



# Debt Investor Update Banque PSA Finance

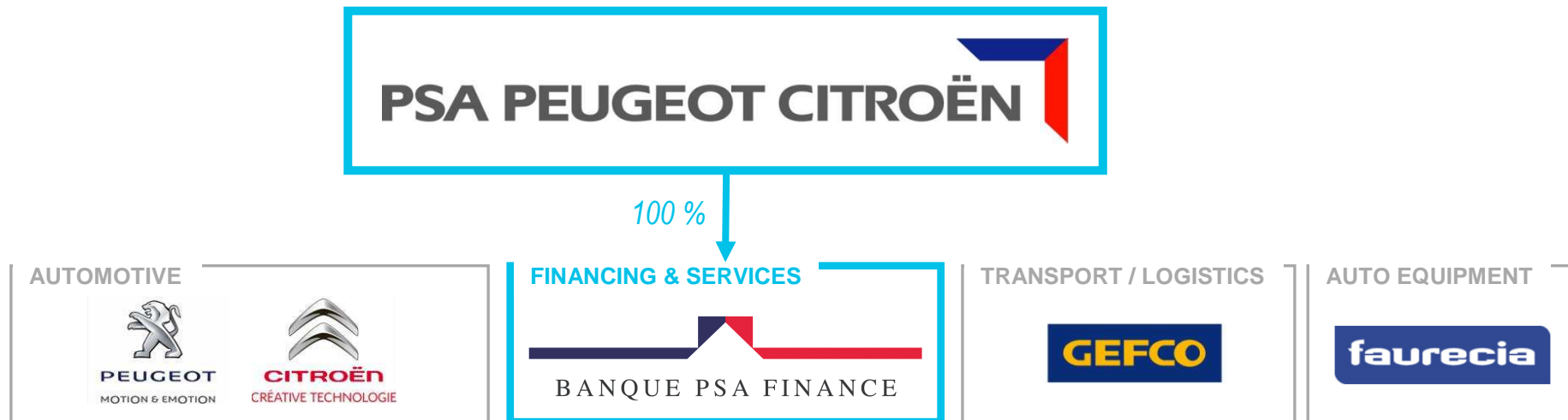
March 2012

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More comprehensive information about PSA Peugeot Citroën and Banque PSA Finance may be obtained on their Internet websites ([www.psa-peugeot-citroen.com](http://www.psa-peugeot-citroen.com) and [www.banquepsafinance.com](http://www.banquepsafinance.com)), under Regulated Information.



# Banque PSA Finance within PSA Peugeot Citroën



- Wholly-owned subsidiary of PSA Peugeot Citroën
- Specialist auto finance company, offering coherent range of financial services (loans and ancillary services) to Peugeot and Citroën dealers and clients



# Highlights

- Strong track record on loan book growth: loan book of € **24.3bn** as of Dec 2011, increased by **3.9%** vs Dec 2010, reflecting in part an increase in average value of vehicles financed.
- Solid penetration performance at **27.8%** in 2011 up 0.6% vs 27.2% in 2010.
- Continuous and successful geographic expansion following the Group's international growth, specifically in Brazil, Argentina, Russia and China.
- Strong improvement in services penetration (1.61x in 2011 vs 1.53 last year).
- Benchmark cost of risk of **49 bp** in 2011: down from 56 bp on average last year.
- Consistently high profitability thanks to robust business model and strong risk control: recurring operating income of **€532 m** in 2011 (vs €507 in 2010).
- Highly successful track record in the bond market. During 2011, 3 bonds were issued in Euro amounting to **€2.4 bn**. BPF also successfully carried out its debut bond issue in the US market in March, in 144A format, raising **\$1.25 bn**. Weighted average maturity of these bonds was 4.5 years.
- 2 new ABS issued during H2 2011, on French and German loans
- High level of financial security maintained throughout the year (>9 months of financing needs at end Dec 2011).
- Opportunistic take-up of LTRO financing, further enhancing the financial security of BPF



# Strong franchise and business position

- Resilient business model and market position, allowing BPF to weather the crisis.
- Leading market share (up to 50% of available market), whose sustainability represents a significant barrier for newcomers, thanks to:
  - ▶ Strong, long-standing relationship with very granular car dealer network
  - ▶ Ability / know-how to offer competitive inventory financing
  - ▶ Ability / know-how to structure attractive financing packages to end customers
  - ▶ Close working relationship with the car manufacturer, enabling joint operations (only 38.6% in 2011)
  - ▶ Financing marketing skills
  - ▶ Integrated IT network, enabling rapid response time to financing applications
- Successful geographical diversification (significant development in Brazil, Russia, China).
- Strong operational diversification, with leading position in 3 different markets: B2C, B2B and car dealers.



# Banque PSA Finance

- ▶ Net banking revenue up +3.2%
- ▶ Penetration rate is increasing

| <i>In million euros</i>              | 2010       | H1         | H2         | 2011         |
|--------------------------------------|------------|------------|------------|--------------|
| Net banking revenue                  | 1 000      | 524        | 508        | <b>1 032</b> |
| Revenues                             | 1 852      | 942        | 960        | <b>1 902</b> |
| Cost of risk (in % of average loans) | 0.56%      | 0.45%      | 0.52%      | <b>0.49%</b> |
| <b>Recurring operating income</b>    | <b>507</b> | <b>274</b> | <b>258</b> | <b>532</b>   |

|   |               |               |         |                |
|---|---------------|---------------|---------|----------------|
| Penetration rate                              | 27.2%         | 26.4%         | 29.4%   | <b>27.8%</b>   |
| Number of new contracts (lease and financing) | 864 670       | 443 740       | 400 070 | <b>843 810</b> |
| <b>Total outstanding loans*</b>               | <b>23.4bn</b> | <b>24.3bn</b> |         | <b>24.3bn</b>  |

\* End of period



# Continuing loan growth

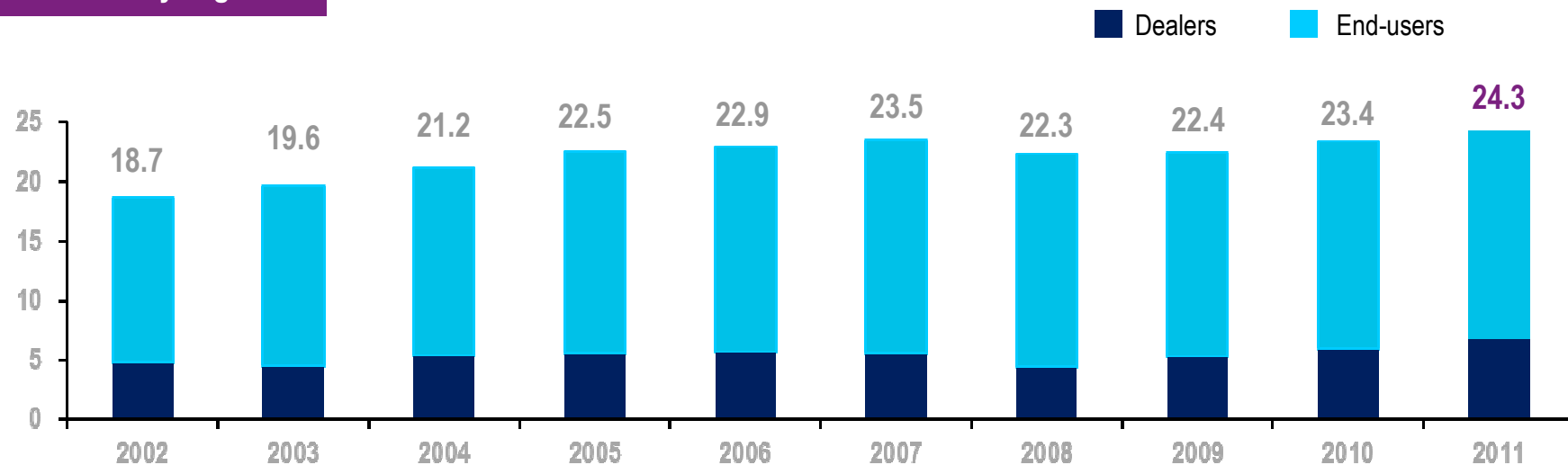
► **End-user loans: 72%**

BPF offers final and fleet customers a diversified range of financing solutions and related services.

► **Dealer loans: 28%**

BPF provides Peugeot and Citroën dealers (own network and third party network) with financing for new and used vehicles and replacement part inventories.

## Loan book by segment



- Outstanding loans increased by 3.9% in 2011
- Increase in loan book reflects in particular the mix & dealer financing increase



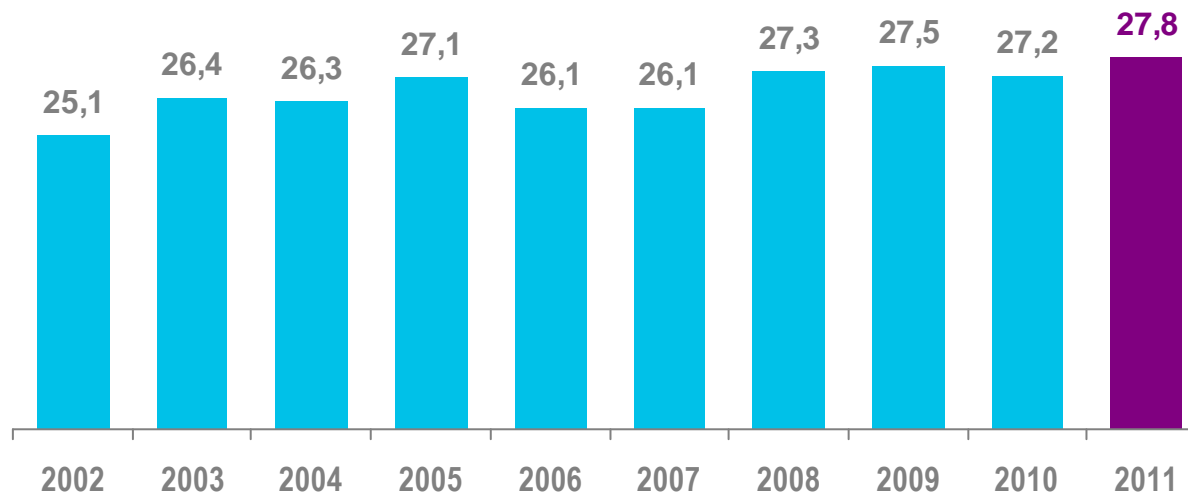


# Solid performance

► Highest penetration rate ever in retail financing achieved in 2011

## Worldwide retail penetration rates

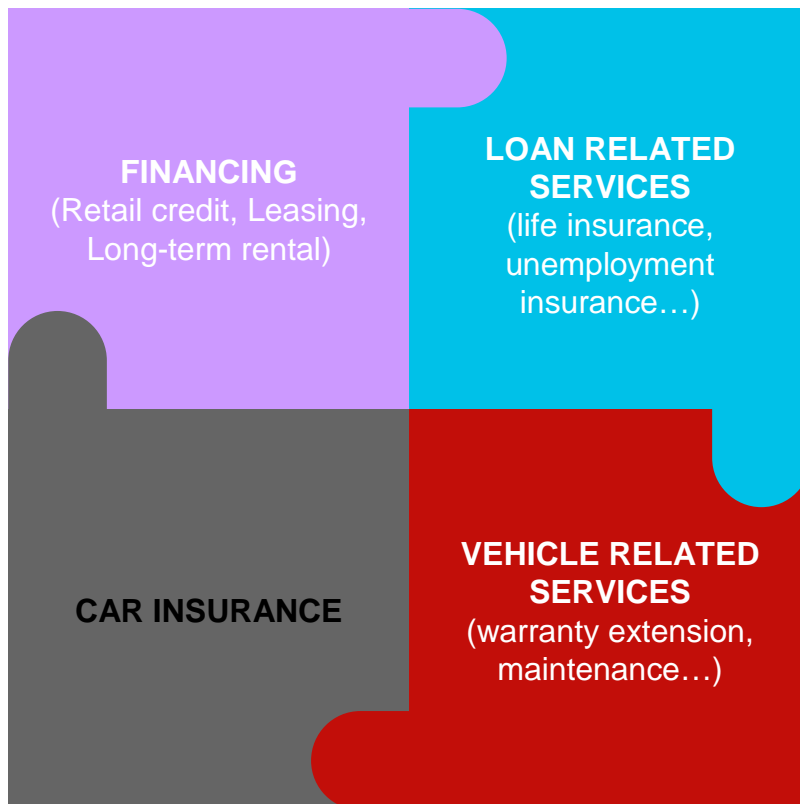
— In % —



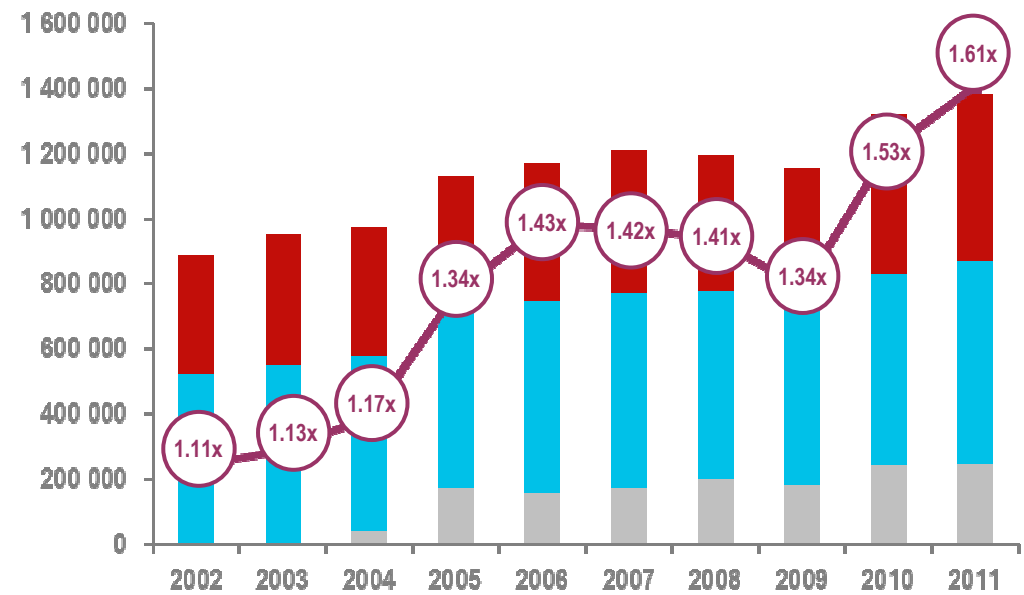


# Strong increase in financial services penetration

- ▶ Penetration increase in 2011 with 1.61 services sold per financing.
- ▶ 4.6% growth in new services contracts, with over 1,380,000 contracts sold.



Service contracts



Car insurance
  Loan-related services
  Vehicles-related services
  Number of services sold per financing



# Strong risk control culture

- Efficient governance and experienced management
- Excellent risk management practices :
  - ▶ Low appetite for risk with strong international policies and risk culture
  - ▶ Portfolio reviews every 2 months and IRBA Basel2 methods implemented (audited by ACP)
  - ▶ Independent Risk Officer (« Filière Risque ») who reports to the audit committee
  - ▶ For B2B and B2C clients, financing of a commodity over all economic sectors, implying a very strong granularity
- Low volatility of assets and cash-flows
- Broad funding base
- Performing and cautious liquidity management

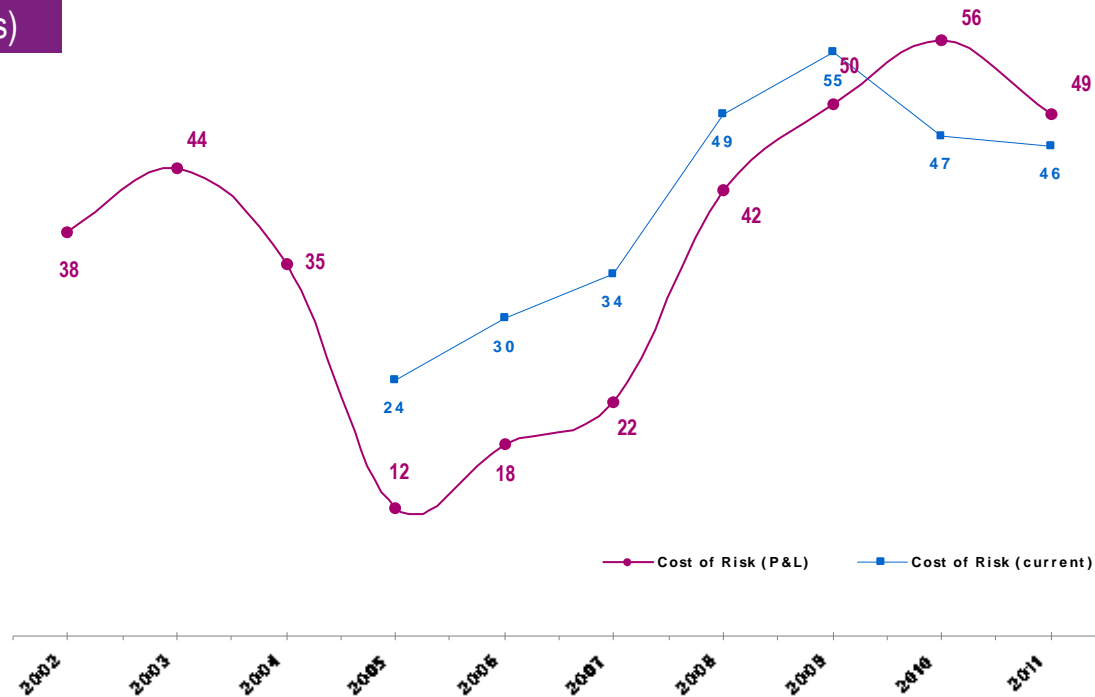


# Controlled cost of risk (1/3)

► Cost of risk at 49bps for 2011

## Cost of risk (as a % of average net loans)

— In bps —

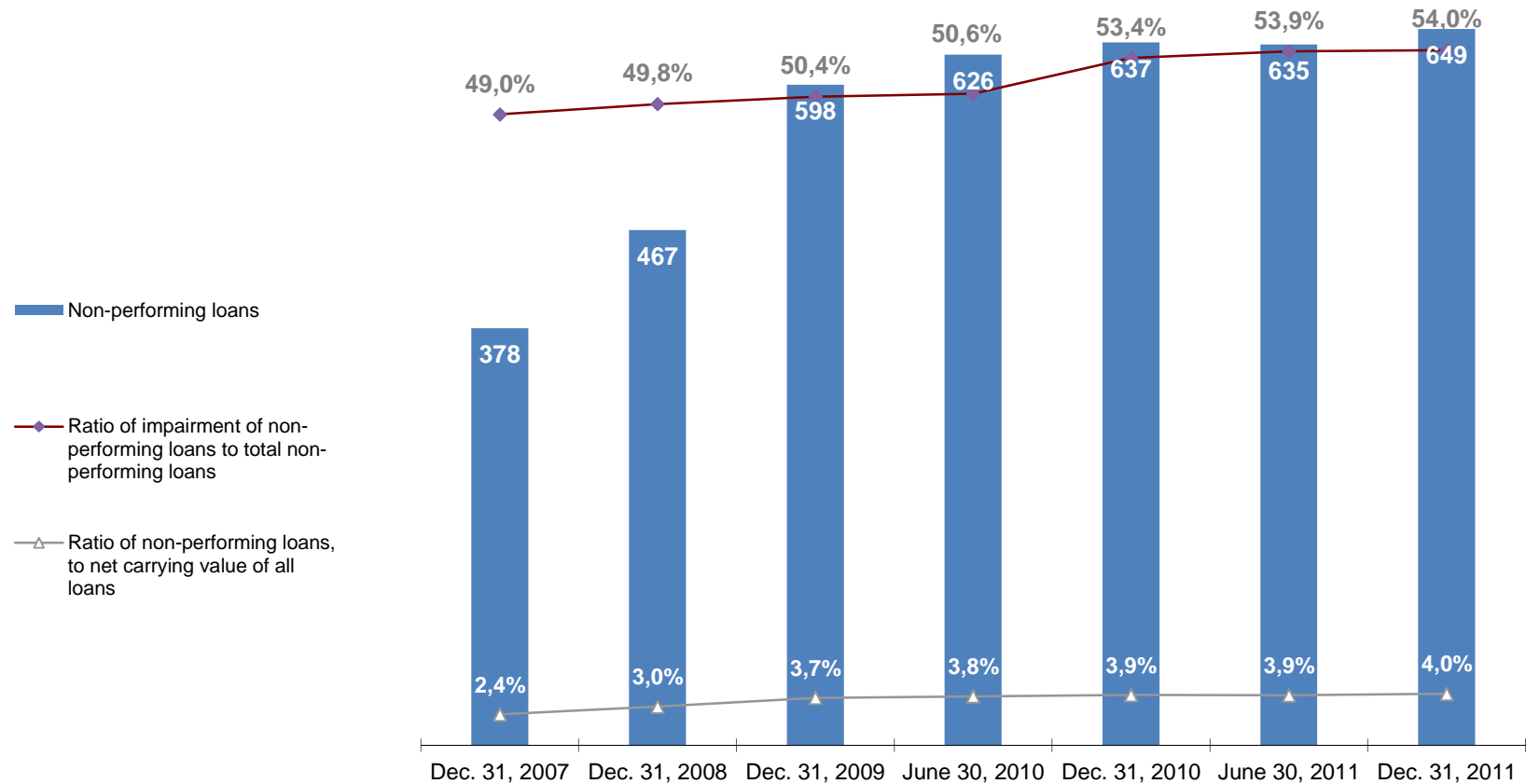


► 2011 cost of risk down to 49 bp vs 56 bp on average in 2010, in line with company's forecasts.



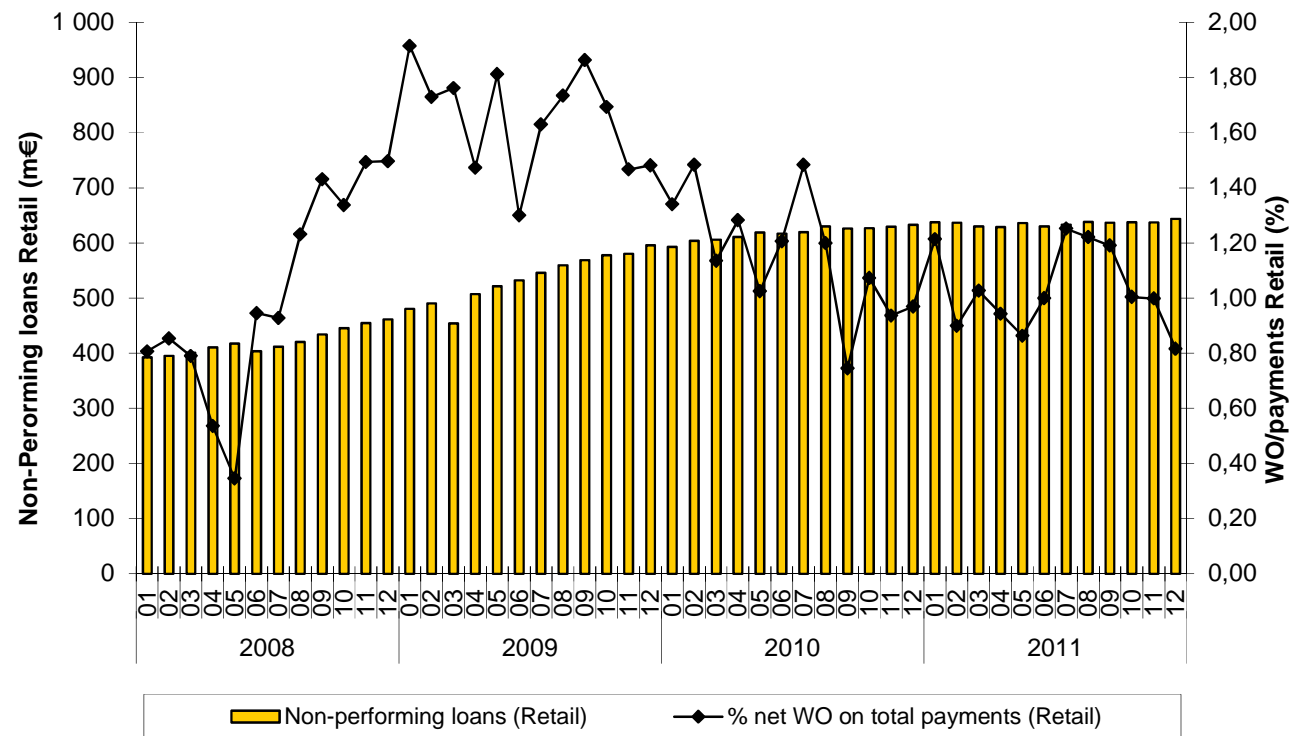
# Controlled cost of risk (2/3)

## Retail Non-Performing Loans



# Controlled cost of risk (3/3)

## Write-offs



- ▶ NPL book stabilized since H1 2010
- ▶ Write-off rate hovering around 1.0% since H1 2010, down significantly from peak in mid 2009



# Consistently high profitability

- ▶ Robust net banking revenue growth
- ▶ Robust asset quality

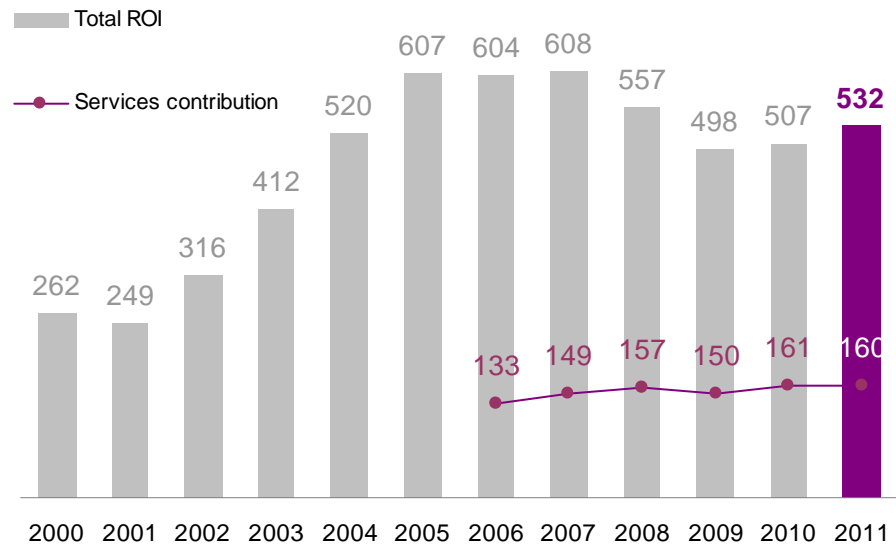
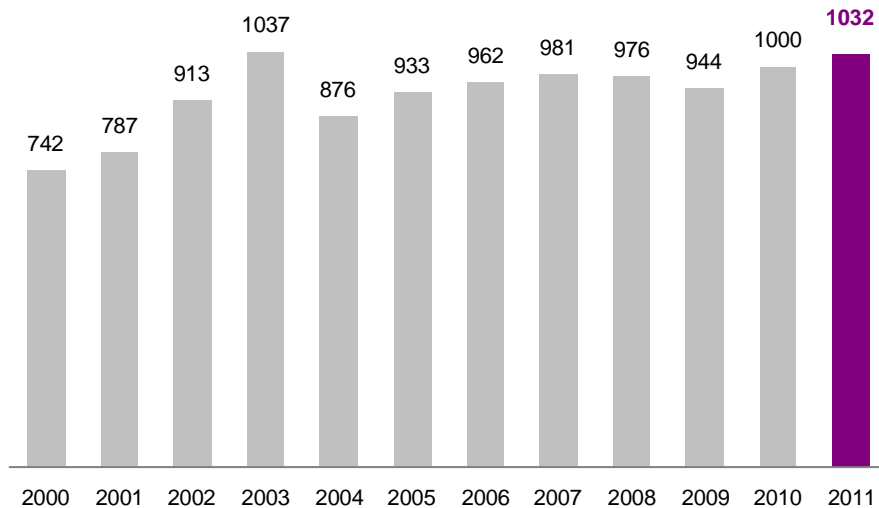
- ▶ Solid recurring operating income throughout the crisis and strong contribution of services

## Net banking revenue

## Recurring Operating Income (ROI)

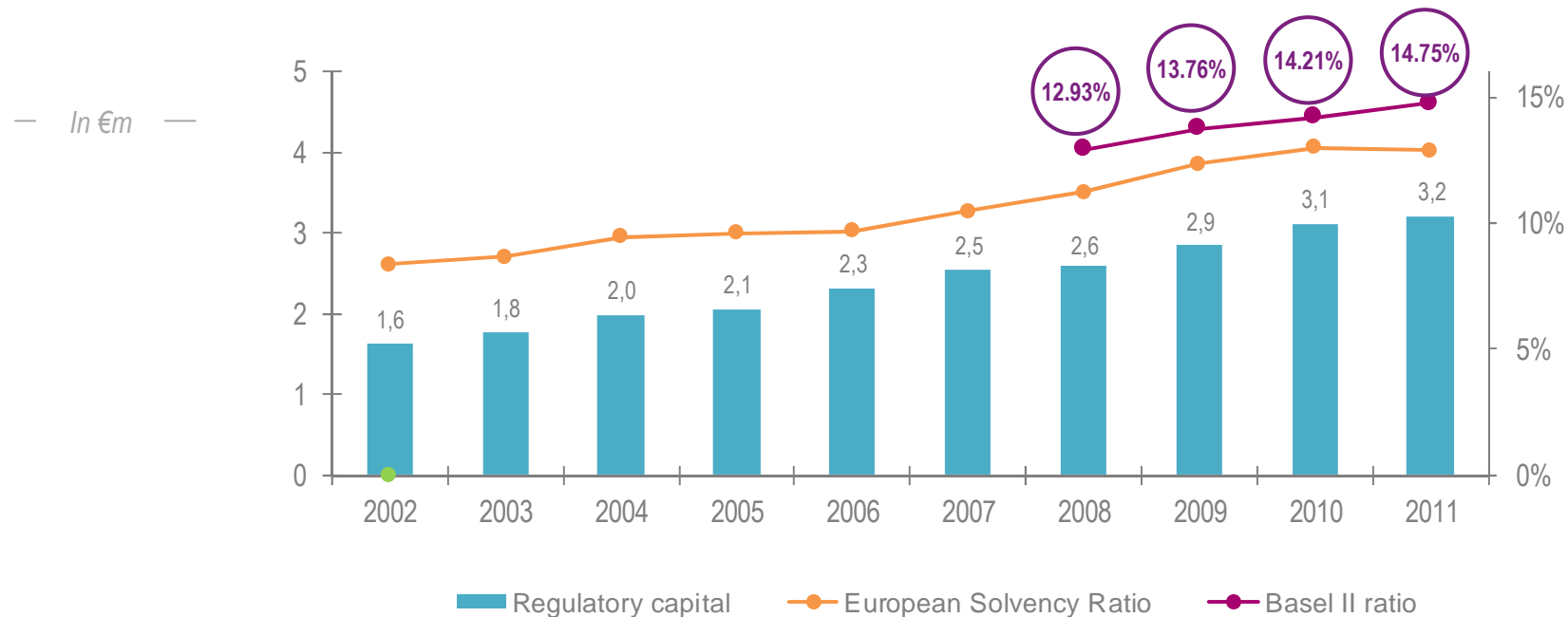
— In million euros —

— In million euros —



# Strong capital base

- ▶ Consistent increase in capital ratios
- ▶ Sustained dividend ratio throughout the crisis - €140m 2010, €155m 2011
- ▶ Stronger than required capital adequacy ratios : exceptional dividend to be paid in 2012





# Strict Control of Financial Risks

## **No currency risk exposure**

- ▶ Banque PSA Finance does not take operational currency positions
- ▶ Structural currency positions (investments in subsidiaries and branches) and future profits and losses are not hedged

## **Interest rate risk maintained at low level**

- ▶ Policy of neutralizing effect of variations in interest rates
- ▶ Banque PSA Finance's average annual sensitivity to a 1% increase in interest rates remained below €5.2 m in the 12 months to December 2011

## **Close monitoring of counterparty risks**

- ▶ Exposure limited to short term investment of liquidity reserve and derivative contracts
- ▶ Counterparties for derivatives contracts are all rated "A" or higher
- ▶ Derivatives are governed by standard ISDA agreements and weekly margin calls are used with the most frequent counterparties (97% of the total portfolio as per 31, December 2011)

## **Banque PSA Finance has no buyback obligations**

- ▶ All buyback obligations retained by dealers or brands

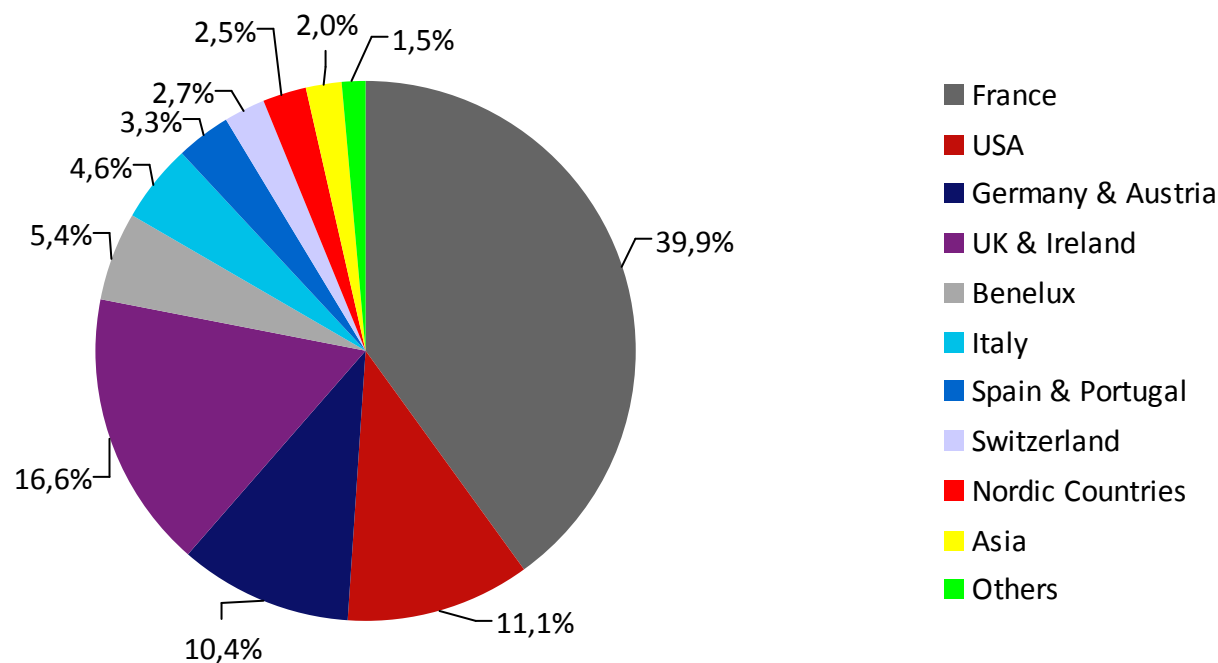


# Diversification of Funding Sources (1/3)

## Strong financing structure and high level of financial security

- ▶ Access to capital markets, securitizations, bank loans
- ▶ Strong support from large, well diversified group of lending banks
- ▶ Access to European Central Bank financing

### Bank Facilities and Long-term Capital Markets Financing Put in Place in 2011



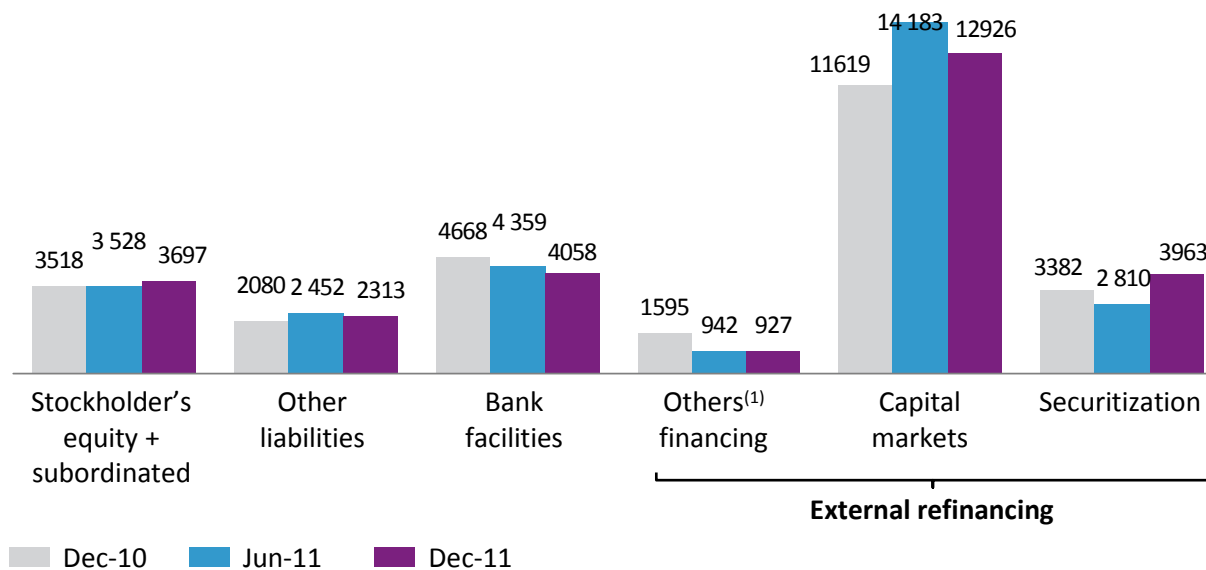
# Diversification of Funding Sources (2/3)

## Sources Of Refinancing

— In € MM —

(except non-drawn confirmed bank credit lines)

|                          | Dec-10 | Jun-11 | Dec-11 |
|--------------------------|--------|--------|--------|
| Total assets             | 26 862 | 28 274 | 27 884 |
| o/w external refinancing | 21 264 | 22 294 | 21 874 |



- ▶ Decrease in reliance on banks
- ▶ Increased funding in capital markets

- ▶ Successfully raised €1.7 Bn through securitizations of French and German auto loans in 2011
- ▶ Mid term target to go back above 20% of financing in the form of securitization

Notes

(1) Including SFEE and ECB refinancing

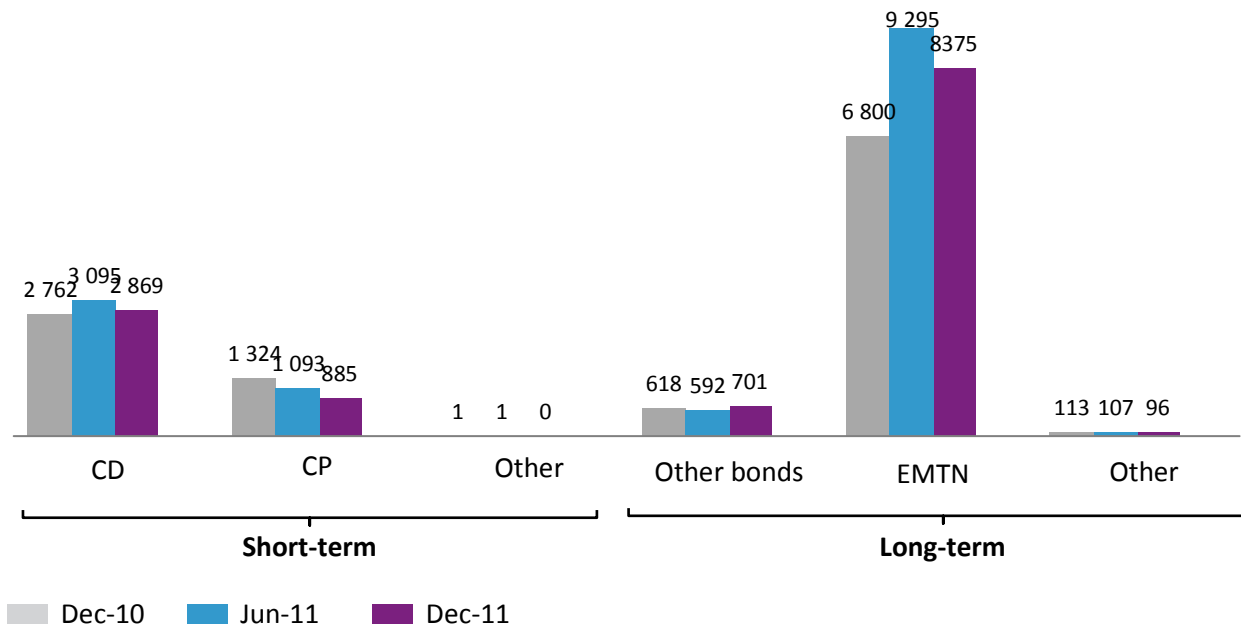


# Diversification of Funding Sources (3/3)

## Capital Markets

— In € MM —

|                            | Dec-10        | Jun-11        | Dec-11        |
|----------------------------|---------------|---------------|---------------|
| Long-term capital markets  | 7,531         | 9,994         | 9,172         |
| Short-term capital markets | 4,088         | 4,189         | 3,754         |
| <b>Total</b>               | <b>11,619</b> | <b>14,183</b> | <b>12,926</b> |



- ▶ Strong support from short term investors with €3.8 – 4.0 Bn of CD/CP outstanding
- ▶ Wide, continuous access to European bond investors (10 issues in the last 2 years: €6.5 Bn raised)
- ▶ Inaugural US bond issue (144A) in March 2011: \$1.25 Bn raised



# Prudent Liquidity Management

## ■ Matching of maturities between assets and liabilities

- ▶ At December 31, 2011, 80% of the total financing with original maturity over 12 months

## ■ Policy to secure a minimum 6 months of activity through cash and undrawn back-up facilities

- ▶ At December 31, 2011, Banque PSA Finance had access to sufficient financing to cover more than 9 months of activity without requiring any further financing

## ■ At December 31, 2011: €8.7 Bn of available liquidity

- ▶ Of which €0.7 Bn in cash and €8.0 Bn in undrawn back-up facilities
- ▶ €2.0 Bn back-up line renewed successfully in December 2011
- ▶ 25 banks, 6 new, 10 nationalities

## ■ At March 1st, 2012: €10.3 Bn of available liquidity

- ▶ Of which €2.1 Bn in cash and €8.2 Bn in undrawn back-up facilities
- ▶ LTRO participation in February (€0.7 Bn of financing)
- ▶ 8 months of activity without requiring any further financing



# 2012 financing perspectives

## Access to capital markets

- ▶ 1 bond issue in January : €0.7 Bn maturing July 2014
- ▶ AR\$ 100 m raised in two tranches in January (approximately €17 m)

## Access to European Central Bank financing

- ▶ LTRO participation in February : €0.7 Bn of financing
- ▶ Some collateral still available for MRO (potential additional financing : €0.25 Bn)

## Additional diversification to be continued in 2012 through :

- ▶ Securitizations
- ▶ ARS, BRL, CHF, GBP, USD potential issues

➔ To ensure that BPF meets its objective of **6 month minimum** security throughout 2012



## 2012 priorities

Drive profitable growth through significant expansion  
in Brazil, China, Russia and Turkey

Maintain cost of risk at benchmark level

Continuous focus on customer base quality to drive strong profitability

Increase further customer loyalty  
→ Reinforced customer management program to increase repeat sales

Increase profitable contribution of Services  
→ Product diversification, geographic expansion, internalization

