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Membre de la compagnie régionale de Versailles



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Commissaire aux comptes
Membre de la compagnie régionale de Versailles

Renault

**Statutory Auditors’
Report**
on the consolidated financial statements

For the year ended 31 December 2014
Renault, société anonyme (« Renault »)
13-15, quai Le Gallo – 92100 Boulogne-Billancourt



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*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 captions or on information taken of outside of the financial statements.
This report also includes information relating to the specific verification of information given in the group's management report and in the documents addressed to the shareholders.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

Renault, société anonyme (« Renault »)

Statutory Auditors' Report on the consolidated financial statements

For the year ended 31 December 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying consolidated financial statements of Renault;
- 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.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2014 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.

II. Justification of our assessments

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

- for the purpose of preparing the consolidated financial statements, Renault group makes certain estimates and assumptions concerning, in particular, the value of certain asset, liability, income and expense accounts, the main items of which are summarized in note 2-B to the consolidated financial statements. For all these items, we assessed the appropriateness of the accounting rules and methods applied and disclosures provided in the notes to the financial statements. We also reviewed the consistency of the underlying assumptions, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made;
- as respectively disclosed in notes 12-A and 13-A to the consolidated financial statements, the group accounts for its investment in Nissan and its investment in AVTOVAZ by the equity method; our audit of the scope of consolidation included a review of the factual and legal aspects of the Alliance which serve as the underlying basis for this accounting policy;



- as part of our assessment of the accounting policies applied by your company, we have reviewed the methodology adopted for the capitalization of development costs as intangible assets, their amortization and the verification of their recoverable amount and we verified that these methods were properly disclosed in the notes 2-K and 10-A2;
- as disclosed in the note 8-B to the consolidated financial statements, the group has decided to recognize part of the net deferred tax asset of the French tax group; we have reviewed the consistency of the underlying assumptions for the forecasted taxable income and the resulting utilisation of tax losses carried forward, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, 16 February 2015

The statutory auditors
French original signed by

KPMG Audit
A department of KPMG S.A.

ERNST & YOUNG Audit

Jean-Paul Vellutini

Laurent des Places

Jean-François Bélorgey

Bernard Heller



Consolidated financial statements 2014

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4.2.1 Consolidated income statement

<i>(€ million)</i>	Notes	2014	2013
Revenues	4	41,055	40,932
Cost of goods and services sold		(33,310)	(33,611)
Research and development expenses	10-A	(1,721)	(1,812)
Selling, general and administrative expenses		(4,415)	(4,267)
Operating margin	5	1,609	1,242
Other operating income and expenses	6	(504)	(1,276)
<i>Other operating income</i>	6	102	22
<i>Other operating expenses</i>	6	(606)	(1,498)
Operating income (loss)		1,105	(34)
Net interest income (expenses)		(282)	(267)
<i>Interest income</i>		216	183
<i>Interest expenses</i>		(498)	(450)
Other financial income and expenses	7	(51)	(15)
Financial income (expenses)		(333)	(282)
Share in net income (loss) of associates and joint ventures		1,362	1,444
<i>Nissan</i>	12	1,559	1,498
<i>Other associates and joint ventures</i>	13	(197)	(54)
Pre-tax income		2,134	1,128
Current and deferred taxes	8	(136)	(433)
Net income		1,998	695
Net income – non-controlling interests' share		108	109
Net income – parent-company shareholders' share		1,890	586
Basic earnings per share ⁽¹⁾ in €	9	6.92	2.15
Diluted earnings per share ⁽¹⁾ in €	9	6.89	2.14
Number of shares outstanding (in thousands)	9		
<i>For basic earnings per share</i>		273,049	272,290
<i>For diluted earnings per share</i>		274,101	274,096

(1) Net income – parent-company shareholders' share divided by number of shares stated.

4.2.2 Consolidated comprehensive income

(€ million)	2014			2013		
	Gross	Tax effect ⁽¹⁾	Net	Gross	Tax effect	Net
NET INCOME	2,134	(136)	1,998	1,128	(433)	695
Other components of comprehensive income from parent company and subsidiaries						
Items that will not be reclassified subsequently to profit or loss	(276)	18	(258)	73	(5)	68
Actuarial gains and losses on defined-benefit pension plans	(161)	18	(143)	73	(5)	68
Fair value adjustments on financial liabilities ⁽²⁾	(115)	-	(115)	-	-	-
Items that have been or will be reclassified subsequently to profit or loss	(2)	38	36	220	(5)	215
Translation adjustments on foreign activities ⁽³⁾	(100)	-	(100)	(383)	-	(383)
Partial hedge of the investment in Nissan ⁽⁴⁾	8	55	63	209		209
Fair value adjustments on cash flow hedging instruments ⁽⁵⁾	(4)	2	(2)	39	(5)	34
Fair value adjustments on available-for-sale financial assets ⁽⁴⁾	94	(19)	75	355	-	355
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME FROM PARENT COMPANY AND SUBSIDIARIES (A)	(278)	56	(222)	293	(10)	283
Share of associates and joint ventures in other components of comprehensive income						
Items that will not be reclassified subsequently to profit or loss	(73)	-	(73)	42	-	42
Actuarial gains and losses on defined-benefit pension plans	(73)	-	(73)	42	-	42
Items that have been or will be reclassified subsequently to profit or loss ⁽⁶⁾	507	-	507	(1,965)	-	(1,965)
Translation adjustments on foreign activities	448	-	448	(2,112)	-	(2,112)
Fair value adjustments on cash flow hedging instruments	22	-	22	5	-	5
Fair value adjustments on available-for-sale financial assets	37	-	37	142	-	142
TOTAL SHARE OF ASSOCIATES AND JOINT VENTURES IN OTHER COMPONENTS OF COMPREHENSIVE INCOME (B)	434	-	434	(1,923)	-	(1,923)
Other components of comprehensive income (A) + (B)	156	56	212	(1,630)	(10)	(1,640)
COMPREHENSIVE INCOME	2,290	(80)	2,210	(502)	(443)	(945)
Parent-company shareholders' share			2,090			(1,055)
Non-controlling interests' share			120			110

(1) Income of €262 million resulting from recognition of net deferred tax assets of the French tax consolidation in 2014, comprising €210 million related to net income and €52 million relating to other components of comprehensive income (note 8-B).

(2) Correction to the fair value of financial liabilities at December 31, 2013

(3) There were no reclassifications to profit or loss in 2014 (€9 million in 2013)

(4) There were no reclassifications to profit or loss for this item in 2014 or 2013.

(5) Including €11 million reclassified to profit or loss in 2014 (€25 million in 2013)

(6) There were no reclassifications to profit or loss in 2014 (€19 million in 2013)

4.2.3 Consolidated financial position

ASSETS (€ million)	Notes	December 31, 2014	December 31, 2013
NON-CURRENT ASSETS			
Intangible assets	10-A	3,443	3,282
Property, plant and equipment	10-B	10,801	10,973
Investments in associates and joint ventures		16,720	14,874
<i>Nissan</i>	12	15,833	14,068
<i>Other associates and joint ventures</i>	13	887	806
Non-current financial assets	22	1,681	1,530
Deferred tax assets	8	716	396
Other non-current assets	17	1,152	1,076
Total non-current assets		34,513	32,131
CURRENT ASSETS			
Inventories	14	3,391	3,162
Sales financing receivables	15	25,733	23,650
Automotive receivables	16	1,242	970
Current financial assets	22	1,530	1,098
Current tax assets	17	38	64
Other current assets	17	2,607	2,256
Cash and cash equivalents	22	12,497	11,661
Total current assets		47,038	42,861
TOTAL ASSETS		81,551	74,992

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Notes	December 31, 2014	December 31, 2013
SHAREHOLDERS' EQUITY			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(134)	(187)
Revaluation of financial instruments		703	571
Translation adjustment		(3,276)	(3,674)
Reserves		20,381	20,629
Net income -- parent-company shareholders' share		1,890	586
Shareholders' equity -- parent-company shareholders' share		24,476	22,837
Shareholders' equity -- non-controlling interests' share		422	377
Total shareholders' equity	18	24,898	23,214
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	141	121
Provisions for pension and other long-term employee benefit obligations -- long-term	19	1,683	1,447
Other provisions -- long-term	20	1,240	1,097
Non-current financial liabilities	23	7,537	7,100
Other non-current liabilities	21	1,204	1,119
Total non-current liabilities		11,805	10,884
CURRENT LIABILITIES			
Provisions for pension and other long-term employee benefit obligations -- short-term	19	67	111
Other provisions -- short-term	20	1,088	984
Current financial liabilities	23	3,216	2,921
Sales financing debts	23	25,828	23,757
Trade payables		7,094	6,171
Current tax liabilities	21	162	126
Other current liabilities	21	7,393	6,824
Total current liabilities		44,848	40,894
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		81,551	74,992

4.2.4 Changes in shareholders' equity

(€ million)	Number of shares (thousand)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income parent-company shareholders' share)	Shareholders' equity (parent-company shareholders' share)	Shareholders' equity (non-controlling entities' share)	Total shareholders equity
Restated balance at December 31, 2012 ⁽¹⁾	295,722	1,127	3,785	(201)	36	(1,388)	19,201	1,749	24,309	255	24,564
2013 net income								586	586	109	695
Other components of comprehensive income ⁽²⁾					535	(2,286)	110		(1,641)	1	(1,640)
2013 comprehensive income					535	(2,286)	110	586	(1,055)	110	(945)
Allocation of 2012 net income							1,749	(1,749)			
Dividends							(469)		(469)	(56)	(525)
(Acquisitions) / disposals of treasury shares and impact of capital increases				14					14		14
Changes in ownership interests ⁽³⁾							19		19	68	87
Cost of share-based payments							19		19		19
Balance at December 31, 2013	295,722	1,127	3,785	(187)	571	(3,674)	20,629	586	22,837	377	23,214
2014 net income								1,890	1,890	108	1,998
Other components of comprehensive income ⁽²⁾					132	398	(330)		200	12	212
2014 comprehensive income					132	398	(330)	1,890	2,090	120	2,210
Allocation of 2013 net income							586	(586)			
Dividends							(469)		(469)	(52)	(521)
(Acquisitions) / disposals of treasury shares and impact of capital increases				53					53		53
Changes in ownership interests ⁽³⁾							10		10	(23)	(13)
Cost of share-based payments							(45)		(45)		(45)
Balance at December 31, 2014	295,722	1,127	3,785	(134)	703	(3,276)	20,381	1,890	24,476	422	24,898

(1) The restatements resulting from retrospective application of IFRS 11 "Joint Arrangements" and IAS 19 (revised) "Employee benefits" are presented in note 2-A2 to the annual consolidated financial statements for 2013.

(2) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans during the period. In 2014 they also include an amount of €(115) million corresponding to a correction to the fair value of financial liabilities at December 31, 2013 (effect of €(50) million at December 31, 2012).

(3) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2013 they included the effects of Renault Pars' deconsolidation from June 30, 2013, the takeover of RCI Financial Services s.r.o. in October 2013, and the transfer of control over Renault South Africa in November 2013.

Details of changes in consolidated shareholders' equity in 2014 are given in note 18.

4.2.5 Consolidated cash flows

(€ million)	NOTES	2014	2013
NET INCOME		1,998	695
Cancellation of dividends received from unconsolidated listed investments ⁽¹⁾		(31)	(27)
Cancellation of income and expenses with no impact on cash			
- Depreciation, amortization and impairment		2,711	3,169
- Share in net (income) loss of associates and joint ventures		(1,362)	(1,444)
- Other income and expenses with no impact on cash	26-A	92	815
Dividends received from unlisted associates and joint ventures		-	6
Cash flow ⁽²⁾		3,408	3,214
Dividends received from listed companies ⁽³⁾		463	433
Net change in financing for final customers		(1,618)	(534)
Net change in renewable dealer financing		(202)	(781)
Decrease (increase) in sales financing receivables		(1,820)	(1,315)
Bond issuance by the Sales Financing segment	23-A	3,469	2,958
Bond redemption by the Sales Financing segment	23-A	(3,396)	(2,465)
Net change in other sales financing debts		1,682	917
Net change in other securities and loans of the Sales Financing segment		(314)	(365)
Net change in financial assets and debts of the Sales Financing segment		1,441	1,045
Change in capitalized leased assets		(291)	(333)
Decrease (increase) in working capital	26-B	771	528
CASH FLOWS FROM OPERATING ACTIVITIES ^{(4) (5)}		3,972	3,572
Capital expenditure	26-C	(2,511)	(2,749)
Disposals of property, plant and equipment and intangibles		90	198
Acquisitions of investments involving gain of control, net of cash acquired		(11)	(5)
Acquisitions of other investments, net of cash acquired		(415)	(273)
Disposals of investments involving loss of control, net of cash transferred		-	26
Disposals of other investments, net of cash transferred and other ⁽⁴⁾		-	91
Net decrease (increase) in other securities and loans of the Automotive segment		62	(12)
CASH FLOWS FROM INVESTING ACTIVITIES		(2,785)	(2,724)
Transactions with non-controlling interests ⁽⁶⁾		-	(2)
Dividends paid to parent-company shareholders	18-D	(503)	(502)
Dividends paid to non-controlling interests		(56)	(48)
(Acquisitions) sales of treasury shares		(26)	-
Cash flows with shareholders		(585)	(552)
Bond issuance by the Automotive segment	23-A	1,680	1,716
Bond redemption by the Automotive segment	23-A	(1,513)	(1,152)
Net increase (decrease) in other financial liabilities of the Automotive segment		(52)	(24)
Net change in financial liabilities of the Automotive segment		115	540
CASH FLOWS FROM FINANCING ACTIVITIES		(470)	(12)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		717	836

(1) Dividends received from Daimler.

(2) Cash flow does not include dividends received from listed companies.

(3) Dividends from Daimler (€31million) and Nissan (€432 million) in 2014. Dividends from Daimler (€27million) and Nissan (€406 million) in 2013.

(4) Current taxes paid in 2014 amount to €268 million (€356 million in 2013).

(5) Interest paid in 2014, net of taxes, amounts to €259 million (€337 million in 2013). Details are given in note 26.

(6) Acquisitions of additional investments in controlled companies (note 2-J).

<i>(€ million)</i>	2014	2013
Cash and cash equivalents: opening balance	11,661	11,180
Increase (decrease) in cash and cash equivalents	717	836
Effect of changes in exchange rate and other changes	119	(355)
Cash and cash equivalents: closing balance	12,497⁽¹⁾	11,661

(1) Cash subject to restrictions on use is described in note 22-A2.

4.2.6 Notes to the consolidated financial statement

4.2.6.1 Information on operating segments and regions

The operating segments used by Renault are:

- the Automotive segment, comprising the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries, and the subsidiaries in charge of the Automotive segment's cash management;
- the Sales Financing segment, which the Group considers as an operating activity, carried out by RCI Banque and its subsidiaries for the distribution network and final customers.

A – Information by operating segment

A1 – CONSOLIDATED INCOME STATEMENT BY OPERATING SEGMENT

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
2014				
Sales of goods	37,176	31	-	37,207
Sales of services	1,698	2,150	-	3,848
External revenues	38,874	2,181	-	41,055
Intersegment sales	(356)	413	(57)	-
Sales by segment	38,518	2,594	(57)	41,055
Operating margin ⁽¹⁾	861	751	(3)	1,609
Operating income (loss)	409	699	(3)	1,105
Financial income (expenses) ⁽²⁾	(108)	(15)	(210)	(333)
Share in net income (loss) of associates and joint ventures	1,366	(4)	-	1,362
Pre-tax income	1,667	680	(213)	2,134
Current and deferred taxes	88	(225)	1	(136)
Net income	1,755	455	(212)	1,998
2013				
Sales of goods	36,964	33	-	36,997
Sales of services	1,811	2,124	-	3,935
External revenues	38,775	2,157	-	40,932
Intersegment sales	(361)	400	(39)	-
Sales by segment	38,414	2,557	(39)	40,932
Operating margin ⁽¹⁾	521	747	(26)	1,242
Operating income (loss)	(744)	736	(26)	(34)
Financial income (expenses) ⁽²⁾	(107)	-	(175)	(282)
Share in net income (loss) of associates and joint ventures	1,430	14	-	1,444
Pre-tax income	579	750	(201)	1,128
Current and deferred taxes	(203)	(238)	8	(433)
Net income	376	512	(193)	695

(1) Details of amortization, depreciation and impairment are provided in the consolidated cash flow statements by operating segment.

(2) Sales financing dividends are included in the Automotive segment's financial income and eliminated as an intersegment transaction.

A2 – CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT
Consolidated financial position by operating segment – December 31, 2014

ASSETS (€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
NON-CURRENT ASSETS				
Property, plant and equipment and intangible assets	14,076	178	(10)	14,244
Investments in associates and joint ventures	16,670	50	-	16,720
Non-current financial assets – investments in non-controlled entities	4,353	11	(3,131)	1,233
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	514	-	(66)	448
Deferred tax assets and other non-current assets	1,663	238	(33)	1,868
Total non-current assets	37,276	477	(3,240)	34,513
CURRENT ASSETS				
Inventories	3,361	39	(9)	3,391
Customer receivables	1,409	26,198	(632)	26,975
Current financial assets	1,143	1,136	(749)	1,530
Current tax assets and other current assets	1,805	3,033	(2,193)	2,645
Cash and cash equivalents	11,591	1,102	(196)	12,497
Total current assets	19,309	31,508	(3,779)	47,038
TOTAL ASSETS	56,585	31,985	(7,019)	81,551
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)				
SHAREHOLDERS' EQUITY	24,811	3,136	(3,049)	24,898
NON-CURRENT LIABILITIES				
Long-term provisions	2,598	325	-	2,923
Non-current financial liabilities	7,272	265	-	7,537
Deferred tax liabilities and other non-current liabilities	779	566	-	1,345
Total non-current liabilities	10,649	1,156	-	11,805
CURRENT LIABILITIES				
Short-term provisions	1,114	41	-	1,155
Current financial liabilities	3,872	-	(656)	3,216
Trade payables and sales financing debts	7,235	26,681	(994)	32,922
Current tax liabilities and other current liabilities	8,904	971	(2,320)	7,555
Total current liabilities	21,125	27,693	(3,970)	44,848
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	56,585	31,985	(7,019)	81,551

Consolidated financial position by operating segment – December 31, 2013

ASSETS (€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
NON-CURRENT ASSETS				
Property, plant and equipment and intangible assets	14,146	119	(10)	14,255
Investments in associates and joint ventures	14,859	15	-	14,874
Non-current financial assets – investments in non-controlled entities	4,036	55	(2,895)	1,196
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	368	-	(34)	334
Deferred tax assets and other non-current assets	1,301	206	(35)	1,472
Total non-current assets	34,710	395	(2,974)	32,131
CURRENT ASSETS				
Inventories	3,121	48	(7)	3,162
Customer receivables	1,031	23,997	(408)	24,620
Current financial assets	975	925	(802)	1,098
Current tax assets and other current assets	1,604	2,900	(2,184)	2,320
Cash and cash equivalents	10,704	1,201	(244)	11,661
Total current assets	17,435	29,071	(3,645)	42,861
TOTAL ASSETS	52,145	29,466	(6,619)	74,992
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)				
SHAREHOLDERS' EQUITY	23,127	2,899	(2,812)	23,214
NON-CURRENT LIABILITIES				
Long-term provisions	2,277	267	-	2,544
Non-current financial liabilities	6,837	263	-	7,100
Deferred tax liabilities and other non-current liabilities	691	549	-	1,240
Total non-current liabilities	9,805	1,079	-	10,884
CURRENT LIABILITIES				
Short-term provisions	1,067	28	-	1,095
Current financial liabilities	3,449	-	(528)	2,921
Trade payables and sales financing debts	6,349	24,657	(1,078)	29,928
Current tax liabilities and other current liabilities	8,348	803	(2,201)	6,950
Total current liabilities	19,213	25,488	(3,807)	40,894
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	52,145	29,466	(6,619)	74,992

A3 – CONSOLIDATED CASH FLOWS BY OPERATING SEGMENT

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
2014				
Net income	1,755	455	(212)	1,998
Cancellation of dividends received from unconsolidated listed investments ⁽¹⁾	(31)	-	-	(31)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment	2,702	9	-	2,711
Share in net (income) loss of associates and joint ventures	(1,366)	4	-	(1,362)
Other income and expenses with no impact on cash	78	16	(2)	92
Dividends received from unlisted associates and joint ventures	-	-	-	-
Cash flow ⁽²⁾	3,138	484	(214)	3,408
Dividends received from listed companies ⁽³⁾	463	-	-	463
Decrease (increase) in sales financing receivables	-	(1,936)	116	(1,820)
Net change in financial assets and sales financing debts	-	1,429	12	1,441
Change in capitalized leased assets	(235)	(56)	-	(291)
Decrease (increase) in working capital	596	138	37	771
CASH FLOWS FROM OPERATING ACTIVITIES	3,962	59	(49)	3,972
Purchases of intangible assets	(964)	(3)	-	(967)
Purchases of property, plant and equipment	(1,541)	(3)	-	(1,544)
Disposals of property, plant and equipment and intangibles	89	1	-	90
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	(11)	-	-	(11)
Acquisitions and disposals of other investments and other assets	(400)	(15)	-	(415)
Net decrease (increase) in other securities and loans of the Automotive segment	69	-	(7)	62
CASH FLOWS FROM INVESTING ACTIVITIES	(2,758)	(20)	(7)	(2,785)
Cash flows with shareholders	(568)	(227)	210	(585)
Net change in financial liabilities of the Automotive segment	242	-	(127)	115
CASH FLOWS FROM FINANCING ACTIVITIES	(326)	(227)	83	(470)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ⁽⁴⁾	878	(188)	27	717

(1) Dividends received from Daimler.

(2) Cash flow does not include dividends received from listed companies.

(3) Dividends received from Daimler (€31 million) and Nissan (€432 million).

(4) Excluding the impact on cash of changes in exchange rate and other changes.

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
2014				
Cash and cash equivalents: opening balance	10,704	1,201	(244)	11,661
Increase (decrease) in cash and cash equivalents	878	(188)	27	717
Effect of changes in exchange rate and other changes	9	89	21	119
Cash and cash equivalents: closing balance	11,591	1,102	(196)	12,497

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
2013				
Net income	376	512	(193)	695
Cancellation of dividends received from unconsolidated listed investments ⁽¹⁾	(27)	-	-	(27)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment	3,164	5	-	3,169
Share in net (income) loss of associates and joint ventures	(1,430)	(14)	-	(1,444)
Other income and expenses with no impact on cash	825	(2)	(8)	815
Dividends received from unlisted associates and joint ventures	6	-	-	6
Cash flow ⁽²⁾	2,914	501	(201)	3,214
Dividends received from listed companies ⁽³⁾	433	-	-	433
Decrease (increase) in sales financing receivables	-	(1,240)	(75)	(1,315)
Net change in financial assets and sales financing debts	-	1,063	(18)	1,045
Change in capitalized leased assets	(334)	1	-	(333)
Decrease (increase) in working capital	790	(198)	(64)	528
CASH FLOWS FROM OPERATING ACTIVITIES	3,803	127	(358)	3,572
Purchases of intangible assets	(827)	(4)	-	(831)
Purchases of property, plant and equipment	(1,914)	(4)	-	(1,918)
Disposals of property, plant and equipment and intangibles	198	-	-	198
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	24	(3)	-	21
Acquisitions and disposals of other investments and other assets	(183)	1	-	(182)
Net decrease (increase) in other securities and loans of the Automotive segment	(20)	-	8	(12)
CASH FLOWS FROM INVESTING ACTIVITIES	(2,722)	(10)	8	(2,724)
Cash flows with shareholders	(539)	(188)	175	(552)
Net change in financial liabilities of the Automotive segment	461	-	79	540
CASH FLOWS FROM FINANCING ACTIVITIES	(78)	(188)	254	(12)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ⁽⁴⁾	1,003	(71)	(96)	836

(1) Dividends received from Daimler.

(2) Cash flow does not include dividends received from listed companies.

(3) Dividends received from Daimler (€27 million) and Nissan (€406 million).

(4) Excluding the impact on cash of changes in exchange rate and other changes.

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
2013				
Cash and cash equivalents: opening balance	10,072	1,338	(230)	11,180
Increase (decrease) in cash and cash equivalents	1,003	(71)	(96)	836
Effect of changes in exchange rate and other changes	(371)	(66)	82	(355)
Cash and cash equivalents: closing balance	10,704	1,201	(244)	11,661

B – Information by Region

The Regions presented correspond to the geographic divisions used for Group management.

The Group adjusted its international organization in 2014. The former Asia-Pacific and Euromed-Africa regions were split to form three new regions:

- The new Africa-Middle East-India region comprising countries in Africa and the Middle East plus India.
- The Asia-Pacific region including China, countries of the ASEAN (Association of South-East Asian Nations), Korea, Japan, Australia and Oceania.
- The Eurasia region is now extended to include Turkey, Romania, Moldova and Bulgaria.

Figures for 2013 correspond to the new segments adopted in 2014.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles are presented by location of subsidiaries and joint operations.

(€ million)	Europe ⁽¹⁾	Americas	Asia-Pacific	Africa-Middle East-India	Eurasia	Consolidated total
2014						
Revenues	25,711	4,827	2,685	3,391	4,441	41,055
Property, plant and equipment and intangibles	10,524	707	477	791	1,745	14,244
2013						
Revenues	23,803	5,933	2,350	3,772	5,074	40,932
Property, plant and equipment and intangibles	10,285	639	437	831	2,063	14,255

(1) Including the following for France:

(€ million)	2014	2013
Revenues	9,836	10,004
Property, plant and equipment and intangibles	8,799	8,613

4.2.6.2 Accounting policies and scope of consolidation

NOTE 1 – APPROVAL OF THE FINANCIAL STATEMENTS

The Renault group's consolidated financial statements for 2014 were finalized at the Board of Directors' meeting of February 11, 2015 and will be submitted for approval by the shareholders at the General Shareholders' Meeting.

NOTE 2 – ACCOUNTING POLICIES

In application of regulation 1606/2002 passed on July 19, 2002 by the European Parliament and the Council of Europe, Renault's consolidated financial statements for 2014 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2014 and adopted by the European Union at the year-end.

A - Changes in accounting policies

At December 31, 2014 the Group applies the new amendments to accounting standards shown below, which were published in the Official Journal of the European Union and mandatory.

New amendments that became mandatory on January 1, 2014	
Amendment to IAS 32	Financial instruments: Presentation - Offsetting of financial assets and financial liabilities
Amendment to IAS 36	Recoverable amount disclosures for non-financial assets
Amendment to IAS 39	Novation of derivatives and continuation of hedge accounting
Amendment to IFRS 10, IFRS 12 and IAS 27	Investment entities

The amendment to IAS 32 specifies the requirements for offsetting financial assets and liabilities.

The amendment to IAS 36 requires publication of the recoverable amount of assets or cash-generating units that are subject to impairment or an impairment reversal, and additional disclosures (e.g. fair value) for assets impaired on the basis of their net fair value.

The amendment to IAS 39 allows continuation of hedge accounting when a derivative designated as a hedge is subject to novation if this novation results from new laws or regulations.

The amendments to IFRS 10, IFRS 12 and IAS 27 propose exemption from consolidation for investment companies. This has no consequences for the Group.

The Group also opted for early application from January 1, 2013 of the following standards and amendments, which were not mandatory until January 1, 2014.

Standards and amendments applied early from January 1, 2013	
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
Amendment to IAS 28	Investments in Associates and Joint Ventures

The Group has not undertaken early application of the following interpretation, standards and amendments, which have been published in the Official Journal of the European Union and are mandatory as of January 1, 2015 or subsequently. The Group does not expect application to have any significant impact on the consolidated accounts.

New standards and amendments not applied early by the Group	
IFRIC 21	Levies
IAS 19	Defined-benefit plans – Employee contributions
Annual improvements – 2010-2012 cycle	Improvements to several standards
Annual improvements – 2011-2013 cycle	Improvements to several standards

The IASB has also published major new standards that have not been adopted to date by the European Union. The Group is in the process of studying the impacts of these new standards on the financial statements.

New standards not adopted by the European Union		Effective date set by IASB
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from contracts with Customers	January 1, 2017

B – Estimates and judgments

In preparing its financial statements, Renault has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense items, and the information disclosed in certain notes. Renault regularly revises its estimates and assessments to take account of past experience and other factors deemed relevant in view of the economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in Renault's future consolidated financial statements could differ from the estimates established at the time the financial statements were finalized.

The main items in the consolidated financial statements that are sensitive to estimates and judgments at December 31, 2014 are the following:

- Capitalization of research and development expenses and their amortization period (notes 2-K and 10-A),
- Any impairment on fixed assets (notes 2-M and 11), and operating receivables (notes 16 and 17),
- The recoverable value of leased vehicles classified as property, plant and equipment or in inventories (notes 2-G, 10-B and 14),
- Investments in associates, notably Nissan and AVTOVAZ (notes 2-M, 12 and 13);
- Sales financing receivables (notes 2-G and 15);
- Recognition of deferred taxes (notes 2-I and 8);
- Provisions, particularly vehicle and battery warranty provisions (note 2-G), provisions for pensions and other long-term employee benefit obligations (notes 2-S and 19) and provisions for workforce adjustment measures (notes 2-T and 6-A);
- The value of assets in Iran, mainly comprising shares, a shareholder loan and commercial receivables (note 6-C) and in general the value of Group assets located in all areas concerned by country risks.

C – Consolidation principles

The consolidated financial statements include the financial statements of all companies controlled exclusively by the Group either directly or indirectly (subsidiaries). Jointly controlled companies are accounted for under the equity method when they are classified as joint ventures and consolidated on the basis of the percentage share specific to each balance sheet and income statement item when they are classified as joint operations.

Companies in which the Group exercises significant influence (associates) are included in the financial statements on an equity basis.

Significant intercompany transactions and unrealized internal profits are eliminated.

Non-consolidated companies are recorded as other non-current assets even when they fulfil the above criteria.

None of these companies' individual contributions to consolidated figures exceeds the following:

- revenues €20 million
- inventories €20 million

Their consolidation would have a negligible impact on the consolidated financial statements, since they are Group-financed entities whose losses, if any, are recognized via impairment losses, and which:

- acquire almost all their purchases from Group companies, most of these companies being dealership-type establishments; or
- carry out almost all their sales transactions with Group companies.

Put options on non-controlling interests are carried at fair value and classified in liabilities in the consolidated financial position, with a corresponding adjustment to equity.

D – Presentation of the consolidated financial statements

Valuation basis

The consolidated financial statements are established under the historical cost convention, except for certain categories of assets and liabilities, in compliance with IFRS rules. The categories concerned are detailed in the following notes.

Operating income and operating margin

Operating income includes all revenues and costs directly related to the Group's activities, whether recurrent or resulting from non-recurring decisions or operations, such as restructuring costs.

The operating margin corresponds to the operating income before other operating income and expenses, which cover:

- restructuring costs and costs relating to workforce adjustment;
- gains or losses on partial or total disposal of businesses or operating entities, other gains and losses relating to changes in the scope of consolidation, and direct acquisition costs;
- gains or losses on disposal of property, plant and equipment or intangible assets (except vehicle sales);
- unusual items, i.e. income and charges that are unusual in their frequency, nature or amount, particularly impairment of fixed assets.

Reporting by operating segment

The information by operating segment is based on internal reporting to the Group Executive Committee, identified as the "Chief Operating Decision-Maker". This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments. The "Intersegment transactions" column is reserved for transactions between the two segments, which are carried out on near-market terms. Dividends paid by the Sales Financing segment to the Automotive segment are included in the Automotive division's financial income. The indicator used to evaluate segment performance is the operating margin.

Apart from taxes and the associates' share in net income, income and expenses relating to sales financing are recorded as operating items. The tax effect inherent to the French consolidated taxation system is included in the tax expense of the Automotive segment.

Assets and liabilities are specific to each segment. Receivables assigned by the Automotive segment to the sales financing companies are treated as operating assets by the assignee when the risks and benefits are substantially transferred. These receivables are mostly receivables on the dealership network.

Vehicles and batteries for which the Automotive segment has a repurchase commitment are included in the segment's assets. When these assets are financed by the Sales Financing segment, the Sales Financing segment recognises a receivable on the Automotive segment.

Current and non-current assets and liabilities

Sales financing receivables, other securities, derivatives, loans and financial liabilities of the Sales Financing segment (other than redeemable shares and subordinated loans) are considered as current assets and liabilities, because they are used in this operating segment's normal business cycle.

For the Automotive segment, in addition to items directly related to the business cycle, all assets and liabilities maturing within one year are classified as current.

E– Translation of the financial statements of foreign companies

The Group's presentation currency is the Euro.

For foreign companies, the functional currency is generally the local currency. In cases where most transactions are carried out in a different currency, that is adopted as the functional currency.

To determine whether a country is in hyperinflation, the Group refers to the list published by the AICPA (American Institute of Certified Public Accountants) Task Force. None of the countries where Renault has significant business activity was on this list in 2014.

Foreign companies' accounts are established in their functional currency, and subsequently translated into the Group's presentation currency as follows:

- financial position items other than components of shareholders' equity, which are stated at historical value, are translated at the closing exchange rate;
- income statement items are translated at the average exchange rate for the period;
- the translation adjustment is one of the other components of comprehensive income, and therefore has no impact on net income.

Goodwill generated by a business combination with a foreign company is treated as an asset or liability of the entity acquired, as appropriate. It is therefore expressed in the relevant entity's functional currency, and translated into Euros at the closing rate.

When a foreign company is sold, the accumulated translation adjustments on its assets and liabilities are transferred to net income.

F – Translation of foreign currency transactions

Transactions undertaken in a currency other than the functional currency of the entity concerned are initially translated to and recorded in the functional currency, using the rate applicable at the transaction date.

For financial reporting purposes, monetary assets and liabilities in currencies other than the functional currency are translated at the closing rate. All resulting foreign exchange differences are recognized in the income statement, except for foreign exchange gains and losses on financial instruments designated as hedges of a net investment in a foreign entity (note 2-X).

The following impacts are therefore recorded in net income:

- translation adjustments related to financial operations by the Automotive segment are included in the net financial income;
- other translation adjustments are included in the operating margin.

Derivatives are measured and recorded as described in note 2-X.

G – Revenues and margin

Revenues comprise all proceeds from sales of the Group's automotive goods, services related to these sales, and the various sales financing products marketed by the Group's companies to their customers.

Sales of goods and services and margin recognition

- Sales and margin recognition

Sales of automotive goods are recognized when the goods are made available to the distribution network in the case of non-Group dealers, or upon delivery to the end-user in the case of direct sales. The margin on sales is recognized immediately for normal sales by the Automotive segment, including sales with associated financing contracts that can be considered as finance leases (long-term or with a purchase option). However, no sale is recognized when an automotive item (vehicle or electric car battery) is covered by an operating lease from a Group finance company or the Group has made a buy-back commitment with a high probability of application, if the term of the contract covers an insufficient portion of the item's useful life.

In such cases, the transactions are recorded as operating leases and included in sales of services. The difference between the price paid by the customer and the buy-back price is treated as rental income, and spread over the period the automotive item is at the customer's disposal. The production cost for the new automotive item concerned is recorded in inventories for contracts of less than one year, or included in property, plant and equipment under fixed assets leased to customers when the contracts exceed one year. The sale of the automotive item as second-hand at the end of the lease gives rise to recognition of sales revenue and the related margin. The forecast resale value takes account of recent known developments on the second-hand automotive market but also future anticipated developments over the period in which the automotive goods will be sold, which may be influenced by factors both external (economic situation, taxation) and internal (changes in the range or the manufacturer's pricing strategy). As soon as a loss is expected on the resale, a provision (if the automotive item is in inventories) or additional depreciation (if the automotive item is included in property, plant and equipment) is recognized to cover the loss. When the overall position of the lease contract (rental income and income on resale) shows a loss, an additional provision is also recorded immediately to cover the future loss.

- Sales incentive programmes

When based on the volume or price of the products sold, the cost of these programmes is deducted from revenues when the corresponding sales are recorded. Otherwise, the cost is included in selling, general and administrative expenses. If programmes are approved after the sales, a provision is established when the decision is made.

The Group sometimes organizes promotional campaigns offering reduced-interest loans to end-users. The cost of these operations is recognized immediately when the rates offered cannot cover refinancing and administration costs, and charged to sales financing revenues over the duration of the loan otherwise.

- Warranty

The estimated or incurred costs relating to manufacturer's product or part warranties not covered by insurance are charged to expenses when the sales are recorded. Provisions for costs to be borne by Renault are valued on the basis of observed data by model and engine, i.e. the level of costs, and their distribution over the periods covered by the manufacturer's warranty. In the event of product recalls following incidents that come to light after the vehicle has been put on the market, provisions are established to cover the costs involved as soon as the decision to undertake the recall campaign has been made. Amounts claimed from suppliers are deducted from the warranty expense when it is considered practically certain they will be recovered.

- Services related to sales of automotive products

Renault offers its customers extended warranty and maintenance contracts, the income and margin on which are recognized over the period covered by the contract.

Sales financing revenues and margin recognition

- Sales financing revenues

Sales financing revenues are generated by financing operations for sales of vehicles to dealers and end-users. These financing operations take the form of loans from the Sales Financing segment companies, and are carried in the balance sheet at amortized cost under the effective interest rate method, less any impairment. Income on these contracts is calculated so as to give a constant interest rate over the period, and is included in sales revenues.

- Sales financing costs

The costs of sales financing are considered as operating expenses and included in the operating margin. They mainly comprise interest incurred by Sales financing companies to refinance their customer transactions, other costs and revenues directly related to administration of this type of refinancing (temporary investments, hedging and management of exchange and interest rate risks), and the cost of risks other than those relating to refinancing of receivables.

- Commissions payable to business intermediaries

Commissions are treated as external distribution costs, and therefore deferred as contract acquisition costs, so as to give a constant interest rate over the term of the financing contracts.

- Receivables showing evidence of impairment

Impairment for credit risk is recognized to cover the risk of non-recovery of receivables. When there is objective evidence of a loss of value (payments overdue, deterioration in the financial position, litigation procedures, etc) for an individual receivable, impairment is determined on an individual basis (using a statistical or case-by-case approach as appropriate). Otherwise, a collectively based provision may be recorded (for example in the event of unfavourable developments in a macro-economic and/or segment indicator associated with otherwise sound receivables).

Impairment for country risk is determined based on assessment of the systemic credit risk to which debtors are exposed in the event of long-term continuous decline in the economic and general environment of the countries included in the base.

H – Financial income (expenses)

Except for derivatives, interest income and expenses are recognized under the effective interest rate method, whereby interest and transaction costs are spread on an actuarial basis over the duration of the loan or borrowing.

Other interest income and expenses include accrued interest on interest rate derivatives used in fair value and cash flow hedging (when this income or expense is transferred from shareholders' equity). Changes in the fair value of interest rate derivatives, excluding accrued interest, are included in other financial income and expenses.

Other financial income and expenses also include changes in the fair value of Renault SA redeemable shares, the net interest expense on provisions for pensions, and dividends from companies that are neither controlled nor under significant influence, which are recognized in the year they are distributed.

I – Income tax

The Group recognizes deferred taxes for all temporary differences between the tax and book values of assets and liabilities in the consolidated statement of financial position. Deferred taxes are calculated at the latest tax rate enacted at the closing date applicable to the period when temporary differences are reversed. Each individual fiscal entity (legal entity, establishment or group of entities that pays tax to the tax administration) that is authorized to offset its current tax assets and liabilities reports deferred tax assets and liabilities net. Recognition of deferred tax assets depends on the probability of future recovery.

For fully consolidated companies, a deferred tax liability is recorded in respect of dividend distributions likely to be made by the Group.

For associates and joint ventures, a deferred tax liability on dividend distributions is booked for all differences between the book value and tax value of shares held.

Tax credits that can only be used against a taxable profit are recorded as a deduction from the income tax payable. Tax credits that are recoverable regardless of whether the company makes a taxable profit are set against the relevant nature of expense.

J - Goodwill

Non-controlling interests (formerly called "minority interests") are carried at fair value (the full goodwill method) or at their share in the fair value of assets acquired and liabilities transferred (the partial goodwill method). To date Renault has only recognized goodwill valued under the partial goodwill method. The choice of which method to use is made for each individual case.

Goodwill is not amortized, but impairment tests are carried out at least annually or whenever there is evidence of loss of value. After initial recognition, goodwill is stated at cost less any accumulated impairment.

Goodwill relating to associates is included in the "investments in associates" asset in the statement of financial position. In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates.

Acquisitions of additional investments concerning non-controlling interests in companies controlled by the Group are treated as equity transactions. The positive or negative difference between the cost of acquiring shares and the book value of the non-controlling interests acquired is recorded in shareholders' equity.

K - Research and development expenses

Development expenses incurred between the decision to begin development and implement production facilities for a new vehicle or part (e.g. engine or gearbox) and the subsequent approval of the design for mass production are capitalized as intangible assets. They are amortized on a straight-line basis from the date of approval for production, over the expected market life of the vehicle or part, which is initially no longer than seven years. Market lives are regularly reviewed and subsequently adjusted if there is a significant difference from the initial estimate. Capitalized development expenses mainly comprise the cost of prototypes, the cost of studies invoiced by external firms, the cost of personnel assigned to the project and a share of overheads dedicated exclusively to development activities.

Borrowing costs directly attributable to the development of a project requiring at least 12 months of preparation before commissioning are included in the gross value of the asset, which is a "qualifying asset". The capitalization rate for borrowing costs is limited such that capitalized borrowing costs do not exceed the total borrowing costs borne during the year. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

Expenses incurred before the decision to begin product development are recorded as costs in the period they are incurred, in the same way as research expenses. Expenses incurred after the start of mass production are treated as production costs.

L – Property, plant and equipment

The gross value of property, plant and equipment corresponds to historical acquisition or production cost.

Design and preparation expenses are included in the asset's production cost.

The production cost for property, plant and equipment also includes financing costs borne during the construction phase, under the same method as for intangible assets. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

Investment subsidies received are deducted from the gross value of the assets concerned.

Subsequent expenses for property, plant and equipment, except those incurred to increase productivity or prolong the life of an asset, are charged to expenses as incurred.

Assets used by the Group under finance leases are treated as assets financed by credit.

Fixed assets leased to customers are vehicles and batteries under a lease of more than one year from a Group finance company, for which the Group has a repurchase commitment, or vehicles sold under an agreement including a buy-back clause (note 2-G).

Depreciation

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings ⁽¹⁾	15 to 30 years
Specific tools	2 to 7 years
Machinery and other tools (other than press lines)	5 to 15 years
Press lines	20 to 30 years
Other tangible assets ⁽²⁾	4 to 6 years

(1) Buildings in use before 1987 are depreciated over a period of up to 40 years.

(2) Except for leased batteries, which are depreciated over periods of 8 to 10 years depending on the models.

Useful lives are regularly reviewed, and accelerated depreciation is recorded when an asset's useful life becomes shorter than the initially expected period of use, particularly when it is decided to withdraw a vehicle or part from the market.

M – Impairment

Impairment of fixed assets (other than leased assets)

Fixed assets are subjected to impairment tests as soon as there is any indication of a loss of value, such as significant adverse changes in the market in which the company operates, or changes affecting the circumstances and manner of use of the assets.

For the **Automotive segment**, impairment tests are carried out at two levels:

- At the level of vehicle-specific and component-specific assets
Vehicle-specific and component-specific assets are capitalized development expenses and tools. Impairment tests are carried out by comparing the net book value of the assets with the recoverable value, calculated based on discounted future cash flows related to the vehicle or component.
- At the level of other cash-generating units
A cash-generating unit is defined as a coherent subset that generates largely independent cash flows. Other cash-generating units may represent an economic entity (plant or subsidiary) or the whole Automotive segment. Fixed assets related to cash-generating units comprise goodwill, specific assets and capacity assets.

For each of the two levels, impairment tests are carried out by comparing the net book value with the recoverable value. Recoverable value is defined as the higher of value in use or fair value less selling costs.

Value in use is the present value of estimated future cash flows expected to arise from the use of an asset. Future cash flows derive from the business plan drawn up and validated by the Management, plus a terminal value based on discounted normative cash flows after application of a growth rate to infinity. They also include the dividends paid by the Sales Financing segment to the Automotive segment; these dividends represent, in cash form, the Sales Financing segment's contribution as taken into consideration in internal assessments of project profitability. The assumptions underlying the business plan include estimates of market developments in countries in which the Group operates and its share of those markets, changes in the sale price of products and the prices of purchased components and commodities. The pre-tax discount rate used is the weighted average cost of capital as determined by the company.

When the recoverable value is lower than the net book value, impairment equivalent to the difference is recorded against the assets concerned.

For the **Sales Financing segment**, an impairment test is carried out at least once a year or whenever there is an indication of loss of value, by comparing the book value and recoverable value of assets. Recoverable value is defined as the higher of fair value (less selling costs) and value in use. Value in use is the present value of future cash flows as determined in the most recent 5-year forecasts for each cash-generating unit group, consisting of legal entities or groups of legal entities in a given country. The same discount rate is used for all cash-generating units tested: a risk-free 10-year rate increased by the average risk premium for the sector in which the cash-generating units operate.

Impairment of investments in associates

Impairment tests of the value of investments in associates are carried out as soon as there is any indication of a loss of value, essentially significant adverse changes in the markets in which the company operates, or a major or long-term decline in stock market value.

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate with the share of the present value of future estimated cash flows expected from the associate.

When the recoverable value is lower than the book value, impairment equivalent to the difference is recorded against the relevant investment in an associate.

N – Non-current assets or groups of assets held for sale

Assets held for sale are non-current assets or groups of assets that are available for immediate sale and have a high probability of being sold.

Non-current assets or groups of assets considered to be held for sale are measured and recorded at the lower of net book value or fair value less selling costs. No further impairment or amortization is recorded once an asset is classified as held for sale (or included in a group of assets held for sale). These assets are reported on a specific line of the consolidated financial position.

O – Inventories

Inventories are stated at the lower of cost or net realisable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses, and a share of manufacturing overheads based on a normal level of activity. The normal level of activity is assessed site by site, in order to determine the share of fixed costs to be excluded in the event of below-normal activity.

Inventories are valued under the FIFO (First In First Out) method.

When the net realisable value is lower than the financial position value, impairment equal to the difference is recorded.

P – Assignment of receivables

Receivables assigned to third parties (through securitization or discounting) are removed from Group assets when the associated risks and benefits are also substantially transferred to the third parties in question.

The same treatment applies to assignments between the Automotive and Sales Financing segments.

Q – Treasury shares

Treasury shares are shares held for the purposes of stock option plans and free share plans awarded to Group managers and executives. They are recorded at acquisition cost and deducted from Group shareholders' equity until the date of sale.

When these shares are sold, the sale price is directly included in consolidated shareholders' equity. Consequently, no gain or loss on treasury shares is included in the net income for the period.

R – Stock option plans / Performance share attribution plans

The Group awards stock option plans (purchase and subscription options) and performance share attribution plans, all for Renault shares. The grant date is the date at which beneficiaries are informed of the decision to grant these options or performance shares, and the terms of the relevant plans. For plans subject to performance conditions, an estimate of achievement of those conditions is taken into account in determining the number of options or shares attributed. This estimate is reviewed annually based on changes in the probability of performance condition achievement. The final fair value of services rendered in return for attribution of options or shares is measured by reference to the fair value of those options or shares at their grant date, using a suitable binomial mathematical model that assumes exercise of the options is spread over the exercise period on a straight-line basis. Entitlements to attribution of performance shares are valued based on the share value at grant date less dividends expected during the vesting period. Where relevant, a discount is applied to reflect the fact that the shares must be held for a certain period. The share price volatility factor applied is implicit volatility at the grant date. The expected dividend used is determined by reference to the dividend payout schedule announced at the time each plan is valued.

The total fair value calculated in this way is spread on a straight-line basis over the vesting period for the relevant plan. The cost is included in personnel expenses, with a corresponding adjustment to consolidated reserves. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to consolidated reserves.

S - Pensions and other long-term employee benefit obligations

The Group's payments for defined-contribution benefit plans are recorded as expenses for the relevant period.

For defined-benefit plans concerning post-employment benefits, the Group uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula, principally on a straight-line basis over the years of service.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated average duration of the benefit plan concerned.

The actuarial gains and losses resulting from revisions of the underlying assumptions and experience-based adjustments are included in other components of comprehensive income.

The net expense for the year, corresponding to the current period service cost plus the past service cost where relevant, is charged to the operating margin. The interest expense on the net defined-benefit liability (asset) is recorded in the net financial income and expenses.

T - Restructuring measures / Termination benefits

The estimated cost of restructuring measures, which for accounting purposes are treated as an employee benefit, is covered by a provision over the estimated residual employment period of the employees concerned.

The estimated cost of termination indemnities is recognized as soon as a detailed plan has either been announced or is in progress.

U – Financial assets

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Financial assets comprise investments in non-controlled companies in which Renault does not exercise significant influence, marketable securities, negotiable debt instruments, loans, and derivative assets related to financial transactions (note 2-X).

These instruments are presented as non-current assets, apart from those maturing within 12 months of the closing date, which are classified as current assets.

Investments in non-controlled companies in which Renault does not have significant influence

Investments in non-controlled companies in which Renault does not have significant influence are classified as “available-for-sale” assets. The fair values of such financial assets are determined in priority by reference to the market price. If this is not possible, the Group uses a valuation method that is not based on market data.

Changes in the fair value of “available-for-sale” assets are included in other components of comprehensive income. If there is a significant or prolonged decrease in the fair value such that it falls below the acquisition price, impairment is recorded in the income statement. A decrease is considered significant if it exceeds 40% of the amount and prolonged if it is observed in more than four successive published financial reports.

Marketable securities and negotiable debt instruments

Short-term investments in the form of marketable securities and negotiable debt instruments are undertaken for the management of cash surpluses, but do not meet the requirements to qualify as cash equivalents.

These instruments are classified as “available-for-sale” assets and carried at fair value.

Loans

Loans essentially include interbank loans for investment of cash surpluses and loans to associates.

They are initially recognized at fair value, plus directly attributable transaction costs.

Loans are valued at amortized cost. Impairment is recognized in the income statement when there is objective evidence of depreciation in value caused by an event arising after the initial recognition of the asset.

V – Cash and cash equivalents

Cash includes cash on hand, current accounts and other demand deposits, with the exception of bank overdrafts, which are included in financial liabilities. These instruments are stated at amortized cost.

Cash equivalents are investments held for the purpose of meeting short-term cash commitments. For an investment to qualify as a cash equivalent, it must be readily convertible for a known amount of cash and be subject to an insignificant risk of change in value. Fixed or variable-income instruments that are not listed on an active market are stated at amortized cost. Other instruments are carried at fair value.

W – Financial liabilities of the Automotive segment and sales financing debts

The Group recognizes a financial liability (for the Automotive segment) or a sales financing debt when it becomes a party to the contractual provisions of the instrument.

Financial liabilities and sales financing debts comprise redeemable shares, bonds, other debts represented by a certificate, borrowings from credit institutions, other interest-bearing borrowings and derivative liabilities related to financial transactions (note 2-X).

Redeemable shares

In accordance with IAS 39, the Group considers that the variable interest on redeemable shares is an embedded derivative which cannot be valued separately. Consequently, the Group states all its redeemable shares at fair value, which is equal to market value.

Changes in the fair value of Automotive segment redeemable shares are recorded in financial income and expenses, while changes in the fair value of Sales Financing segment redeemable shares are recorded in the operating margin.

Bonds, other debts represented by a certificate, borrowings from credit institutions and other interest-bearing borrowings

Bonds, other debts represented by a certificate, borrowings from credit institutions and other interest-bearing borrowings are initially stated at fair value, less any directly attributable transaction costs.

At each reporting date, apart from specific hedge accounting methods (note 2-X), these financial liabilities are generally restated at amortized cost using the effective interest rate method. The financial expense calculated in this way includes issuance expenses and issuance or redemption premiums, together with the impact of debt renegotiations when the old and new terms are not substantially different.

X – Derivatives and hedge accounting

Measurement and presentation

Derivatives are initially stated at fair value. This fair value is subsequently reviewed at each closing date.

- The fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).
- The fair value of interest rate derivatives is the amount the Group would receive (or pay) to settle outstanding contracts at the closing date, taking into account any unrealized gains or losses based on interest rates and the quality of the counterparty to each contract at the closing date. This fair value includes accrued interest.
- The fair value of commodity derivatives is based on market conditions.

The Automotive segment's derivatives are reported in the financial position as current if they mature within 12 months and non-current otherwise. All Sales Financing segment derivatives are reported in the financial position as current.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- fair value hedge;
- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group identifies the hedging instrument and the hedged item as soon as the hedge is set up, and documents the hedging relationship, stating the hedging strategy, the risk hedged and the method used to assess the hedge's effectiveness. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge.

- Fair value hedges: the hedged item is adjusted to fair value in view of the risk hedged and the hedging instrument is recorded at fair value. As changes in these items are recorded in the income statement simultaneously, only the ineffective portion of the hedge has an impact on net income. It is recorded in the same income statement item as changes in the fair value of the hedged item and the hedging instrument.
- Cash flow hedges: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in shareholders' equity is transferred to the income statement when the hedged item has an impact on net income.
- Hedge of a net investment in a foreign operation: the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in shareholders' equity is transferred to net income at the date of liquidation or sale of the investment. The interest rate component of financial instruments used to hedge the investment in Nissan (forward sales and fixed/fixed cross-currency swaps) is treated as an ineffective portion and consequently recorded directly in financial income and expenses.

Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized directly in financial income, except in the case of derivatives entered into exclusively for reasons closely related to business operations. In this case, changes in the fair value of derivatives are included in the operating margin.

NOTE 3 – CHANGES IN THE SCOPE OF CONSOLIDATION

	Automotive	Sales Financing	Total
Number of companies consolidated at December 31, 2013	123	36	159
Newly consolidated companies (acquisitions, formations, etc)	3	1	4
Deconsolidated companies (disposals, mergers, liquidations, etc)	8	1	9
Number of companies consolidated at December 31, 2014	118	36	154

The following companies set up by the Group were first included in to the scope of consolidation in 2014, under the equity method:

- Dongfeng Renault Automotive Company was formed to develop business in China in partnership with the Dongfeng group. This legal entity is qualified as a joint venture and therefore accounted for by the equity method. Dongfeng Renault Automotive Company is expected to produce its first vehicles in 2016. A factory was under construction in 2014
- Renault Algérie Production is a legal entity formed in partnership with public bodies in Algeria to set up a production plant to make passenger and commercial vehicles for the local market. It is qualified as a joint venture and therefore accounted for by the equity method. Vehicle production started in late 2014.
- RN Bank is a sales financing company providing customer and dealer financing in Russia. It was formed by the Alliance and an external partner (Unicrédit). The Group exercises significant influence over this entity, which is accounted for by the equity method. RN Bank is held through a joint venture RN SF BV, the holding company jointly-controlled by RCI Banque and Nissan, which with the external partner holds the associate BARN BV, shareholder of RN Bank. The Group exercises significant influence in BARN BV. These two holding companies are also accounted for by the equity method in 2014.

Société des Automobiles Alpine Caterham, which makes vehicles in France, was fully consolidated in 2014 following the repurchase of the 50% stake sold to a partner in June 2013. During the second half of 2013, when control was still shared with a partner, this joint venture was consolidated based on the specific percentage interest in each balance sheet and income statement item.

4.2.6.3 Income statement and comprehensive income

NOTE 4 – REVENUES

A – 2013 revenues applying 2014 Group structure and methods

(€ million)	Automotive	Sales Financing	Total
2013 revenues as published	38,775	2,157	40,932
Changes in scope of consolidation	(115)	11	(104)
2013 revenues applying 2014 Group structure and methods	38,660	2,168	40,828
2014 REVENUES	38,874	2,181	41,055

B – Breakdown of revenues

(€ million)	2014	2013
Sales of goods - Automotive segment	37,176	36,964
Rental income on leased assets ⁽¹⁾	361	372
Sales of other services	1,337	1,439
Sales of services - Automotive segment	1,698	1,811
Sales of goods - Sales Financing segment	31	33
Rental income on leased assets ⁽¹⁾	25	20
Interest income on sales financing receivables	1,480	1,496
Sales of other services ⁽²⁾	645	608
Sales of services - Sales Financing segment	2,150	2,124
TOTAL REVENUES	41,055	40,932

(1) Rental income recorded by the Group on vehicle sales with a buy-back commitment or fixed asset rentals.

(2) Mainly income on services comprising insurance, maintenance, and replacement vehicles under a financing contract or otherwise.

NOTE 5 – OPERATING MARGIN: DETAILS OF INCOME AND EXPENSES BY NATURE

A – Personnel expenses

	2014	2013
Personnel expenses (€ million)	5,248	5,494
Workforce at December 31	117,395	121,807

Details of pensions and other long-term employee benefit expenses are presented in note 19.

The income recorded in 2014 in respect of the French "CICE" Tax Credit for Competitiveness and Employment amounted to €51 million (€36 million in 2013).

Share-based payments concern stock options and performance shares granted to personnel, and amounted to a personnel expense of €32 million for 2014 (€33 million in 2013).

The plan valuation method is presented in note 18-H.

B – Rental expenses

Rents amount to €232 million in 2014 (€234 million in 2013).

C – Foreign exchange gains/losses

In 2014, the operating margin includes a net foreign exchange loss of €144 million, partly related to movements in the Argentinian peso and Russian rouble against the Euro (compared to a net foreign exchange loss of €120 million in 2013, also partly related to movements in the Argentinian peso and the Russian rouble against the Euro).

NOTE 6 – OTHER OPERATING INCOME AND EXPENSES

(€ million)	2014	2013
Restructuring and workforce adjustment costs	(305)	(423)
Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation	-	13
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	7	140
Impairment of fixed assets	(153)	(488)
Provisions related to operations in Iran	14	(514)
Other unusual items	(67)	(4)
Total	(504)	(1,276)

A – Restructuring and workforce adjustment costs

Restructuring costs and workforce adjustment measures mainly relate to Europe in 2014 and 2013.

The costs for 2014 particularly include €223 million for the "Contract for Renault's new growth and labour development in France" agreement signed in March 2013 (€327 million in 2013). This agreement is designed to roll out a set of balanced measures which generate competitiveness gains. One of the measures adopted broadens the career-end work exemption arrangements. Under IAS 19 (revised), this is considered as an employee benefit and the cost must be covered by a provision established over the residual forecast working life of the employees concerned. The provision in the balance sheet liabilities at December 31, 2014 therefore covers the outstanding amounts due to employees who have already stopped working at December 31, 2014 and a share of the discounted cost for the population likely to sign up to this arrangement between January 1, 2015 and December 31, 2016.

B – Impairment of fixed assets

Following impairment tests, impairment was booked in 2014 on intangible assets (€44 million) and tangible assets (€92 million) (€153 million and €197 million respectively in 2013), mainly following impairment tests on vehicles and powertrain subsystems (notes 10 and 11).

A provision of €15 million was also recorded in respect of the electric vehicle range in 2014, in addition to the €119 million provision established in 2013, to cover the estimated indemnities payable for failure to meet stipulated minimum purchase volumes. This additional amount reflects the effect of unwinding the discount on future cash flows.

C – Provisions related to operations in Iran

Operations with Iran were limited during 2014 due to the economic sanctions applicable. The reduction in impairment in 2014 essentially relates to payments received during the period.

There was little change over the year in the Group's exposure to risks in Iran, materialized by all its assets held in account (securities, shareholder loan and sales receivables). The gross exposure at December 31, 2014 was €828 million, including €724 million of receivables (€833 million including €729 million of receivables at December 31, 2013).

The Group's exposure was fully written off in 2013, leading to recognition of an expense of €514 million recorded in other operating income and expenses.

D – Other unusual items

Other unusual items in 2014 include an amount of €45 million to cover risks in Germany, essentially resulting from a change in the regulations on administrative fees for the financing activity.

NOTE 7 – OTHER FINANCIAL INCOME AND EXPENSES

(€ million)	2014	2013
Change in fair value of redeemable shares (note 23-A)	(37)	(65)
Foreign exchange gains and losses on financial operations	28	30
Net interest expense on the net defined-benefit liability (asset) corresponding to pension and other long-term employee benefit obligations	(45)	(42)
Other	3	62
Other financial income and expenses	(51)	(15)

Other items of financial income and expenses in 2014 include dividends received from Daimler at their gross value of €37 million (€37 million in 2013). They also include income of €3 million corresponding to a reversal of impairment on the shares in the Modernization Fund for Automotive Equipment Manufacturers (*Fonds de Modernisation des Equipementiers Automobiles - FMEA*), following recognition of impairment of €11 million in 2013 (note 22-A1).

NOTE 8 – CURRENT AND DEFERRED TAXES

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this is the regime applicable to the Group in which Renault SA is taxed in France.

The Renault group also applies other optional tax consolidation systems in Germany, Italy, Spain, and the UK.

A – Current and deferred tax charge

Breakdown of the tax charge

(€ million)	2014	2013
Current tax charge	(396)	(443)
Deferred tax income (charge)	260	10
Current and deferred taxes	(136)	(433)

€343 million of the current tax charge comes from foreign entities in 2014 (€365 million in 2013).

Current income taxes paid by the Group during 2014 amount to €268 million (€356 million in 2012).

B – Breakdown of the tax charge

(€ million)	2014	2013
Income before taxes and share in net income of associates and joint ventures	772	(316)
Statutory income tax rate in France, including the additional contribution ⁽¹⁾	38.0%	38.0%
Theoretical tax income (charge)	(293)	120
Effect of differences between local rates and the French rate ⁽²⁾	180	222
Tax credits	28	53
Distribution taxes	(84)	(209)
Change in unrecognized deferred tax assets	(51)	(486)
Other impacts ⁽³⁾	84	(133)
Current and deferred tax income (charge)	(136)	(433)

(1) In France, the Group is liable for an exceptional 10.7% contribution applicable until the end of the 2015 financial year. The theoretical tax rate including this exceptional contribution stands at 38.0%.

(2) The main countries contributing to the tax rate differential in 2014 are Korea, Morocco, Romania, Russia, Switzerland and Turkey.

(3) Other impacts are primarily permanent differences, income subject to reduced tax rates, the cost of tax reassessments, and prior year adjustments. They also include the effect of the differential between the income tax rate including the exceptional contribution applicable in France (38.0%) used for the tax breakdown between theoretical and actual taxes, and the 34.43% tax rate used to calculate deferred taxes for the French tax consolidation group (unfavourable effect of €25 million for 2014 and €76 million for 2013).

Until December 31, 2013, as there was no prospect of reporting taxable income in the foreseeable future, the Group wrote off all net deferred tax assets of the French tax consolidation group.

In 2014, the outlook for financial results resulting from the 2015/2017 plan led the Group to recognize some of these net deferred tax assets. The corresponding reversals were partly transferred to income (€210 million) and partly to consolidated reserves (€52 million), due to the origins of the taxes concerned (4.2.2 and note 8 C-1). The amount transferred to income explains the lower expense resulting from the change in unrecognized deferred tax assets (negative effect of €51 million in 2014; negative effect of €486 million in 2013).

The effective tax rate across all foreign entities is 26% at December 31, 2014 (24% at December 31, 2013). The rise in this rate results from the Group's lower net income in Russia in 2014 (Russian tax rates range from 15.5% to 20%).

C – Breakdown of net deferred taxes

C1 – Change in deferred tax assets and liabilities

(€ million)	2014	2013
Deferred tax assets	396	416
Deferred tax liabilities	(121)	(123)
Net deferred tax assets (liabilities) at January 1	275	293
Deferred tax income (charge) for the period	260	10
Deferred tax income (charge) included in shareholders' equity	56	(10)
Translation adjustments	(16)	(25)
Change in scope of consolidation and other	-	7
Net deferred tax assets (liabilities) at December 31	575	275
- deferred tax assets	716	396
- deferred tax liabilities	(141)	(121)

C2 - Breakdown of net deferred tax assets by nature

(€ million)	December 31, 2014	December 31, 2013
Deferred taxes on:		
Investments in associates and joint ventures ⁽¹⁾	(157)	(136)
Fixed assets	(1,623)	(1,577)
Provisions and other expenses or valuation allowances deductible upon utilization	937	847
Loss carryforwards ⁽²⁾	4,457	4,190
Other	413	387
Net deferred tax assets (liabilities)	4,027	3,711
Unrecognized deferred tax assets related to tax losses (note 8-C3)	(3,452)	(3,436)
Net deferred tax assets (liabilities) reported	(575)	275

(1) Including tax on future dividend distributions

(2) Including €3,836 million for the French tax consolidation entities and €621 million for other entities at December 31, 2014 (respectively €3,656 million and €534 million December 31, 2013).

The residual unrecognized net deferred tax assets of entities included in the French tax consolidation group amounted to €2,816 million at December 31, 2014 (€2,839 million at December 31, 2013). €547 million of these unrecognized assets arose on items booked through shareholders' equity (chiefly the effects of the partial hedge of the investment in Nissan, revaluation of financial instruments, and actuarial gains and losses), and €2,269 million arose on items affecting the income statement (respectively €589 million and €2,250 million at December 31, 2013).

Excluding the French tax consolidation group, unrecognized deferred tax assets totalled €636 million (€597 million in 2013), and essentially related to tax loss carryforwards generated by the Group in Brazil, and to a lesser extent in India.

C3 - Breakdown of unrecognized net deferred tax assets, by expiry date

<i>(€ million)</i>	December 31, 2014	December 31, 2013
Net deferred tax assets that can be carried forward indefinitely ⁽¹⁾	3,262	3,286
Other net deferred tax assets expiring in more than 5 years	58	85
Other net deferred tax assets expiring between 1 and 5 years	103	43
Other net deferred tax assets expiring within 1 year	29	22
Total unrecognized net deferred tax assets	3,452	3,436

(1) Including €2,816 million at December 31, 2014 (€2,839 million at December 31, 2013) corresponding to unrecognized net deferred tax assets of entities included in the French tax consolidation group (note 8-C2), mainly corresponding to tax loss carryforwards.

NOTE 9 – BASIC AND DILUTED EARNINGS PER SHARE

<i>(In thousands of shares)</i>	2014	2013
Shares in circulation	295,722	295,722
Treasury shares	(3,289)	(4,048)
Shares held by Nissan x Renault's share in Nissan	(19,384)	(19,384)
Number of shares used to calculate basic earnings per share	273,049	272,290

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during the period, i.e. after neutralization of the average number of treasury shares and Renault shares held by Nissan.

<i>(In thousands of shares)</i>	2014	2013
Number of shares used to calculate basic earnings per share	273,049	272,290
Dilutive effect of stock options and performance share attribution rights	1,052	1,806
Number of shares used to calculate diluted earnings per share	274,101	274,096

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of stock options and rights to performance share attribution that have a dilutive effect and fulfil the performance conditions at the year-end when issuance is conditional.

4.2.6.4 Operating assets and liabilities, shareholders' equity

NOTE 10 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

A - Intangible assets

A1 – Changes in intangible assets

Changes during 2014 in intangible assets were as follows:

(€ million)	December 31, 2013	Acquisitions / (amortization and impairment)	(Disposals) / reversals	Translation adjustment	Change in scope of translation and other	December 31, 2014
Capitalized development expenses	8,657	845	(419)	13	-	9,096
Goodwill	222	3	-	(9)	-	216
Other intangible assets	596	119	(29)	1	3	690
Intangible assets, gross	9,475	967	(448)	5	3	10,002
Capitalized development expenses	(5,781)	(705)	419	(13)	-	(6,080)
Other intangible assets	(412)	(92)	25	-	-	(479)
Amortization and impairment	(6,193)	(797)	444	(13)	-	(6,559)
Capitalized development expenses	2,876	140	-	-	-	3,016
Goodwill	222	3	-	(9)	-	216
Other intangible assets	184	27	(4)	1	3	211
Intangible assets, net	3,282	170	(4)	(8)	3	3,443

Most goodwill is in Europe.

Acquisitions of intangible assets in 2014 comprise €845 million of self-produced assets and €122 million of purchased assets (respectively €745 million and €88 million in 2013).

In 2014, amortization and impairment of intangible assets include €44 million of impairment relating to vehicles and powertrain subsystems (note 6-B), compared to €153 million of impairment in 2013.

Changes during 2013 in intangible assets were as follows:

(€ million)	Gross value	Amortization and impairment	Net value
Value at December 31, 2012	9,162	(5,680)	3,482
Acquisitions (note 26-C)/(amortization)	833	(1,005)	(172)
(Disposals)/reversals	(467)	466	(1)
Translation adjustment	(25)	11	(14)
Change in scope of consolidation and other	(28)	15	(13)
Value at December 31, 2013	9,475	(6,193)	3,282

A2 - Research and development expenses included in income

(€ million)	2014	2013
Research and development expenses	(1,890)	(1,793)
Capitalized development expenses	842	732
Amortization of capitalized development expenses	(673)	(751)
TOTAL REPORTED INCLUDED IN INCOME	(1,721)	(1,812)

B – Property, plant and equipment

Changes during 2014 in property, plant and equipment were as follows:

(€ million)	December 31, 2013	Acquisitions / (depreciation and impairment)	(Disposals)/ reversals	Translation adjustments	Change in scope of consolidation and other	December 31, 2014
Land	565	7	(7)	3	-	568
Buildings	6,053	135	(50)	(84)	10	6,064
Specific tools	13,479	1,039	(361)	(17)	6	14,146
Machinery and other tools	10,046	583	(171)	(66)	2	10,394
Fixed assets leased to customers	2,090	660	(689)	3	(32)	2,032
Other tangibles	772	56	(48)	(3)	-	777
Construction in progress ⁽¹⁾	1,625	(84)	3	(35)	5	1,514
Gross values	34,630	2,396	(1,323)	(199)	(9)	35,495
Land	-	-	-	-	-	-
Buildings	(3,320)	(235)	36	13	(3)	(3,509)
Specific tools	(11,433)	(824)	365	(22)	(6)	(11,920)
Machinery and other tools	(7,492)	(577)	147	8	-	(7,914)
Fixed assets leased to customers ⁽²⁾	(718)	(245)	325	(1)	(25)	(664)
Other tangibles	(694)	(37)	41	3	-	(687)
Construction in progress	-	-	-	-	-	-
Depreciation and impairment ⁽³⁾	(23,657)	(1,918)	914	1	(34)	(24,694)
Land	565	7	(7)	3	-	568
Buildings	2,733	(100)	(14)	(71)	7	2,555
Specific tools	2,046	215	4	(39)	-	2,226
Machinery and other tools	2,554	6	(24)	(58)	2	2,480
Fixed assets leased to customers	1,372	415	(364)	2	(57)	1,368
Other tangibles	78	19	(7)	-	-	90
Construction in progress ⁽²⁾	1,625	(84)	3	(35)	5	1,514
Net values	10,973	478	(409)	(198)	(43)	10,801

(1) Items classified as "construction in progress" are transferred to completed asset categories via the "acquisitions / (depreciation and impairment)" column.

(2) Impairment of assets leased to customers amounts to €221 million at December 31, 2014 (€227 million at December 31, 2013).

(3) Depreciation and impairment in 2014 include impairment of €92 million on vehicles and powertrain subsystems (note 6-B), compared to €197 million of impairment in 2013.

Changes during 2013 in property, plant and equipment were as follows:

(€ million)	Gross value	Depreciation and impairment	Net value
Value at December 31, 2012	34,617	(23,083)	11,534
Acquisitions/(depreciation and impairment)	2,301	(2,172)	129
(Disposals)/reversals	(1,372)	994	(378)
Translation adjustments	(497)	282	(215)
Change in scope of consolidation and other	(419)	322	(97)
Value at December 31, 2013	34,630	(23,657)	10,973

NOTE 11 – IMPAIRMENT TESTS ON FIXED ASSETS (OTHER THAN LEASED ASSETS)

The Group carried out impairment tests on its fixed assets under the approach described in the section on accounting policies (note 2-L).

A – Impairment tests on vehicle-specific and component-specific assets

Following impairment tests of assets dedicated to specific vehicles or components, impairment of €138 million was booked during 2014 (€350 million at December 31, 2013). This impairment concerns vehicles and powertrain subsystems and was primarily recorded against capitalized development expenses. A provision of €15 million was also recorded in respect of the electric vehicle range in 2014, in addition to the €119 million provision established in 2013, to cover the estimated indemnities payable for failure to meet stipulated minimum purchase volumes. This additional amount reflects the effect of unwinding the discount on future cash flows.

Apart from vehicles for which impairment has been recorded, other vehicles tested in previous half-years no longer display any evidence of impairment.

B – Impairment tests on other cash-generating units of the Automotive segment

In 2014, no cash-generating unit representing an economic entity (plant or subsidiary) was subjected to an impairment test, as there were no indications of impairment in the various combined economic units that make up the Group.

An impairment test was carried out on the Automotive segment, as is the case every year.

The recoverable value used for the purposes of the impairment tests for the Automotive segment is the value in use, determined under the discounted future cash flow method on the basis of the following assumptions:

	2014	2013
Business plan duration	3 years	6 years
Forecast sales volumes over the projected horizon (units)	3,520,000	3,344,000
Growth rate to infinity	1.8%	1.8%
After-tax discount rate	8.8%	8.8%

In 2014 as in 2013, no impairment was recognized on assets included in the Automotive segment as a result of the impairment test.

Changes in the assumptions underlying the calculations show that to cover the assets, for each factor considered individually:

- The volume reduction over the projected horizon must not exceed 325,000 units (275,000 units in 2013);
- The after-tax discount rate must not exceed 16.4% (14% in 2013).

With a growth rate to infinity close to zero, the conclusions of the test are unaffected.

NOTE 12 – INVESTMENT IN NISSAN

A – Nissan consolidation method

Renault and the Japanese automaker Nissan have chosen to develop a unique type of alliance between two distinct companies with common interests, uniting forces to achieve optimum performance. The Alliance is organized so as to preserve individual brand identities and respect each company's corporate culture.

Consequently:

- Renault is not assured of holding the majority of voting rights in Nissan's Shareholders' Meeting.
- The terms of the Renault-Nissan agreements do not entitle Renault to appoint the majority of Nissan directors, nor to hold the majority of voting rights at meetings of Nissan's Board of Directors; Renault cannot unilaterally appoint the President of Nissan; at December 31, 2014, Renault occupied two of the nine seats on Nissan's Board of Directors (compared to two at December 31, 2013).
- Renault-Nissan b.v., owned 50% by Renault and 50% by Nissan, is the Alliance's joint decision-making body for strategic issues concerning either group individually. Its decisions are applicable to both Renault and Nissan. This decision-making power was conferred on Renault-Nissan b.v. to generate synergies and bring both automakers worldwide economies of scale. This entity does not enable Renault to direct Nissan's financial and operating strategies, which are governed by Nissan's Board of Directors and cannot therefore be considered to represent contractual control by Renault over Nissan. The matters examined by Renault-Nissan b.v. since it was formed have remained strictly within this contractual framework, and are not an indication that Renault exercises control over Nissan.
- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets.
- Renault provides no guarantees in respect of Nissan's debt.

In view of this situation, Renault is considered to exercise significant influence over Nissan, and therefore uses the equity method to include its investment in Nissan in the consolidation. The Group's early application of the new standard IFRS 10, "Consolidated financial statements", as of January 1, 2013, has not affected the conclusion that Renault has significant influence over Nissan.

B – Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards (as Nissan is listed on the Tokyo stock exchange), after adjustments for the requirements of the Renault consolidation.

Nissan publishes consolidated financial statements quarterly, and annually at March 31. For the purposes of the Renault consolidation, Nissan results are included in line with the Renault calendar (the results for the period January to December are consolidated in Renault's annual financial statements).

Nissan held 0.68% of treasury shares at December 31, 2014 (0.68% at December 31, 2013). Consequently, Renault's percentage interest in Nissan is 43.7% at December 31, 2014 (43.7% at December 31, 2013). Renault holds 43.4% of voting rights in Nissan at December 31, 2014 (43.4% at December 31, 2013).

C – Changes in the investment in Nissan as shown in Renault's statement of financial position

(€ million)	Share in net assets			Net goodwill	Total
	Before neutralization	Neutralization proportional to Nissan's investment in Renault ⁽¹⁾	Net		
At December 31, 2013	14,403	(975)	13,428	640	14,068
2014 net income	1,559	-	1,559	-	1,559
Dividend distributed	(432)	-	(432)	-	(432)
Translation adjustment	621	-	621	(3)	618
Other changes ⁽²⁾	19	1	20	-	20
At December 31, 2014	16,170	(974)	15,196	637	15,833

(1) Nissan has held 15% of Renault since the acquisition in 2002, excluding the subsequent impacts of Renault's treasury share repurchases.

(2) Other changes include the effect of Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.

D – Changes in Nissan equity restated for the purposes of the Renault consolidation

	December 31, 2013	2014 net income	Dividends	Translation adjustment	Other changes ⁽¹⁾	December 31, 2014
<i>(in billions of yen)</i>						
Shareholders' equity – Nissan share under Japanese GAAP	4,221	454	(132)	238	(71)	4,710
Restatements for compliance with IFRS:						
- Provision for pension and other long-term employee benefit obligations	(96)	(1)	-	5	94	2
- Capitalization of development expenses	554	45	-	4	-	603
- Deferred taxes and other restatements	(114)	4	-	8	(37)	(139)
Net assets restated for compliance with IFRS	4,565	502	(132)	255	(14)	5,176
Restatements for Renault group requirements ⁽²⁾	205	(1)	(10)	(15)	19	198
Net assets restated for Renault group requirements	4,770	501	(142)	240	5	5,374
<i>(€ million)</i>						
Net assets restated for Renault group requirements	32,960	1,806	(486)	2,760	(38)	37,002
Renault's percentage interest	43.7%					43.7%
Renault's share (before neutralization effect described below)	14,403	1,559	(432)	621	19	16,170
Neutralization of Nissan's investment in Renault ⁽³⁾	(975)	-	-	-	1	(974)
Renault's share in the net assets of Nissan	13,428	1,559	(432)	621	20	15,196

(1) Other changes include the effect of Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.

(2) Including actuarial gains and losses recognized in equity.

(3) Restatements for Renault group requirements essentially correspond to revaluation of fixed assets by Renault for the acquisitions undertaken between 1999 and 2002, and elimination of Nissan's investment in Renault accounted for by the equity method.

(4) Nissan has held 44,358 thousand Renault shares in Renault since 2002, an ownership interest of 15%.

E – Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2014 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2013 financial year and the first three quarters of its 2014 financial year.

	January to March 2014		April to June 2014		July to September 2014		October to December 2014		January to December 2014	
	Fourth quarter of Nissan's 2013 financial year		First quarter of Nissan's 2014 financial year		Second quarter of Nissan's 2014 financial year		Third quarter of Nissan's 2014 financial year		Reference period for Renault's 2014 consolidated financial statements	
	<i>(in billions of yen)</i>	<i>(€ million)⁽¹⁾</i>	<i>(in billions of yen)</i>	<i>(€ million)⁽¹⁾</i>	<i>(in billions of yen)</i>	<i>(€ million)⁽¹⁾</i>	<i>(in billions of yen)</i>	<i>(€ million)⁽¹⁾</i>	<i>(in billions of yen)</i>	<i>(€ million)⁽¹⁾</i>
Net income – parent-company shareholders' share	115	817	112	800	125	908	102	713	454	3,238

(1) Converted at the average exchange rate for each quarter of 2014

F – Nissan financial information under IFRS

The table below presents Nissan financial information, restated for the purposes of the Renault consolidation, for the period January 1 – December 31 of 2014 and 2013. The restatements do not include the fair value adjustments of assets and liabilities applied by Renault at the time of the acquisitions in 1999 and 2002, or the elimination of Nissan's investment in Renault accounted for by the equity method.

	2014		2013	
	(in billions of yen)	(€ million) ⁽¹⁾	(in billions of yen)	(€ million) ⁽²⁾
Revenues	11,189	79,705	9,841	75,899
Net income				
Parent company shareholders' share	502	3,569	416	3,209
Non-controlling interests' share	22	164	29	223
Other components of comprehensive income	238	1,703	538	4,149
Parent company shareholders' share	22	149	18	139
Non-controlling interests' share				
Comprehensive income				
Parent company shareholders' share	740	5,272	954	7,358
Non-controlling interests' share	44	313	47	362
Dividends received from Nissan	62	432	54	406
	December 31, 2014		December 31, 2013	
	(in billions of yen)	(€ million) ⁽¹⁾	(in billions of yen)	(€ million) ⁽²⁾
Non-current assets	7,481	51,511	6,684	46,186
Current assets	9,863	67,913	8,284	57,241
TOTAL ASSETS	17,344	119,424	14,968	103,427
Shareholders' equity				
Parent company shareholders' share	5,176	35,626	4,565	31,544
Non-controlling interests' share	395	2,734	318	2,197
Non-current liabilities	5,783	39,819	5,123	35,399
Current liabilities	5,990	41,245	4,962	34,287
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	17,344	119,424	14,968	103,427

(1) Converted at the average exchange rate for 2014 i.e. 140.4 JPY = 1 EUR for income statement items, and at the December 31, 2014 rate i.e. 145.2 JPY = 1 EUR for financial position items.

(2) Converted at the average exchange rate for 2013, i.e. 129.7 JPY = 1 EUR for income statement items, and at the December 31, 2013 rate i.e. 144.7 JPY = 1 EUR for financial position items.

G – Hedging of the investment in Nissan

The Group has partially hedged the Yen/Euro exchange risk on its investment in Nissan since 1999.

At December 31, 2014, the corresponding hedging operations totalled 129 billion yen (€890 million), comprising 24 billion yen (€165 million) of private placements on the EMTN market and 105 billion yen (€725 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2014, these operations generated favourable foreign exchange differences of €8 million (favourable difference of €209 million in 2013). The net favourable effect of €63 million after deferred taxes is recorded in the Group's translation adjustment reserve (note 18-E).

H – Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at December 31, 2014 of JPY 1,057 per share, Renault's investment in Nissan is valued at €14,280 million (€11,985 million at December 31, 2013 based on the price of JPY 884 per share).

I – Impairment test of the investment in Nissan

At December 31, 2014, the stock market value of the investment was 9.8% lower than its book value in the assets of Renault's statement of financial position. In view of this, an impairment test was carried out in application of the approach presented in the note on accounting policies (note 2-L).

As this investment is strategic, in compliance with IAS 36 the recoverable value was determined based on the higher of stock market value, representing "fair value", and value in use, estimated on the basis of discounted cash flows defined in the business plan drawn up by Nissan management. An after-tax discount rate of 7.5% and a growth rate to infinity of 3.1% were used to calculate value in use. The terminal value was calculated under profitability assumptions consistent with Nissan's past data and balanced medium-term prospects.

The test results did not lead to recognition of any impairment on the investment in Nissan in 2014.

A 200 base point increase in the discount rate associated with a 40 base point decrease in the growth rate to infinity or a 100 base point decrease in the operating margin would have no impact on the book value of the investment in Nissan.

J – Operations between the Renault group and the Nissan group

Renault and Nissan follow joint strategies for vehicle and part development, purchasing and production and distribution resources.

The cooperation between the two groups in 2014 principally takes the following forms:

Joint investments

Renault and Nissan share development costs and investments for gearbox and engine production.

The two Groups have made joint investments since 2007 for production of Logan vehicles. This type of cooperation now exists in South Africa, where the Nissan group has manufactured the Sandero since 2009.

Since 2011, the Alliance's Chennai plant in India has produced the first cross-badged vehicle Renault Pulse, an adaptation of the Nissan Micra with a 1.5 dCi diesel engine made at the Cleon plant in France. From 2014, cross-badged Nissan Terrano vehicles adapted from the Renault Duster have also been made at the Chennai plant for sale in India.

Vehicle manufacturing

In Brazil, Renault supplies Nissan with assembly services for its Frontier pick-up and Livina models at the Curitiba plant. 13,490 vehicles were assembled during 2014.

The Chennai plant has provided assembly services since 2011 for the Fluence and Koleos, which are sold on the Indian market by Renault dealers. These services were extended in 2012 to the Duster, Pulse and Scala. In 2014, the volume of assembled vehicles totalled 74,560 units.

In the light commercial vehicles segment, Nissan produced 56,180 Trafic vans over the year at its Barcelona plant in Spain in 2014. 9.6% of these are sold through the Nissan network. Production of these Trafic vans in Barcelona was discontinued in July 2014. Renault, meanwhile, produced 5,560 Interstars (Nissan-badged Masters), which are purchased by Nissan for sale through its own network.

In 2014 Renault's Moscow plant began to produce cross-badged Nissan Terranos, adapted from the Renault Duster. 12,055 vehicles were sold to Nissan for the Russian market in 2014.

Starting from 2014, the Busan plant in South Korea supplies assembly services for the Nissan Rogue, intended for the United States. In 2014, 26,470 vehicles were produced in the Renault Samsung Motors plant.

Part sales

In Europe, the Renault group produces engines common to the Alliance at its Cléon plant in France, for use by Nissan's Japanese and UK plants in the Nissan Qashqai and X-Trail vehicles.

Renault also supplies gearboxes, engines and components manufactured at the plants in Cacia in Portugal, Valladolid and Seville in Spain, Cléon in France and Pitesti in Romania to Nissan's plants in Sunderland in the UK, Barcelona in Spain, Saint Petersburg in Russia, Chennai in India and Thailand.

In South America, Renault supplies gearboxes made by its subsidiary Cormecanica to Nissan's Resende plant in Brazil.

In total Renault supplied 662,000 gearboxes and 346,000 engines during 2014.

In South Korea, Nissan supplies Renault Samsung Motors with parts used in production of the SM3 (Fluence), the SM5 (Latitude), the SM7 and the Koleos.

Renault also uses Nissan's pinions for the Megane range, and automatic gearboxes, with continuous variable transmissions for the Megane and the Espace. Renault also uses a 2.0 litre engine developed jointly with Nissan for the Laguna. Nissan supplies rear axles for the Dacia Duster.

Sales

In Europe, Renault markets Nissan vehicles in Bulgaria, Croatia, Romania, Serbia and Slovenia.

Conversely, Nissan markets Renault vehicles in Japan, Australia and the Gulf states.

Finance

From trading rooms in Lausanne and Singapore, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange, interest rate and commodity risks, in addition to its business for Renault. On the foreign exchange markets during 2014, Renault Finance undertook foreign exchange transactions totalling approximately €20.4 billion on behalf of Nissan. Foreign exchange, interest rate and commodity derivative transactions, undertaken for Nissan, are recorded at market price and included in the positions managed by Renault Finance.

Relations with the Sales Financing segment

The Sales Financing segment helps to attract customers and build loyalty to the Nissan brands through a range of financing products and services incorporated into its sales policy, principally in Europe. In 2014, the consolidated RCI Banque subgroup recorded €156 million of income in the form of commission and interest received from Nissan.

Total figures for 2014

Total sales by Renault to Nissan and purchases by Renault from Nissan amounted to an estimated €2,500 million and €1,900 million respectively.

The joint policies for purchasing and other administrative functions such as information systems departments are reflected directly in the Renault and Nissan financial statements, and therefore generate no financial exchanges between the two Groups. The same applies to sales of powertrain parts by the Alliance to partners such as Daimler and AVTOVAZ.

NOTE 13 – INVESTMENTS IN OTHER ASSOCIATES AND JOINT VENTURES

Details of investments in other associates and joint ventures are as follows:

- Value in the Group's statement of consolidated financial position was €887 million at December 31, 2014 (€806 million at December 31, 2013),
- Renault's share in the net income of other associates and joint ventures was a loss of €197 million for 2014, including a loss of €182 million for AVTOVAZ's contribution in 2014 (€54 million of losses for 2013, including €34 million of losses from AVTOVAZ).

A – AVTOVAZ

The Russian automaker AVTOVAZ's financial year-end is December 31. For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the accounts of AVTOVAZ are consolidated with a 3-month time-lag. Consequently, the AVTOVAZ net income included in Renault's 2014 consolidated financial statements is the sum of AVTOVAZ's net income for the final quarter of its 2013 financial year and the first three quarters of its 2014 financial year.

A1 – Changes in the value of Renault's investment in AVTOVAZ as shown in Renault's statement of financial position

Renault's percentage interest in AVTOVAZ, through the entity Alliance Rostec Auto B.V., was 37.25% at December 31, 2014 compared to 35.91% at December 31, 2013. The increase results from the ongoing application of the partnership agreement signed in December 2012.

This agreement created a joint venture named Alliance Rostec Auto B.V. which groups all the interests in AVTOVAZ owned by Renault, Nissan and Russian Technologies. Alliance Rostec Auto B.V. has held 74.51% of the capital and voting rights at the Shareholders' Meetings of AVTOVAZ since March 2013.

In June 2014, application of this partnership agreement had the following consequences for the Group:

- subscription to an €88 million capital increase by Alliance Rostec Auto B.V.: €50 million by Renault and €38 million by Nissan,
- acquisition by Renault of shares in Alliance Rostec Auto B.V. from Russian Technologies for €19 million.

Following these operations, Renault now holds 50%, less one share, of the capital and the voting rights at Shareholders' Meetings and Board of Directors' Meetings of Alliance Rostec Auto B.V. (48.2% at December 2013).

AVTOVAZ's Board of Directors consists of 8 members nominated for appointment by Renault and Nissan (4 members nominated by Renault, 2 nominated by Nissan and 2 nominated jointly by Renault and Nissan) and 7 members nominated by Russian Technologies. On June 27, 2013, the Chairman and CEO of Renault and President of Nissan was elected Chairman of the Board of AVTOVAZ. As of December 31, 2014, Renault occupies 4 seats on the Board (3 seats at December 31, 2013).

The Renault group does not control Alliance Rostec Auto B.V. or AVTOVAZ, because it does not hold the majority of voting rights in the governing bodies of Alliance Rostec Auto B.V. or the Board of Directors of AVTOVAZ. All major strategic and operating decisions must be approved by a majority shareholder vote. Therefore Alliance Rostec Auto B.V. and AVTOVAZ are accounted for by the equity method in the Group's financial statements.

In 2014, the Russian economy had to deal with several hurdles. Following the conflict in Ukraine, the economy has been hit by international sanctions, declining oil prices, material collapsing of currency in the last quarter and rising interest rates. This situation impacted negatively car demand which saw a continuous decline until the implementation of governmental incentives in the fourth quarter of 2014.

Consequently, adjustments have been made to take into account significant transactions and accounting entries that occurred between the end of September 2014 and December 31, 2014 and the adjusted statement of financial position as of September 30, 2014 was converted in euros based on the exchange rate Russian Roubles / euro as of December 31, 2014.

The table below reports consolidated figures for Alliance Rostec Auto B.V. and the AVTOVAZ group.

(€ million)	Share in net assets			Net goodwill	Total
	Before neutralization	Neutralization of Renault's share in the debt of Alliance Rostec Auto B.V. ⁽¹⁾	Net		
At September 30, 2013	531	(45)	486	63	549
Net income for the period October 1, 2013 to September 30, 2014 and last 2014 quarter adjustments ⁽²⁾	(182)	-	(182)	-	(182)
Effects of the investment in Alliance Rostec Auto B.V. ⁽³⁾	18	42	60	9	69
Translation adjustment, actuarial gains and losses and revaluation of financial instruments ⁽⁴⁾	(162)	3	(159)	(28)	(187)
At September 30, 2014 ⁽⁴⁾	205	-	205	44	249

(1) During the first half of 2013, Alliance Rostec Auto B.V. acquired the shares in AVTOVAZ held by Troika Dialog, which agreed to defer payment by the joint venture to June 2014. Debt was redeemed on June 2014.

(2) The share in net income of AVTOVAZ has been calculated by applying a 35.91% interest to the net income for the first three quarters of the period and the rate of 37.25% for the final quarter of the period. Adjustments have been made to take into account significant transactions and accounting entries that occurred between the end of September 2014 and December 31, 2014

(3) Renault invested €69 million during the first half of 2014 in equity securities of Alliance Rostec Auto B.V., and raised its percentage interest in AVTOVAZ. This operation generated goodwill of 450 million roubles (€9 million).

(4) Closing balance in Russian Roubles as of September 30, 2014 were converted in € based on the exchange rate €/Russian Rouble as of December 31, 2014, i.e. 72,337 roubles for 1 euro due to the material change of the Russian Roubles exchange rate between end of September 2014 and December 31, 2014. Accumulated translation adjustments as of December 31, 2014 amount to € (295) million.

A2 – Changes in AVTOVAZ and Alliance Rostec Auto B.V. shareholders' equity restated for the purposes of the Renault consolidation

(€ million)	October 1, 2013	Net income for the period October 1, 2013 – September 30, 2014 and 2014 last quarter adjustments	Effects of the investment in Alliance Rostec Auto B.V. ⁽¹⁾	Translation adjustment and other changes	September 30, 2014 ⁽²⁾
Shareholders' equity – parent company shareholders' share	1,433	(493)	-	(418)	522
Restatements for Renault group requirements ⁽³⁾	46	(3)	-	(17)	26
Net assets restated for Renault group requirements	1,479	(496)	-	(435)	548
Share in Avtovaz held by Alliance Auto Rostec B.V. (74.51%)	1,102	(369)	-	(324)	409
Net debt of Alliance Rostec Auto B.V. ⁽⁴⁾	(94)	-	88	6	-
Restated net assets of Alliance Rostec Auto B.V.	1,008	(369)	88	(318)	409
Renault's percentage interest in Alliance Rostec Auto B.V.	48.2%		1.8%		50% less one share
Share in Alliance Rostec Auto B.V. held by Renault (A)	486	(182)	60	(159)	205
Goodwill on acquisitions of shares in Avtovaz and Alliance Rostec Auto B.V. (B)	63		9	(28)	44
Renault's share in the net assets of AVTOVAZ (A) + (B)	549	(182)	69	(187)	249

(1) Renault invested €69 million during the first half of 2014 in equity securities of Alliance Rostec Auto B.V. (via a capital increase in cash subscribed with Nissan, and a purchase of shares from Russian Technologies), raising its percentage interest in AVTOVAZ.

(2) Closing balance in Russian Roubles as of September 30, 2014 converted in € based on the exchange rate €/Russian rouble as of December 31, 2014, i.e. 72.337 roubles for 1 euro due to the material change of the Russian Roubles exchange rate between end of September 2014 and December 31, 2014.

(3) Restatements for Renault group requirements correspond to valuation of intangible assets (the Lada brand).

(4) During the first half of 2013, Alliance Rostec Auto B.V. acquired the shares in AVTOVAZ held by Troika Dialog, which payment deferred until June 2014.

A3 – AVTOVAZ financial information under IFRS

AVTOVAZ's published financial information under IFRS for 2013 (year ended December 31) and the first three quarters of the year 2014, is summarized below:

	From January to September 2014		2013	
	(in millions of roubles)	(€ million) ⁽¹⁾	(in millions of roubles)	(€ million) ⁽²⁾
Revenues	134,566	2,801	177,049	4,184
Operating income (loss)	(7,910)	(165)	(6,741)	(159)
Net income				
Parent company shareholders' share	(13,931)	(290)	(7,690)	(182)
Non-controlling interests' share	19	-	(207)	(5)
Other components of comprehensive income				
Parent company shareholders' share	64	1	151	2
Non-controlling interests' share	-	-	-	-
Comprehensive income				
Parent company shareholders' share	(13,867)	(289)	(7,539)	(178)
Non-controlling interests' share	19	-	(207)	(5)
Dividends received from AVTOVAZ	-	-	-	-
	September 30, 2014		December 31, 2013	
	(in millions of roubles)	(€ million) ⁽¹⁾	(in millions of roubles)	(€ million) ⁽²⁾
Non-current assets	105,807	1,463	99,287	2,191
Cash & cash equivalents	4,630	64	3,384	75
Other current assets (including assets held for sale)	47,196	652	39,583	873
TOTAL ASSETS	157,633	2,179	142,254	3,139
Shareholders' equity				
Parent company shareholders' share	45,585	630	59,452	1,312
Non-controlling interests' share	327	5	308	7
Non-current financial liabilities	28,739	397	23,404	516
Other non-current liabilities	11,173	154	10,166	225
Current financial liabilities	29,930	414	23,247	513
Other current liabilities (including liabilities related to assets held for sale)	41,879	579	25,677	566
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	157,633	2,179	142,254	3,139

(1) Converted at the average exchange rate for January to September 2014, i.e. 48.04 RUB = 1 EUR for income statement items and the exchange rate at December 31, 2014, i.e. 72.34 RUB = 1 EUR for balance sheet items.

(2) Converted at the average exchange rate for 2013 i.e. 42.32 RUB = 1 EUR for income statement items and the exchange rate at December 31, 2013 i.e. 45.32 RUB = 1 EUR for balance sheet items.

A4 – Valuation of Renault's investment in AVTOVAZ at stock market prices

Based on AVTOVAZ's stock market share price, Renault's 37.25% investment in AVTOVAZ is valued at €90 million at December 31, 2014, (€179 million for 35.91% of the capital at December 31, 2013).

A5 – Impairment test of the investment in AVTOVAZ

At December 31, 2014, the stock market value of the investment was 64% lower than the value of AVTOVAZ in Renault's statement of financial position (67% lower at December 31, 2013).

In application of the approach presented in the note on accounting policies (note 2-L), an impairment test was carried out. An after-tax discount rate of 14.8% and a growth rate to infinity of 3.0% were used to calculate value in use. The terminal value was calculated under reasonable profitability and medium-term prospects assumptions. If one of these assumptions is varied while the other remains stable, with a growth rate to infinity of 1% or an after-tax rate discount rate of 16%, the recoverable value will still be higher than the book value. The test results at December 31, 2014 did not indicate any loss of value in the investment in AVTOVAZ, and no impairment was recognized.

The price paid for transactions during 2013 and 2014 between the various parties in the partnership agreement, who are all independent, is approximately 40 roubles per share. This is higher than the average value of the shares in the portfolio

which are valued at 21 roubles per share at December 31, 2014. The price calculation was based on prospects for change in production volumes and profitability that are coherent with the most recent updates to the company's business plan.

A6 - Operations between the Renault group and the AVTOVAZ group

The Renault group continued to provide technical assistance to AVTOVAZ for several vehicle, engine and gearbox projects implemented by the Renault-Nissan Alliance and AVTOVAZ, and for assembly of the B0 platform shared by AVTOVAZ, Renault and Nissan. Consulting services are also provided by Renault group in areas such as purchasing, quality and IT. During 2014, Renault invoiced €56 million to AVTOVAZ for this technical assistance (€54 million in 2013).

Following the start of vehicle production on the B0 platform, Renault supplied AVTOVAZ with parts required for assembly for a total amount of €529 million in 2014 (€356 million in 2013).

Production of Renault vehicles began on this platform in March 2014, and AVTOVAZ delivered vehicles worth a total €360 million to Renault during 2014.

Renault's investment in the B0 platform is recorded in property, plant and equipment at the amount of €161 million at December 31, 2014 (11,616 million roubles) of which €33 million with regards to a new developed engine (€174 million or 7,902 million roubles at December 31, 2013).

The total amount of loans by the Group to AVTOVAZ is €111 million at December 31, 2014 (€123 million at December 31, 2013).

B – Associates and joint ventures accounted for under the equity method, other than Nissan and AVTOVAZ

B1 – Information on other associates and joint ventures accounted for under the equity method

Name	Country of location	Main activity	Percentage ownership and voting rights held by the Group	
			December 31, 2014	December 31, 2013
Entities under significant influence				
Automotive				
Boone Comenor	France	Metal trading	33	33
Maıs	Turkey	Automotive sales	49	49
Renault Nissan Automotive India Private Limited (RNAIPL)	India	Vehicle manufacturing	30	30
Renault South Africa	South Africa	Automotive import	40	40 ⁽¹⁾
Sales Financing				
RN Bank	Russia	Automotive sales financing	30 ⁽²⁾	-
BARN B.V.	Netherlands	Holding company	30 ⁽²⁾	
Joint ventures				
Automotive				
Renault Algérie Production	Algeria	Vehicle manufacturing	49 ⁽²⁾	-
Dongfeng Renault Automotive Company	China	Automaker	50 ⁽²⁾	-
Indra Investissements	France	Dismantling of end-of-life vehicles	50	50
Sales Financing				
Renault Credit Car	Belgium	Automotive sales financing	50	50
RN SF B.V.	Netherlands	Holding company	50 ⁽²⁾	-
Orfin Finansman Anonim Sirketi	Turkey	Automotive sales financing	50	50

(1) Renault South Africa was fully consolidated until November 30, 2013, at which date the Group transferred control to its partner.

(2) First consolidated in 2014.

B2 – Cumulative financial information on associates accounted for under the equity method

<i>(€ million)</i>	December 31, 2014	December 31, 2013
Investments in associates	339	243
Share in income (loss) of associates	(25)	(21)
Share of associates in other components of comprehensive income	(14)	(11)
Share of associates in comprehensive income	(39)	(31)

B3 – Cumulative financial information on joint ventures accounted for under the equity method

<i>(€ million)</i>	December 31, 2014	December 31, 2013
Investments in joint ventures	298	15
Share in income (loss) of joint ventures	10	1
Share of joint ventures in other components of comprehensive income	23	(6)
Share of joint ventures in comprehensive income	33	(5)

NOTE 14 – INVENTORIES

(€ million)	December 31, 2014			December 31, 2013		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	1,028	(207)	821	989	(214)	775
Work in progress	171	(1)	170	146	(1)	145
Used vehicles	912	(79)	833	926	(95)	831
Finished products and spare parts	1,696	(129)	1,567	1,540	(129)	1,411
TOTAL	3,807	(416)	3,391	3,601	(439)	3,162

NOTE 15 – SALES FINANCING RECEIVABLES

A – Sales financing receivables by nature

(€ million)	December 31, 2014	December 31, 2013
Dealership receivables	7,489	7,277
Financing for end-customers	14,478	12,536
Leasing and similar operations	4,458	4,569
Gross value	26,425	24,382
Impairment	(692)	(732)
Net value	25,733	23,650
Fair Value	25,864	23,745

The fair value is estimated by discounting future cash flows at rates that would be applicable to similar loans (conditions, maturity and debtor quality) at the year-end. Receivables with a term of less than one year are not discounted, as their fair value does not differ significantly from their net book value. This is a level 3 fair value, as it uses recognized models for which certain significant data, such as the credit risk associated with the portfolio of receivables, are not based on observable market data.

B – Assignments and assets pledged as guarantees for management of the liquidity reserve

B1 – Assignments of sales financing assets

(€ million)	December 31, 2014		December 31, 2013	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Assigned receivables carried in the balance sheet	7,724	7,901	7,680	7,792
Associated liabilities	3,635	3,670	3,602	3,643

The Sales Financing segment has undertaken several public securitization operations through special purpose vehicles and conduit financing operations (in Germany, France, Italy and the United Kingdom) involving loans to final customers and receivables on the dealership network. Some public operations were subscribed by RCI Banque, which makes it possible to have securities eligible as collateral for the European Central Bank.

The receivables assigned through such operations are not derecognized, as all risks are retained by the Group. The associated liabilities correspond to securities resulting from the securitization operations, recognized in other debts represented by a certificate.

The difference between the receivables assigned and the amount of the associated liabilities corresponds to the higher credit necessary for these operations, and the share of securities retained by RCI Banque to form a liquidity reserve.

Securitized assets can no longer be assigned or pledged. Subscribers to debt securities only have claims on the assets assigned.

B2 – Assets pledged as guarantees for management of the liquidity reserve

For management of its liquidity reserve, Sales Financing had provided guarantees to the Banque de France amounting to €2,850 million at December 31, 2014 (€3,394 million at December 31, 2013): €2,452 million in the form of shares in securitization vehicles and €398 million in sales financing receivables (€2,479 million of shares in securitization vehicles, €565 million in sales financing receivables and €350 million in short-term loans from the Banque de France at December 31, 2013). The funding provided by the European Central Bank against receivables pledged as collateral amounts to €550 million at 31 December 2014, and is recorded in borrowings from credit institutions in the sales financing debts (there was no such funding at 31 December 2013).

At December 31, 2013 RCI Banque had transferred €380 million of receivables to the *Société de Financement de l'Economie Française* (SFEF) as collateral for refinancing of €210 million. The borrowing was repaid in 2014 and RCI Banque is now formally released from this guarantee.

C – Sales financing receivables by maturity

(€ million)	December 31, 2014	December 31, 2013
- 1 year	15,058	13,884
1 to 5 years	10,546	9,665
+ 5 years	129	101
Total sales financing receivables, net	25,733	23,650

D – Breakdown of overdue sales financing receivables (gross values)

(€ million)	December 31, 2014	December 31, 2013
Receivables for which impairment has been recognized ⁽¹⁾: overdue by	424	503
- 0 to 90 days	39	67
- 90 to 180 days	44	61
- More than 180 days	341	375
Receivables for which no impairment has been recognized: overdue by	169	14
- 0 to 90 days	169	14
- More than 90 days	-	-

(1) This only includes sales financing receivables partly or totally written off through impairment on an individual basis.

The maximum exposure to credit risk for the sales financing activity is represented by the net book value of sales financing receivables plus the amount of financing commitments for customers reported under irrevocable off-balance sheet commitments given (note 28-A).

This risk is reduced by guarantees provided by customers, as reported in off-balance sheet commitments received (note 28-B). In particular, guarantees held in connection with overdue or impaired sales financing receivables amounted to €469 million at December 31, 2014 (€655 million at December 31, 2013).

There is no indication at the year-end that the quality of Sales financing receivables not yet due or unimpaired has been adversely affected, nor is there any significant concentration of risks within the sales financing customer base.

E – Changes in impairment of sales financing receivables

(€ million)	
Impairment at December 31, 2013	(732)
Impairment recorded during the year	(336)
Reversals for use of impairment	248
Reversals of unused residual amounts	132
Translation adjustment and other ⁽¹⁾	(4)
Impairment at December 31, 2014	(692)

Net credit losses amounted to €40 million in 2014 (€65 million in 2013).

NOTE 16 – AUTOMOTIVE RECEIVABLES

(€ million)	December 31, 2014	December 31, 2013
Gross value	2,007	1,736
Impairment	(765) ⁽¹⁾	(766) ⁽¹⁾
Automotive receivables, net	1,242	970

(1) including (€724) million related to Iran at December 31, 2014 and (€729) million at December 31, 2013 (note 6-C).

These receivables do not include accounts receivable assigned to the Group's sales financing companies or other non-Group entities when substantially all the risks and benefits associated with ownership of the receivables are transferred. The risk of dilution (essentially the risks of non-settlement after a commercial dispute) is retained by the Group, but is considered negligible. Receivables assigned in this way to Group sales financing companies are included in sales financing receivables, principally dealership receivables.

When substantially all the risks and benefits are not transferred, although from a legal standpoint receivables have been assigned to Group sales financing companies or other non-Group entities, they remain in Automotive receivables and a corresponding financial liability is recorded (in other interest-bearing borrowings). The amount of assigned Automotive receivables that remain in the balance sheet because the Group retains the credit risk or risk of late settlement is not significant at December 31, 2014.

There is no significant concentration of risks within the Automotive customer base, and no single non-Group customer accounts for more than 10% of the Group's total sales revenues.

The fair value of Automotive receivables is equal to their net book value due to their short-term maturities. This is a level 3 fair value, as it involves assessment of the credit risk associated with the portfolio of receivables that is not based on observable market data.

NOTE 17 – OTHER CURRENT AND NON-CURRENT ASSETS

(€ million)	December 31, 2014			December 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	134	266	400	120	224	344
Tax receivables (excluding current taxes due)	410	1,008	1,418	412	906	1,318
Taxes due ⁽¹⁾	-	38	38	-	64	64
Other receivables	538	1,031	1,569	473	925	1,398
Investments in controlled unconsolidated entities	70	-	70	71	-	71
Derivatives on operating transactions of the Automotive segment	-	4	4	-	-	-
Derivatives on financing transactions of the Sales Financing segment	-	298	298	-	201	201
TOTAL	1,152	2,645	3,797	1,076	2,320	3,396
<i>Gross value</i>	<i>1,247</i>	<i>2,761</i>	<i>4,008</i>	<i>1,183</i>	<i>2,385</i>	<i>3,568</i>
<i>Impairment</i>	<i>(95)</i>	<i>(116)</i>	<i>(211)</i>	<i>(107)</i>	<i>(65)</i>	<i>(172)</i>

(1) Current taxes due are reported separately in the consolidated financial position (4.2.3).

NOTE 18 – SHAREHOLDERS' EQUITY

A – Share capital

The total number of ordinary shares issued and fully paid-up at December 31, 2014 is 295,722 thousand, with par value of €3.81 per share (unchanged from December 31, 2013).

Treasury shares do not bear dividends. They account for 0.86% of Renault's share capital at December 31, 2014 (1.28% at December 31, 2013).

The Nissan group holds 15% of Renault through its wholly-owned subsidiary Nissan Finance Co. Ltd (the voting rights attached to these shares cannot be exercised).

B – Capital management

In managing its capital, the Group's objective is to guarantee continuity of business in order to provide returns for shareholders and benefits for other stakeholders, and to maintain optimum capital structure in order to optimize its cost.

The Group actively manages its capital structure, making adjustments in view of developments in economic conditions. The Group may adjust dividend payments to shareholders, redeem some of the capital or issue new shares.

The Group's objectives are monitored in different ways in the different operating segments.

The Group manages the Automotive segment's capital by reference to a ratio equal to the segment's net indebtedness divided by the amount of shareholders' equity (net indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating financial assets such as marketable securities or the segment's loans). Shareholders' equity is as reported in the Group's financial position. The Group has a net liquidity position at December 31, 2014 (net liquidity position at December 31, 2013).

The Sales Financing segment must comply with regulatory ratios specific to banking operations. The minimum solvency ratio (shareholders' equity including subordinated loans to total weighted risks) is 8%. RCI Banque's Core Tier 1 solvency ratio (excluding the Basel I floor effect) is 14.7% at December 31, 2014 (14.2% at December 31, 2013).

The Group also partially hedges its investment in Nissan (note 12-G).

C – Renault treasury shares

In accordance with decisions approved at General Shareholders' Meetings, the Board of Directors decided to allocate all Renault treasury shares to current stock option and performance share plans awarded to Group managers and executives.

	December 31, 2014	December 31, 2013
Total value of treasury shares (€ million)	134	187
Total number of treasury shares	2,555,993	3,784,305

D – Distributions

At the General and Extraordinary Shareholders' Meeting of April 30, 2014, it was decided to distribute a dividend of €1.72 per share representing a total amount of €503 million (€1.72 per share or a total of €502 million in 2013). This dividend was paid during May.

E – Translation adjustment

The change in translation adjustment over the year is analysed as follows:

(€ million)	2014	2013
Change in translation adjustment on the value of the investment in Nissan	619	(2,060)
Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G)	63	209
Total change in translation adjustment related to Nissan	682	(1,851)
Other changes in translation adjustment	(271)	(435)
Total change in translation adjustment	411	(2,286)

In 2014, other changes in the translation adjustment mostly resulted from movements in the Russian rouble and the Korean won. In 2013, they mostly resulted from movements in the Argentinian peso, the Brazilian real, the Russian rouble and the Korean won against the Euro.

F – Financial instrument revaluation reserve

F1 – Change in the financial instrument revaluation reserve

The figures below are reported net of tax effects.

(€ million)	Cash flow hedges	Available-for-sale financial assets	Total
At December 31, 2013 ⁽¹⁾	(79)	650	571
Changes in fair value recorded in shareholders' equity	9	112	121
Transfer from shareholders' equity to the income statement ⁽²⁾	11	-	11
At December 31, 2014 ⁽¹⁾	(59)	762 ⁽³⁾	703

(1) For the schedule of amounts related to cash flow hedges transferred to shareholders' equity, see note F-3 below.

(2) For a breakdown of the amounts related to cash flow hedges transferred to shareholders' equity, see note F-2 below.

(3) The revaluation reserve partly relates to Daimler shares (note 22-A).

F2 – Breakdown of the amounts related to cash flow hedges transferred from the financial instrument revaluation reserve to the income statement

(€ million)	2014	2013
Operating margin	3	24
Other operating income and expenses	-	3
Net financial income (expense)	-	1
Share in net income of associates and joint ventures	8	-
Current and deferred taxes	-	-
Total transferred to the income statement for cash flow hedges	11	28

F3 – Schedule of amounts related to cash flow hedges transferred from the financial instruments revaluation reserve to the income statement

(€ million)	December 31, 2014	December 31, 2013
Within one year	(1)	3
After one year	(32)	(34)
Revaluation reserve for cash flow hedges excluding associates and joint ventures	(33)	(31)
Revaluation reserve for cash flow hedges – associates and joint ventures	(26)	(48)
Total revaluation reserve for cash flow hedges	(59)	(79)

This schedule is based on the contractual maturities of hedged cash flows.

G – Stock option and free share attribution plans

The Board of Directors periodically grants stock options to Group executives and managers, with prices and exercise periods specific to each plan. Performance share plans are also awarded, each with its own vesting and required holding periods. All plans include performance conditions which determine the number of options or performance shares granted to beneficiaries. Loss of the benefit of stock options or performance shares follows the applicable regulations: all options and rights are forfeited in the event of resignation or termination, and a decision is made for each individual case when an employee leaves at the company's instigation.

In 2014, a new performance share plan was introduced, concerning 1,291,000 shares with initial total value of €51 million. 1,081,000 performance shares were awarded at the end of the vesting period to the beneficiaries of plan 18 bis and 511,000 to the beneficiaries of plan 20 bis. These shares were included in the treasury share portfolio at December 31, 2013.

G1 – Stock option plans

Changes in the number of stock options held by personnel are as follows:

	2014			2013		
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)
Outstanding at January 1	3,843,771	76	-	5,156,196	76	-
Granted				297,800	37	40
Exercised				-	-	-
Expired ⁽¹⁾	(2,818,941)	90	N/A	(1,610,225)	69	N/A
Outstanding at December 31	1,024,830	37	-	3 843 771	76	-

(1) Most of the stock options that expired in 2014 were granted in 2006 under plans 12 and 14.

For plans current in 2014, options attributed vest after a period of 4 years, and the exercise period then covers the 4 following years.

Plan	Type of plan	Grant date	Exercise price (€)	Outstanding at December 31, 2014	Exercise period
Plan 12	Stock subscription options	May 4, 2006	87.98	-	May 5, 2010 – May 5, 2014
Plan 14	Stock subscription options	December 5, 2006	93.86	-	December 6, 2010 – December 4, 2014
Plan 18	Stock purchase options	April 29, 2011	38.80	478,612	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	150,000	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	396,218	December 13, 2016 – December 12, 2020
TOTAL				1,024,830	

G2 – Performance share plans

Vesting and minimum holding periods are different depending on whether beneficiaries are French tax residents or tax residents of other countries, in order to take account of local tax constraints.

The vesting period for performance shares awarded to French tax residents is 2 to 4 years depending on the plan, followed by a minimum holding period of 2 to 4 years.

For non-French tax residents, the vesting period is 4 years and there is no minimum holding period.

Plan	Type of plan	Grant date	Share rights awarded at December 31, 2014	Vesting date	Holding period
Plan 18 bis	Performance shares	April 29, 2011	- ⁽¹⁾	April 30, 2014	April 30, 2014 – April 30, 2016
			91,395	April 30, 2015	None
Plan 19 bis	Performance shares	December 8, 2011	25,500	December 8, 2015	None
Plan 20 bis	Performance shares	December 13, 2012	- ⁽¹⁾	December 13, 2014	December 13, 2014 – December 12, 2016
			75,143	December 13, 2016	None
Plan 21 bis	Performance shares	February 12, 2014	1,091,475	February 12, 2017	February 12, 2017- February 12, 2019
			199,577	February 12, 2018	None
TOTAL			1,483,090		

(1) The performance shares concerned by these plans were issued to beneficiaries in 2014.

H – Share-based payments

Share-based payments exclusively concern stock options and performance shares awarded to personnel.

The plans have been valued by the methods described in the accounting policies (note 2-R). The main details are as follows:

Plan	Initial value (thousands of €)	Unit fair value	Expense for 2014 (€ million)	Expense for 2013 (€ million)	Share price at grant date (€)	Volatility	Interest rate	Exercise price (€)	Duration of option	Dividend per share (€)
Plan 12 ⁽¹⁾	17,324	16.20	-	-	87.05	28.1 %	3.90 %	87.98	4-8 years	2.40 – 4.50
Plan 14 ⁽¹⁾	26,066	15.00	-	-	92.65	26.7 %	3.88 %	93.86	4-8 years	2.40 – 4.50
Plan 18	3,422	9.31	(1)	(2)	36.70	37.28%	2.28%	38.80	4-8 years	0.30 – 1.16
Plan 18 bis	28,711	31.04	(6)	(17)	36.70	N/A	2.28%	N/A	3-5 years	0.30 – 1.16
Plan 19	1,608	5.36	-	-	27.50	42.24%	1.99%	26.87	4-8 years	1.19 – 1.72
Plan 19 bis	15,966	26.18	(1)	(4)	34.18	N/A	1.68%	N/A	2-4 years	1.17 – 1.73
Plan 20	2,708	6.87	(1)	(1)	40.39	35%	0.71%	37.43	4-8 years	1.57- 2.19
Plan 20 bis	21,767	36.38	(10)	(9)	43.15	N/A	0.87%	N/A	2-4 years	1.57 -1.97
Plan 21 bis	51,479	54.00	(13)	-	47.77	N/A	0.20 %	N/A	3-5 ans	1.72 – 1.97
TOTAL	151,727		(32)	(33)						

(1) For these plans, options have been awarded at different dates within the stated period. The information reported may correspond to weighted averages based on quantities awarded per grant date.

I – Share of non-controlling interests

Entity	Country of location	Percentage of ownership and voting rights held by non-controlling interests		Net income – non-controlling interests' share (€ million)		Shareholders' equity – non-controlling interests' share (€ million)		Dividends paid to non-controlling interests (minority shareholders) (€ million)	
		December 31, 2014	December 31, 2013	2014	2013	December 31, 2014	December 31, 2013	2014	2013
Automotive									
Renault Samsung Motors	Korea	20%	20%	35	4	149	102	-	-
Oyak Renault Otomobil Fabrikalari	Turkey	49%	49%	32	54	229	230	(32)	(39)
Other	N/A	N/A	N/A	5	14	30	29	(3)	(5)
Total - Automotive				72	72	408	361	(35)	(44)
Sales Financing									
Companhia de Arrendamento Mercantil RCI do Brasil ⁽¹⁾	Brazil	40%	40%	11	11	-	-	-	-
Companhia de Credito, Financiamento e Investimento RCI do Brasil ⁽¹⁾	Brazil	40%	40%	15	17	-	-	(13)	(12)
Rombo Compania Financiera ⁽¹⁾	Argentina	40%	40%	8	8	-	-	-	-
Other	N/A	N/A	N/A	2	1	14	16	(4)	-
Total - Sales Financing				36	37	14	16	(17)	(12)
TOTAL				108	109	422	377	(52)	(56)

(1) The Group has granted minority shareholders in these companies put options to sell their investments. A liability corresponding to these put options is included in other liabilities, amounting to €175 million for the two Brazilian subsidiaries and €28 million for the Argentinean subsidiary at December 31, 2014 (€182 million and €22 million respectively at December 31, 2013). A corresponding charge is made to shareholders' equity, allocated in priority to the non-controlling interests' share with any residual amount allocated to the parent-company shareholders' share. The liability is stated at fair value. Fair value is determined by estimating the potential purchase price, taking into account future results of the financing portfolio as it exists at the closing date and the provisions of the partnership contracts. This is a level 3 fair value, as it uses recognized models but their significant data are not based on observable market data.

There are no significant restrictions on the Group's capacity to access or use its assets and settle its liabilities, other than restrictions that result from the regulatory framework in which the subsidiaries operate. The local supervisory authorities may require banking subsidiaries to keep a certain level of capital and liquidities, limit their exposure to other group parties, and comply with other ratios.

J – Joint operations

Entity	Country of location	Main activity	Percentage of ownership held by the Group	
			December 31, 2014	December 31, 2013
Automotive				
Société des Automobiles Alpine Caterham ⁽¹⁾	France	Automaker	100	50
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI) ⁽²⁾	India	Shared service centre	67	67

(1) Société des Automobiles Alpine Caterham is fully consolidated in 2014 following the repurchase of the 50% stake sold to a partner in June 2013. The percentage of voting rights is identical to the percentage of ownership.

(2) The Group holds 50% of voting rights in Renault Nissan Technology and Business Center India Private Limited.

NOTE 19 – PROVISIONS FOR PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

A – Pension and benefit plans

Pensions and other long-term employee benefit obligations essentially concern active employees. These benefits are covered either by defined-contribution plans or defined-benefit plans.

- Defined-contribution plans

The Group makes earnings-related payments, in accordance with local custom, to the national organizations responsible for paying pensions and similar financial benefits. There is no actuarial liability concerning these pension arrangements.

The total expense for defined-contribution plans was €566 million in 2014 (€579 million in 2013).

- Defined-benefit plans

The accounting treatment of defined-benefit plans is described in note 2-S, and involves establishment of provisions. These plans concern:

- indemnities payable upon retirement or departure, in application of legislation or agreements in certain countries such as France, Korea and Turkey.
- supplementary pensions providing employees with contractual income; the countries applying this type of plan are in Europe (e.g. United Kingdom, Germany, France, Netherlands, Switzerland).
- other long-term benefits, chiefly long-service awards, flexible holiday entitlements, and additional career-end leave in France.

Defined-benefit supplementary pension plans are generally covered by contracts with pension funds or insurance companies. In such cases, the obligations and assets are valued separately. The difference between the obligation and the fair value of the assets held to fund it may indicate underfunding or overfunding. In the event of underfunding, a provision is booked. In the event of overfunding, an asset is recognized subject to certain conditions.

- Principal defined-benefit plans of the Group

In France, the Group's retirement indemnities result from agreements negotiated with each French entity and employee representatives. They are based on employees' salaries and length of service; payment is conditional on being in the company's employment at the time of retirement. Retirement benefit obligations for France are entirely covered by provisions, and account for most of the Group's liabilities for retirement indemnities.

The Group's most significant supplementary pension plan is in the United Kingdom, where two defined-benefit pension plans are managed as part of a dedicated pension fund comprising two compartments: one concerns Automotive subsidiaries, the other RCI Financial Services Ltd. This plan has been closed to new beneficiaries since 2004, and concerns approximately 1,900 people.

This pension fund (a trust) is a legal entity in its own right. It is administered by a board of Trustees with equal representation for the participating companies and their current and former employees. The fund is governed by local regulations, which set the minimum funding requirements that can lead to additional contributions being made by the Group. The asset investment policy is defined for each section of the fund by a supervisory body which examines the performance of investments quarterly. The risks associated with these plans are the usual risks (lower future returns on fund assets, a decline in the equities markets, longer life expectancy for beneficiaries, etc).

The fund compartment dedicated to the Automotive segment is underfunded and the Group has made a commitment to cover the shortfall by 2022 through payments amounting to £3 million maximum per year. The deficit is valued at £18 million at September 30, 2014 (£15 million at September 30, 2013).

B – Main actuarial assumptions used to calculate provisions and other data for the most significant plans

Main actuarial assumptions and actual data for the Group's retirement indemnities in France	December 31, 2014	December 31, 2013
Retirement age	60 to 65	60 to 65
Discount rate ⁽¹⁾	1% - 3%	2.8% - 3.2%
Salary increase rate	1% - 3%	2.2% - 3%
Duration of plan	9 to 20 years	12 to 20 years
Gross obligation	€1,263 million	€1,137 million

(1) The rate most frequently used to value the Group's obligations in France is 1.6% in 2014 (2.9% in 2013) However, the rate varies between companies depending on the maturities of obligations. The benchmark for the discount rate is the zero-coupon rate plus the average spread curve for issuers rated AA as published by Reuters.

Main actuarial assumptions and actual data for the Group's supplementary pensions in the UK	December 31, 2014	December 31, 2013
Financial discount rate ⁽¹⁾	3.7% - 3.8%	4.7% - 4.8%
Salary increase rate	2% - 3%	2% - 3.3%
Duration of plan	20 - 27 years	20 - 27 years
Actual return on fund assets	12.1%	6.8% - 7.6%
Gross obligation	€326 million	€258 million
Fair value of assets invested via pension funds	€285 million	€238 million

(1) The discount rate was determined on the basis of the Mercer Yield Curve.

C – Net expense for the year

<i>(€ million)</i>	2014	2013
Current service cost	100	109
Past service cost and (gain)/loss on settlement	8	-
Net interest on the net liability (asset)	45	42
Effects of workforce adjustment measures	-	(1)
Net expense (income) for the year recorded in the income statement	153	150

D– Breakdown of the balance sheet provision

<i>(€ million)</i>	December 31, 2014		
	Present value of the obligation	Fair value of fund assets	Net defined-benefit liability (asset)
Retirement and termination indemnities			
France	1,263	-	1,263
Europe (excluding France)	18	(2)	16
Americas	2	-	2
Eurasia ⁽¹⁾	58		58
Asia-Pacific ⁽²⁾	92	(18)	74
Africa - Middle East - India	1	-	1
Total retirement and termination indemnities	1,434	(20)	1,414
Supplementary pensions			
France	84	(45)	39
United Kingdom	326	(285)	41
Europe (excluding France and the UK) ⁽³⁾	241	(168)	73
Americas	5	-	5
Total supplementary pensions	656	(498)	158
Other long-term benefits			
France ⁽⁴⁾	176	-	176
Europe (excluding France)	2	-	2
Total other long-term benefits	178	-	178
TOTAL ⁽⁵⁾	2,268	(518)	1,750

(1) Essentially Romania and Turkey.

(2) Korea.

(3) Essentially Germany, the Netherlands and Switzerland.

(4) Flexible holiday entitlements, additional career-end leave and long-service awards.

(5) Total net liability due within one year: €67 million; total net liability due after one year: €1,683 million.

E – Changes in obligations, fund assets and the provision

<i>(€ million)</i>	Present value of the obligation (A)	Fair value of fund assets (B)	Net defined-benefit liability (asset) (A)+(B)
Balance at December 31, 2013	2,011	(453)	1,558
Current service cost	100	-	100
Past service cost and gain/loss on settlement	8	-	8
Net interest on the net liability (asset)	62	(17)	45
Effects of workforce adjustment measures	-	-	-
Net expense (income) for 2014 recorded in the income statement (note 19-C)	170	(17)	153
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	18	-	18
Actuarial gains and losses on the obligation resulting from changes in financial assumptions	239	-	239
Actuarial gains and losses on the obligation resulting from experience effects	(62)	-	(62)
Net return on fund assets (not included in net interest above)	-	(34)	(34)
Change in asset ceiling (not included in net interest above)	-	-	-
Net expense (income) for 2014 recorded in other components of comprehensive income	195	(34)	161
Employer's contributions to funds	-	(7)	(7)
Employees' contributions to funds	-	(4)	(4)
Benefits paid under the plan	(137)	17	(120)
Effect of changes in exchange rates	28	(20)	8
Effect of changes in scope of consolidation	1	-	1
Balance at December 31, 2014	2,268	(518)	1,750

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €624 million at December 31, 2014 (an expense of €481 million at December 31, 2013).

A 50 base point decrease in discount rates used for each plan would result in a €155 million increase in the amount of obligations at December 31, 2014 (€115 million increase at December 31, 2013).

The weighted average duration of plans is 13 years at December 31, 2014 (14 years at December 31, 2013).

F – Fair value of fund assets

Details of the assets invested via pension funds and insurance companies are as follows:

(€ million)	December 31, 2014		
	Listed on active markets	Unlisted	Total
Pension funds			
Cash and cash equivalents	1	-	1
Shares	79	-	79
Bonds	187	-	187
Real estate property	-	-	-
Shares in mutual funds and other	22	3	25
Total - Pension funds	289	3	292
Insurance companies			
Cash and cash equivalents	19	-	19
Shares	9	-	9
Bonds	152	19	171
Real estate property	14	2	16
Shares in mutual funds and other	9	2	11
Total – Insurance companies	203	23	226
TOTAL	492	26	518

Pension fund assets mainly relate to plans located in the United Kingdom (55.2%). Insurance contracts principally concern Germany (4.9%), Korea (3.3%), France (8.9%), the Netherlands (18.2%) and Switzerland (8.5%). The actual returns on plan assets in the United Kingdom are shown in note 19-B.

The weighted average actual rate of return on the Group's main funds was 7.82% in 2014 (6.4% in 2013).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2015 is approximately €12 million.

The Group's pension fund assets do not include Renault group financial instruments. Real estate investments do not include real estate properties occupied by the Group.

NOTE 20 – OTHER PROVISIONS

(€ million)	Restructuring provisions	Warranty provisions	Tax risks and litigation provisions	Insurance activities ⁽¹⁾	Other provisions	Total
At December 31, 2013	443	702	366	191	379	2,081
Increases	278	563	100	60	121	1,122
Reversals of provisions for application	(209)	(403)	(27)	(18)	(58)	(715)
Reversals of unused balance of provisions	(16)	(23)	(15)	-	(47)	(101)
Changes in scope of consolidation	(1)	-	-	-	(3)	(4)
Translation adjustments and other changes	(4)	(32)	1	-	(20)	(55)
At December 31, 2014⁽²⁾	491	807	425	233	372	2,328

(1) Mainly technical reserves established by the sales financing activity's insurance companies

(2) Short-term portion of provisions: €1,088 million; long-term portion provisions: €1,240 million

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk.

Increases to restructuring provisions essentially comprise the effect of workforce adjustment measures in Europe (note 6-A). Increases to other provisions include the additional allocation to cover the estimated indemnities payable for failure to meet expected minimum purchase volumes for certain electric vehicles (note 6-B).

At December 31, 2014, the "other provisions" item includes €15 million of provisions established in application of environmental regulations (€18 million at December 31, 2013). They include provisions to cover recycling obligations for end-of-life vehicles and used batteries (note 28-A2), and environmental compliance costs for industrial land that the Group intends to sell (particularly on the Boulogne-Billancourt site). They also include €4 million for depollution of commercial land belonging to Renault Retail Group (€4 million at December 31, 2013).

As greenhouse gas emissions were lower than the Group's allocated quotas, no associated provisions were booked at December 31, 2014.

NOTE 21 – OTHER CURRENT AND NON-CURRENT LIABILITIES

(€ million)	December 31, 2014			December 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Tax liabilities (excluding current taxes due)	109	1,015	1,124	140	923	1,063
Current taxes due	-	162	162	-	126	126
Social liabilities	19	1,358	1,377	19	1,470	1,489
Other liabilities	257	4,264	4,521	268	3,837	4,105
Deferred income	819	754	1,573	692	594	1,286
Derivatives on operating transactions of the Automotive segment	-	2	2	-	-	-
Total	1,204	7,555	8,759	1,119	6,950	8,069

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment (€512 million at December 31, 2014 and €531 million at December 31, 2013).

4.2.6.5 Financial assets and liabilities, fair value and management of financial risks

NOTE 22 – FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

A – Current/non-current breakdown

(€ million)	December 31, 2014			December 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	1,233	-	1,233	1,196	-	1,196
Marketable securities and negotiable debt instruments	-	785	785	-	135	135
Loans	139	280	419	190	707	897
Derivatives on financing operations by the Automotive segment	309	465	774	144	256	400
Total financial assets	1,681	1,530	3,211	1,530	1,098	2,628
<i>Gross value</i>	1,682	1,535	3,217	1,531	1,102	2,633
<i>Impairment</i>	(1)	(5)	(6)	(1)	(4)	(5)
Cash equivalents	-	4,385	4,385	-	3,732	3,732
Cash on hand and bank deposits	-	8,112	8,112	-	7,929	7,929
Total cash and cash equivalents	-	12,497	12,497	-	11,661	11,661

Information on the counterparty risks associated with financial assets and cash and cash equivalents is provided in note 25-B6.

A1 – Investments in non-controlled entities

Investments in non-controlled entities include €1,134 million (€1,035 million at December 31, 2013) for the Daimler shares purchased under the strategic partnership agreement.

These shares are classified as available-for-sale financial assets and their fair value is determined by reference to the market price. At December 31, 2014, the stock market price (€68.97 per share) was higher than the acquisition price (€35.52 per share). The corresponding increase in value over the year, amounting to €99 million, is recorded in other components of comprehensive income for 2014 (€355 million in 2013).

Investments in non-controlled entities also include €57 million at December 31, 2014 (€59 million at December 31, 2013) for the Modernization Fund for Automotive Equipment Manufacturers (*Fonds de Modernisation des Equipementiers Automobiles* - FMEA), under the support plan for these suppliers introduced by the French authorities and automakers. Renault has made a commitment to pay a total of €200 million as funds are called. The outstanding amount for Renault at December 31, 2014 is €74 million.

The fair value of these securities is determined by reference to the most recent net asset value reported by the FMEA's management company, after adjustment for any relevant information that becomes known afterwards. Changes in this fair value during 2014 led to recognition of financial income of €3 million (compared to a financial expense of €11 million in 2013).

A2 – Cash not available to the Group's parent company

The Group has liquidities in countries where repatriation of funds can be complex for regulatory or political reasons. In most of these countries, such funds are used locally for industrial or sales financing purposes.

Limited access to the US Dollar restricts the level of international payments by Group subsidiaries located in Argentina. The cash held by these entities amounts to €292 million at December 31, 2014.

Current bank accounts held by the Sales financing Securitization Fund partly contributed to the rise in the Fund's credit (note 15-B1). They amount to €479 million at December 31, 2014.

B – Breakdown by category of financial instruments and fair value

(€ million)	Instruments held for trading ⁽¹⁾	Hedging derivatives	Available-for-sale instruments	Total instruments carried at fair value	Loans and receivables	Total
Investments in non-controlled entities	-	-	1,233	1,233	-	1,233
Marketable securities and negotiable debt instruments	-	-	785	785	-	785
Loans	-	-	-	-	419	419
Derivatives on financing operations by the Automotive segment	701	73	-	774	-	774
Total financial assets at December 31, 2014	701	73	2,018	2,792	419	3,211
Cash equivalents	-	-	129	129	4,256	4,385
Cash	-	-	-	-	8,112	8,112
Total cash and cash equivalents at December 31, 2014	-	-	129	129	12,368	12,497
Investments in non-controlled entities	-	-	1,196	1,196	-	1,196
Marketable securities and negotiable debt instruments	-	-	135	135	-	135
Loans	-	-	-	-	897	897
Derivatives on financing operations by the Automotive segment	305	95	-	400	-	400
Total financial assets at December 31, 2013	305	95	1,331	1,731	897	2,628
Cash equivalents	-	-	84	84	3,648	3,732
Cash	-	-	-	-	7,929	7,929
Total cash and cash equivalents at December 31, 2013	-	-	84	84	11,577	11,661

(1) Including derivatives not designated as hedges for accounting purposes.

No financial assets were reclassified between categories in 2014 or 2013.

NOTE 23 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

A – Current/non-current breakdown

(€ million)	December 31, 2014			December 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	350	-	350	313	-	313
Bonds	4,870	1,417	6,287	4,506	1,538	6,044
Other debts represented by a certificate	-	223	223	-	63	63
Borrowings from credit institutions (at amortized cost)	1,344	1,052	2,396	1,524	670	2,194
Borrowings from credit institutions (at fair value)	-	-	-	-	218	218
Other interest-bearing borrowings	426	70	496	458	174	632
Financial liabilities of the Automotive segment (excluding derivatives)	6,990	2,762	9,752	6,801	2,663	9,464
Derivatives on financing operations of the Automotive segment	282	454	736	39	258	297
Total financial liabilities of the Automotive segment	7,272	3,216	10,488	6,840	2,921	9,761
DIAC redeemable shares	11	-	11	10	-	10
Bonds	-	11,935	11,935	-	11,643	11,643
Other debts represented by a certificate	254	4,490	4,744	250	4,315	4,565
Borrowings from credit institutions	-	2,660	2,660	-	3,227	3,227
Other interest-bearing borrowings	-	6,654	6,654	-	4,442	4,442
Total financial liabilities and debts of the Sales Financing segment (excluding derivatives)	265	25,739	26,004	260	23,627	23,887
Derivatives on financing operations of the Sales Financing segment	-	89	89	-	130	130
Financial liabilities and debts of the Sales Financing segment	265	25,828	26,093	260	23,757	24,017
TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS	7,537	29,044	36,581	7,100	26,678	33,778

Redeemable shares

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares. They earn a minimum annual return of 9% comprising a 6.75% fixed portion and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods. The return on redeemable shares, amounting to €17 million for 2014 (€17 million for 2013), is included in interest expenses. These shares are listed on the Paris Stock Exchange, and traded for €392 at December 31, 2013 and €439 at December 31, 2014 for par value of €153, leading to a corresponding €37 million adjustment (€65 million in 2013) to the fair value of redeemable shares recorded in other financial expenses (note 7).

The return on Diac redeemable shares issued in 1985 comprises a fixed portion equal to the Annual Monetary Rate, and a variable portion calculated by multiplying an amount equal to 40% of the Annual Monetary Rate by the rate of increase in net consolidated profit of the Diac sub-group compared to the prior year.

Changes in bonds of the Automotive segment

In 2014, Renault SA redeemed bonds for a total amount of €1,513 million, and issued new bonds on the European, Japanese and Chinese markets totalling €1,680 million and maturing between 2016 and 2021.

Changes in debts of the Sales Financing segment

In 2014, the RCI Banque group redeemed bonds for a total of €3,396 million and issued new bonds totalling €3,469 million and maturing between 2015 and 2021.

New savings collected rose by €2,201 million during 2014 (including €648 million in term deposits) to €6,534 million, and are classified as other interest-bearing borrowings. After France and Germany, in 2014 RCI Banque launched savings products in Austria.

Credit lines

At December 31, 2014, Renault SA had confirmed credit lines opened with banks worth €3,210 million (€3,435 million at December 31, 2013). The short-term portion amounted to €280 million at December 31, 2014 (€555 million at December 31, 2013). These credit lines were unused at December 31, 2014 (and December 31, 2013).

Sales Financing's confirmed credit lines opened in several currencies with banks amounted to €4,803 million at December 31, 2014 (€4,661 million at December 31, 2013). The short-term portion amounted to €1,005 million at December 31, 2014 (€874 million at December 31, 2013). These credit lines were unused at December 31, 2014 (and December 31, 2013).

The contractual documentation for financial liabilities and confirmed credit lines contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance.

B – Breakdown by category of financial instrument and fair value

(€ million) December 31, 2014	Instruments measured at fair value				Instruments measured at amortized cost ⁽²⁾		Balance sheet value
	Instruments held for trading ⁽¹⁾	Hedging derivatives	Instruments designated as measured at fair value from initial recognition	Total instruments measured at fair value	Balance sheet value	Fair value	
Renault SA redeemable shares	-	-	350	350	-	-	350
Bonds	-	-	-	-	6,287	6,680	6,287
Other debts represented by a certificate	-	-	-	-	223	223	223
Borrowings from credit institutions	-	-	-	-	2,396	2,420	2,396
Other interest-bearing borrowings	-	-	-	-	496	515	496
Derivatives on financing operations of the Automotive segment	732	4	-	736	-	-	736
Total financial liabilities of the Automotive segment	732	4	350	1,086	9,402	9,838	10,488
Diac redeemable shares	-	-	11	11	-	-	11
Bonds	-	-	-	-	11,935	12,197	11,935
Other debts represented by a certificate	-	-	-	-	4,744	4,778	4,744
Borrowings from credit institutions	-	-	-	-	2,660	2,688	2,660
Other interest-bearing borrowings	-	-	-	-	6,654	6,654	6,654
Derivatives on financing operations of the Sales Financing segment	39	50	-	89	-	-	89
Financial liabilities and debts of the Sales Financing segment	39	50	11	100	25,993	26,317	26,093

(1) Including derivatives not classified as hedges for accounting purposes.

(2) Including financial liabilities subject to fair value hedges.

(€ million) December 31, 2013	Instruments measured at fair value				Instruments measured at amortized cost ⁽²⁾		Balance sheet value
	Instruments held for trading ⁽¹⁾	Hedging derivatives	Instruments designated as measured at fair value from initial recognition	Total instruments measured at fair value	Balance sheet value	Fair value	
Renault SA redeemable shares	-	-	313	313	-	-	313
Bonds	-	-	-	-	6,044	6,406	6,044
Other debts represented by a certificate	-	-	-	-	63	63	63
Borrowings from credit institutions	-	-	218	218	2,194	2,147	2,412
Other interest-bearing borrowings	-	-	-	-	632	646	632
Derivatives on financing operations of the Automotive segment	293	4	-	297	-	-	297
Total financial liabilities of the Automotive segment	293	4	531	828	8,933	9,262	9,761
DIAC redeemable shares	-	-	10	10	-	-	10
Bonds	-	-	-	-	11,643	11,924	11,643
Other debts represented by a certificate	-	-	-	-	4,565	4,607	4,565
Borrowings from credit institutions	-	-	-	-	3,227	3,268	3,227
Other interest-bearing borrowings	-	-	-	-	4,442	4,442	4,442
Derivatives on financing operations of the Sales Financing segment	37	93	-	130	-	-	130
Financial liabilities and debts of the Sales Financing segment	37	93	10	140	23,877	24,241	24,017

(1) Including derivatives not classified as hedges for accounting purposes.

(2) Including financial liabilities subject to fair value hedges

The fair value of financial liabilities and debts of the Sales Financing segment measured at amortized cost is essentially determined by discounting future cash flows at rates offered to Renault at December 31, 2014 and 2013 for loans with similar conditions and maturities. The rates proposed to Renault result from observable market data such as zero-coupon interest rate curves and secondary market prices for bonds issued by the Group, and consequently this is a level 2 fair value.

C – Breakdown by maturity

For financial liabilities including derivatives, contractual flows are similar to the expected flows and correspond to the amounts to be paid.

For floating-rate financial instruments, interest is calculated using interest rates as at December 31, 2014.

No contractual flows are reported for Renault and Diac redeemable shares as they have no fixed redemption date.

C1 – Financial liabilities of the Automotive segment

(€ million)	December 31, 2014							
	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
Bonds issued by Renault SA (by issue date)								
2007	10	10	-	-	10	-	-	-
2010	1,152	1,154	654	-	500	-	-	-
2011	519	519	-	519	-	-	-	-
2012	1,172	1,175	69	256	850	-	-	-
2013	1,669	1,673	603	170	-	900	-	-
2014	1,667	1,674	-	543	631	-	-	500
Accrued interest, expenses and premiums	98	68	68	-	-	-	-	-
Total bonds	6,287	6,273	1,394	1,488	1,991	900	-	500
Other debts represented by a certificate	223	223	223	-	-	-	-	-
Borrowings from credit institutions	2,396	2,383	1,045	491	208	188	321	130
Other interest-bearing borrowings	496	621	76	40	26	26	46	407
Total other financial liabilities	3,115	3,227	1,344	531	234	214	367	537
Future interest on bonds and other financial liabilities	-	758	166	263	69	132	96	32
Redeemable shares	350	-	-	-	-	-	-	-
Derivatives on financing operations	736	736	454	232	20	17	9	4
Total financial liabilities of the Automotive segment	10,488	10,994	3,358	2,514	2,314	1,263	472	1,073

The portion of financial liabilities of the Automotive segment maturing within one year breaks down as follows:

(€ million)	December 31, 2014			
	Contractual flows maturing within 1 year	- 1 month	1-3 months	3 months – 1 year
Bonds	1,394	3	15	1,376
Other financial liabilities	1,344	235	588	521
Future interest on bonds and other financial liabilities	166	-	40	126
Derivatives on financing operations	454	163	104	187
Total financial liabilities maturing within 1 year	3,358	401	747	2,210

C2 – Financial liabilities and debts of the Sales Financing segment

(€ million)	December 31, 2014							
	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
Bonds issued by RCI Banque (year of issue)								
2005	10	10	10	-	-	-	-	-
2006	11	11	11	-	-	-	-	-
2010	1,289	1,288	577	711	-	-	-	-
2011	1,816	1,813	604	1,209	-	-	-	-
2012	2,119	2,116	1,174	209	733	-	-	-
2013	2,946	2,942	163	1,160	114	1,505	-	-
2014	3,527	3,513	72	232	1,749	14	927	519
Accrued interest, expenses and premiums	217	220	220	-	-	-	-	-
Total bonds	11,935	11,913	2,831	3,521	2,596	1,519	927	519
Other debts represented by a certificate	4,744	4,746	1,784	1,056	577	1,308	21	-
Borrowings from credit institutions	2,660	2,661	1,583	952	117	6	3	-
Other interest-bearing borrowings	6,654	6,654	5,640	391	293	156	174	-
Total other financial liabilities	14,058	14,061	9,007	2,399	987	1,470	198	-
Future interest on bonds and other financial liabilities	-	1,209	500	380	166	87	47	29
Redeemable shares	11	-	-	-	-	-	-	-
Derivative liabilities on financing operations	89	57	29	24	4	-	-	-
Total Financial liabilities and debts of the Sales Financing segment	26,093	27,240	12,367	6,324	3,753	3,076	1,172	548

The portion of financial liabilities and debts of the Sales Financing segment maturing within one year breaks down as follows:

(€ million)	December 31, 2014			
	Contractual flows maturing within 1 year	-1 month	1-3 months	3 months – 1 year
Bonds	2,831	753	840	1,238
Other financial liabilities	9,007	6,162	724	2,121
Future interest on bonds and other financial liabilities	500	31	42	427
Derivative liabilities on financing operations	29	1	-	28
Total financial liabilities maturing within 1 year	12,367	6,947	1,606	3,814

NOTE 24 – FAIR VALUE OF FINANCIAL INSTRUMENTS AND IMPACT ON NET INCOME

A – Fair value of financial instruments by level

The following breakdown by level is presented for financial instruments carried in the balance sheet at fair value;

- Level 1: instruments whose fair values are derived from quoted prices in an active market;
- Level 2: instruments whose fair values are derived from observable market prices and are not included in level 1;
- Level 3: instruments whose fair values are derived from unobservable inputs on the market.

(€ million)	December 31, 2014			
	Fair value in balance sheet	Level 1	Level 2	Level 3
Investments in non-controlled entities	1,233	1,134	-	99
Marketable securities and negotiable debt instruments	785	785	-	-
Derivative assets on financing operations by the Automotive segment	774	-	774	-
Derivative assets on transactions undertaken for operating purposes by the Automotive segment	4	-	4	-
Derivative assets on financing operations by the Sales Financing segment	298	-	298	-
Cash equivalents	129	129	-	-
Financial instruments stated at fair value in the balance sheet assets	3,223	2,048	1,076	99
Renault SA redeemable shares	350	350	-	-
Borrowings from credit institutions by the Automotive segment	-	-	-	-
Derivative liabilities on transactions undertaken for financing purposes by the Automotive segment	736	-	736	-
Derivative liabilities on transactions undertaken for operating purposes by the Automotive segment	2	-	2	-
DIAC redeemable shares	11	11	-	-
Derivative liabilities on financing operations of the Sales Financing segment	89	-	89	-
Financial instruments stated at fair value in the balance sheet liabilities	1,188	361	827	-

Estimated fair values are based on information available on the markets and arrived at using valuation methods appropriate to the types of instrument in question. However, the methods and assumptions used are by nature theoretical, and judgment plays a major role in interpreting market data.

Fair values have been determined on the basis of information available at the end of the year and do not therefore take account of subsequent movements.

In general, the valuation methods for each level are as follows:

- Level 1: fair value is identical to the most recent quoted price,
- Level 2: fair value is generally determined by recognized valuation models that use observable market data, such as zero-coupon interest rate curves and secondary market listed prices for securities issued by the Group,
- Level 3: the fair value of investments in non-controlled companies is based on the share of net assets.

In 2014, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

The Group's financial statements carry no assets or liabilities measured at fair value on a non-recurring basis in the balance sheet.

B – Changes in Level 3 financial instruments

Level 3 financial instruments amounted to €99 million at December 31, 2014 (€161 million at December 31, 2013). They decreased by €62 million over the year, essentially due to inclusion in the consolidation by the equity method of RN SF BV, the holding company for the bank that will handle sales financing for the Alliance in Russia

C – Impact of financial instruments on net income

(€ million) 2014	Financial assets other than derivatives			Financial liabilities other than derivatives		Derivatives	Total impact on net income
	Instruments held for trading	Available-for- sale instruments	Loans and receivables	Instruments designated as measured at fair value through profit and loss	Instruments measured at amortized cost ⁽¹⁾		
Interest income	2	-	140	-	-	74	216
Interest expenses	-	-	-	(17)	(458)	(23)	(498)
Change in fair value	-	12	-	(45)	10	(11)	(34)
Impairment	-	-	(28)	-	-	-	(28)
Dividends	-	39	-	-	-	-	39
Gains (losses) on sale	-	-	-	-	-	-	-
Net foreign exchange gains and losses	23	9	(60)	-	(86)	-	(114)
Total impact on net income - Automotive segment	25	60	52	(62)	(534)	40	(419)
<i>Including:</i>							
- operating margin	-	-	(92)	-	(86)	-	(178)
- other operating income and expenses	-	-	8	-	-	-	8
- net financial income (expenses)	25	60	136	(62)	(448)	40	(249)
Interest income	-	-	1,556	-	-	96	1,652
Interest expenses	-	-	-	-	(1,182)	(16)	(1,198)
Change in fair value	-	-	-	-	(148)	146	(2)
Impairment	-	-	(40)	-	-	-	(40)
Dividends	-	-	-	-	-	-	-
Gains (losses) on sale	-	-	-	-	-	-	-
Net foreign exchange gains and losses	-	-	-	-	-	-	-
Total impact on net income - Sales Financing segment in operating margin	-	-	1,516	-	(1,330)	226	412
TOTAL GAINS AND LOSSES WITH IMPACT ON NET INCOME	25	60	1,568	(62)	(1,864)	266	(7)

(1) Including financial liabilities subject to fair value hedges.

For the Automotive segment, the impact of financial instruments on net income mainly corresponds to foreign exchange gains and losses on operating transactions, and impairment of operating receivables.

D – Fair value hedges

(€ million)	2014	2013
Change in fair value of the hedging instrument	(109)	307
Change in fair value of the hedged item	100	(236)
Net impact on net income of fair value hedges	(9)	71

This net impact of fair value hedges on net income corresponds to the ineffective portion of hedges. Hedge accounting methods are described in note 2-X.

NOTE 25 – DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

A – Derivatives and netting agreements

A1 – Fair value of derivatives

The fair value of derivatives corresponds to their balance sheet value.

(€ million)	Financial assets		Other assets	Financial liabilities and sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
December 31, 2014						
Cash flow hedges	-	-	-	-	-	-
Fair value hedges	-	-	93	-	34	-
Hedge of the net investment in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	6	367	36	-	483	-
Total foreign exchange risk	6	367	129	-	517	-
Cash flow hedges	1	-	74	4	15	-
Fair value hedges	57	15	96	-	1	-
Derivatives not classified as hedges and derivatives held for trading	245	83	-	278	10	-
Total interest rate risk	303	98	170	282	26	-
Cash flow hedges	-	-	3	-	-	2
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	-
Total commodity risk	-	-	3	-	-	2
Total	309	465	302	282	543	2

(€ million)	Financial assets		Other assets	Financial liabilities and sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
December 31, 2013						
Cash flow hedges	-	-	-	-	-	-
Fair value hedges	-	-	24	-	74	-
Hedge of the net investment in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	6	252	3	-	263	-
Total foreign exchange risk	6	252	27	-	337	-
Cash flow hedges	2	-	77	-	13	-
Fair value hedges	92	-	94	2	8	-
Derivatives not classified as hedges and derivatives held for trading	44	4	-	37	30	-
Total interest rate risk	138	4	171	39	51	-
Cash flow hedges	-	-	3	-	-	-
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	-
Total commodity risk	-	-	3	-	-	-
Total	144	256	201	39	388	-

A2 – Netting agreements and other similar commitments

Framework agreements for operations on financial futures and similar agreements

The Group negotiates its derivatives contracts in accordance with the framework agreements issued by the International Swaps and Derivatives Association (ISDA) and the FBF (Fédération Bancaire Française).

In the event of default, the non-defaulting party has the right to suspend execution of its payment obligations and to demand payment or transfer of a termination balance for all terminated transactions.

The ISDA and FBF framework agreements do not meet the requirements for netting in the financial statements. The Group currently has no legally enforceable right to net the reported amounts, except in the case of default or a credit event.

Netting of financial assets and liabilities: summary

(€ million)	Amounts in the statement of financial position	Amounts not netted in the statement of financial position		Net amounts
		Financial instruments Assets/liabilities	Guarantees included in liabilities	
December 31, 2014				
ASSETS				
Derivatives on financing operations of the Automotive segment	373	(286)	-	87
Derivatives on financing operations of the Sales Financing segment	298	(66)	-	232
Sales financing receivables on dealers ⁽¹⁾	600	-	(205)	395
TOTAL ASSETS	1,271	(352)	(205)	714
LIABILITIES				
Derivatives on financing operations of the Automotive segment	698	(286)	-	412
Derivatives on financing operations of the Sales Financing segment	89	(66)	-	23
TOTAL LIABILITIES	787	(352)	-	435

(1) Sales financing receivables held by Companhia de Crédito, Financiamento e Investimento RCI Brasil, whose exposure is covered by "letras de câmbio" (bills of exchange) issued by the dealers and reported under other debts represented by a certificate.

B – Management of financial risks

The Group is exposed to the following financial risks:

- Liquidity risks
- Market risks (foreign exchange, interest rate, equity and commodity risks)
- Counterparty risks
- Credit risks

B1 – Liquidity risk

The Group is financed via the capital markets, through:

- long-term resources (bond issues, private placements, project financing, etc);
- short-term bank loans or commercial paper issues;
- securitization of receivables by Sales Financing.

The **Automotive** segment needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its gross debt and guarantee liquidity for the Automotive segment, and this exposes it to liquidity risk in the event of extended market closures or tensions over credit availability. As part of its centralized cash management policy, Renault SA handles most refinancing for the Automotive segment through long-term resources via the capital markets (bond issues and private placements), short-term financing such as treasury notes, or project financing via the banking sector or public or semi-public bodies.

Medium-term refinancing for the Automotive segment in 2014 was mostly provided by bond issues totalling €615 million as part of Renault SA's EMTN programme (including a 7-year Euro bond issue of €500 million and a 3-year CNY 500 million "Dim Sum" bond), and an issue on the Japanese market as part of Renault SA's "Shelf registration" programme, amounting to 150 billion yen (in two tranches of 75 billion yen, one with 2-year maturity and the other with 3-year maturity).

The contractual documentation for this financing contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance. However, certain types of financing, particularly market financing, contain standard clauses (*pari passu*, negative pledge and cross-default clauses).

The Automotive segment also has confirmed credit lines opened with banks worth €3,210 million, maturing at various times up to 2019. None of these credit lines was used in 2014. These confirmed credit facilities form a liquidity reserve for the Automotive segment.

The contractual documentation for these confirmed bank credit facilities contains no clause that might adversely affect credit availability or continuation as a result of a change in Renault's credit rating or financial ratio compliance.

Given its available cash reserves (€11.6 billion) and confirmed credit lines unused at year-end (€3.2 billion), the Automotive segment has sufficient financial resources to cover its commitments over a 12-month horizon.

Confirmed credit lines open but unused are described in note 23-A

The **Sales Financing** segment must have sufficient financial resources at all times to ensure long-term continuity for its business and development. Any restriction on access to banking and financial markets would lead to downscaling of its financing activity and/or raise the cost of the financing negotiated. RCI Banque's liquidity risk monitoring uses several indicators or analyses which are updated monthly based on the latest forecasts of credit outstanding (concerning both customers and the dealership network) and refinancing operations undertaken. Prudent assumptions have been applied regarding the laws on deposit outflows.

In 2014 the Sales Financing segment extended the maturity of its debt by its first 7-year bond issue (€500 million). It took advantage of the reopening of the floating-rate bond market to issue €1,100 million floating-rate notes with maturity of 3 years. On the sterling market, two £250 million bond issues were undertaken with maturities of 5 and 3 years respectively.

On the structured financing segment, Sales financing undertook a public placement of securitization backed by customer credit in France, in the amount of €644 million, and renewed a private securitization operation concerning dealer receivables in Germany.

Outside Europe, the Sales financing entities in Argentina, Brazil, South Korea and Morocco made borrowings through their domestic bond markets.

After France and Germany, in 2014 RCI Banque launched a savings business in Austria. Savings collected increased by more than 50% over 12 months to reach €6.5 billion (€5.1 billion of demand deposits and €1.4 billion of term deposits).

In addition to these resources, the Sales Financing segment has €4.8 billion in undrawn confirmed credit lines (€4 billion for RCI Banque) and €1.9 billion of available liquid receivables that can be redeemed at the European Central Bank (this amount is after application of discounts and excludes receivables already redeemed at the year-end). RCI Banque is thus able to fund ongoing commercial business for nearly 12 months assuming a total lack of external resources.

B2 – Foreign exchange risks

- Management of foreign exchange risks

The **Automotive** segment is exposed to foreign exchange risks in the course of its industrial and commercial business. These risks are monitored and centralized by Renault's Cash and Financing department.

It is Renault's general policy not to hedge operating future cash flows in foreign currencies. As a result, the Group's operating margin is exposed to foreign exchange risks. Any hedges of such risks require formal authorization from the Finance department and the result of these hedges are then reported to the General Management.

In contrast, the Automotive segment's general policy is to minimize the foreign exchange risk affecting financing and investment flows in foreign currencies, to avoid any exchange-related distortion of the financial result. All the Group's exposures to foreign exchange risk on financial result items are aggregated and monitored by the central Cash Management team, with monthly reporting to the Chief Financial Officer. Financing flows in foreign currency originating from Renault entities are hedged in the same currency. If a subsidiary needs external financing in a currency other than the local currency, the parent company monitors the operations closely. Cash surpluses in countries that are not part of the parent company's centralized cash management are generally invested in local currency, under the supervision of the Group's central Cash management department.

Equity investments are not hedged, apart from the investment in Nissan, totalling 129 billion yen at December 31, 2014 (note 12-G).

Renault Finance undertakes operations unrelated to operating cash flows on its own behalf. These operations are controlled daily and strict risk limits apply. They have no significant impact on Renault's consolidated results.

The **Sales Financing** segment has low exposure to foreign exchange risks due to the management principles applied. No position can be taken under the central management framework for refinancing; the trading room hedges all flows concerned. The sales financing subsidiaries are obliged to obtain refinancing in their own currency and as a result are not exposed. In exceptional circumstances, limits are assigned to subsidiaries where sales financing activities or refinancing take place in several different currencies, and to subsidiaries authorized to invest some of their cash surpluses in a currency other than their local currency.

At 31 December 2014, RCI Banque's consolidated foreign exchange position reached €6.5 million.

The Group made no major changes to its foreign exchange risk management policy in 2014.

- Analysis of financial instruments' sensitivity to foreign exchange risks

This analysis concerns the sensitivity to foreign exchange risks of monetary assets and liabilities (including intercompany balances) and derivatives in a currency other than the currency of the entity that holds them. However, it does not take into account items covered by fair value hedges (hedged assets or liabilities and derivatives), for which changes in fair value of the hedged item and the hedging instrument almost totally offset each other in the income statement.

The Group has financial instruments denominated in Japanese yen, held for the purposes of the policy to partially hedge its investment in Nissan (note 12-G).

Impacts are estimated solely on the basis of instant conversion of the financial assets and liabilities concerned at year-end after application of the 1% variation in the Euro exchange rate.

The impact on equity concerns the 1% variation in the Euro against other currencies applied to available-for-sale financial assets, cash flow hedges and the partial hedge of the investment in Nissan. All other impacts affect net income.

For the Automotive segment, the impact on shareholders' equity (before taxes) of a 1% rise in the Euro against the principal currencies, applied to financial instruments exposed to foreign exchange risks, would have a favourable effect of €9 million at December 31, 2014, chiefly resulting from yen bond issues associated with the partial hedge of the investment in Nissan. This impact should be offset by a symmetrical, opposite variation in the translation adjustment on the value of the investment in Nissan (note 18-E). The estimated impact on net income at December 31, 2014 is expected to be favourable and amount to €44 million.

- Currency derivatives

(<i>€ million</i>)	December 31, 2014				December 31, 2013			
	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs
Currency swaps – purchases	6,389	1,437	4,952	-	2,116	866	1,250	-
Currency swaps - sales	5,913	862	5,051	-	2,002	727	1,275	-
Forward purchases	20,087	20,084	3	-	17,970	17,970	-	-
Forward sales	20,196	20,193	3	-	17,979	17,979	-	-

B3 – Interest rate risk

- Interest rate risk management

The Renault group's exposure to interest rate risk mainly concerns the sales financing business of Sales financing and its subsidiaries. The overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin. The Sales financing segment's aim is to limit this risk as far as possible in order to protect its margin on sales. To take account of the difficulty of precisely matching the structure of borrowings with the structure of loans, a limited amount of flexibility is allowed in each subsidiary's interest rate hedging. This flexibility is reflected in a sensitivity limit assigned to each subsidiary and validated by the finance committee, in an individual adaptation of part of the limit Renault assigns to the Sales Financing segment.

Sensitivity is calculated daily for each currency and each management entity (central refinancing office, French and foreign sales financing subsidiaries), for overall management of interest rate risk across the consolidated scope of the Sales Financing segment.

Each entity's position with regard to its limit is checked daily, and immediate hedging directives are issued to the subsidiaries if circumstances require. The result of the checks are reported monthly to the Sales Financing segment's finance committee, which checks that the positions comply with the Group's financial strategy and current procedural instructions.

Analysis of the Sales Financing segment's structural interest rate risk shows the following:

Virtually all loans to customers by sales financing subsidiaries bear interest at a fixed rate and have terms of one to seventy-two months. These loans are hedged by fixed-rate resources with the same structure. They are covered by macro-hedging and only generate a residual interest rate risk. In subsidiaries where the financing bears interest at a floating rate, the interest rate risk is hedged by macro-hedging using interest rate swaps.

The main activity of the Sales Financing segment's central refinancing department is refinancing the Group's commercial subsidiaries. Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the refinancing holding company below the defined limit.

The **Automotive** segment's interest rate risk management policy applies two principles: long-term investments generally use fixed-rate financing, and investments for cash reserves generally use floating-rate financing. Fixed-rate borrowings are swapped to variable rates to maintain a balance between floating-rate liabilities and floating-rate assets when the yield curve is not close enough to zero. The financing in yen undertaken as part of the partial hedge of Nissan equity is fixed-rate.

The Automotive segment's available cash is managed centrally by Renault SA as far as possible, and invested in short-term bank deposits by Renault Finance.

Finally, Renault Finance carries out interest rate transactions on its own behalf, within strictly defined risk limits, and positions are monitored and valued in real time. The risk associated with this arbitrage activity is very limited, and has no significant impact on the Group's consolidated net income.

The Group made no major changes to its interest rate risk management policy in 2014.

- Analysis of financial instruments' sensitivity to interest rate risks

The Group is exposed to the following interest rate risks:

- variations in the interest flows on floating-rate financial instruments stated at amortized cost (including fixed-rate instruments swapped to floating rate, and structured products);
- variations in the fair value of the fixed-rate financial instruments stated at fair value;
- variations in the fair value of derivatives.

Impacts are estimated by applying a 100 base point rise in interest rates over a one-year period to financial instruments reported in the closing statement of financial position.

The impact on shareholders' equity corresponds to the change in fair value of available-for-sale fixed-rate financial assets and cash flow hedges after a 100 base point rise in interest rates. All other impacts affect net income.

Calculation of the individual segments' sensitivity to interest rates includes intersegment loans and borrowings.

For the Automotive segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a positive €82 million and €5 million respectively at December 31, 2014.

For the Sales Financing segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a negative €55 million and a positive €45 million respectively at December 31, 2014. The impact on equity results mainly from the change in the fair value of swaps undertaken to hedge future cash flows.

- Fixed rate/floating rate breakdown of financial liabilities and sales financing debts (excluding derivatives), after the effect of derivatives

(€ million)	December 31, 2014	December 31, 2013
Fixed rate	17,515	16,895
Floating rate	18,241	16,456
Total financial liabilities and sales financing debts (excluding derivatives)	35,756	33,351

- Interest rate derivatives

(€ million)	December 31, 2014				December 31, 2013			
	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs
Interest rate swaps	16,880	6,624	9,775	481	15,626	3,484	11,797	345
Other interest rate hedging instruments	-	-	-	-	-	-	-	-

B4 – Equity risks

- Management of equity risks

The Group's exposure to equity risks essentially concerns the Daimler shares acquired in connection with the cooperation agreements, and marketable securities indexed to share prices. The Group does not use equity derivatives to hedge this risk.

The Group made no major changes to its equity risk management policy in 2014.

- Analysis of financial instruments' sensitivity to equity risks

The sensitivity to equity risks resulting from application of a 10% decrease in share prices to the financial assets concerned at the year-end would have an unfavourable impact of €114 million on shareholders' equity. The impact on net income is not significant at December 31, 2014.

B5 – Commodity risks

- Management of commodity risks

Renault's Purchases department may hedge part of its commodity risks using financial instruments such as purchases of swaps, purchase options and tunnel contracts. These hedges are subject to volume, duration and price limits.

Commodity hedging transactions in progress at December 31, 2014 include forward purchases of aluminium, palladium, platinum and lead. These transactions are classified for accounting purposes as cash flow hedges, and accordingly changes in their fair value are included in shareholders' equity. At December 31, 2013 commodity hedges in progress concerned forward purchases of aluminium, copper, palladium, platinum and lead.

- Analysis of financial instruments' sensitivity to commodity risks

Financial instruments' accounting sensitivity to commodity risks results from derivatives used to hedge the Group's economic exposure to that risk.

A 10% increase in commodity prices for derivatives classified as hedging derivatives would have a positive impact of €9 million on shareholders' equity at December 31, 2014.

- Commodity derivatives

(€ million)	December 31, 2014				December 31, 2013			
	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs
Purchases of swaps	99	91	8	-	62	57	5	-

B6 – Counterparty risk

All Group entities use a fully-coordinated counterparty risk management procedure involving a scoring system, based principally on the counterparties' long-term credit rating and equity level. For Group companies with significant exposure, compliance with authorized limits is monitored on a daily basis under strict internal control procedures.

The counterparties for deposits are subject to special monitoring, unless this is impossible. Most deposits are with large network banks, as this allows a good spread of the risk and lowers the systemic risk. They are almost all overnight deposits, such that assets can be reallocated rapidly if there is stress on any counterparty.

The Group is not subject to any significant risk concentration for its operations on the financial and banking markets.

No losses due to default by a banking counterparty were recorded in 2014.

4.2.6.6 Cash flows and other information

NOTE 26 – CASH FLOWS

A – Other income and expenses with no impact on cash

<i>(€ million)</i>	2014	2013
Net allocation to provisions	355	964
Net effects of sales financing credit losses	(43)	(57)
Net (gain) loss on asset disposals	(22)	(153)
Change in fair value of redeemable shares	38	65
Change in fair value of other financial instruments	(5)	(61)
Deferred taxes	(260)	(10)
Other	29	67
Other income and expenses with no impact on cash	92	815

B – Change in working capital

<i>(€ million)</i>	2014	2013
Decrease (increase) in net inventories	(272)	477
Decrease (increase) in Automotive net receivables	(275)	(92)
Decrease (increase) in other assets	(318)	(727)
Increase (decrease) in trade payables	886	18
Increase (decrease) in other liabilities	750	852
Increase (decrease) in working capital	771	528

C – Capital expenditure

<i>(€ million)</i>	2014	2013
Purchases of intangible assets	(967)	(829)
Purchases of property, plant and equipment (other than assets leased to customers)	(1,736)	(1,681)
Total purchases for the period	(2,703)	(2,510)
Deferred payments	192	(239)
Total capital expenditure	(2,511)	(2,749)

D – Interest received and paid by the Automotive segment

<i>(€ million)</i>	2014	2013
Interest received	283	213
Interest paid	(542)	(550)
Interest received and paid	(259)	(337)

NOTE 27 – RELATED PARTIES

A – Remuneration of Directors and Executives and Executive Committee members

A1 – Remuneration of Directors and Executives

The Board of Directors has combined the functions of Chairman of the Board of Directors and Chief Executive Officer. The Chairman and CEO receives no remuneration for his duties as Chairman of the Board.

The table below reports the remuneration paid, pro rata to the periods in which the functions were occupied:

(€ million)	2014	2013
Basic salary	1.2	1.2
Performance-related salary	2.2	1.4
Employer's social security charges	2.1	0.7
Complementary pension	1.0	1.0
Other components of remuneration	0.2	0.2
Total remuneration excluding stock options ⁽¹⁾	6.7	4.5
Stock option plans	1.6	0.5
Stock option plans – effect of cancellations	-	-
Total stock option plans	1.6	0.5
Chairman and Chief Executive Officer	8.3	5.0

(1) The remuneration awarded comprises the portion paid in cash and the accounting value of the deferred salary to be paid in shares.

Directors' fees amounted to €1,074,699 in 2014 (€1,034,027 paid in 2013), of which €48,000 were paid for the Chairman and CEO's functions (€48,000 in 2013).

A2 – Remuneration of Executive Committee members (other than the Chairman and Chief Executive Officer)

The remuneration and related benefits of members of the Executive Committee (other than the Chairman and Chief Executive Officer), were recognized in expenses as follows:

(€ million)	2014	2013
Basic salary	3.8	4.3
Retirement indemnities	0.0	0.0
Performance-related salary	4.3	4.0
Employer's social security charges	3.9	3.6
Complementary pension	2.3	3.8
Other	0.7	1.0
Total remuneration excluding stock options	15.0	16.7
Stock option plans	3.2	2.6
Stock option plans – effect of cancellations	-	-
Total stock option plans	3.2	2.6
Executive Committee members (other than the Chairman and CEO)	18.2	19.3

B – Renault's investments in associates

Details of Renault's investments in Nissan and AVTOVAZ are provided in notes 12 and 13-A respectively.

NOTE 28 – OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

In the course of its business, Renault enters into a certain number of commitments, and is involved in litigations or subject to competition authority investigations (two are currently in process in Korea and Spain). Any liabilities resulting from these situations (e.g. pension and other employee benefits, litigation costs, etc) are covered by provisions. Details of other commitments that constitute off-balance sheet commitments and contingent liabilities are provided below (note 28-A).

Renault also receives commitments from customers (deposits, mortgages, etc) and may benefit from credit lines with credit institutions (note 28-B).

A – Off-balance sheet commitments given and contingent liabilities

A1 – Ordinary operations

The Group is committed for the following amounts:

(€ million)	December 31, 2014	December 31, 2013
Sureties, endorsements and guarantees given	214	318
Financing commitments in favour of customers ⁽¹⁾	1,675	1,493
Firm investment orders	518	483
Lease commitments	310	369
Assets pledged, provided as guarantees or mortgaged, and other commitments ⁽²⁾	127	110

(1) Commitments in favour of customers by the Sales Financing segment will lead to outflows of liquidities during the three months following the year-end in the maximum amount of €1,597 million at December 31, 2014.

(2) Assets pledged, provided as guarantees or mortgaged mainly concern guarantees of financial liabilities provided by Renault Samsung Motors when it was acquired by Renault in 2000.

Lease commitments include rent from non-cancellable leases. The breakdown is as follows:

(€ million)	December 31, 2014	December 31, 2013
Less than 1 year	33	35
Between 1 and 5 years	172	199
More than 5 years	105	135
TOTAL	310	369

A2 – Specific operations

- End-of-life vehicles

The Group establishes provisions for its recycling obligations on a country-by-country basis, in accordance with regulatory requirements, as and when the procedures for recycling operations are defined. These provisions are regularly reviewed to ensure they take account of changes in each country's situation.

For countries where the legislation is not yet complete, until the laws are in existence, it is impossible to accurately determine whether the Group will have to bear a residual cost.

- Other commitments

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2014, Renault had not identified any significant risk in connection with these operations.

Following partial sales of subsidiaries in previous years, Renault holds put options covering some or all of the residual investment retained. The exercise of these options would not have a significant impact on the Group's consolidated financial statements.

Group companies are periodically subject to tax inspections in the countries in which they operate. Accepted tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognized on a case-by-case basis, taking into account the risk that the proceedings or appeals undertaken may be unsuccessful.

B – Off-balance sheet commitments received and contingent assets

(€ million)	December 31, 2014	December 31, 2013
Sureties, endorsements and guarantees received	2,102	2,088
Assets pledged or mortgaged ⁽¹⁾	2,631	2,636
Buy-back commitments ⁽²⁾	1,371	1,482
Other commitments	5	16

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €2,505 million at December 31, 2014 (€2,609 million at December 31, 2013).

(2) Commitments received by the Sales Financing segment for sale to a third party of rental vehicles at the end of the rental contract.

Off-balance sheet commitments received concerning confirmed opened credit lines are presented in note 23-A.

NOTE 29 – FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The fees paid to the Group's Statutory Auditors and their networks were as follows:

(€ million)	E&Y network				KPMG network		Deloitte network	
	Amount		%		Amount	%	Amount	%
	2014	2013	2014	2013	2014	2014	2013	2013
Audit								
Statutory audit, certification, review of individual and consolidated accounts	5.93	6.79	91.7%	93.5%	5.99	84.9%	6.70	91.7%
Renault SA and Renault s.a.s.	3.01	3.74	46.5%	51.5%	2.15	30.4%	2.55	34.9%
Fully consolidated subsidiaries	2.92	3.05	45.2%	42.0%	3.84	54.5%	4.15	56.8%
Other work and services directly linked to the statutory auditor's mission	0.20	0.41	3.0%	5.6%	0.01	0.2%	0.38	5.1%
Renault SA and Renault s.a.s.	0.05	0.10	0.7%	1.3%	0.00	0.0%	0.05	0.6%
Fully consolidated subsidiaries	0.15	0.31	2.3%	4.3%	0.01	0.2%	0.33	4.5%
Subtotal	6.13	7.20	94.7%	99.1%	6.00	85.1%	7.08	96.8%
Other services								
Legal, tax, labour-related	0.29	0.06	4.5%	0.9%	0.89	12.6%	0.21	2.9%
Other	0.05	-	0.8%	-	0.17	2.3%	0.02	0.3%
Subtotal	0.34	0.06	5.3%	0.9%	1.06	14.9%	0.23	3.2%
TOTAL	6.47	7.26	100%	100%	7.06	100%	7.31	10 %

KPMG was appointed as statutory auditor to the Group at the general shareholders' meeting of April 30, 2014, and EY's appointment was renewed.

NOTE 30 – SUBSEQUENT EVENTS

No significant events have occurred since the year-end.

NOTE 31 – CONSOLIDATED COMPANIES

A – Fully consolidated companies (subsidiaries)

Renault Group's interest (%)	Country	December 31, 2014	December 31, 2013
Renault SA	France	Consolidating company	Consolidating company
AUTOMOTIVE			
FRANCE			
Renault s.a.s	France	100	100
Arkanéo	France	100	100
Auto Châssis International (ACI) Le Mans	France	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100
Fonderie de Bretagne	France	100	100
IDVU	France	100	100
IDVE	France	100	100
Maubeuge Construction Automobile (MCA)	France	100	100
Renault Environnement	France	100	100
Renault Développement Industriel et Commercial (RDIC)	France	100	100
Renault Retail Group SA and subsidiaries	France	100	100
Renault Samara	France	100	100
RDREAM	France	100	100
SCI Parc industriel du Mans	France	100	100
SCI Plateau de Guyancourt	France	100	100
SNC Renault Cléon	France	100	100
SNC Renault Douai	France	100	100
SNC Renault Flins	France	100	100
SNC Renault Sandouville	France	100	100
Société des Automobiles Alpine Caterham ⁽¹⁾	France	100	-
Sofrastock International	France	100	100
Société de Transmissions Automatiques	France	100	100
Société de Véhicules Automobiles de Batilly (SOVAB)	France	100	100
Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) and subsidiaries	France	100	100
Société Immobilière Renault Habitation (SIRHA)	France	100	100
Société Immobilière d'Epone	France	100	100
Société Immobilière pour l'Automobile (SCIA)	France	100	100
SODICAM 2	France	100	100
Technologie et Exploitation Informatique (TEI)	France	100	100
EUROPE			
Renault Österreich and subsidiaries	Austria	100	100
Renault Belgique Luxembourg and subsidiaries	Belgium	100	100
Renault Industrie Belgique (RIB)	Belgium	100	100
Renault Croatia	Croatia	100	100
Renault Ceska Republica and subsidiaries	Czech Republic	100	100
Renault Deutsche AG and subsidiaries	Germany	100	100
Renault Hungaria and subsidiaries	Hungary	100	100
Renault Irlande	Ireland	100	100
Renault Italia and subsidiaries	Italy	100	100
Motor Reinsurance Company	Luxembourg	100	100
Renault Group B.V.	Netherlands	100	100

Renault Group's interest (%)	Country	December 31, 2014	December 31, 2013
Renault Nederland	Netherlands	100	100
Renault Polska	Poland	100	100
Cacia	Portugal	100	100
Renault Portuguesa and subsidiaries	Portugal	100	100
Grigny Ltd.	United Kingdom	100	100
Renault Retail Group U.K. Ltd.	United Kingdom	100	100
Renault U.K.	United Kingdom	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenia d.o.o.	Slovenia	100	100
Revoz	Slovenia	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100
Renault Espana SA and subsidiaries	Spain	100	100
Renault Nordic	Sweden	100	100
Renault Finance	Switzerland	100	100
Renault Suisse SA and subsidiaries	Switzerland	100	100
AFRICA – MIDDLE EAST – INDIA			
Renault Algérie	Algeria	100	100
Renault India Private Ltd	India	100	100
Renault Maroc	Morocco	80	80
Renault Maroc Service	Morocco	100	100
Renault Tanger Exploitation	Morocco	100	100
Renault Tanger Méditerranée	Morocco	100	100
Société marocaine de construction automobile (SOMACA)	Morocco	77	77
AMERICAS			
Groupe Renault Argentina	Argentina	100	100
Renault do Brasil LTDA	Brazil	100	100
Renault do Brasil SA	Brazil	100	100
Sociedad de Fabricacion de Automotores (SOFASA) and subsidiaries	Colombia	100	100
Renault Corporativo SA de C.V.	Mexico	100	100
Renault Mexico	Mexico	100	100
ASIA – PACIFIC			
Renault Beijing Automotive Company	China	100	100
Renault Samsung Motors	South Korea	80	80
EURASIA			
Renault Nissan Bulgaria	Bulgaria	100	100
Dacia and subsidiaries	Romania	99	99
Renault Mécanique Romania	Romania	100	100
Renault Commercial Romania	Romania	100	100
Renault Technologie Romania	Romania	100	100
AFM Industrie	Russia	100	100
Avtoframos	Russia	100	100
Remosprom	Russia	100	100
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52
Renault Ukraine	Ukraine	100	100
SALES FINANCING			

Renault Group's interest (%)	Country	December 31, 2014	December 31, 2013
FRANCE			
Diac	France	100	100
Diac Location	France	100	100
RCI Banque and branches	France	100	100
Sogesma ⁽²⁾	France	-	100
EUROPE			
RCI Financial Services S.A.	Belgium	100	100
Renault AutoFin S.A.	Belgium	100	100
RCI Finance CZ s.r.o.	Czech Republic	100	100
RCI Financial Services s.r.o. ⁽⁴⁾	Czech Republic	50	50
RCI Versicherungs Service GmbH	Germany	100	100
RCI zrt Hongrie	Hungary	100	100
ES Mobility SRL	Italy	100	100
RCI Insurance Ltd	Malta	100	100
RCI Life Ltd	Malta	100	100
RCI Services Ltd	Malta	100	100
RCI Financial Services B.V.	Netherlands	100	100
Renault Credit Polska Sp. Z.o.o.	Poland	100	100
RCI Gest Instituição Financiara de Credito SA.	Portugal	100	100
RCI Gest Seguros – Mediadores de Seguros	Portugal	100	100
RCI Financial Services Ltd	United Kingdom	100	100
Overlease	Spain	100	100
RCI Finance S.A.	Switzerland	100	100
AFRICA – MIDDLE EAST – INDIA			
RCI Finance Maroc	Morocco	100	100
RDFM	Morocco	100	100
AMERICAS			
Courtage S.A.	Argentina	100	100
Rombo Compania Financiera	Argentina	60	60
Companhia de Arrendamento Mercantil RCI do Brasil	Brazil	60	60
Companhia de Crédito, Financiamento e Investimento RCI do Brasil	Brazil	60	60
Administradora de Consorcio Renault do Brasil	Brazil	100	100
Corretora de Seguros RCI do Brasil	Brazil	100	100
ASIA – PACIFIC			
RCI Financial Services Korea	South Korea	100	100
EURASIE			
RCI Broker De Asigurare	Romania	100	100
RCI Finantare Romania	Romania	100	100
RCI Leasing Romania IFN	Romania	100	100
OOO RN FINANCE RUS	Russia	100	100

B – Companies consolidated based on the percentage interest in each balance sheet and income statement item (joint operations)

Renault Group's interest (%)	Country	December 31, 2014	December 31, 2013
AUTOMOTIVE			
Société des Automobiles Alpine Caterham ⁽¹⁾	France	-	50
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI)	India	67	67

C - Companies accounted for by the equity method (associates and joint ventures)

Renault Group's interest (%)	Country	December 31, 2014	December 31, 2013
AUTOMOTIVE			
Boone Comenor	France	33	33
Indra Investissements	France	50	50
Renault South Africa	South Africa	40	40
Renault Algérie Production	Algeria	49	-
Dongfeng Renault Automotive Company	China	50	-
Renault Nissan Automotive India Private Limited	India	30	30
Nissan Group	Japan	43.7	43.7
Alliance Rostec Auto B.V.	Russia	50	48,2
AVTOVAZ Group	Russia	37.3	35.9
MAIS	Turkey	49	49
SALES FINANCING			
Renault Credit Car ⁽⁵⁾	Belgium	50	50
RN SF B.V.	Netherlands	50	-
BARN B.V.	Netherlands	30	-
RN Bank	Russia	30	-
Orfin Finansman Anonim Sirketi	Turkey	50	50

(1) Société des Automobiles Alpine Caterham is fully consolidated in 2014 following the repurchase of the 50% stake sold to a partner in June 2013.

(2) The subsidiary Sogesma was absorbed in 2014 by a fully-consolidated company.