

GIE PSA TRESORERIE

Economic Interest Grouping

With €15,000 in Capital

Registered office: 75, avenue de la Grande Armée - PARIS (16th)

Companies registration number PARIS C 377 791 967

ORDINARY SHAREHOLDERS' MEETING OF 30 JANUARY 2015

SOLE DIRECTOR'S REPORT

Dear Sirs,

In my capacity as Permanent Representative of your Grouping's Sole Director, I am proud to report to you on its activities over the past year, presenting the outlook for the financial year 2015, submitting the 2014 annual financial statements for your approval and, finally, asking you to allocate the earnings for the financial year.

RESPONSIBILITIES AND ACTIVITIES DURING THE FINANCIAL YEAR 2014:

- Your Grouping centralizes the cash requirements and surpluses of industrial and commercial companies in the PSA PEUGEOT CITROËN Group in Europe: countries of the Eurozone *via* Euro cash pooling, and the United Kingdom, Switzerland, Sweden, Norway, Denmark, Poland, Czech Republic and Hungary *via* foreign currency cash pooling managed by PSA International;
- Your Grouping manages net cash surpluses, in accordance with the PSA PEUGEOT CITROËN Group's investment policy, and within the counterparty limits governing its commitments;
- GIE PSA Trésorerie managed the funds raised in the Peugeot S.A. capital increase during May and June 2014 totaling €3 billion. At that time your Grouping revised its investment policy and in June 2014 signed a loan agreement with Banque PSA Finance, providing it with access to a maximum credit amount of €800 million until January 2016, provided that the amounts requested do not affect the GIE's cash management;
- Since June 2013 GIE PSA Trésorerie has issued guarantees to bondholders to cover the PSA issues;
- Since 2013 your Grouping has granted two lines of credit to PCMA Russia. The first credit line, for 900 million rubles to fund capital expenditures was drawn in the amount of 740.7 million rubles over the course of 2014. The second line, for 1,400 million rubles with a one year maturity and established in December 2013 to comply with the ratios of the European Reconstruction Bank for Reconstruction and Development required for loans it made to the subsidiary, was fully drawn, and was renewed for one year on 16 December 2014;

- Your Grouping granted a line of credit to TCPA until 31 December 2014 to finance capital expenditures in the amount of €50 million, of which €11.5 million was drawn during one month in 2014;
- From April 2014, Peugeot S.A. and the GIE PSA Trésorerie have access to a confirmed credit line totalling €3 billion. It is constituted of tranche A totalling €2 billion with a maturity of five years and tranche B totalling €1 billion with a maturity of three years with two optional one-year extensions. This new line substitutes the credit line of €2.4 billion, which matures in July 2015. Draws on this line are subject to maintaining a ratio of net debt of industrial and commercial companies to Group equity of less than 1.0 and a level of net debt of the industrial and commercial companies not to exceed €6 billion. This facility was undrawn at 31 December 2014.

Cash position with regard to members of the Grouping and other PSA PEUGEOT CITROËN Group counterparties

The loan accounts granted to members of the Grouping and other counterparties of the PSA PEUGEOT CITROËN Group (excluding Faurecia and Banque PSA Finance) represented average annual outstandings of €7,269 million (compared to €6,379 million in 2013) whereas borrowing accounts to these entities totalled €7,659 million (compared to €4,751 million in 2013). The very great change in average loans outstanding to Group entities was a result of the aforementioned Peugeot S.A. capital increase.

Since June 2009, the financing rate applied to members of the Grouping has been set on a monthly basis, in order to charge the funding costs incurred, less investment income received, back to members.

External financing

In 2014 your Grouping did not make use of any external financing, either directly or through Peugeot S.A.

In September 2014 via Peugeot S.A., your Grouping made partial early repayments totaling €374 million on four bonds.

In addition, in July 2014 via Peugeot S.A., the Grouping repaid on maturity the balance of the bond issued in July 2009, in the amount of €668 million.

In 2014, the average outstanding of all external financing amounted to €5,193 million, compared to €5,801 million in 2013.

Financial expenses resulting from external financing amounted to €345 million for the financial year 2014, compared to €361 million in 2013.

Interest rate hedges

Given the level of interest rates, no new interest rate hedging has been established. No financing was hedged in 2014 by interest rate hedging, either directly or *via* Peugeot S.A.

Investments

The average amount of cash investments in 2014 was €5,982 million, compared to €4,837 million in 2013.

Investments of your Grouping were distributed as follows in 2014, in average annual amounts (in millions of euros):

Marketable debt	1,008
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Securities/short-term banking	
UCITS	3,989
Overnight loans	751
Loans to BPF	231
Cash and cash equivalents	3
Total	5,982

The investment policy was revised following Peugeot S.A.'s capital increase such that a €3.5 billion cash basis is managed using instruments providing daily liquidity and the remainder in possibly longer maturities for better yields.

Financial income from external investment transactions amounted to €26 million in 2014, compared to €14 million in 2013, with a 2014 average Eonia rate of 0.1%, unchanged from 2013.

OUTLOOK FOR THE FINANCIAL YEAR 2015

Your Grouping will continue to fulfil its responsibilities (i) of pooling the cash surpluses and requirements of members of the Grouping, (ii) of investing net surpluses, as well as (iii) acting as an intermediary in terms of managing interest rate risk.

Your Grouping will continue to optimise the return on its investments whilst preserving its short-term financial security.

REVIEW OF ACCOUNTS FOR THE FINANCIAL YEAR 2014

The annual financial statements were prepared in accordance with current legal requirements and have been approved by your Grouping's Statutory Auditors. They include the balance sheet, the income statement and the notes to the financial statements. The notes contain information material to the understanding of the financial statements which, consequently, must be reported.

The income statement for the financial year shows a loss of €0.7 million, compared with a loss of €0.8 million for the previous financial year.

Financial income for the financial year was up and stood at €40.7 million, compared with €28.4 million in 2013.

The change in operating income breaks down as follows:

- **+€16 million** due to decreased expenses related to external financing. The average outstanding balance of external debt was €5,193 in 2014, €608 million lower than in 2013, but the €374 million bond redemption, the advantages of which will take effect over the coming financial years, created a redemption premium of €28.2 million for 2015. The average cost of financing rose accordingly, reaching 6.44% in 2014 compared to 6.13% in 2013;
- **+€12 million** due to the increase in investment income, with balances higher by €1,145 million, and an average yield on investments (excluding cash) of 0.47%, compared with 0.30% in 2013, in an historically low-yielding money market;
- **-€2 million** due to increased borrowing costs for members of the Grouping and other counterparties of the PSA PEUGEOT CITROËN Group, with sharply increased balances (+€2,909 million) but an average yield that stayed below 0.1% (the Eonia);

- **-€23 million** due to the decreased income from financing granted to members of the Grouping and other counterparties of the PSA PEUGEOT CITROËN Group, excluding Faurecia and Banque PSA Finance. The net change in income and expenses of the previous items have been passed on to the members in accordance with the financing rates chargeback policy in force.

It should be noted that the increase in operating expenses, which amounted to €41 million in 2014, compared to €29 million in 2013, is due to the increased costs on bond issues and redemption charged back by PSA and which are recorded in this item. As mentioned above in regard to changes in the cost of external financing, a redemption premium of €28.2 million was paid in 2014, whereas redemptions in 2013 generated premiums to bondholders of €15.3 million.

Total assets stood at €13.6 million on 31 December 2014, compared to €11.1 million on 31 December 2013.

You are asked to approve the financial statements for the financial year 2014 as now presented to you.

Proposal for allocation of earnings:

If you approve the financial statements as they have been presented to you, I propose, in accordance with Article 21 of your Grouping's contract, that you allocate the earnings, *i.e.* a charge which stands at €716,463.26, to each of the members of your Grouping in proportion to the shares held in its capital, namely:

- PEUGEOT S.A.:	€709,298.63
- AUTOMOBILES PEUGEOT:	€2,388.21
- AUTOMOBILES CITROËN:	€2,388.21
- PEUGEOT CITROËN AUTOMOBILES S.A.:	€2,388.21

The Permanent Representative
of the Sole Director

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