory compliance.

Operational risk control tasks cover:

- the recurrent evaluation of the level of control of operational risks achieved by the control systems used in the entities of the group, as well as at service providers;
- the exercise of specific second-level controls in the whole organization ;
- the application of a mechanism for certifying the self-assessment of first level controls, used by operations officers to certify the execution and outcome of key controls on major risks. This system covers the accounting, refinancing and treasury activities and security of access to the Group's main IT applications;
- issuance of written recommendations and follow-up of their implementation; and
- collecting, analyzing and monitoring operational losses and incidents identified in the risk mapping process.

In particular, these functions verify the regular execution, by operational staff, of key first-level checks carried out on the risks identified as major.

A risk map, maintained by the risk-management function, lists all of the risks to which the SOFIB Group is exposed. It contributes to checking the robustness of SOFIB Group's control system, by comparing the risks identified, the losses related to these risks as well as the result of second-level controls, and lastly the residual risk.

1.8.2 Periodic Controls

Periodic - or third-level - controls consist of periodically checking the compliance of transactions, the levels of risk, the compliance with procedures and the efficiency of permanent controls.

They are performed by the internal auditors, based on a three-year internal audit plan for all of SOFIB Group's units (including outsourced activities).

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

1.8.3 Oversight by Executive Management and the Board

The internal control system is overseen by Executive Management and the Board, supported by various committees.

The Board of Directors oversees the control of the main risks faced by the SOFIB Group and ensures that the internal control system is reliable. The Audit Committee reviews the lessons to be learned from risk monitoring activities and from permanent and periodic controls.

The SOFIB Group's Audit and risk Committee prioritizes its tasks according to the risks identified. Its duties include the planning, supervision and review of internal audits and the review of the audit plan of the Statutory Auditors. It is responsible for the remediation of any major weaknesses in internal controls identified by external auditors.

The Audit and Risk Committee also ensures the compliance of the Group with Basel III and other regulatory requirements as well as the implementation of measures to comply with these requirements. Finally, the Audit and Risk Committee reviews the consolidated financial statements as well as the individual financial statements of its subsidiaries in relation with the accounting methods used.

If necessary, it may consult with SOFIB Chairman, Managing Directors and Statutory Auditors and with any person required for its work. Several times a year, the Chairman of the Audit and Risk Committee meets with the representatives of the risk department and of the periodic and permanent control functions.

Executive Management is responsible for defining and implementing the internal control system. Through the intermediary of the control and compliance committees, meeting quarterly, it monitors proper functioning and ensures adequacy of missions and means.

1.8.4 Organization of internal control

The control process is built around a set of regular controls which are carried out through delegations of authority applicable to the operational entities. These delegations of authority determine the levels at which decisions must be made in the areas of banking and financial transactions, loan approvals, lending terms, new products and services and expenditure commitments.

The main policies of the bank are specified and implemented within the framework of the Audit and Risk Committee or of operational committees. These specific committees concern especially credit risks, during which the evolution of unpaids and credit losses are analyzed as well as the performance of the risk selection systems for retail and corporate (fleet and dealers) loan books.

These committees also review and make decisions concerning:

- developments in the Basel III system;
- lending margins;
- products and processes, including associated risks;
- financing applications for dealers and fleet are examined either at the level of a Santander Group Credit Committee or at the level of a SOFIB Group Credit Committee, according to the delegations of authority in force;
- review of results of refinancing, liquidity and interest and exchange rate risk management policies;
- review of IT security policy;
- compliance tasks.

1.9 General information concerning SOFIB and share ownership

1.9.1 General presentation

Corporate name:
SOCIETE FINANCIERE DE BANQUE - SOFIB

Commercial name: SOFIB

Nationality: French

Registered office: 29 rue Ernest Cognacq,
92300 Levallois Perret, France
Tel: + 33 (0) 1 46 39 65 55

Legal form: Limited liability corporation (*société anonyme*) with a Board of Directors whose shares are not tradable on a regulated market.

SOFIB is a credit institution approved under the supervision of the European bank regulator, the European Central Bank since December 2015, while continuing to send the required information to the French regulator, the *Autorité de Contrôle Prudentiel et de Résolution*.

Date of incorporation and duration: SOFIB was incorporated on June 24, 1965 and has been registered since July 20, 1965. The expiry date of the company is December 31, 2064.

Corporate purpose: the corporate purpose of the company is the following, in accordance with Article 3 of the by-laws:

- implementing, in France and abroad, all bank transactions and ancillary transactions, within the context of the legislative and regulatory provisions applicable to lending institutions, and the approval decisions from which it benefits;
- taking equity holdings in any companies that exist or are to be created;
- and more generally, all financial, commercial, securities and real estate transactions compatible with its activity as a lending institution.

Register and identification number: SOFIB is registered at the Nanterre trade and companies register under number 652 034 638.

- SIREN No.: 652 034 638
- SIRET No.: 652 034 638 00021
- APE/NAF business identifier code: 6419Z

Financial year: the corporate financial year begins on January 1 and closes at December 31 of each year.

1.9.2 Capital

Shareholders: at December 31, 2015, the share capital of SOFIB stood at €144,842,528 divided into 9,052,658 shares with a value of €16 each, fully paid-up, with equal distribution between:

- Banque PSA Finance, which holds 4,526,329 shares and the same number of voting rights, and
- Santander Consumer France, which holds 4,526,329 shares and the same number of voting rights.

Changes occurred in the distribution of capital during the last 3 years: before the date of Santander Consumer France entry into the capital of SOFIB on February 2, 2015, Banque PSA Finance was the shareholder of more than 99.99% of SOFIB, 6 shares being held by the entities controlled by the PSA Group and one share was held by the Chief Executive Officer of the Bank.

1.9.3 Board of Directors and management bodies

SOFIB Board of Directors is composed of six members, consisting of three chosen by each of the two shareholders. For the first three years of the cooperation between Banque PSA Finance and Santander Consumer France, the Chairman of the Board is a director designated by Santander Consumer France, as is the appointment of the Deputy CEO. For its part, Banque PSA Finance has designated the Chief Executive Officer of the Bank. Following the first period of three years of cooperation, this principle will be reversed. The latter functions will rotate in this way every three years between the partners. Eleven board meetings were held during the 2015 financial year. The governance of the SOFIB Group results from the application of agreements concluded between both shareholders, which comply strictly with the legal and regulatory obligations in force. Thus, the Chairman with her Board and specialized committees monitor the activity of SOFIB controlled by the Chief Executive Officer, the Deputy CEO, the Executive Committee and the operational committees. Currently, there is no conflict of interest between the obligations of the members of the management bodies and their private interests with regard to the SOFIB Group.

1.9.4 Persons responsible for auditing the accounts

Ernst & Young Audit

1/2, place des Saisons,
92400 Courbevoie – Paris La Défense 1,
company with variable capital registered at the Trade and Companies Register of Nanterre No. 344 366 315

Statutory Auditors member of the Compagnie régionale de Versailles

Duration of mandate: six years

Date of end of mandate: 2016 financial year

Represented at December 31, 2015 by Luc Valverde

Mazars

61 rue Henri Régnault,
92400 Courbevoie,
limited liability corporation (*société anonyme*) with capital of €8,320,000 registered at the Nanterre Trade and Companies Register No. 784 824 153

Statutory Auditors member of the Compagnie régionale de Versailles

Duration of mandate: six years

Date of end of mandate: 2019 financial year

Represented at December 31, 2015 by Anne Veaute

1.9.5 Investments

Main investments made during the last 5 years:

Years	Disposals – dissolutions – mergers	Acquisitions
2015	May 1, 2015: absorption merger of SOFIRA into CREDIPAR	January 30, 2015, acquisition of CREDIPAR and SOFIRA
2011-2014	-	-

1.9.6 Intra-group agreements

The SOFIB Group is linked to the Banque PSA Finance Group for the supply of support services to the SOFIB Group particularly relating to accountancy and IT services. Furthermore, the SOFIB Group is also linked to Santander Consumer France and the Santander Group with its entities, concerning certain services such as internal audit, supervision, evaluation and risk monitoring.

1.9.7 Resolutions adopted by the Ordinary and Extraordinary General Meeting of March 15, 2016, as proposed by the Board of Directors on February 11, 2016, concerning SOFIB statutory financial statements

Ordinary resolution:

First resolution: Approval of the management report on statutory financial statements and the general report of the statutory auditors

The General Meeting, after having read the statutory financial statements for the 2015 financial year, the management report from the Board of Directors for this same financial year and the general report of the Statutory Auditors on these same financial statements, approves, in all of its provisions, the management report from the Board of Directors.

Second resolution: Approval of the financial statements for the financial year ending at December 31, 2015

The General Meeting approves the financial statements for the financial year ending at December 31, 2015, as they are presented, which show net income of €1,634,235.46.

Third resolution: Appropriation of profit

The General Meeting, upon proposal by the Board of Directors, ascertains that the distributable net income is €770,566,555.03, consisting of net income for the 2015 financial year of €1,634,235.46, the balance of "retained earnings" standing at €46,849,704.34 and the "share premium" standing at €722,082,615.23.

It decides to appropriate this profit available for distribution as follows:

To the legal reserve:	€81,711.77
To "retained earnings":	€46,877,634.70
To share premium	€573,514,138.92
To shares:	€150,093,069.64

A dividend of €16.58 per share will be payable in several stages after the General Meeting is held.

In accordance with the law, the General Meeting ascertains that no dividend was distributed pursuant to the last three financial years.

Fourth resolution: Approval of the special report of the Statutory Auditors on regulated agreements

The General Meeting, after having heard the reading of the special report presented by the Statutory Auditors on regulated agreements, approves this report and the transaction which is mentioned therein.

Fifth Resolution: Overall amount of wages and salaries of all kinds paid to directors, managers and certain categories of personnel

In accordance with Article L. 511-73 of the French Monetary and Financial Code, the General Meeting is consulted concerning the overall amount of wages and salaries paid to the persons in the company covered by Article L. 511-71 of the same code during the 2015 financial year.

The company states that it has paid or has been re-invoiced by the companies jointly controlling the company up to an overall amount (gross tax amount) of €473,736 for fixed and variable wages and salaries and benefits in kind paid to the persons covered by Article L. 511-71.

The amount of wages and salaries paid to corporate officers of the company who also exercise a mandate within entities having the joint control of the company are the subject of publication by these in accordance with their applicable regulation.

Sixth resolution: Formalities

The General Meeting hereby grants all powers to the holders of a copy or extract of the minutes of this meeting to carry out all legal and administrative formalities, as well as all publicity measures, more particularly the registration at the Registry of the Commercial Court in compliance with the current legislation.

Extraordinary resolution:

Seventh resolution: Authorization to increase the share capital reserved for employees

The General Meeting, considering the provisions of the second and third subparagraphs of Articles L. 225-129-6 of the French Commercial Code, the report of the Statutory Auditors on the capital increase reserved for employees and after having read the report and recommendations of the Board of Directors, does not authorize the Board of Directors to increase the share capital by the issue of new shares reserved for employees, for corporate officers or for some of them, for a period of twenty six months from the present meeting.

1.9.8 Proposals for resolutions for the Ordinary General Meeting of April 11, 2016, as proposed by the Board of Directors on March 15, 2016 concerning the SOFIB Group consolidated financial statements

First resolution: Approval of the consolidated financial statements at December 31, 2015

The General Meeting, after having read the consolidated financial statements for the 2015 financial year, prepared according to IFRS standards, which show a net banking revenue of 409,375 thousands of euros, approves these accounts as presented.

Second resolution: Approval of the management report on the consolidated accounts and the Statutory Auditors report

The General Meeting, after having read the consolidated financial statements for the 2015 financial year, the consolidated management report from the Board of Directors for this same financial year and the general report of the statutory auditors on these same financial statements, approves, in all of its provisions, the consolidated management report from the Board of Directors.

Third resolution: Formalities

The General Meeting hereby grants all powers to the holders of a copy or extract of the minutes of this meeting to carry out all legal and administrative formalities, as well as all publicity measures, more particularly the registration at the Registry of the Commercial Court in compliance with the current legislation.

1.9.9 Information about the administrative and management bodies

1.9.9.1 Board of Directors

List of mandates held and expired during the 2015 financial year by the Directors of SOFIB and the Permanent Representatives of Directors.

Ines Serrano-Gonzalez

Chairman of the Board of Directors

First appointed to the Board on April 23, 2015

Current term expires in 2021

Director

First appointed to the Board on January 30, 2015

Current term expires in 2021

Born on July 31, 1965

Other positions held during the year 2015

Chairman and Director

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

Member of the Supervisory Board

• Santander Consumer France S.A.S.
• PSA Lion Deutschland GmbH (Germany)
• Santander Consumer Bank AG (Germany)
• Santander Consumer Holding GmbH (Germany)

Chief Executive Officer, Member of the Executive Committee and Director

• Santander Consumer Finance S.A. (Spain)

Director

• Financiera El Corte Ingles, E.F.C. S.A. (Spain)
• Grupo Multitel S.A. (Spain)

No position terminated during the year 2015

Andrea BANDINELLI

Chief Executive Officer

First appointed to the Board on September 14, 2012

Current term expires in 2018

Born on August 5, 1974

Other positions held during the year 2015

Chief Executive Officer

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

Permanent representative of the Compagnie Générale de Crédit aux Particuliers - CREDIPAR

• Board of directors of the Compagnie pour la Location de Véhicules - CLV

Positions terminated during the year 2015

Management Representative

• Société de Financement des Réseaux Automobiles - SOFIRA

Carlos APARICIO MANUEL

Deputy Chief Executive Officer

First appointed to the Board on February 2, 2015

Current term expires in 2021

Director

First appointed to the Board on January 30, 2015

Current term expires in 2021

Born on February 1, 1967

No other position held during the year 2015

Director

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

No position terminated during the year 2015

Rémy BAYLE

Director

First appointed to the Board on April 23, 2015

Current term expires in 2021

Born on December 26, 1961

Other positions held during the year 2015

Chief Executive Officer

• Banque PSA Finance

Chairman and Director

• Compagnie pour la location de véhicules - CLV

Director

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

• PSA Finance UK (United Kingdom)

Chairman

• France Lion

Positions terminated during the year 2015

Chairman

• Grande Armée Participations

Director

• PSA International S.A. (Switzerland)

Alain MARTINEZ

Director

First appointed to the Board on January 30, 2015

Current term expires in 2021

Born on September 20, 1958

Other positions held during the year 2015

Deputy Chief Executive Officer

• Banque PSA Finance

Member of the Supervisory Board

• PSA Financial Holding B.V. (Netherlands)

• Banque PSA Finance Financiranje d.o.o. (Slovenia)

Chairman and Board Member

• PSA Factor Italia SPA

• PSA Renting Italia SPA

Chairman

• Bank PSA Finance Rus

Director

• Peugeot Finance International NV (The Netherlands)

• PSA Financial d.o.o. (Croatia)

Positions terminated during the year 2015

Chairman and Board Member

• PSA Gestao (Portugal)

• PSA Finance Suisse S.A.

Director

• PSA Finance UK (United Kingdom)

Martin THOMAS

Director

First appointed to the Board on January 30, 2015

Current term expires in 2021

Born on February 22, 1974

Other positions held during the year 2015

Chairman and Director

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

Chairman of the Managing Board

• SA Santander Consumer France

No position terminated during the year 2015

List of mandates held and expired in the 2015 financial year

Laurent AUBINEAU

Deputy Chief Executive Officer

First appointed to the Board on September 14, 2012

End of appointment: February 2, 2015

Born on December 29, 1962

Other positions held during the year 2015

Deputy Chief Executive Officer

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

Director and Chief Executive Officer

• Compagnie pour la location de véhicules - CLV

No other mandate than that held within SOFIB expired during the 2015 financial year

Automobiles Peugeot

Director

First appointed to the Board on January 16, 1981

End of appointment: February 2, 2015

Other positions held during the year 2015

Director

• Banque PSA Finance
• GLM1
• Institut pour la Ville en Mouvement PSA Peugeot Citroën
• Peugeot Algérie (Algeria)
• Peugeot Espana S.A. (Spain)
• Société de Promotion Industrielle et Automobile au Maroc - Sopriam
• Société Marocaine de Constructions Automobiles - Somaca
• Société Tunisienne Automobile Financière Immobilière et Maritime

Associate Manager

• Peugeot Média Production SNC

Positions terminated during the year 2015

Director

• Football Club Sochaux -Montbéliard S.A.

Xavier DUCHEMIN

Permanent Representative of Automobiles Peugeot

Since November 29, 2013

End of appointment: February 2, 2015

Born on June 19, 1966

Other positions held during the year 2015

Director

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

Positions terminated during the year 2015

Director

• Football Club Sochaux -Montbéliard S.A.

Automobiles Citroën

Director

First appointed to the Board on May 31, 1983

End of appointment: February 2, 2015

Other positions held during the year 2015

Director

• Société Tunisienne Automobile Financière Immobilière et Maritime

Founding Member

• Institut pour la Ville en Mouvement PSA Peugeot Citroën

No position terminated during the year 2015

Patrick PENEL

Permanent representative of Automobiles Citroën

Since October 13, 2008

End of appointment: February 2, 2015

Born on July 29, 1959

Positions terminated during the year 2015

Chairman

• Citroën Argenteuil

Philippe ALEXANDRE

Chairman and Director

First appointed to the Board on October 30, 2013

End of appointment: April 23, 2015

Born on August 10, 1956

Other mandates expired during the 2015 financial year

Chief Executive Officer and Director

• Banque PSA Finance

Chairman and Director

• Compagnie Générale de Crédit aux Particuliers - CREDIPAR

• Compagnie pour la location de véhicules - CLV

Director

• PSA Finance UK (United Kingdom)

Representative of the Associate Manager, Banque PSA Finance

• Société de Financement des Réseaux Automobiles - SOFIRA

Vice Chairman

• PSA Finansman AS (Turkey)

1.9.9.2 Committees

A. The Audit and Risk Committee

As at January 1, 2016, the Audit and Risk Committee had the following members:

Name	**Function within the SOFIB Group**
Ines SERRANO-GONZALEZ, Chairman	Chairman of the SOFIB Board of Directors
Rémy BAYLE	Director of SOFIB
Martin THOMAS	Director of SOFIB
Alain MARTINEZ	Director of SOFIB

B. The Appointments Committee

On January 1, 2016, the Appointments Committee had the following members:

Name	**Function within the SOFIB Group**
Ines SERRANO-GONZALEZ, Chairman	Chairman of the Board of Directors of SOFIB
Rémy BAYLE	Director of SOFIB
Martin THOMAS	Director of SOFIB
Alain MARTINEZ	Director of SOFIB

C. The Wages and Salaries Committee

On January 1, 2016, the Wages and Salaries Committee had the following members:

Name	**Function within the SOFIB Group**
Ines SERRANO-GONZALEZ, Chairman	Chairman of the Board of Directors of SOFIB
Rémy BAYLE	Director of SOFIB
Martin THOMAS	Director of SOFIB
Alain MARTINEZ	Director of SOFIB

D. Executive Committee

As of March 1, 2016, the Executive Committee had the following members:

Name	**Title**
Andrea BANDINELLI	Chief Executive Officer
Carlos APARICIO MANUEL	Deputy Chief Executive Officer
Laurent AUBINEAU	Marketing and Digital Director
Joaquin BERRAL CHACON	Chief Risk Officer
Philippe JEUNET	Human Resources Director
Philippe MEOT	Operations Director
Catherine NOGUIER	Secretary General
Gilles PEREZ	Collection Director
Frédéric VUARIN	Sales Director
Artur WAWRZYNIAK	Chief Financial Officer

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CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

2.1 Consolidated Balance Sheet

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Assets		
Cash, central banks, post office banks (Note 3)	98,378	10
Financial assets at fair value through profit or loss (Note 4)	3,188	15,540
Hedging instruments (Note 5)	3,969	9,859
Available-for-sale financial assets (Note 6)	132,922	3
Loans and advances to credit institutions (Note 7)	662,878	4,710,523
Customer loans and receivables (Notes 8 and 33)	8,254,557	8,087,019
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Notes 9 and 20.2)	3,520	11,802
Held-to-maturity investments	-	-
Current tax assets (Note 35.1)	893	3,599
Deferred tax assets (Note 35.1)	1,834	1,103
Accruals and other assets (Note 10)	162,586	275,120
Investments in associates and joint ventures accounted for using the equity method	-	-
Property and equipment (Note 11)	5,331	5,224
Intangible assets	-	-
Goodwill	-	-
Total assets	**9,330,056**	**13,119,802**

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 12)	3,196	15,553
Hedging instruments (Note 13)	1,496	15,361
Deposits from credit institutions (Note 14)	4,772,750	7,695,132
Due to customers (Note 15)	1,369,609	189,210
Debt securities (Note 16)	1,541,761	3,711,700
Fair value adjustments to debt portfolios hedged against interest rate risks (Notes 17 and 20.2)	(56)	-
Current tax liabilities (Note 35.1)	17,472	57,153
Deferred tax liabilities (Note 35.1)	257,372	280,061
Accruals and other liabilities (Note 18)	267,726	322,277
Provisions (Note 19)	15,936	14,456
Subordinated debt	-	-
Equity	1,082,794	818,899
- Equity attributable to equity holders of the parent	1,082,794	818,899
- Share capital and other reserves	892,103	761,402
- Consolidated reserves	191,433	59,212
- Of which Net income - equity holders of the parent	*132,458*	*165,069*
- Income and expenses recognized directly in Equity	(742)	(1,715)
- Minority interests	-	-
Total equity and liabilities	**9,330,056**	**13,119,802**

2.2 Consolidated Income Statement

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Net interest revenue on customer transactions	**411,566**	**465,256**
- Interest and other revenue on assets at amortized cost (Note 24)	423,636	463,183
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 20.2)	(8,282)	(317)
- Interest on hedging instruments (Note 25)	(12,555)	(14,034)
- Fair value adjustments to hedging instruments (Note 20.2)	1,271	155
- Interest expense on customer transactions	(1,151)	(1,272)
- Other revenue and expense (Note 26)	8,647	17,541
Net investment revenue	**(233)**	**254**
- Interest and dividends on marketable securities	(237)	250
- Fair value adjustments to assets valued using the fair value option	-	4
- Gains and losses on sales of marketable securities	4	-
- Investment acquisition costs	-	-
Net refinancing cost	**(83,306)**	**(238,738)**
- Interest and other revenue from loans and advances to credit institutions (Note 27)	5,746	69,166
- Interest on deposits from credit institutions (Note 28)	(44,596)	(247,771)
- Interest on debt securities (Note 29)	(22,131)	(58,187)
- Interest on savings accounts (Note 30)	(15,832)	-
- Expenses related to financing commitments received	(1)	(226)
- Fair value adjustments to financing liabilities hedged against interest rate risks	56	-
- Interest on hedging instruments	(17)	(5)
- Fair value adjustments to hedging instruments	(61)	-
- Fair value adjustments to financing liabilities valued using the fair value option	-	-
- Debt issuing costs	(6,470)	(1,715)
Net gains and losses on trading transactions	**27**	**20**
- Interest rate instruments	-	(2)
- Currency instruments	27	22
Net gains and losses on available-for-sale financial assets	**(137)**	**-**
Margin on sales of Insurance services	**-**	**-**
- Earned premiums	-	-
- Paid claims and change in liabilities related to insurance contracts	-	-
Margin on sales of services (Note 31)	**81,458**	**176,431**
- Revenues	84,310	179,375
- Expenses	(2,852)	(2,944)
Net banking revenue	**409,375**	**403,223**
General operating expenses (Note 32)	**(148,289)**	**(127,706)**
- Personnel costs	(57,125)	(54,553)
- Other general operating expenses	(91,164)	(73,153)
Depreciation and amortization of intangible and tangible assets (Note 11)	**(1,671)**	**(1,611)**
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	**(191)**	**(498)**
Gross operating income	**259,224**	**273,408**
Cost of risk (Note 33)	**(61,230)**	**(49,885)**
Operating income	**197,994**	**223,523**
Share in net income of associates and joint ventures accounted for using the equity method	-	-
Impairment on goodwill	-	-
Pension obligation - expense	(186)	(249)
Pension obligation - income	1	-
Other non-operating items (Note 34)	(6,419)	(10,802)
Pre-tax income	**191,390**	**212,472**
Income taxes (Notes 35.2 and 35.3)	(58,932)	(47,403)
Net income for the year	**132,458**	**165,069**
- of which minority interests	-	-
- of which attributable to equity holders of the parent	132,458	165,069
Earnings per share (in euros)	*14.63 €*	

2.3 Net Income and Income and Expenses Recognized Directly in Equity

(in thousand euros)	Dec. 31, 2015 Before tax	Dec. 31, 2015 Tax	Dec. 31, 2015 After tax	Dec. 31, 2014 Before tax	Dec. 31, 2014 Tax	Dec. 31, 2014 After tax
Net income	191,390	(58,932)	**132,458**	212,472	(47,403)	**165,069**
- of which minority interest			-			-
Recyclable in profit and loss elements						
Financial assets at fair value through profit or loss:	*(20)*	-	***(20)***	-	-	-
- of which revaluation reversed in net income	-	-	-	-	-	-
- of which revaluation directly in equity	*(20)*	-	***(20)***	-	-	-
Not recyclable in profit and loss elements						
Actuarial gains and losses on pension obligations	1,515	(522)	**993**	(1,284)	442	**(842)**
Total income and expenses recognized directly in Equity	1,495	(522)	**973**	(1,284)	442	**(842)**
- of which minority interest			-			-
Total net income and income and expenses recognized directly in Equity	192,885	(59,454)	**133,431**	211,188	(46,961)	**164,227**
- of which minority interest			-			-
- of which attributable to equity holders of the parent			*133,431*			*164,227*

2.4 Consolidated Statement of Changes in Equity

(in thousand euros)	Share capital and other reserves: Share capital	Issue, share and merger premiums	Legal reserve and other reserves	Consoli-dated reserves	Fair value adjustments - equity holders of the parent: Financial assets at fair value through profit or loss: revaluation	Actuarial gains and losses on pension obligations	Equity attributable to equity holders of the parent	Minority interests	Total equity
At December 31, 2013	**71,354**	**764,940**	**5,108**	**(90,467)**	**-**	**(873)**	**750,062**	**-**	**750,062**
Net Income and Income and Expenses Recognized Directly in Equity	-	-	-	165,069	-	(842)	164,227	-	164,227
Dividend distribution	-	(80,000)	-	(15,400)	-	-	(95,400)	-	(95,400)
Other	-	-	-	10	-	-	10	-	10
At December 31, 2014	**71,354**	**684,940**	**5,108**	**59,212**	**-**	**(1,715)**	**818,899**	**-**	**818,899**
Appropriation of profit from the previous financial year	-	-	237	(237)	-	-	-	-	-
Net Income and Income and Expenses Recognized Directly in Equity	-	-	-	132,458	(20)	993	133,431	-	133,431
Capital increase in cash (SOFIRA)	69,874	37,142	-	-	-	-	107,016	-	107,016
Capital increase in cash (SOFIB)	3,615	19,833	-	-	-	-	23,448	-	23,448
At December 31, 2015	**144,843**	**741,915**	**5,345**	**191,433**	**(20)**	**(722)**	**1,082,794**	**-**	**1,082,794**

In application of the "pooling of interest" method (see Note 2, paragraph A.5)

The 2014 financial year presents, in the above table, the Group's activities by integrating, from the opening of 2014, the contributions of the entities that comprise it and the capital and reserves related to the new group, reflecting, from January 1, 2014, the consequences of the legal combination operations performed in 2015 and described below.

On legal terms:

On December 31, 2014, SOFIB's share capital was €9,600,000, fully paid-up; it was divided into 600,000 shares.

On January 30, 2015, the following operations were recognized at SOFIB:

- a capital increase for an amount of €131,627,216, through the issue of 8,226,701 new ordinary shares with a value of €16 each in payment for contributions in kind (contribution of SOFIRA and CREDIPAR shares by Banque PSA Finance);
- share premium of an amount of €722,082,615.23 corresponding to the difference between the value of the contributions, namely €853,709,831.23, and the nominal value of the shares issued in payment for the contributions, representing €131,627,216;
- a cash capital increase of a nominal amount of €3,615,312 through the issue, with maintening of preferential right to subscribe, of 225,957 shares of €16 nominal value each associated with a total premium of €19,832,904.52.

Following these operations, the share capital of SOFIB amounts to €144,842,528, made up of 9,052,658 common shares of €16 nominal value each, all fully paid.

In accordance with the Amendment to IAS 1 - Presentation of Financial Statements - Capital Disclosures, the necessary information is given in the paragraph "Capital Requirements" of the Management Report.

2.5 Consolidated Statement of Cash Flows

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Income attributable to equity holders of the SOFIB Group	**132,458**	**165,069**
Adjustments for:		
- Change in depreciation, amortization and other provisions	6,098	888
- Change in deferred taxes	(23,974)	(32,159)
- (Profit)/loss on disposals of assets	191	498
Funds from operations	**114,773**	**134,296**
Increase/decrease in:		
- loans and advances to credit institutions	3,934,158	1,130,351
- deposits from credit institutions	(2,903,878)	(407,061)
Change in customer loans and receivables	(159,868)	(92,542)
Increase/decrease in:		
- amounts due to customers	1,161,838	(27,851)
- financial assets at fair value through profit or loss	12,373	258,996
- financial liabilities at fair value through profit or loss	(12,357)	1,289
- hedging instruments	(7,974)	(20,194)
- debt securities	(2,169,940)	(429,696)
Change in working capital: assets	113,144	(138,397)
Change in working capital: liabilities	(91,226)	119,957
Net cash provided by operating activities	**(8,957)**	**529,148**
Acquisitions of shares in subsidiaries	-	-
Proceeds from disposals of shares in subsidiaries	-	-
Investments in fixed assets	(3,636)	(3,049)
Proceeds from disposals of fixed assets	1,663	28,773
Effect of changes in scope of consolidation	-	-
Net cash used by investing activities	**(1,973)**	**25,724**
Dividends paid to Santander Consumer France	-	-
Dividends paid to Banque PSA Finance	-	(95,400)
Capital increase	128,750	-
Net cash used by financing activities	**128,750**	**(95,400)**
Effect of changes in exchange rates	-	-
Net change in cash and cash equivalents	**117,820**	**459,472**
Cash and cash equivalents at the beginning of the period	**776,375**	**316,903**
Cash, central banks, post office banks	10	142
Current account advances and loans and advances at overnight rates	776,365	316,761
Cash and cash equivalents at the end of the period	**894,195**	**776,375**
Cash, central banks, post office banks (Note 3)	98,378	10
Treasury Bonds (Note 6)	132,939	-
Current account advances and loans and advances at overnight rates (Note 7)	662,878	776,365

2.6 Notes to the Consolidated Financial Statements

Notes

Notes 1 Main events of the financial year and group structure

A. Main events

Partnership between Banque PSA Finance and Santander Consumer Finance

Banque PSA Finance and Santander Consumer Finance, the division of Banco Santander specialized in consumer credit, signed a framework agreement on July 10, 2014 on setting up a partnership covering 11 countries in Europe.

This partnership between Banque PSA Finance and Santander Consumer Finance takes the form of joint ventures already created in 2015 for France, the United Kingdom, Spain, Switzerland and Italy, or yet to be set up in Germany, Austria, Belgium, the Netherlands and Poland, and a commercial partnership in Portugal. The partnership will enhance commercial capabilities for PSA Group's brands enabling them to increase their penetration of the automotive financing market.

On February 2, 2015, Banque PSA Finance and Santander Consumer Finance, after having received the authorization of the European Central Bank on January 28, 2015, formalized their cooperation to jointly perform banking operations in France through the SOFIB Group.

The cooperation with Santander Consumer Finance will enhance the activities of the SOFIB Group, as more competitive offers are reserved for Peugeot, Citroën and DS networks and their customers.

Change in share ownership

On February 2, 2015, Santander Consumer France acquired 50% of the shares comprising the share capital of SOFIB, the latter having previously acquired all of the shares comprising the share capital of CREDIPAR and SOFIRA on January 30, 2015.

Thus, SOFIB is 50/50 controlled by Banque PSA Finance and Santander Consumer France, the French subsidiary of Santander Consumer Finance since February 2, 2015.

SOFIB is now fully consolidated by the Santander Group.

This change in share ownership was accompanied by the implementation of shared governance of the company.

Refinancing strategy

The bank's refinancing strategy is based on diversifying its sources of liquidity, matching the maturities of its assets and liabilities. In 2015, the SOFIB Group set up various sources of financing.

On February 2, 2015, the day of establishing the joint venture, the financing granted by Banque PSA Finance to the entities of the SOFIB Group was substituted by setting up refinancing granted by Santander Consumer Finance, in addition to the financing provided by securitization publically or privately placed among investors.

On April 1, 2015, the PSA Banque demand and term deposit business (retail savings accounts and DISTINGO term accounts) covering French customers was transferred by Banque PSA Finance to the SOFIB Group by a transfer of the business.

From June 2015, bilateral credit lines were established with various bank counterparties.

From September 2015, the status of approved credit institution enabled the SOFIB Group to have access (via the remittance of assets as collateral by its subsidiary CREDIPAR) to the refinancing operations of the European Central Bank (ECB).

In 2015, the terms for financing SOFIB Group's activities were improved through the cooperation with Santander. The SOFIB Group intends to pursue the diversification of its refinancing in 2016, notably by accessing the capital markets after having obtained an "Investment Grade" credit rating from Moody's Investors Service at the end of December 2015.

Impairment losses on performing loans without past-due installments

From 2015, impairment of performing loans without past-due installments is recognized, in application of the principle of losses incurred but not yet reported (see paragraph C.6.4 of Note 2 – Accounting principles). This change of estimation related to the homogenization of the accounting methods and principles of the new shareholder, namely Santander Consumer France, which entered the capital of the SOFIB Group on February 2, 2015, had an impact of -€28.7 million on the 2015 pre-tax earnings of the SOFIB Group (see Note 33.2 – Change in the cost of risk) and -€17.8 million after tax.

Method of preparing the consolidated financial statements

The SOFIB Group was founded in 2015 through the combination, under the SOFIB entity, of the PSA Group's financing activities in France. These operations are a result of an entry into the share capital of Santander Consumer France.

For this first financial year of consolidation, the SOFIB Group chose to apply the "pooling of interests" method, by reference to the American standard ASU805-50 (which is mandatory for this type of operation in this standard) considering that it complied with the general IFRS principles (See Note 2 – Accounting policies, section A.5).

B. Changes in Group structure

Except for the matters on the constitution of the SOFIB Group, mentioned in Note 1.A - Highlights of the financial year and in section A.5 of Note 2 - Accounting policies, the changes in the scope for 2015 are as follows.

In May 2015, the subsidiary CREDIPAR absorbed the subsidiary SOFIRA. This transaction had no impact on the consolidated financial statements of the SOFIB Group.

In November 2015, the subsidiary CREDIPAR repurchased the loans sold in 2011 to Compartment 2011-1 of the Auto ABS securitization fund. This was done as a consequence of the anticipated liquidation of that compartment. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of the SOFIB Group.

C. List of Consolidated Companies

Companies	Country	SOFIB interest % Direct	SOFIB interest Indirect %	SOFIB interest Indirect Held by	Dec. 31, 2015 Integration method	Dec. 31, 2015 % interest
Subsidiaries						
Sales financing						
CREDIPAR	France	100	-		FC	100
CLV	France	-	100	CREDIPAR	FC	100
SOFIRA (1)	France	-	-		-	-
Special purpose entities						
Auto ABS 2011-1	France	-	-		-	-
Auto ABS 2012-1	France	-	-		FC	100
Auto ABS French Loans Master	France	-	-		FC	100
Auto ABS DFP Master Compartment France 2013	France	-	-		FC	100
Auto ABS 2013-2	France	-	-		FC	100
Auto ABS2 2013-A	France	-	-		FC	100
Auto ABS3 2014-1	France	-	-		FC	100

(1) Absorption merger of SOFIRA by CREDIPAR on May 1, 2015 (retroactive for accounting and tax purposes to January 1, 2015)

Companies	Country	SOFIB interest % Direct	SOFIB interest Indirect %	SOFIB interest Indirect Held by	Dec. 31, 2014 Integration method	Dec. 31, 2014 % interest
Subsidiaries						
Sales financing						
CREDIPAR	France	100	-		FC	100
CLV	France	-	100	CREDIPAR	FC	100
SOFIRA	France	100	-		FC	100
Special purpose entities						
Auto ABS 2011-1	France	-	-		FC	100
Auto ABS 2012-1	France	-	-		FC	100
Auto ABS French Loans Master	France	-	-		FC	100
Auto ABS DFP Master Compartment France 2013	France	-	-		FC	100
Auto ABS 2013-2	France	-	-		FC	100
Auto ABS2 2013-A	France	-	-		FC	100
Auto ABS3 2014-1	France	-	-		FC	100

In accordance with the "pooling of interest" method, we consider that the SOFIB Group already existed in 2014.

Note 2 Accounting Policies

In accordance with European Council Regulation 1606/2002/EC dated July 19, 2002 on the application of international accounting standards from January 1, 2005, Société Financière de Banque's (SOFIB) consolidated financial statements for the year ended December 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date.

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

The standards and interpretations applied at December 31, 2015 were unchanged compared with December 31, 2014 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2015.

New IFRSs and IFRIC Interpretations applicable compulsorily in the fiscal year commencing on January 1, 2015

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2015 and applied by SOFIB Group are the following:

- Annual Improvements to IFRSs 2011-2013 Cycle.

The objective of these annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in International Financial Reporting Standards (IFRS) or where clarification of wording is required.

Amendments to IFRS 3 and 13 are clarifications or corrections to the respective standards.
Amendments to IAS 40 involve changes to the existing requirements or additional guidance on the implementation of those requirements.

These texts do not impact significantly SOFIB Group.

- **Interpretation IFRIC 21** – Levies. This text specifies when provisions to pay a levy imposed by the government should be recognized according to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". This text is effective for annual periods beginning on or after June 17, 2014.

According to IFRIC 21, the following taxes are booked upfront during the 1st semester of the year since January 1st, 2014:

- Systemic risk Bank tax;
- ACPR control fees contribution;
- Firms' solidarity social contribution ;
- And since 2015, a new tax related to the financial support of the government.

New IFRSs and IFRIC Interpretations adopted by the European Union and applicable in advance in the fiscal year commencing on January 1, 2015

The new texts adopted by the European Union and applicable in advance in the fiscal year commencing January 1, 2015 are the following:

- Annual Improvements to IFRSs 2010-2012 Cycle.

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

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

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

- Amendments to IAS 19 – Employee Benefits entitled Defined Benefit Plans: Employee Contributions.

The amendments aim to simplify and clarify the accounting for employee or third party contributions linked to defined benefit plans.

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

- Amendments to IAS 16 - Property, Plant and Equipment and **IAS 38** – Intangible Assets entitled Clarification of Acceptable Methods of Depreciation and Amortisation.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

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

- Annual Improvements to IFRSs 2012–2014 Cycle.

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

The improvements concern:

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

SOFIB Group decided not to apply the standards indicated hereinbefore in advance in the fiscal year commencing on January 1, 2015.

These standards do not have significant impacts on SOFIB Group.

New IFRSs and IFRIC Interpretations non applicable compulsorily in the European Union in the fiscal year commencing on January 1, 2015

Potential impact of texts or projects published by IASB and IFRIC with compulsory application in the European Union from the period after January 1st, 2014, or not yet adopted by the European Union is currently being analyzed; such is especially the case for:

- IFRS 15 – Revenue from Contracts with Customers. The final version of this standard was published by the IASB in May 2014. This standard is effective for annual periods beginning on or after January 1, 2018 subject to the adoption by the European Union. IFRS 15 concerns requirements for the recognition of revenue from Contracts with Customers. Contracts that are within the scope of other standards are excluded of the scope of IFRS 15: Contracts on Leases, Insurance Contracts and Financial Instruments. As a consequence, the major part of SOFIB's revenues is excluded from the scope of this new standard. Concerning other cases, no significant modifications concerning accounting methods are expected (fees of new business providers) for SOFIB.

- IFRS 9 – Financial Instruments which is to replace IAS 39 – Financial Instruments. The final version of this standard was published by the IASB in July 2014.

The final version of IFRS 9 groups together 3 phases:

- Classification and Measurement of financial instruments;
- Impairment of financial assets;
- Hedge accounting.

The package of improvements introduced by IFRS 9 includes:

- a logical and single approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;
- a single, forward-looking 'expected loss' impairment model and
- a substantially-reformed approach to hedge accounting.

Informations to be disclosed in the notes to the financial statements were also reinforced. The global objective is to improve the information of investors.
IFRS 9 comes into effect on 1 January 2018 subject to the adoption by the European Union. Early application is permitted.

The impacts of IFRS 9 on SOFIB are currently being analysed.

- IFRS 16 – **Leases.** During more than 10 years the IASB worked, jointly with the FASB, on the revision of IAS 17 which objective is to prescribe, to lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to leases. On January 13, 2016, the IASB published the IFRS 16 definitive text. This standard is not supposed to have a significant impact on SOFIB for the lessor accounting model, as the measures required by the standard on this issue are convergent with IAS 17. However, impacts are expected for the financial statements of some clients of SOFIB, as lessees will need to disclose new information.

The other projects and standards do not have significant impacts on SOFIB.

Format of the Financial Statements:

As no template is provided in IFRS, the consolidated financial statements are presented largely in accordance with Autorité des Normes Comptables (ANC), recommendation 2013-04 on November 7, 2013 on the format of credit institutions' IFRS financial statements. SOFIB's consolidated financial statements include prior year comparatives.

The consolidated financial statements include the financial statements of SOFIB and its subsidiaries, based on the consolidation methods described in section A below.

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

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

Related entities correspond to entities which have control or joint control of the reporting entity or significant influence over the reporting entity according to the definition indicated by IAS 24R.

The annual consolidated financial statements and notes for SOFIB Group were approved by the Board of Directors on March 15, 2016.

A. Basis of Consolidation

A.1 Consolidation Methods

Companies in which SOFIB directly or indirectly holds a majority interest are fully consolidated. In particular, it is the case of the Special Purpose Entities as part of securitization operations.

All material intragroup transactions and balances between the entities of the Group are eliminated in consolidation.

A.2 Foreign Currency Transactions

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

A.3 Use of Estimates

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

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

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

Estimates and assumptions are used in particular to measure the following:
- fair value of financial assets and liabilities at fair value through profit or loss,
- recoverable amount of customer loans and receivables,
- fair value adjustments to finance receivables and debt portfolios hedged against interest rate risks,
- deferred tax assets,
- value in use and useful lives of property and equipment,
- provisions,
- pension obligations.

A.4 Main Consolidation Adjustments

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

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

Deferred Taxes

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

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

A.5 Business Combinations

The new SOFIB group was structured in 2015 as a consequence of the uniting of the financing activities of the PSA group in France under the entity SOFIB. These operations enrol following the entry of the Santander CF group in the equity of SOFIB on February 2, 2015, and were realized according to the following calendar and terms:

- January 30, 2015, SOFIB received shares of entities CREDIPAR and SOFIRA held by Banque PSA Finance;

- April 1, 2015, the activity DISTINGO was transferred to SOFIB through partial selling of the business unit for the scope of France;

- May 1, 2015, the merge and absorption operation of SOFIRA and CREDIPAR was realized.

These operations of reorganization concern the activities controlled by the PSA group and meet in fact the definition of business combinations under common control according to appendix B of IFRS 3. Yet, these operations are excluded of the scope of the standard, IFRS gives no particular guidance, standard or interpretation on the accounting for these types of transactions. In this context, the Management of the group used its professional judgement in order to develop and apply an accounting methodology compatible with the conceptual context, according to IAS 8.10. Thus, the SOFIB group chose to apply the pooling of interests method with reference to US standard ASU805-50 (compulsory for this type of operations according to this reference document), which complies with the IFRS general principles.

The application of the methodology of pooling of interests allowed for the balance sheets and profit and loss of the companies or the united activities to be added together via an acquisition, a merger or an input with assets' valuation performed by book value.

The used book value of the assets and liabilities correspond to the book value presented in the IFRS consolidated financial statements of the PSA group. These operations were realized neutrally based on the book value and did not generate any goodwill nor gains or losses on sale.

Finally, applying this methodology, the comparative period related to 2014 was presented as though these operations occurred from the very beginning. Thus, the year 2014 presents the activities of the group including the contribution of its entities starting from the opening balances, the equity of the new group reflecting from the opening of the year 2014 the consequences of the operations of the business combination completed during 2015.

B. Fixed Assets

B.1. Property and Equipment

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

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

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

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

B.2. Impairment of Long-lived Assets

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

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

SOFIB Group as a whole corresponds to a unique CGU.

C. Financial Assets and Liabilities

Financial assets and liabilities are recognized and measured in accordance with IAS 39 adopted by the European Commission on November 3, 2008 (regulation 1126/2008/EC) with several amendments to IAS 39 adopted by the European Union.

As allowed under IAS 39, the Group has elected to apply transaction date accounting to financial assets and liabilities. Consequently, when the transaction date (corresponding to the date when the commitment is entered into) is different from the settlement date, the purchase or sale of securities is recognized in the balance sheet on the transaction date (see end of sections C2 and C.7.2 below).

Since 2013, SOFIB has booked passbook savings accounts in « Due to customers ». The SOFIB group does not make use of the provisions of the IAS 39 standard, which have been rejected in their current form by the European Commission (“carve out”), concerning the application of hedge accounting to customer sight deposit balances with the deposit banks.

C.1 Derivatives – Application of Hedge Accounting

C.1.1 Recognition and Measurement

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

Derivatives may be designated as hedging instruments in one of two types of hedging relationships:
- fair value hedge, corresponding to a hedge of the exposure to changes in fair value of an asset or liability due to changes in exchange rates or interest rates;
- cash flow hedge, corresponding to a hedge of the exposure to variability in cash flows from existing or future assets or liabilities.

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

The effects of hedge accounting are as follows:

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

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

C.1.2 Derivatives – Financial Statement Presentation

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

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

IFRS 13 requires to present the valuation methods of the financial assets and liabilities at fair value as well as their hierarchy (level 1, 2 or 3).
The valuation methods have to maximize the use of observable market data. These methods are classified according to the same three levels hierarchy (in descending order of priority) as IFRS 7 for financial instruments:
- level 1: quoted price (without adjustment) for similar instruments on an active market;
An active market is a market in which there are sufficiently frequent and large volumes on assets or liabilities to provide price information in a continuous way.
- level 2: valuation using only observable data for a similar instrument on an active market;
- level 3: valuation making significant use of at least one non-observable item of data.
In the balance sheet, the valuations are of level 1 or 2, presented in the related notes. Only the specific note “Fair

Value of Financial Assets and Liabilities" uses valuation methods of level 3, detailed in Note 23.

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

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

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

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in SOFIB's issuer spread. At December 31, 2015, no liabilities were measured using the fair value option.

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

C.4 Available-for-sale Assets

Available-for-sale assets consist mainly of shares or units qualified as liquid assets according to the regulation (EU) No 575/2013 and the regulation (EU) No 2015/61 as well as shares in companies that are not consolidated. These investments are stated at fair value, which generally corresponds to their cost.

C.5 Held-to-maturity Investments

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

C.6 Loans and Receivables

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

Customer loans and receivables are analysed by type of financing:

- **Financing in the following categories**, as defined by French banking regulation:
  Installment contracts,
  Leases with a purchase option,
  Long-term leases.

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

  These types of financing are mainly intended for the following customer segments:

  Retail (individuals, small to medium sized companies and larger companies not meeting the criteria for classification as Corporates, Sovereigns, Banks or Local Administrations),
  Corporate and equivalent (including Corporates other than dealers, Sovereigns, Banks and Local Administrations),
  and, in rare cases, for **Corporate dealers**.

- **Wholesale financing (i.e. financing of vehicle and spare part inventories)**, as defined by French banking regulations.

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

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

C.6.1 Loans and Receivables Measured at Amortized Cost

Loans and receivables recognized in the balance sheet correspond to SOFIB's net commitment in respect of these receivables. Therefore, as well as the outstanding principal and accrued interest, the carrying value of finance receivables also includes:
- commissions paid to referral agents as well as external direct administrative expenses, which are added to the outstanding principal;
- contributions received from the brands and transaction fees to be spread out, which are deducted from the outstanding principal;
- guarantee deposits received at the inception of finance leases, which are deducted from the amount financed.

Measurement at amortized cost reflects the best estimate of the maximum credit risk exposure on loans and receivables.

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

C.6.2 Lease Financing

In accordance with IAS 17 – Leases and IAS 39, vehicles leased to customers are treated as in-substance loans because the risks and rewards of ownership of the vehicle do not lie with SOFIB.

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

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

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

C.6.4 Impairment Losses

Impairment losses are identified separately under specific line items.

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

Retail financing impairment losses

- ***Impairment losses on sound loans without and with past-due installments:***

  Distinct default probabilities are calculated over the sound loans without and with past-due installments according to the principle IBNR (Incurred But Not Reported) loss : loss event not being known by the bank (e.g. loss of a job, unexpected family events,…).

  Emergence period (duration between the event and the default) cannot be established because of the absence of data concerning the nature of these events. It has been arbitrarily fixed at 12 months.

  Thus, we calculate a distinct probability of default at 12 months for sound loans without past-due installment on the one hand, and for sound loans with past-due installments on the other hand, on the basis of the average annual default observed during 12 months.

  Calculations for sound loans without past-due installment and for sound loans with past-due installments are independent.

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

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

  Discounting retail financing recoveries leads to an increase in the impairment loss recognized upon occurrence of the loss event compared to the actual loss that will ultimately be recognized. The undiscounting effect, linked to the passage of time, to be taken into account to compensate for this overestimation of the final loss is included in the calculation of depreciation.

- ***Restructured performing loans:***
  As soon as the Group is formally notified that loan repayments are being suspended while a debt discharge plan is put in place ("Neiertz Act plans"), the loan is classified as non-performing. At the end of the moratorium, if the customer complies with his or her repayment obligations, the loan is reclassified as sound and an impairment loss is booked at the rate applied to sound loans with past-due installments. In the event of a subsequent default, the loan is immediately reclassified as non-performing.

- ***Classification in loss / Write off***
  The standards of SOFIB the classification in loss / write off concern any type of financing with outstanding debt of more than 48 months for Installment contracts, 36 months for leases with a purchase option contracts, or 24 months for Long-term leases depending on the type of financing and country concerned.

Corporate sound receivables - Impairment on collective basis (IAS 39. AG90)

Further to the Asset Quality Review (AQR) performed in 2014 by the European Central Bank, several indicators (sectors, risk areas, etc…) were additionally taken into account in order to determine the impairment on collective basis according to IAS 39. AG90.

Further to the request of the regulator, the development of an impairment model is now under process. While awaiting the finalization of the model, SOFIB recognised a collective impairment on Corporate sound receivables in the financial statements for the year ended December 31, 2015.

Impairment losses on an individual basis for non-performing "Corporate dealers" and "Corporate and equivalent" financing

- These loans are classified as non-performing when one or more installments are 91 days past-due (271 days past-due for loans to Local Administrations). These periods are increased to 451 days and 631 days respectively, when the Group has no exposure to counterparty risk due to effective risk mitigation. Loans that do not have any installments that are over 90 and 270 days past-due respectively, but are flagged by the system as giving rise to an aggravated risk, are reclassified as non-performing immediately.

- When the first default occurs or at the latest when the above periods have been exceeded, a 'Flash Report' is issued containing a detailed risk analysis and stipulating the amount of any necessary provision. Loans for which a 'Flash Report' has been issued are flagged in the system as giving rise to an aggravated risk**.**

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

C.7 Financing Liabilities

Upon initial recognition, financing liabilities are measured at the amount of the net proceeds received. Their carrying amount therefore comprises the outstanding principal and accrued interest, plus:
- debt issuance and set-up costs,
- issue or redemption premiums, if any.

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

C.7.1 Hedges of Interest Rate Risks on Financing Liabilities

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

C.7.2 Debt Securities

Debt securities include certificates of deposit, bonds, interbank instruments and money market securities, other than subordinated securities which are reported under "Subordinated debt". In 2015, the SOFIB Group issued only bonds as part of securitization operations.

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

D. Provisions

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

Provisions are discounted only when the impact is material.

E. Segment Information

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

- **Retail**, mainly corresponding to individuals and to small or medium-sized companies.

- **Corporate dealers**, corresponding to captive and independent Peugeot and Citroën dealers, importers of new Peugeot and Citroën vehicles in certain countries, and certain used vehicle dealers.

- **Corporate and equivalent**, referring to:
  - company belonging to a multi-national group or for which aggregate loans exceed a fixed ceiling per country (Corporates other than dealers),
  - national governments and government-backed agencies (Sovereigns),
  - banking company or investment firms regulated and supervised by the banking authorities (Banks),
  - local or regional governments and government-backed agencies (Local Administrations).

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

F. Pension Obligations

In addition to standard pensions payable under local legislation, Group employees receive supplementary pension benefits and retirement bonuses (see Note 19). These benefits are paid either under defined contribution or defined benefit plans.

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

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value. The calculations mainly take into account:
- an assumed retirement date;
- a discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

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

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

In the event of modification of the benefits defined in a plan, the impact of changes to pension plans after January 1, 2012 is fully recognized under “Operating income” in the income statement for the period in which they occurred.

As a result, for each defined benefit plan, the Group records a provision in an amount equal to the projected benefit obligation less the fair value of the plan assets.

The purpose of external funds is to cover the total projected benefit obligation. In some cases the amount of these external funds may exceed the recognized portion of the projected benefit obligation, leading to the recognition of an “Other assets”.

In the case of plans that are subject to a minimum funding requirement under the law or the plan rules, if the Group does not have an unconditional right to e 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 recognized 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 (recognized in “Operating income” in “Other general operating expenses”);
- The finance cost less the expected yield on plan assets (recognized in “Non-operating income” in “Pension obligation expense or income”). These two items (finance cost and expected yield on assets) are measured based on the rate used to discount the obligations.
- Any adjustment to the IFRIC 14 minimum funding requirement liability (recognized in “Non-operating income in “Pension obligation expense or income”).

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

There are no obligations corresponding to the residual debt contracted in France at the Banking Industry Pension Fund (CRPB), the payments received to this date cover the entirety of the benefit plans according to the latest estimations of the experts.

G. Signature Commitments

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

Provisions are taken for impairment of financing or guarantee commitments in accordance with IAS 37. These signature commitments are reported at their nominal amount in Note 23 – Other commitments.

Derivative financial instrument commitments (rate or currency instruments) are described in note C.1 above and are reported at their nominal amount in Note 20 – Derivatives.

Note 3 Cash, central banks, Post Office Banks

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Cash and post office banks	-	10
Central bank (1)	98,378	-
- of which compulsory reserves deposited with the Banque de France	*10,716*	-
Total	**98,378**	**10**

(1) Apart from compulsory reserves, the supplementary deposits on the Banque de France account correspond to a HQLA type investment in order to comply with the Liquidity Coverage Ratio (LCR).

Note 4 Financial Assets at Fair Value Through Profit or Loss

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Accrued interest on trading derivatives	**58**	139
- of which related companies with PSA Group	-	*64*
- of which related companies with Santander Consumer Finance Group	*27*	-
Fair value of trading derivatives	**3,130**	15,401
- of which related companies with PSA Group	-	*12,198*
- of which related companies with Santander Consumer Finance Group	*2,316*	-
Total	**3,188**	**15,540**

The swaps classified as held for trading are related to certain securitization activities for which reverse swaps are systematically neutralized, with no impact on income (see Note 12).

Note 5 Hedging Instruments - Assets

5.1 Analysis by Nature

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Adjustment accounts - commitments in foreign currencies	-	-
Accrued income on swaps designated as hedges	95	137
- of which related companies with PSA Group	-	*137*
Positive fair value of instruments designated as hedges of:	4,903	9,722
- Bonds (1)	4,892	9,721
- of which related companies with PSA Group	-	*3,632*
- Borrowings	11	-
- Customer loans (Installment contracts, Leasing with a purchase option and Long-term leases)	-	1
- of which related companies with PSA Group	-	*1*
Offsetting positive fair value and received margin calls (see Note 5.2)	(1,029)	-
Total	**3,969**	**9,859**

Fair value is determined by applying valuation techniques based on observable market data (level 2).
Fair Value Hedge effectiveness is analysed in Note 20.2.
(1) *These swaps are related to securitization activities for which reverse swaps are systematically neutralized, with no impact on income (see Note 13).*

5.2 Offsetting swaps with margin call designated as hedges - Assets

For 2015

(in thousand euros) Positive valued swaps	Asset gross amount: Swap's winning leg	Asset gross amount: Swap's losing leg	Asset net amount before offsetting	Offsetting with received margin calls	Balance sheet amount after offsetting
Accrued income	**100**	**(5)**	**95**	**-**	**95**
- Swaps with margin call	100	(5)	95	-	95
- Swaps without margin call	-	-	-	-	-
Positive fair value	**6,476**	**(1,573)**	**4,903**	**-**	**4,903**
- Swaps with margin call	2,519	(1,573)	946	-	946
- Swaps without margin call	3,957	-	3,957	-	3,957
Offsetting	-	-	-	(1,029)	**(1,029)**
Total assets	**6,576**	**(1,578)**	**4,998**	**(1,029)**	**3,969**
Margin calls received on swaps designated as hedges (deferred income - see Note 18)	-	-	2,730	(1,029)	**1,701**
Total liabilities	**-**	**-**	**2,730**	**(1,029)**	**1,701**

For 2014

(in thousand euros) Positive valued swaps	Asset gross amount: Swap's winning leg	Asset gross amount: Swap's losing leg	Asset net amount before offsetting	Offsetting with received margin calls	Balance sheet amount after offsetting
Accrued income	**141**	**(4)**	**137**	**-**	**137**
- Swaps with margin call			-	-	-
- Swaps without margin call	141	(4)	137	-	137
Positive fair value	**9,803**	**(81)**	**9,722**	**-**	**9,722**
- Swaps with margin call	-	-	-	-	-
- Swaps without margin call	9,803	(81)	9,722	-	9,722
Offsetting	-	-	-	-	-
Total assets	**9,944**	**(85)**	**9,859**	**-**	**9,859**
Margin calls received on swaps designated as hedges (deferred income - see Note 18)	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**

Note 6 Available-for-sale Financial Assets

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
- Equity securities		
- BPIFrance (ex SOFARIS)	3	3
- Treasury bonds (1)	132,919	-
- of which fair value adjustment recognized directly in equity	*(20)*	-
Gross value	**132,922**	**3**
Impairment	-	-
Net value	**132,922**	**3**

(1) HQLA type investment in order to comply with the Liquidity Coverage Ratio (LCR).

Note 7 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Demand accounts	**662,878**	**776,365**
- Ordinary accounts in debit	628,878	776,365
- of which held by securitization funds	*324,822*	*308,610*
- of which related companies with PSA Group	-	*223,505*
- Current accounts and overnight loans	34,000	-
- of which related companies with Santander Consumer Finance Group	*34,000*	-
Time accounts (1)	**-**	**3,932,958**
- of which related companies with PSA Group	-	*3,932,958*
Accrued interest	**-**	**1,200**
- of which related companies with PSA Group	-	*1,200*
Total	**662,878**	**4,710,523**

(1) In 2014, the refinancing obtained through securitization funds was consistently advanced to the parent company Banque PSA Finance, for on-lending to its subsidiaries (see Note 14).

Note 8 Customer Loans and Receivables

8.1 Analysis by Type of Financing

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Installment contracts	**1,974,917**	**1,903,189**
- of which securitized (1)	*1,307,023*	*1,202,603*
Leasing with a purchase option (2)	**1,519,026**	**1,313,025**
Principal and interest	1,748,685	1,534,256
- of which securitized (1)	*687,809*	*1,229,386*
Unaccrued interest on leasing with a purchase option	(229,659)	(221,231)
- of which securitized (1)	*(81,698)*	*(176,477)*
Long-term leases (2)	**2,213,562**	**2,296,809**
Principal and interest	2,442,089	2,545,463
- of which securitized (1)	*727,961*	*805,850*
Unaccrued interest on long-term leases	(228,474)	(248,595)
- of which securitized (1)	*(76,094)*	*(89,931)*
Leasing deposits	(53)	(59)
Trade receivables	**1,657,486**	**1,651,794**
- Related companies with PSA Group	*4*	*590*
- Non-group companies	*1,657,482*	*1,651,204*
- of which securitized (1)	*1,134,704*	*1,056,674*
Other finance receivables (including equipment loans, revolving credit)	**668,805**	**703,439**
Ordinary accounts in debit	**96,816**	**95,894**
- Related companies with PSA Group	6,813	983
- Non-group companies	90,003	94,911
Deferred items included in amortized cost - Customers loans and receivables	**123,945**	**122,869**
- Deferred acquisition costs	170,965	159,894
- Deferred loan set-up costs	(25,962)	(25,253)
- Deferred manufacturer and dealer contributions	(21,058)	(11,772)
Total Loans and Receivables at Amortized Cost (3)	**8,254,557**	**8,087,019**
- of which securitized (1)	*3,699,705*	*4,028,105*

(1) The SOFIB Group has set up several securitization programs (see Note 8.4).

(2) Lease financing transactions (leasing with a purchase option and long-term leases) are included in loans and receivables because they fulfill the criteria for classification as finance leases, since the risks and rewards of ownership of the vehicle do not lie with SOFIB.

(3) All of the Customers Loans and Receivables are denominated in Euro.

8.2 Customer Loans and Receivables by Segment

IFRS 8 Segment	Corporate Dealers		End-user				Total	
			Retail		Corporate and equivalent			
Type of financing	(A - see B Note 33.1)		(B - see A Note 33.1)		(C - see C Note 33.1)			
(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Installment contracts	3,641	2,745	1,969,635	1,897,706	1,641	2,738	1,974,917	1,903,189
Leasing with a purchase option	11,551	13,695	1,488,263	1,281,093	19,212	18,237	1,519,026	1,313,025
Long-term leases	84,230	68,352	1,156,087	1,193,621	973,245	1,034,836	2,213,562	2,296,809
Trade Receivables	1,657,486	1,651,794	-	-	-	-	1,657,486	1,651,794
Other finance receivables	606,803	604,365	59,604	96,827	2,398	2,247	668,805	703,439
Ordinary accounts in debit	96,813	95,730	-	-	3	164	96,816	95,894
Deferred items included in amortized cost	-	-	87,309	122,869	36,636	-	123,945	122,869
Total customer loans by segment (based on IFRS 8)	**2,460,524**	**2,436,681**	**4,760,898**	**4,592,116**	**1,033,135**	**1,058,222**	**8,254,557**	**8,087,019**

8.3 Analysis by Maturity

For 2015

(in thousand euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total at Dec. 31, 2015
Installment contracts	**7,167**	**162,791**	**158,449**	**298,910**	**1,338,211**	**9,389**	**1,974,917**
Gross	93,885	162,791	158,449	298,910	1,338,211	9,389	2,061,635
Total impairment	(86,718)	-	-	-	-	-	(86,718)
Leasing with a purchase option	**8,017**	**112,683**	**109,950**	**206,932**	**1,081,306**	**138**	**1,519,026**
Gross	49,126	112,683	109,950	206,932	1,081,306	138	1,560,135
Total impairment	(41,109)	-	-	-	-	-	(41,109)
Long-term leases	**29,749**	**343,541**	**273,651**	**441,633**	**1,124,988**	**-**	**2,213,562**
Gross	62,884	343,541	273,651	441,633	1,124,988	-	2,246,697
Guarantee deposits	(53)	-	-	-	-	-	(53)
Total impairment	(33,082)	-	-	-	-	-	(33,082)
Trade receivables	**25,659**	**1,320,933**	**223,692**	**85,363**	**1,839**	**-**	**1,657,486**
Gross	30,629	1,320,933	223,692	85,363	1,839	-	1,662,456
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(4,970)	-	-	-	-	-	(4,970)
Other finance receivables	**4,934**	**187,783**	**29,232**	**223,968**	**185,243**	**37,645**	**668,805**
Gross	62,487	187,783	29,232	223,968	185,243	37,645	726,358
Total impairment	(57,553)	-	-	-	-	-	(57,553)
Ordinary accounts in debit	**96,816**	**-**	**-**	**-**	**-**	**-**	**96,816**
Gross	96,816	-	-	-	-	-	96,816
Total impairment	-	-	-	-	-	-	-
Deferred items included in amortized cost	123,945	**-**	**-**	**-**	**-**	**-**	**123,945**
Total net loans and receivables	**296,287**	**2,127,731**	**794,974**	**1,256,806**	**3,731,587**	**47,172**	**8,254,557**
Gross	395,827	2,127,731	794,974	1,256,806	3,731,587	47,172	8,354,097
Guarantee deposits	(53)	-	-	-	-	-	(53)
Total impairment	(223,432)	-	-	-	-	-	(223,432)
Deferred items included in amortized cost	123,945	-	-	-	-	-	123,945

For 2014

(in thousand euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total at Dec. 31, 2014
Installment contracts	**21,835**	**182,524**	**133,489**	**532,352**	**1,019,218**	**13,771**	**1,903,189**
Gross	108,176	182,524	133,489	532,352	1,019,218	13,771	1,989,530
Total impairment	(86,341)	-	-	-	-	-	(86,341)
Leasing with a purchase option	**20,746**	**87,616**	**88,068**	**175,281**	**940,382**	**932**	**1,313,025**
Gross	58,780	87,616	88,068	175,281	940,382	932	1,351,059
Total impairment	(38,034)	-	-	-	-	-	(38,034)
Long-term leases	**41,371**	**390,564**	**266,750**	**459,453**	**1,138,671**	**-**	**2,296,809**
Gross	66,264	390,564	266,750	459,453	1,138,671	-	2,321,702
Guarantee deposits	(59)	-	-	-	-	-	(59)
Total impairment	(24,834)	-	-	-	-	-	(24,834)
Trade receivables	**33,239**	**1,371,778**	**179,265**	**67,512**	**-**	**-**	**1,651,794**
Gross	37,222	1,371,778	179,265	67,512	-	-	1,655,777
Guarantee deposits	-	-	-	-	-	-	-
Total impairment	(3,983)	-	-	-	-	-	(3,983)
Other finance receivables	**16,169**	**162,339**	**41,157**	**112,523**	**330,127**	**41,124**	**703,439**
Gross	66,131	162,339	41,157	112,523	330,127	41,124	753,401
Total impairment	(49,962)	-	-	-	-	-	(49,962)
Ordinary accounts in debit	**95,894**	**-**	**-**	**-**	**-**	**-**	**95,894**
Gross	95,894	-	-	-	-	-	95,894
Total impairment	-	-	-	-	-	-	-
Deferred items included in amortized	122,869	**-**	**-**	**-**	**-**	**-**	**122,869**
Total net loans and receivables	**352,123**	**2,194,821**	**708,729**	**1,347,121**	**3,428,398**	**55,827**	**8,087,019**
Gross	432,467	2,194,821	708,729	1,347,121	3,428,398	55,827	8,167,363
Guarantee deposits	(59)	-	-	-	-	-	(59)
Total impairment	(203,154)	-	-	-	-	-	(203,154)
Deferred items included in amortized cost	122,869	-	-	-	-	-	122,869

8.4 Securitization programs

Fund	Date of Sale	Type of Financing	Sold receivables (1) at Dec. 31, 2015	at Dec. 31, 2014	at the origin
Auto ABS 2011-1	July 07, 2011	Installment contracts	-	231,552	1,050,000
Auto ABS 2012-1	July 12, 2012	Leases with a purchase option (2)	606,111	1,052,909	1,080,000
Auto ABS French Loans Master	First sale on Nov. 29, 2012 (3)	Installment contracts	667,821	101,447	N/A
Auto ABS DFP Master Compartment France 2013	First sale on Apr. 09, 2013 (3)	Trade receivables	1,134,704	1,056,674	N/A
Auto ABS 2013-2	June 7, 2013	Installment contracts	228,552	450,203	494,550
Auto ABS2 2013-A	Oct. 31, 2013	Long-term leases (4)	651,867	715,919	735,000
Auto ABS3 2011-01	Dec. 04, 2014	Installment contracts	410,650	419,401	430,000
Total			**3,699,705**	**4,028,105**	

The funds are special purpose entities that are fully consolidated by the SOFIB Group as its CREDIPAR subsidiary retains the majority of the risks (mainly credit risk) and rewards (net banking income) generated by the special entities.

The credit enhancement techniques used by the SOFIB Group as part of its securitization transactions retain on its books the financial risks inherent in these transactions. The Group also finances all the liquidity reserves which enable it to manage specific risks. Lastly, the Group remains the exclusive beneficiary of the benefits which derive from these transactions, particularly where the remuneration received in consideration for the placing of the senior and mezzanine tranches on the majority of the transactions is concerned.

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

(1) The receivables were transferred by CREDIPAR and SOFIRA before the SOFIB Group was constituted. SOFIRA was taken over by the subsidiary CREDIPAR in May 2015.

(2) Sold receivables correspond to future lease payment of leases with a purchase option or finance leases.

(3) The monthly issuances of these funds enable the adjustment of the liabilities of the funds towards the portfolio to be refinanced (portfolio that can grow up or decrease) up to the maximum programme size.

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

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

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Fair value adjustments to		
Installment contracts	1,577	2,873
Leasing with a purchase option	1,057	3,973
Long-term leases	886	4,956
Total	**3,520**	**11,802**

Hedging effectiveness is analyzed in Note 20.2.

Note 10 Accruals and Other Assets

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Other receivables (1)	**104,983**	**213,201**
- of which related companies with PSA Group	*68,404*	*178,907*
Prepaid and recoverable taxes	**28,276**	**15,425**
Accrued income	**7,433**	**12,874**
- of which related companies with PSA Group	*6,622*	*4,003*
Prepaid expenses	**4,691**	**4,262**
- of which margin calls paid on swaps designated as hedges (2)	*2,385*	*476*
- of which related companies with Santander Consumer Finance Group	*145*	*-*
Other	**17,203**	**29,358**
- of which related companies with PSA Group	*1*	*8*
Total	**162,586**	**275,120**

(1) In 2014, Banque PSA Finance Group's insurance companies confirmed the repayment of an exceptionnal amount of €106 million representing an increase from 30% to 60% in commission rates retroactively to 2009 (see Note 31). This amount was outstanding at December, 31, 2014.

(2) At December, 31, 2015, margin calls paid on hedging swaps were offset with the negative fair value for an amount of €15.9 million, compared to €9.8 million at December, 31, 2014 (see Note 13.2).

Note 11 Property and Equipment and Intangible Assets

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

(in thousand euros)	Dec. 31, 2015 Cost	Dec. 31, 2015 Depreciation/ amortization	Dec. 31, 2015 Net	Dec. 31, 2014 Cost	Dec. 31, 2014 Depreciation/ amortization	Dec. 31, 2014 Net
Property and equipment	**8,717**	**(3,386)**	**5,331**	**8,357**	**(3,133)**	**5,224**
- Land and buildings	-	-	-	-	-	-
- Vehicles	5,257	(1,295)	3,962	5,154	(1,377)	3,777
- Other	3,460	(2,091)	1,369	3,203	(1,756)	1,447
Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
Total	**8,717**	**(3,386)**	**5,331**	**8,357**	**(3,133)**	**5,224**

Changes in gross values

(in thousand euros)	Dec. 31, 2014	Additions	Disposals	Dec. 31, 2015
Property and equipment	**8,357**	**3,636**	**(3,276)**	**8,717**
- Land and buildings	-	-	-	-
- Vehicles	5,154	3,379	(3,276)	5,257
- Other	3,203	257	-	3,460
Intangible assets	**-**	**-**	**-**	**-**
Total	**8,357**	**3,636**	**(3,276)**	**8,717**

Changes in amortization

(in thousand euros)	Dec. 31, 2014	Charges	Reversals	Other movements	Dec. 31, 2015
Property and equipment	**(3,133)**	**(1,671)**	**1,420**	**(2)**	**(3,386)**
- Land and buildings	-	-	-	-	-
- Vehicles	(1,377)	(1,338)	1,420	-	(1,295)
- Other	(1,756)	(333)	-	(2)	(2,091)
Intangible assets	**-**	**-**	**-**	**-**	**-**
Total	**(3,133)**	**(1,671)**	**1,420**	**(2)**	**(3,386)**

Note 12 Financial Liabilities at Fair Value Through Profit or Loss

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Accrued expense on trading derivatives	66	152
- of which related companies with PSA Group	*-*	*64*
- of which related companies with Santander Consumer Finance Group	*27*	*-*
Fair value of trading derivatives	3,130	15,401
- of which related companies with PSA Group	*-*	*12,198*
- of which related companies with Santander Consumer Finance Group	*2,316*	*-*
Total	**3,196**	**15,553**

Swaps classified as held for trading are related to certain securitization activities for which reverse swaps are systematically neutralized, with no impact on income (see Note 4).

Note 13 Hedging Instruments - Liabilities

13.1 Analysis by Nature

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Adjustment accounts - commitments in foreign currencies	**-**	**127**
- of which related companies with PSA Group	*-*	*127*
Accrued expenses on swaps designated as hedges	**4,176**	**5,774**
- of which related companies with PSA Group	*-*	*1,711*
- of which related companies with Santander Consumer Finance Group	*78*	*-*
Negative fair value of instruments designated as hedges of:	**13,225**	**19,254**
- Borrowings	72	-
- EMTNs/BMTNs	-	-
- Bonds (1)	4,892	9,721
- of which related companies with PSA Group	*-*	*6,088*
- Certificates of deposit	-	-
- Customer loans (Installment contracts, Leasing with a purchase option and Long-term leases)	8,261	9,533
- of which related companies with PSA Group	*-*	*2,863*
- of which related companies with Santander Consumer Finance Group	*415*	
Offsetting negative fair value and paid margin calls (see Note 13.2)	**(15,905)**	**(9,794)**
Total	**1,496**	**15,361**

Fair value is determined by applying valuation techniques based on observable market data (level 2).
Fair Value Hedge effectiveness is analysed in Note 20.2.

(1) *These swaps are related to securitization activities for which reverse swaps are systematically neutralized, with no impact on income (see Note 5).*

13.2 Offsetting swaps with margin call designated as hedges - Liabilities

For 2015

(in thousand euros) Negative valued swaps	Liability gross amount: Swap's winning leg	Liability gross amount: Swap's losing leg	Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
Accrued expense	**-**	**4,176**	**4,176**	**-**	**4,176**
- Swaps with margin call	-	4,081	4,081	-	4,081
- Swaps without margin call	-	95	95	-	95
Negative fair value	**(2,799)**	**16,024**	**13,225**	**-**	**13,225**
- Swaps with margin call	(2,786)	15,076	12,290	-	12,290
- Swaps without margin call	(13)	948	935	-	935
Offsetting	-	-	-	(15,905)	**(15,905)**
Total liabilities	**(2,799)**	**20,200**	**17,401**	**(15,905)**	**1,496**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 10)	-	-	18,290	(15,905)	**2,385**
Total assets	**-**	**-**	**18,290**	**(15,905)**	**2,385**

For 2014

(in thousand euros) Negative valued swaps	Liability gross amount: Swap's winning leg	Liability gross amount: Swap's losing leg	Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
Adjustment accounts - commitments in foreign currencies	**-**	**127**	**127**	**-**	**127**
- Other instruments	-	127	127	-	127
Accrued expense	**(339)**	**6,113**	**5,774**	**-**	**5,774**
- Swaps with margin call	(266)	4,189	3,923	-	3,923
- Swaps without margin call	(73)	1,924	1,851	-	1,851
Negative fair value	**(3,846)**	**23,100**	**19,254**	**-**	**19,254**
- Swaps with margin call	(3,317)	9,987	6,670	-	6,670
- Swaps without margin call	(529)	13,113	12,584	-	12,584
Offsetting	-	-	-	(9,794)	**(9,794)**
Total liabilities	**(4,185)**	**29,340**	**25,155**	**(9,794)**	**15,361**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 10)	-	-	10,270	(9,794)	**476**
Total assets	**-**	**-**	**10,270**	**(9,794)**	**476**

Note 14 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in thousand euros)		Dec. 31, 2014
Demand deposits	**13,808**	**1,638,763**
- Ordinary accounts in credit	13,005	1,636,477
- of which related companies with PSA Group	*302*	*1,623,766*
- Other amounts due to credit institutions	803	2,286
Accrued interest	**-**	**5,643**
- of which related companies with PSA Group	-	*5,616*
Time deposits (non-group institutions)	**4,756,721**	**6,049,597**
- Conventional bank deposits (1)	4,156,721	6,049,597
- of which related companies with PSA Group	-	*6,049,597*
- of which related companies with Santander Consumer Finance Group	*3,736,720*	-
- Deposits from the ECB (see Note 23)	600,000	-
Deferred items included in amortized cost of deposits from credit institutions	**(249)**	**-**
- Debt issuing costs (deferred charges)	(249)	-
Accrued interest	**2,470**	**1,129**
- of which related companies with PSA Group	-	*1,129*
- of which related companies with Santander Consumer Finance Group	*2,347*	-
Total deposits from credit institutions at amortized cost (2)	**4,772,750**	**7,695,132**

(1) In 2014, the refinancing obtained via the securitization funds (see Note 16), was systematically passed on to the parent company Banque PSA Finance (see Note 7) which re-lent it in return in the form of conventional term loan.

(2) Total debt is denominated in Euro.

Note 15 Due to Customers

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Demand accounts	**1,097,832**	**147,218**
- ordinary accounts in credit		
- Related companies with PSA Group	87,836	24,826
- Non-group companies	89,449	99,230
- Passbook savings accounts (1)	879,118	-
- Other amounts due to Customers		
- Related companies with PSA Group	19,550	850
- Non-group companies	21,879	22,312
Accrued interest	**-**	**-**
- of which passbook savings accounts	-	-
Time deposits	**265,171**	**41,585**
- Term deposit accounts (1)	227,131	-
- Other		
- Related companies	-	-
- Non-group companies	38,040	41,585
Accrued interest	**6,606**	**407**
- of which time deposits	*6,212*	-
Total (2)	**1,369,609**	**189,210**

(1) In April 2015, SOFIB acquired, from Banque PSA Finance, the passbook savings account business in France, known under the commercial name of DISTINGO.

(2) All debt is denominated in Euro.

Note 16 Debt Securities

16.1 Analysis by Nature

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Bonds	**1,542,682**	**3,712,664**
- Issued by securitization funds (see Note 16.3)	1,542,682	3,712,664
- of which related companies with PSA Group	*-*	*1,274,250*
Accrued interest	**125**	**408**
- Securitization	125	408
- of which related companies with PSA Group	*-*	*178*
Deferred items included in amortized cost of debt securities	**(1,046)**	**(1,372)**
- Debt issuing costs and premiums (deferred charges)	(1,046)	(1,372)
Total debt securities at amortized cost (1)	**1,541,761**	**3,711,700**

(1) *All of the debt is denominated in Euro.*

16.2 Analysis by Maturity of Debt Securities (Excluding Accrued Interest)

	Dec. 31, 2015			Dec. 31, 2014		
(in thousand euros)	Bonds	Money-market securities	Other	Bonds	Money-market securities	Other
0 to 3 months	220,237	-	-	819,285	-	-
3 to 6 months	188,921	-	-	291,802	-	-
6 months to 1 year	299,513	-	-	917,966	-	-
1 to 5 years	834,011	-	-	1,683,611	-	-
Over 5 years	-	-	-	-	-	-
Total	**1,542,682**	**-**	**-**	**3,712,664**	**-**	**-**

16.3 Securitization programs

Bonds (Except Accrued interest)

(in thousand euros)			Issued Bonds		
Fund	**Bonds**	**Rating**	**at Dec. 31, 2015**	**at Dec. 31, 2014**	**at the origin**
		Fitch/Moody's			
Auto ABS 2011-1	A Bonds	AAA/Aaa	-	155,342	956,000
	B Bonds	-	-	94,000	94,000
		Fitch/S&P			
Auto ABS 2012-1	A Bonds	AAA/AAA	273,712	723,600	723,600
	B Bonds	-	356,400	356,400	356,400
		Fitch/Moody's			
Auto ABS French Loans Master	A Bonds	AAA/Aaa	618,817	99,400	N/A
	B Bonds	-	75,000	10,400	N/A
		Fitch/Moody's			
Auto ABS 2013-2	A Bonds	AAA/Aaa	197,875	428,972	450,000
	B Bonds	A+/A2	19,700	19,700	19,700
	C Bonds	-	24,850	24,850	24,850
		Moody's/S&P			
Auto ABS DFP Master Compartment France 2013	A Bonds	Aaa/AAA	550,000	550,000	N/A
	S Bonds	Aaa/AAA	172,900	225,000	N/A
	B Bonds	-	295,400	290,000	N/A
		DBRS/Moody's			
Auto ABS2 2013-A	A Bonds	AAA/Aaa	462,596	522,000	522,000
	B Bonds	A/A2	51,500	51,500	51,500
	C Bonds	-	161,500	161,500	161,500
		Fitch/DBRS			
Auto ABS3 2014-1	Classe A	AAA/AAA	397,300	397,300	397,300
	Classe B	A/A(high)	22,800	22,800	22,800
	Classe C	-	9,900	9,900	9,900
Elimination of intercompany transactions (1) (2)			(2,147,568)	(430,000)	
Total			**1,542,682**	**3,712,664**	

(1) *Some transactions were purchased by CREDIPAR, including A or S Bonds, which are accepted as collateral by the ECB.*

(2) *The transactions subscribed in 2015 by CREDIPAR were subscribed in 2014 by Banque PSA Finance, which explains the increase in eliminations.*

Note 17 Fair Value Adjustments to Debt Portfolios Hedged against Interest Rate Risks

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Fair value adjustments to borrowings	(56)	-
Fair value adjustments to EMTNs/BMTNs	-	-
Fair value adjustment to certificates of deposit	-	-
Fair value adjustments to bonds	-	-
Total	**(56)**	**-**

Hedging effectiveness is analyzed in Note 20.2.

Note 18 Accruals and Other Liabilities

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Trade payables	**79,763**	**98,218**
- Related companies	50,474	73,525
- of which related companies with PSA Group	*50,056*	*73,525*
- of which related companies with Santander Consumer Finance Group	*418*	-
- Non-group companies	29,289	24,693
Accrued payroll and other taxes	**34,192**	**33,392**
Accrued charges	**105,403**	**92,694**
- Related companies	10,363	15,577
- of which related companies with PSA Group	*8,766*	*15,577*
- of which related companies with Santander Consumer Finance Group	*1,597*	-
- Non-group companies	95,040	77,117
Other payables	**14,558**	**15,445**
- Related companies	9,533	9,129
- of which related companies with PSA Group	*9,533*	*9,129*
- Non-group companies	5,025	6,316
Deferred income	**7,342**	**15,711**
- of which margin calls received on swaps designated as hedges (1)	*1,701*	-
- Related companies	6,437	8,706
- of which related companies with PSA Group	*5,117*	*8,706*
- of which related companies with Santander Consumer Finance Group	*1,320*	-
- Non-group companies	905	7,005
Other	**26,468**	**66,817**
- Non-group companies	26,468	66,817
Total	**267,726**	**322,277**

(1) At December, 31, 2015, the margin calls received on swaps designated as hedge were offset with the positive fair value for an amount of €1 million (see Note 5.2).

Note 19 Provisions

(in thousand euros)	Dec. 31, 2014	Charges	Reversals Utilized	Reversals Unutilized	Equity	Reclassifi-cations and other	Dec. 31, 2015
Provisions for pensions and other post-retirement benefits	8,401	847	(91)	-	(1,515)	4	7,646
Provisions for doubtful commitments:							
- Corporate dealers	4,009	-	(564)	-	-	2	3,447
- Corporate and equivalent	-	-	-	-	-	-	-
Provisions for commercial and tax disputes	847	500	(78)	(145)	-	1	1,125
Other provisions	1,199	2,770	(252)	-	-	1	3,718
Total	**14,456**	**4,117**	**(985)**	**(145)**	**(1,515)**	**8**	**15,936**

19.1 Pension Obligations

Residual commitments of the Banking Industry Pension Fund plan

The provision for the residual commitments of the Banking Industry Pension Fund plan is constituted, if necessary, based on the probable current value of annual payments intended to supplement the resources necessary to the payment of pensions by AGIRC and ARRCO. There is no longer any provision for this commitment as payments made to date cover all acquired rights.

Commitments for retirement benefits and supplementary pensions specific to the Group

As well as the pensions that comply with current legislation, employees of the SOFIB Group receive supplementary pensions and retirement benefits when they retire. The company provides these benefits either through a defined contribution plan or a defined benefits plan.

Under the defined contribution plan, the company has no obligation other than the payment of contributions; the charge that corresponds to contributions paid is included in the profit/loss of the financial year.

Concerning the supplementary pensions paid to personnel who have left the group, the insurance company has received the necessary funds and is responsible for paying the annuities. The supplementary pension rights acquired for personnel in employment are fully covered by the funds paid to the insurance company.

For the defined benefits plans, the pension and equivalent commitments are evaluated by independent actuaries, according to the projected credit unit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. This final obligation is then discounted to present value. The calculations mainly take into account:

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

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

These evaluations are performed every year. Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred - give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These differences are shown in profit/loss on the year of their recognition.

The external funds must cover all pension commitments. Thus, in the case where the financial assets exceed the commitments that are recognized, prepaid expenses are recorded on the asset side of the balance sheet.

19.2 Long-service awards

Long-service award commitments

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

Note 20 Derivatives

SOFIB Group Interest Rate Management Policy

(See the "Financial Risks and Market Risk" section of the Management Report)

Interest rate risk:

SOFIB Group's policy consists of an overall management of the interest-rate risk and aims to control and supervise positions subject to interest-rate risk within sensitivity limits in accordance with the established risk appetite.

Currency risk:

SOFIB Group's policy does not allow currency positions. The assets and liabilities of each entity are matched through the use of appropriate financial instruments.

Counterparty risk:

SOFIB Group's exposure to counterparty risk is limited to its use of derivatives governed by standard FBF or ISDA agreements and very short term cash investments with leading counterparties. Almost all swaps are subject to contracts with weekly margin calls. Customer credit risk is discussed in Note 33.

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

20.1 SOFIB Group Interest Rate Position

(in thousand euros)	0 to 1 year	1 to 5 years	+5 years	Total 31.12.2015
Financial assets				
Wholesale financing	1,657,486	-	-	1,657,486
Fixed rate customer financing	2,666,499	3,299,816	-	5,966,315
Other adjustable rate loans and receivables	630,756	-	-	630,756
Fixed rate financial assets	-	-	-	-
Other financial assets	764,444	-	-	764,444
Total financial assets (a)	**5,719,185**	**3,299,816**	**-**	**9,019,001**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**7,489**	**-**	**-**	**7,489**
Non financial assets				
Fixed assets and goodwill	-	5,331	-	5,331
Other non financial assets	298,235	-	-	298,235
Total non financial assets	**298,235**	**5,331**	**-**	**303,566**
Total assets	**-**	**-**	**-**	*9,330,056*
Financial liabilities				
Hedged fixed rate debt	-	(200,000)		(200,000)
No Hedged fixed rate debt	(220,000)	(885,000)		(1,105,000)
Hedged adjustable rate debt	(4,993,108)	-	-	(4,993,108)
Other borrowings and deposits	(1,386,613)	-	-	(1,386,613)
Total financial liabilities (b)	**(6,599,721)**	**(1,085,000)**	**-**	**(7,684,721)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(1,439)**	**-**	**-**	**(1,439)**
Non financial liabilities				
Other non financial liabilities	(561,102)	-	-	(561,102)
Total non financial liabilities	**(561,102)**	**-**	**-**	**(561,102)**
Equity (3)	**-**	**(1,082,795)**	**-**	**(1,082,795)**
Total equity and liabilities				*(9,330,057)*
Net position before hedging = (a) + (b)	**(880,536)**	**2,214,816**	**-**	**1,334,280**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(1,448,300)	(1,105,900)	-	(2,554,200)
- lending leg	2,554,200	-	-	2,554,200
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**1,105,900**	**(1,105,900)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- lending leg	-	200,000	-	200,000
- borrowing leg	(200,000)			(200,000)
Classified as held for trading swaps (unachievable hedging test) (1)				
- lending leg	-	-	-	-
- borrowing leg	-	-	-	-
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial liabilities (d)	**(200,000)**	**200,000**	**-**	**-**
Trading transactions (e) (1)	**-**	**-**	**-**	**-**
Derivatives net position = (c) + (d) + (e)	**905,900**	**(905,900)**	**-**	**-**
Net position after hedging (3)	**25,364**	**1,308,916**	**-**	**1,334,280**

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

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

(1) *Out of €4,180 million total swaps nominal at Dec. 31, 2015, €420 million swaps represent closed positions with no impact on income and set each other off within trading portfolios of contracts with similar characteristics.*

The impact of these swaps on the income statement is not material (see Notes 4, 12 and 20.3). Note that none of the swaps from the trading portfolio, and including those in open positions, are included in the negotiation portfolio as defined by the banking supervisor for regulatory reporting purposes.

(2) *Including €1,005 million of hedging swaps closed at consolidated level, set up during securitization transactions.*

(3) *The net position after hedging, with maturities ranging from 0 to 1 year, is not material. The net position after hedging, with maturities ranging from 1 to 5 years, amounts to €1,309 million and is totally hedged by equity.*

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

(in thousand euros)	Dec. 31, 2015	Dec 31, 2014	Fair value adjustments	Ineffective portion recognized in profit or loss
Fair value adjustments to customer loans (Installment contracts, Leasing with purchase option and Long-term leases) (Note 9)				
- Installment contracts	1,577	2,873		
- Leasing with purchase option	1,057	3,973		
- Long-term leases	886	4,956		
Total valuation, net	**3,520**	**11,802**	**(8,282)**	
Derivatives designated as hedges of customer loans				
- Assets (Note 5)	-	1		
- Liabilities (Note 13)	(8,261)	(9,533)		
Total valuation, net	**(8,261)**	**(9,532)**	**1,271**	**(7,011)**
Ineffective portion of gain and losses on outstanding hedging	**(4,741)**	**2,270**		**(7,011)**
Fair value adjustments to hedged debt (Note 17)				
- Valuation, net	56	-		
Total valuation, net	**56**	**-**	**56**	
Derivatives designated as hedges of debt				
- Assets (Note 5)	11	-		
- Liabilities (Note 13)	(72)	-		
Total valuation, net	**(61)**	**-**	**(61)**	**(5)**
Ineffective portion of gain and losses on outstanding hedging	**(5)**	**0**		**(5)**
Fair value adjustments to hedged EMTNs/BMTNs (Note 17)				
- Valuation, net	-	-		
Total valuation, net	**-**	**-**	**-**	
Derivatives designated as hedges of EMTNs/BMTNs				
- Assets (Note 5)	-	-		
- Liabilities (Note 13)	-	-		
Total valuation, net	**-**	**-**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging	**0**	**0**		**0**
Fair value adjustments to hedged bonds (Note 17)				
- Valuation, net	-	-		
Total valuation, net	**-**	**-**	**-**	
Derivatives designated as hedges of bonds (1)				
- Assets (Note 5)	4,892	9,721		
- Liabilities (Note 13)	(4,892)	(9,721)		
Total valuation, net	**-**	**-**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging	**0**	**0**		**0**

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

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

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014	Fair value adjustments
Financial assets at fair value (Note 4)			
- Fair value of trading derivatives	3,130	15,401	**(12,271)**
Total valuation, net	**3,130**	**15,401**	**(12,271)**
Financial liabilities at fair value (Note 12)			
- Fair value of trading derivatives	(3,130)	(15,401)	**12,271**
Total valuation, net	**(3,130)**	**(15,401)**	**12,271**
Impact in profit or loss			**0**

Note 21 Analysis by Maturity and Liquidity Risks

The Liquidity Risk Management is described in the "Security of Liquidity" section of the Management Report.
The following liquidity risk presentation is based on a detailed breakdown of assets and liabilities analysed by maturity, according to maturities. As a consequence, future interest cash flows are not included in installments.
Derivative instruments designated as hedges of future contractual interest payments are not analysed by maturity.
The analysis by maturity is based on the following principles:
- Non-performing loans and accrued interest are reported in the "not broken down" column;
- Overnight loans and borrowings are reported in the "0 to 3 months" column.

Equity, which has no fixed maturity, is considered repayable beyond five years, except for dividends which are paid in the second quarter of the following annual closing (€150 million forecasted in year 2015).

For 2015

(in thousand euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Dec. 31, 2015
Assets							
Cash, central banks, post office banks	-	98,378	-	-	-	-	**98,378**
Financial assets at fair value through profit or loss	3,188	-	-	-	-	-	**3,188**
Hedging instruments	3,969	-	-	-	-	-	**3,969**
Available-for-sale financial assets	3	132,919	-	-	-	-	**132,922**
Loans and advances to credit institutions	-	662,878	-	-	-	-	**662,878**
Customer loans and receivables	296,286	2,127,732	794,974	1,256,806	3,731,587	47,172	**8,254,557**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	3,520	-	-	-	-	-	**3,520**
Other assets	170,644	-	-	-	-	-	**170,644**
Total assets	**477,610**	**3,021,907**	**794,974**	**1,256,806**	**3,731,587**	**47,172**	**9,330,056**
Equity and liabilities							
Central banks, post office banks	-	-	-	-	-	-	**-**
Financial liabilities at fair value through profit or loss	3,196	-	-	-	-	-	**3,196**
Hedging instruments	1,496	-	-	-	-	-	**1,496**
Deposits from credit institutions	3,025	603,145	656,540	1,073,680	2,436,360	-	**4,772,750**
Due to customers	6,606	1,119,255	52,597	56,548	134,603		**1,369,609**
Debt securities	(921)	220,237	188,921	299,513	834,011		**1,541,761**
Fair value adjustments to debt portfolios hedged against interest rate risks	(56)	-	-	-	-	-	**(56)**
Other liabilities	558,506						**558,506**
Equity	-	-	150,121	-	-	932,673	**1,082,794**
Total equity and liabilities	**571,852**	**1,942,637**	**1,048,179**	**1,429,741**	**3,404,974**	**932,673**	**9,330,056**

For 2014

(in thousand euros)	Not broken down	0 to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Dec. 31, 2014
Assets							
Cash, central banks, post office banks	-	10	-	-	-	-	**10**
Financial assets at fair value through profit or loss	15,540	-	-	-	-	-	**15,540**
Hedging instruments	9,859	-	-	-	-	-	**9,859**
Available-for-sale financial assets	3	-	-	-	-	-	**3**
Loans and advances to credit institutions	1,200	1,815,945	197,801	1,011,966	1,683,611	-	**4,710,523**
Customer loans and receivables	352,123	2,194,821	708,729	1,347,121	3,428,398	55,827	**8,087,019**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	11,802	-	-	-	-	-	**11,802**
Other assets	285,046	-	-	-	-	-	**285,046**
Total assets	**675,573**	**4,010,776**	**906,530**	**2,359,087**	**5,112,009**	**55,827**	**13,119,802**
Equity and liabilities							
Central banks, post office banks	-	-	-	-	-	-	**-**
Financial liabilities at fair value through profit or loss	15,553	-	-	-	-	-	**15,553**
Hedging instruments	15,361	-	-	-	-	-	**15,361**
Deposits from credit institutions	9,058	2,418,074	5,000	10,000	5,253,000	-	**7,695,132**
Due to customers	407	167,098	7,965	10,040	3,700	-	**189,210**
Debt securities	(964)	819,285	291,802	917,966	1,683,611		**3,711,700**
Fair value adjustments to debt portfolios hedged against interest rate risks	-	-	-	-	-	-	**-**
Other liabilities	673,947	-	-	-	-	-	**673,947**
Equity	-	-	-	-	-	818,899	**818,899**
Total equity and liabilities	**713,362**	**3,404,457**	**304,767**	**938,006**	**6,940,311**	**818,899**	**13,119,802**

Covenants

The loan agreements signed by the SOFIB Group, including issues of debt securities, include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. In the case of SOFIB Group, these clauses nevertheless comprise exceptions allowing the Group to carry out securitization programs or to give assets as collateral;
- material adverse change clauses in the case of a significant negative change in the economic and financial conditions;
- pari passu clauses which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- cross default clauses whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- no change of control meaning that Banque PSA Finance and Santander Consumer Finance no longer each hold 50% of the shares of SOFIB, directly or indirectly.

Futhermore, agreements include three specific acceleration clauses requiring:

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

Note 22 Fair Value of Financial Assets and Liabilities

(in thousand euros)	Fair value		Book value		Difference	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Assets						
Cash, central banks, post office banks	98,378	10	98,378	10	-	-
Financial assets at fair value through profit or loss (1)	3,188	15,540	3,188	15,540	-	-
Hedging instruments (1)	3,969	9,859	3,969	9,859	-	-
Available-for-sale financial assets (2)	132,922	3	132,922	3	-	-
Loans and advances to credit institutions (3)	662,878	4,710,523	662,878	4,710,523	-	-
Customer loans and receivables (4)	8,337,877	8,166,838	8,258,077	8,098,821	79,800	68,017
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	3,196	15,553	3,196	15,553	-	-
Hedging instruments (1)	1,496	15,361	1,496	15,361	-	-
Deposits from credit institutions (5)	4,779,496	7,618,854	4,772,694	7,695,132	(6,802)	76,278
Due to customers (3)	1,369,609	189,210	1,369,609	189,210	-	-
Debt securities (5)	1,542,650	3,712,276	1,541,761	3,711,700	(889)	(576)

With the exception of customer loans and receivables and debts, the book value is maintained: in this case, the fair value is determined by applying valuation techniques based on observable market data (level 2), except for mutual fund units which are valued at the latest published net asset value (level 1).

(1) *The fair values of financial assets at fair value through profit or loss and hedging instruments are measured based on Euribor or other interbank market rates and on the daily exchange rates set by the European Central Bank.*

(2) *The fair value of investments in companies, which are included in "Available-for-sale financial assets", is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares.*

(3) *The fair value of Loans and advances to credit institutions and of Customer loans and receivables, mainly short-term operations at adjustable rate, are accordingly close to their amortized cost.*

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

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

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

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

The fair value presented above therefore corresponds mainly to the change in the spread (premium over the risk-free rate) paid by SOFIB on its financial market borrowings. It is determined according to two following cases:
- For Debt securities, by applying valuation based on market available quotations (level 1).

- For Deposits from credit institutions, by applying valuation based on data from our financial partners. In this case, the fair value is determined by applying valuation making significant use of at least one non-observable item of data (level 3).

Note 23 Other Commitments

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Financing commitments		
Commitments received from credit institutions	-	675,000
- of which related companies with PSA Group	*-*	*675,000*
Commitments given to credit institutions	-	-
Commitments given to customers (1)	561,686	856,349
Guarantee commitments		
Commitments received from credit institutions	48,833	61,047
- guarantees received in respect of customer loans	-	-
- guarantees received in respect of securities held	48,000	35,800
- other guarantees received from credit institutions	833	25,247
Guarantees given to credit institutions	115	115
- of which related companies with PSA Group	*115*	*115*
Commitments given to customers	43,048	64,654
- of which related companies with PSA Group	*37,985*	*58,897*
- SOFIB	39,480	60,487
- CREDIPAR	3,568	-
- SOFIRA	-	4,167
Other commitments received		
Securities received as collateral	-	-
Other commitments given		
Assets given as collateral for proprietary transactions, mobilisable rest (see Note 14) (2)	465,437	556,890
- to the ECB	465,437	-
- Other	-	556,890
- of which related companies with PSA Group (3)	*-*	*556,890*

(1) *Commitments on preliminary credit offers made to customers are taken into account but approved wholesale lines of credit that can be cancelled at any time are not taken into account, except for specific contracts.*

(2) *It corresponds to the amount that remains available at the European Central Bank, bearing in mind that €705 million was used to obtain €600 million in financing (see Note 14).*

(3) *In 2014, available assets were held at Banque PSA Finance, which then gave them as security to the European Central Bank.*

The SOFIB Group does not record the guarantees received from customers and does not include them in the calculation of credit risk exposure.

Note 24 Interest and Other Revenue on Assets at Amortized Cost

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Installment contracts	**175,115**	**185,683**
- of which related companies with PSA Group	*3,482*	*2,515*
- of which securitized	*103,795*	*106,844*
Leasing with a purchase option	**125,631**	**128,581**
- of which related companies with PSA Group	*2,900*	*1,162*
- of which securitized	*78,697*	*101,481*
Long-term leases	**177,151**	**180,412**
- of which related companies with PSA Group	*-*	*(765)*
- of which securitized	*58,195*	*61,119*
Trade receivables	**49,565**	**75,407**
- of which related companies with PSA Group	*48,697*	*64,571*
Other finance receivables (including equipment loans, revolving credit)	**24,413**	**26,712**
- of which related companies with PSA Group	*647*	*283*
Commissions paid to referral agents	**(115,124)**	**(118,940)**
- Installment contracts	(41,250)	(40,819)
- Leasing with a purchase option	(24,823)	(23,923)
- Long-term leases	(49,093)	(54,183)
- Other financing	42	(15)
- of which related companies with PSA Group	*(27,072)*	*(32,627)*
Other business acquisition costs	**(13,418)**	**(15,048)**
Interest on ordinary accounts	**-**	**-**
Interest on guarantee commitments	**303**	**376**
Total	**423,636**	**463,183**

Note 25 Interest Expense on Hedging Instruments

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Swaps hedging retail financing (Fair Value Hedge)	(12,555)	(14,034)
- of which related companies with PSA Group (1)	*(1,965)*	*(10,016)*
- of which related companies with Santander Consumer Finance Group	*(164)*	*-*
Total	**(12,555)**	**(14,034)**

(1) In 2015, reciprocal transactions with the PSA Group concern only the month of January, explaining the reduction in the item.

Note 26 Other Revenue and Expense

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
- Fees and commissions on retail customer transactions	11,739	13,649
- Fees and commissions on other customer transactions	2,813	2,671
- Bank charges	90	9
- Provisions and gains and losses on sales of used vehicles, net	9,818	7,626
- Other	466	1,652
Other revenue	**24,926**	**25,607**
- Share of joint venture operations	(10,089)	(7,993)
- Other	(6,190)	(73)
Other expense	**(16,279)**	**(8,066)**
Other revenue and expense	**8,647**	**17,541**

Note 27 Interest and other revenue from loans and advances to credit institutions

(in thousand euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Interest on treasury and interbank transactions (1)	5,746	69,166
- of which related companies with PSA Group (2)	*5,713*	*69,111*
Total	**5,746**	**69,166**

(1) In 2014, the refinancing obtained via the securitization funds (see Note 29) was systematically passed on to the parent company Banque PSA Finance, which explains most of the income at the end of 2014.

(2) In 2015, reciprocal transactions with the PSA Group concern only the month of January, explaining the reduction in the item.

Note 28 Interest on Deposits from Credit Institutions

(in thousand euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Interest on treasury and interbank transactions (1) (2)	(44,596)	(247,771)
- of which related companies with PSA Group (3)	*(21,508)*	*(247,771)*
- of which related companies with Santander Consumer Finance Group	*(20,718)*	-
Total	**(44,596)**	**(247,771)**

(1) In 2014, the refinancing obtained via the securitization funds (see Note 29) was systematically passed on to the parent company Banque PSA Finance (see Note 27), which re-lent it in return in the form of conventional term debt, which explains part of the charge at the end of 2014.

(2) Excluding the impact mentioned in (1) above, the significant drop in the interest charge is the consequence of access to refinancing at the conditions of the Santander Group.

(3) In 2015, reciprocal transactions with the PSA Group concern only the month of January, explaining the reduction in the item.

Note 29 Interest on Debt Securities

(in thousand euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Interest expense on debt securities	-	-
Interest expense on bonds and other fixed income securities	(22,131)	(58,187)
- of which securitization: preferred bonds (1)	*(22,131)*	*(58,187)*
- of which related companies with PSA Group (2)	*(1,637)*	*(27,272)*
Total	**(22,131)**	**(58,187)**

(1) The reduction in the charge is explained by the fact that the bonds issued by the securitization funds previously subscribed by Banque PSA Finance are now subscribed by CREDIPAR. Consequently, the corresponding charge is eliminated in the consolidation of the SOFIB Group.

(2) In 2015, reciprocal transactions with the PSA Group concern only the month of January, explaining the reduction in the item.

Note 30 Interest on savings accounts

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Interest on savings accounts	(15,832)	-
- on passbook savings accounts	(11,620)	-
- on term deposits	(4,212)	-
Total	**(15,832)**	**-**

Note 31 Margin on sales of services

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Revenue on sales of services (1)	84,310	179,375
Expense on sales of services	(2,852)	(2,944)
Total	**81,458**	**176,431**

(1) *In 2014, Banque PSA Finance Group's insurance companies confirmed the repayment of an exceptionnal amount of €106 million relating to the increase in commission rates from 30% to 60% retroactively since 2009 (see Note 10).*

Note 32 General Operating Expenses

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Personnel costs	**(57,125)**	**(54,553)**
- Wages and salaries	(35,819)	(34,688)
- Payroll taxes	(16,405)	(14,695)
- Employee profit sharing and profit-related bonuses	(4,901)	(5,170)
Other general operating expenses	**(91,164)**	**(73,153)**
- of which related companies with PSA Group	*(37,521)*	*(40,960)*
- of which related companies with Santander Consumer Finance Group	*(985)*	-
Total	**(148,289)**	**(127,706)**

Information concerning the compensations of the main executive officers is given in the "Compensations" section of the annual Financial Report.

Note 33 Cost of Risk

The tables below present the cost of risk by customer category, as no significant loss has been incurred on other financial assets.

33.1 Changes in Loans

(in thousand euros)	Balance at Dec 31, 2014	Net new loans	Cost of risk: Charges	Cost of risk: Reversals	Cost of risk: Credit losses	Cost of risk: Recoveries on loans written off in prior periods	Cost of risk for the period at Dec. 31, 2015	Balance at Dec. 31, 2015
Retail								
Sound loans with no past-due installments	4,371,080	243,242	-	-	-	-	-	4,614,322
Sound loans with past-due installments	67,282	(5,285)	-	-	-	-	-	61,997
Guarantee deposits (lease financing)	(59)	6	-	-	-	-	-	(53)
Non-performing loans	213,358	23,718	-	-	(43,339)	-	(43,339)	193,737
Total	**4,651,661**	**261,681**	**-**	**-**	**(43,339)**	**-**	**(43,339)**	**4,870,003**
Impairment of sound loans	(3)	2	(34,799)	5,433	-	-	(29,366)	(29,367)
Impairment of sound loans with past-due installments	(11,066)	8	(2,013)	2,972	-	-	959	(10,099)
Impairment of non-performing loans	(171,345)	(93)	(19,273)	33,763	-	-	14,490	(156,948)
Total impairment	**(182,414)**	**(83)**	**(56,085)**	**42,168**	**-**	**-**	**(13,917)**	**(196,414)**
Deferred items included in amortized cost	**122,869**	**(35,560)**			**-**	**-**	**-**	**87,309**
Net book value (A - see B Note 8.2)	**4,592,116**	**226,038**	**(56,085)**	**42,168**	**(43,339)**	**-**	**(57,256)**	**4,760,898**
Recoveries on loans written off in prior periods						3,731	3,731	
Impairment of doubtful commitments			-	-	-	-	-	
Retail cost of risk			**(56,085)**	**42,168**	**(43,339)**	**3,731**	**(53,525)**	
Corporate dealers								
Sound loans with no past-due installments	2,389,743	43,593	-	-	-	-	-	2,433,336
Guarantee deposits	-	-	-	-	-	-	-	-
Non-performing loans	63,779	(12,135)	-	-	(1,439)		(1,439)	50,205
Total	**2,453,522**	**31,458**	**-**	**-**	**(1,439)**	**-**	**(1,439)**	**2,483,541**
Impairment of sound loans with with no past-due installments	(2,754)	24	(318)	162	-	-	(156)	(2,886)
Impairment of non-performing loans	(14,087)	223	(8,143)	1,876	-	-	(6,267)	(20,131)
Total impairment	**(16,841)**	**247**	**(8,461)**	**2,038**	**-**	**-**	**(6,423)**	**(23,017)**
Deferred items included in amortized cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value (B - see A Note 8.2)	**2,436,681**	**31,705**	**(8,461)**	**2,038**	**(1,439)**	**-**	**(7,862)**	**2,460,524**
Recoveries on loans written off in prior periods		-	-	-	-	52	52	
Impairment of doubtful commitments			(152)	716	-	-	564	
Corporate dealers cost of risk			**(8,613)**	**2,754**	**(1,439)**	**52**	**(7,246)**	
Corporate and equivalent								
Sound loans with no past-due installments	1,055,749	(62,530)	-	-	-	-	-	993,219
Guarantee deposits	-	-	-	-	-	-	-	-
Non-performing loans	6,372	1,069	-	-	(160)	-	(160)	7,281
Total	**1,062,121**	**(61,461)**	**-**	**-**	**(160)**	**-**	**(160)**	**1,000,500**
Impairment of sound loans with with no past-due installments	(1,790)	3	(784)	880	-	-	96	(1,691)
Impairment of non-performing loans	(2,109)	207	(712)	304	-	-	(408)	(2,310)
Total impairment	**(3,899)**	**210**	**(1,496)**	**1,184**	**-**	**-**	**(312)**	**(4,001)**
Deferred items included in amortized cost	**-**	**36,636**	**-**	**-**	**-**	**-**	**-**	**36,636**
Net book value (C - see C Note 8.2)	**1,058,222**	**(24,615)**	**(1,496)**	**1,184**	**(160)**	**-**	**(472)**	**1,033,135**
Recoveries on loans written off in prior periods			-	-	-	13	13	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate and equivalent cost of risk			**(1,496)**	**1,184**	**(160)**	**13**	**(459)**	
Total loans								
Sound loans with no past-due installments	7,816,572	224,305	-	-	-	-	-	8,040,877
Sound loans with past-due installments	67,282	(5,285)	-	-	-	-	-	61,997
Guarantee deposits	(59)	6	-	-	-	-	-	(53)
Non-performing loans	283,509	12,652	-	-	(44,938)	-	(44,938)	251,223
Total	**8,167,304**	**231,678**	**-**	**-**	**(44,938)**	**-**	**(44,938)**	**8,354,044**
Impairment of sound loans with or without any past-due	(15,613)	37	(37,914)	9,447	-	-	(28,467)	(44,043)
Impairment of non-performing loans	(187,541)	337	(28,128)	35,943	-	-	7,815	(179,389)
Total impairment	**(203,154)**	**374**	**(66,042)**	**45,390**	**-**	**-**	**(20,652)**	**(223,432)**
Deferred items included in amortized cost	**122,869**	**1,076**	**-**	**-**	**-**	**-**	**-**	**123,945**
Net book value	**8,087,019**	**233,128**	**(66,042)**	**45,390**	**(44,938)**	**-**	**(65,590)**	**8,254,557**
Recoveries on loans written off in prior periods						3,796	3,796	
Impairment of doubtful commitments			(152)	716	-	-	564	
Total cost of risk			**(66,194)**	**46,106**	**(44,938)**	**3,796**	**(61,230)**	

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

33.2 Change in Cost of Risk

(in thousand euros)	Retail	Corporate dealers	Corporate and equivalent	Dec. 31, 2015	Dec. 31, 2014
Sound loans with or without any past-due installments (1)					
Charges (2)	(36,812)	(318)	(784)	(37,914)	(5,902)
Reversals	8,405	162	880	9,447	1,688
Non-performing loans					
Charges	(19,273)	(8,143)	(712)	(28,128)	(52,871)
Reversals	33,763	1,876	304	35,943	113,953
Doubtful commitments					
Charges	-	(152)	-	(152)	(428)
Reversals	-	716	-	716	496
Credit losses	(43,339)	(1,439)	(160)	(44,938)	(112,279)
Recoveries on loans written off in prior periods	3,731	52	13	3,796	5,458
Cost of risk	**(53,525)**	**(7,246)**	**(459)**	**(61,230)**	**(49,885)**

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

(1) *Regarding Corporate, this refers only to sound loans without any past-due, all impaired statistically.*

(2) *For the retail business, in 2015, a depreciation of outstanding performing loans without past-due installments is recorded in application of the principle of losses incurred but not yet reported (see paragraph C.6.4 of Note 2). This change of estimation, related to the homogenization of the accounting methods and principles of the Santander Consumer Finance Group, which entered SOFIB's share capital on February 2, 2015, had an impact of -€28.7 million on the cost of risk.*

33.3 Information about Defaults with no Impairment

As regards Retail, sound loans in default are systematically impaired.
As regards Corporate, since 2014, given the statistical impairment applied to Corporate sound receivables (see footnote (1) of Note 33.2) there is no longer any such receivable in default that is not impaired.

Note 34 Other Non-operating Items

In 2014 and 2015, it corresponds to an exceptional cost invoiced by Banque PSA Finance in relation to the debt repaid early.

Note 35 Income Taxes

35.1 Evolution of Balance Sheet Items

(in thousand euros)	Balance at Dec 31, 2014	Income	Equity	Payment	Exchange difference and other	Dec. 31, 2015
Current tax						
Assets	3,599					893
Liabilities	(57,153)					(17,472)
Total	**(53,554)**	**(82,906)**	**-**	**119,881**	**-**	**(16,579)**
Deferred tax						
Assets	1,103					1,834
Liabilities	(280,061)					(257,372)
Total	**(278,958)**	**23,974**	**(522)**	**-**	**(32)**	**(255,538)**

35.2 Income taxes of fully-consolidated companies

Income taxes currently payable represent the amounts paid or currently due to the tax authorities for the period, calculated in accordance with the tax rules and rates in effect in the various countries.

Deferred income taxes relate to timing differences between the recognition of certain items of income and expense for consolidated financial reporting and tax purposes. These differences relate principally to the accounting treatment of leasing and long-term rental transactions, and impairment of non-performing loans.

Deferred taxes are determined as described in Note 2.A, last paragraph dedicated to deferred taxes.

The French statutory income tax rate is 33.33%.

The Social Security Financing Act (no. 99-1140) dated December 29, 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

France's 4th amended Finance Act dated December 21, 2011 introduced an exceptional 5% surtax for 2011 and 2012, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 60% of taxable profit of the year.

France's Finance Act 2013 (published in Official Gazette December 30, 2012) introduced an exceptional 5% surtax for 2013 and 2014, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 50% of taxable profit of the year.

The article 16 of France's Finance Act 2014 (published in Official Gazette December 27, 2013) raised the exceptional contribution to corporate income tax from 5% to 10.7% for 2013 and 2014 (Article 235 ter ZAA of the French General Tax Code), lifting the tax rate for those years to 38% and maintained the use of tax loss carryforwards to 50% of taxable profit of the year for the part exceeding €1 million.

Article 15 of France's amended Finance Act 2014 no. 2014-891 dated August 8, 2014 provides for the extension of the 10.7% exceptional surtax for 2015 (Article 235 b ZAA of the French General Tax Code), thus maintaining the tax rate for this year at 38%. The exceptional contribution was discontinued for 2016, meaning that the rate drops to 34.43%.

At December 31, 2015, the stock of deferred tax liabilities, recognized directly in equity when the joint venture was established (-€11.2 million), was entirely reversed for utilisation.

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Current tax		
Income taxes	(82,906)	(79,561)
Deferred tax		
Deferred taxes arising in the year	23,974	32,158
Unrecognized deferred tax assets and impairment losses	-	-
Total	**(58,932)**	**(47,403)**

35.3 SOFIB Group tax proof

(in thousand euros)	Dec. 31, 2015	Dec. 31, 2014
Pre-tax income	191,390	212,472
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	-	-
Permanent differences	(276)	820
Taxable Income	**191,114**	**213,292**
of which retroactive correction following tax audit (1)	-	*96,000*
Theoretical tax	(72,624)	(81,050)
Theoretical rate	*38.0%*	*38.0%*
Impact of provisional surtax in France	11,878	(1,638)
Allowances on deferred tax assets:		
- Charges	-	-
- Reversals	-	-
Adjustment related to the previous year	1,814	-
Tax disputes and reassessments	-	-
Deferred tax reversal following tax audit (1)	-	35,285
Other	-	-
Income taxes	**(58,932)**	**(47,403)**
Group effective tax rate	*30.8%*	*22.2%*

(1) Following the tax audit, tax basis were retroactively corrected, leading to take into account a €36 million negative impact in current tax. As a consequence, the deferred tax previously recognized in 2013 was reversed in 2014.

35.4 Deferred Tax Assets on Tax Loss Carryforwards

(in thousand euros)	Dec. 31, 2014	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	Dec. 31, 2015
Deferred tax assets on tax loss carryforwards	670	63	-	-	(733)	-
Allowances	-	-	-	-	-	-
Total	**670**	**63**	**-**	**-**	**(733)**	**-**

(1) The tax loss carryforward has not been transferred to the SOFIB Group.

Note 36 Segment Information

36.1 Key Balance Sheet Items

For 2015

(in thousand euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Insurance and services	Total at December 31, 2015
Assets						
Customers loans and receivables	2,460,524	4,760,898	1,033,135	-		8,254,557
Securities				3,188		3,188
Loans and advances to credit institutions			662,878	-		662,878
Other assets				409,433		409,433
Total Assets						**9,330,056**
Liabilities						
Refinancing (1)	2,001,010	4,635,680	1,005,962	-		7,642,652
Due to customers (1)	22,028	14,014	5,426	-		41,468
Other liabilities				563,142		563,142
Equity				1,082,794		1,082,794
Total Liabilities						**9,330,056**

For 2014

(in thousand euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Insurance and services	Total at December 31, 2014
Assets						
Customers loans and receivables	2,436,686	4,592,112	1,058,221	-		8,087,019
Securities				15,540		15,540
Loans and advances to credit institutions (2)			4,710,523	-		4,710,523
Other assets				306,720		306,720
Total Assets						**13,119,802**
Liabilities						
Refinancing (1)(2)	1,998,083	4,585,209	4,989,588	-		11,572,880
Due to customers (1)	5,034	14,304	3,824	-		23,162
Other liabilities				703,660		703,660
Equity				820,100		820,100
Total Liabilities						**13,119,802**

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

(2) In 2014, the refinancing obtained via the securitization funds was systematically passed on to the parent company Banque PSA Finance (3,932 million euros at December 31, 2014), which re-lent it in return to its subsidiaries (see Note 7).

36.2 Key Income Statement Items

For 2015

(in thousand euros)	Financing activities						
		End user					
	Corporate dealers	**Retail**	**Corporate and equivalent**	**Unallocated**	**Financial derivative instruments (3)**	**Insurance and services**	**Total at December 31, 2015**
Net interest revenue on customer transactions (at amortized cost) (1)	70,773	326,096	48,749	(21,497)	(12,555)		411,566
Net investment revenue	-	-	-	(233)			(233)
Net refinancing cost (2) (3)	(24,412)	(70,541)	(16,360)	15,452	12,555		(83,306)
Net gains or losses on trading transactions				27			27
Net gains or losses on available-for-sale financial assets				(137)			(137)
Margin on sales of other services						81,458	81,458
Net banking revenue	**46,361**	**255,555**	**32,389**	**(6,388)**	**-**	**81,458**	**409,375**
Cost of risk	(7,246)	(53,525)	(459)				(61,230)
Net income after cost of risk	**39,115**	**202,030**	**31,930**	**(6,388)**	**-**	**81,458**	**348,145**
General operating expenses and equivalent				(150,151)			(150,151)
Operating Income	**39,115**	**202,030**	**31,930**	**(156,539)**	**-**	**81,458**	**197,994**

For 2014

(in thousand euros)	Financing activities						
		End user					
	Corporate dealers	**Retail**	**Corporate and equivalent**	**Unallocated**	**Financial derivative instruments (3)**	**Insurance and services**	**Total at December 31, 2014**
Net interest revenue on customer transactions (at amortized cost) (1)	96,551	340,915	46,754	(4,930)	(14,034)		465,256
Net investment revenue	-	-	-	254			254
Net refinancing cost (2) (3)	(80,120)	(162,238)	(38,487)	28,073	14,034		(238,738)
Net gains or losses on trading transactions				20			20
Net gains or losses on available-for-sale financial assets							-
Margin on sales of other services						176,431	176,431
Net banking revenue	**16,431**	**178,677**	**8,267**	**23,417**	**-**	**176,431**	**403,223**
Cost of risk	(5,795)	(41,597)	(2,493)				(49,885)
Net income after cost of risk	**10,636**	**137,080**	**5,774**	**23,417**	**-**	**176,431**	**353,338**
General operating expenses and equivalent				(129,815)			(129,815)
Operating Income	**10,636**	**137,080**	**5,774**	**(106,398)**	**-**	**176,431**	**223,523**

(1) *Unallocated interest revenue on customer transactions for the part corresponds to the ineffective portion of gains or losses on hedging instruments recognized in the income statement in accordance with IAS 39 for a negative €7 million at December 31, 2015 (compared to a negative €0.2 million at December 31, 2014). The other part corresponds to other revenue and expense on customer transactions.*

(2) *Unallocated net refinancing costs correspond to the difference between a) the "Net refinancing cost" recorded in the accounts, and b) the theorical refinancing cost used by the management controllers, corresponding to the cost of refinancing the total loans and receivables, without taking into account possible liabilities (Equity and other net liabilities) in order to show, for each segment, a comparative analysis of margins between the different companies of the perimeter.*

(3) *The interest differential on hedging swaps on fixed rate customer loans is reported in the income statement under "Net interest revenue from hedging instruments" in "Net interest revenue on customer transactions" and is not analyzed by segment. However the interest differential on these swaps is included by the management controllers in the net refinancing cost split by segment. This explains the €12.6 million reclassification at December 31, 2015 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.*

Note 37 Auditors fees

(in thousand euros)	Ernst & Young		Mazars	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Audit				
- Statutory and contractual audit services				
- SOFIB	34	11	41	18
- Fully-consolidated companies	195	113	193	109
- Audit-related services				
- SOFIB	15	-	15	-
- Fully-consolidated companies	-	-		-
Other services provided to fully-consolidated subsidiaries				
- Legal and tax services	-	-		-
- Other	-	-		-
Total	**244**	**124**	**249**	**127**

Note 38 Subsequent Events

No event occurred between December 31, 2015 and the Board of Directors' meeting to review the financial statement on March 15, 2016 that could have a material impact on economic decisions made on the basis of these financial statements.

2.7 Statutory auditor's report on the consolidated financial statements

For the year ended December 31, 2015

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Société Financière de Banque – SOFIB ;
- the justification of our assessments ;
- the specific verification required by law.

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

1. 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, 2015 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, we draw your attention to the matter set out in:

- on the one hand, notes 1.A "Main Events of the financial year and Group structure" and 2.A.5 "Business Combinations" to the consolidated financial statements concerning the creation of the SOFIB Group and the consolidation methods;
- and on the other hand, notes 1.A "Main Events of the financial year and Group structure" and 33 "Cost of Risk" to the consolidated financial statements regarding the change in accounting estimates realized by your Group on impairment losses on performing Retail loans without past-due installments for 2015.

2. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter(s):

For all companies with banking operations significant estimates have to be used for the impairment of credit risks. Your Group sets aside impairments to cover credit risks that are inherent to its business, as disclosed in notes 2.C.6.4 and 33 to the consolidated financial statements. In order to homogenize the accounting principles of new shareholder, namely Santander Consumer Finance, your Group recognized impairments on performing Retail loans without past-due installments for 2015. This has entailed a change in accounting estimates, as described on notes 1.A and 33 to the consolidated financial statements.

As part of our assessment of these estimates, we have examined the processes implemented by management in order to identify and assess these risks and to determine the extent to which individual and collective impairments are recognized.

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.

3. 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, March 25, 2016

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG audit
Anne Veaute	Luc Valverde

Statement by the person responsible for the 2015 annual report

Person responsible for the Annual Report

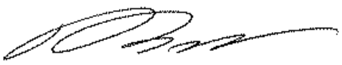
Andrea Bandinelli
Chief Executive Officer of SOFIB

Certification of the person responsible for the Annual Report

I hereby certify, after having taking all reasonable steps to this effect, that the information contained in this document is, to my knowledge, consistent with the truth and do not include any omission that could lead to a false interpretation.

I hereby certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true image of SOFIB assets, financial situation and earning and of all of the companies included in the consolidation, and that the management report hereof presents a true picture of the business, the earnings and of the financial situation of the company and of all of the companies included in the consolidation as well as a description of the main risks and uncertainties that they face.

I have obtained an end of mission report from the Statutory Auditors in which they indicate that they have verified the information on the financial situation and the financial statements provided in this document and in an overall reading of this document.



Andrea Bandinelli
Chief Executive Officer of SOFIB

GROUPE SOFIB

SOCIETE FINANCIERE DE BANQUE - SOFIB

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