Paris – 08 November 2012

Banque PSA Finance revises its statistical provisioning model for retail loans

The statistical provisioning model used by Banque PSA Finance for retail loans has been revised, notably to take into account the worsening conditions in the PSA Peugeot Citroën Group's markets, particularly in Southern Europe.

Application of the new estimates to outstanding loans is expected to lead to an increase in retail credit loss provisions of around €130 million, reflecting the Bank's conservative management approach. The additional impairment will be reported in the Banque PSA Finance's 2012 recurring operating income under change in accounting estimates. This impairment mainly concerns retail loans dating back prior to 2009.

The Bank's more selective approach to new business and application of stricter eligibility criteria for higher risk products since 2009 have helped to return default rates to the levels observed before the 2008 financial crisis. The Bank's main subsidiaries have reported a reduction in expected losses on loans granted since 2009, following the implementation of energetic measures to improve collection processes for non-performing loans and to upgrade systems for managing these processes.