GROUPE RENAULT

CONSOLIDATED FINANCIAL STATEMENTS 2018

The Group's Statutory Auditors have performed their audit procedures on these financial statements and the audit report relating to the certification of the consolidated financial statements will be issued on March, 16 2019.

4.2 Notes to the consolidated financial statements

4.2.1 Consolidated income statement

(€ million)	Notes	2018 [1]	2017 [2]
Revenues	4	**57,419**	**58,770**
Cost of goods and services sold		(45,417)	(46,477)
Research and development expenses	10-A	(2,598)	(2,590)
Selling, general and administrative expenses		(5,792)	(5,849)
Operating margin	5	**3,612**	**3,854**
Other operating income and expenses	6	(625)	(48)
Other operating income	6	*149*	*214*
Other operating expenses	6	*(774)*	*(262)*
Operating income (loss)		**2,987**	**3,806**
Cost of net financial indebtedness	7	(308)	(369)
Cost of gross financial indebtedness	7	*(373)*	*(441)*
Income on cash and financial assets	7	*65*	*72*
Other financial income and expenses	7	(45)	(22)
Financial income (expenses)	7	**(353)**	**(391)**
Share in net income (loss) of associates and joint ventures		**1,540**	**2,799**
Nissan	12	*1,509*	*2,791*
Other associates and joint ventures	13	*31*	*8*
Pre-tax income		**4,174**	**6,214**
Current and deferred taxes	8	(723)	(906)
Net income		**3,451**	**5,308**
Net income – parent company shareholders' share		3,302	5,212
Net income - non-controlling interests' share		149	96
Basic earnings per share [3] in €		12.24	19.23
Diluted earnings per share [3] in €		12.13	19.04
Number of shares outstanding (*in thousands*)			
for basic earnings per share	9	*269,850*	*271,080*
for diluted earnings per share	9	*272,222*	*273,745*

(1) The figures for 2018 are established in application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers". The changes related to the application of these new standards are presented in note 2-A.

(2) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from those previously published (note 2-A5).

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

4.2.2 Consolidated comprehensive income

(€ million)	2018			2017 [1]		
	Gross	**Tax effect**	**Net**	**Gross**	**Tax effect**	**Net**
NET INCOME	**4,174**	**(723)**	**3,451**	**6,214**	**(906)**	**5 308**
Other components of comprehensive income from parent-company and subsidiaries						
Items that will not be reclassified subsequently to profit or loss	(356)	(3)	(359)	13	(25)	(12)
Actuarial gains and losses on defined-benefit pension plans	*53*	*(16)*	*37*	*13*	*(25)*	*(12)*
Equity instruments at fair value through equity [2]	*(409)*	*13*	*(396)*			
Items that have been or will be reclassified to profit or loss in subsequent periods	(483)	29	(454)	(142)	(16)	(158)
Translation adjustments on foreign activities [3]	*(213)*	*-*	*(213)*	*(272)*	*-*	*(272)*
Translation adjustments on foreign activities in hyperinflationary economies [3]	*(175)*	*-*	*(175)*			
Partial hedge of the investment in Nissan	*(102)*	*32*	*(70)*	*113*	*(17)*	*96*
Fair value adjustments on cash flow hedging instruments [4]	*7*	*(4)*	*3*	*5*	*-*	*5*
Fair value adjustments on available-for-sale financial assets [2] [5]				*12*	*1*	*13*
Debt instruments at fair value through equity [2] [5]	*-*	*1*	*1*			
Total other components of comprehensive income from parent-company and subsidiaries (a)	**(839)**	**26**	**(813)**	**(129)**	**(41)**	**(170)**
Share of associates and joint ventures in other components of comprehensive income						
Items that will not be reclassified to profit or loss in subsequent periods	(206)	-	(206)	130	-	130
Actuarial gains and losses on defined-benefit pension plans	*(68)*	*-*	*(68)*	*130*	*-*	*130*
Other [2]	*(138)*	*-*	*(138)*			
Items that have been or will be reclassified to profit or loss in subsequent periods [6]	956	-	956	(1,488)	-	(1,488)
Translation adjustments on foreign activities	*960*	*-*	*960*	*(1,519)*	*-*	*(1,519)*
Other	*(4)*	*-*	*(4)*	*31*	*-*	*31*
Total share of associates and joint ventures in other components of comprehensive income (B)	**750**	**-**	**750**	**(1,358)**	**-**	**(1,358)**
Other components of comprehensive income (A) + (B)	**(89)**	**26**	**(63)**	**(1,487)**	**(41)**	**(1,528)**
COMPREHENSIVE INCOME	**4,085**	**(697)**	**3,388**	**4,727**	**(947)**	**3,780**
Parent company shareholders' share			3,221			3,673
Non-controlling interests' share			167			107

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from those previously published (note 2-A5).
(2) In application of IFRS 9 "Financial Instruments", the classification of financial assets is modified from January 1, 2018. The changes related to the application of this new standard are presented in note 2-A1.
(3) The impacts of the application of IAS 29 "Financial reporting in hyperinflationary economies" for foreign activities in Argentina are presented in note 2-A4. There were no reclassifications to profit or loss in 2018 and 2017.
(4) Including €6 million reclassified to profit or loss in 2018 (€(12) million in 2017).
(5) Including €2 million reclassified to profit or loss in 2018 (€3 million in 2017).
(6) There were no reclassifications to profit or loss in 2018 and in 2017.

4.2.3 Consolidated financial position

ASSETS *(€ million)*	**Notes**	**December 31, 2018** (1)	**December 31, 2017** (2)
NON-CURRENT ASSETS			
Intangible assets and goodwill	10-A	5,913	5,240
Property, plant and equipment	10-B	14,304	13,582
Investments in associates and joint ventures		21,439	19,811
Nissan	12	*20,583*	*19,135*
Other associates and joint ventures	13	*856*	*676*
Non-current financial assets	22	928	1,395
Deferred tax assets	8	952	927
Other non-current assets	17	1,485	1,435
Total non-current assets		**45,021**	**42,390**
CURRENT ASSETS			
Inventories	14	5,879	6,328
Sales Financing receivables	15	42,067	39,334
Automotive receivables	16	1,399	1,753
Current financial assets	22	1,963	1,932
Current tax assets	17	111	91
Other current assets	17	3,779	4,014
Cash and cash equivalents	22	14,777	14,057
Total current assets		**69,975**	**67,509**
TOTAL ASSETS		**114,996**	**109,899**

(1) The impacts of the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers "from January 1, 2018 are presented in note 2-A.
(2) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	**Notes**	**December 31, 2018 (1)**	**December 31, 2017 (2)**
SHAREHOLDERS' EQUITY			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(400)	(494)
Revaluation of financial instruments		236	809
Translation adjustment		(2,826)	(3,376)
Reserves		30,322	26,322
Net income – parent company shareholders' share		3,302	5,212
Shareholders' equity – parent company shareholders' share		**35,546**	**33,385**
Shareholders' equity – non-controlling interests' share		599	294
Total shareholders' equity	18	**36,145**	**33,679**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	135	180
Provisions for pension and other long-term employee benefit obligations – long-term	19	1,531	1,584
Other provisions – long-term	20	1,603	1,514
Non-current financial liabilities	23	6,209	5,120
Other non-current liabilities	21	1,572	1,579
Total non-current liabilities		**11,050**	**9,977**
CURRENT LIABILITIES			
Provisions for pension and other long-term employee benefit obligations – short-term	19	56	51
Other provisions – short-term	20	1,065	915
Current financial liabilities	23	2,463	3,792
Sales Financing debts	23	44,495	41,395
Trade payables		9,505	9,904
Current tax liabilities	21	289	246
Other current liabilities	21	9,928	9,940
Total current liabilities		**67,801**	**66,243**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**114,996**	**109,899**

(1) The impacts of the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers "from January 1, 2018 are presented in note 2-A.

(2) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

4.2.4 Changes in consolidated shareholders' equity

(€ million)	Number of shares *(thousands)*	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 interests' share)	Total shareholders' equity
Balance at December 31, 2016 as published in the 2017 financial statements (1)	**295,722**	**1,127**	**3 785**	**(321)**	**758**	**(1,668)**	**23,643**	**3,419**	**30,743**	**181**	**30,924**
Change in the valuation method of the Renault SA redeemable shares (1)							139		**139**		**139**
Balance at December 31, 2016 (1)	**295,722**	**1,127**	**3 785**	**(321)**	**758**	**(1,668)**	**23,782**	**3,419**	**30,882**	**181**	**31,063**
2017 net income (1)								5,212	**5,212**	96	**5,308**
Other components of comprehensive income (2)					51	(1,708)	118		**(1,539)**	11	**(1,528)**
2017 comprehensive income (1)					***51***	***(1,708)***	***118***	***5,212***	***3,673***	***107***	***3 780***
Allocation of 2016 net income							3,419	(3,419)			
Dividends							(855)		**(855)**	(133)	**(988)**
(Acquisitions) / disposals of treasury shares and impact of capital increases				(173)					**(173)**		**(173)**
Changes in ownership interests (3)						3	(155)		**(152)**	139	**(13)**
Cost of share-based payments and other						(3)	13		10		10
Balance at December 31, 2017 (1)	**295,722**	**1,127**	**3,785**	**(494)**	**809**	**(3,376)**	**26,322**	**5,212**	**33,385**	**294**	**33,679**
Transition to IFRS 9 – Opening adjustments (4)					(21)		(73)		**(94)**	(2)	**(96)**
Transition to IFRS 15 – Opening adjustments (4)							(229)		**(229)**	(9)	**(238)**
Application of IAS 29 - Opening adjustments (5)						14	65		**79**		**79**
Adjusted balance at January 1, 2018	**295,722**	**1,127**	**3,785**	**(494)**	**788**	**(3,362)**	**26,085**	**5,212**	**33,141**	**283**	**33,424**
2018 net income								3,302	**3,302**	149	**3,451**
Other components of comprehensive income (2)					(538)	487	(30)		**(81)**	18	**(63)**
2018 comprehensive income					***(538)***	***487***	***(30)***	***3,302***	***3,221***	***167***	***3,388***
Allocation of 2017 net income							5,212	(5,212)			
Dividends							(958)		**(958)**	(94)	**(1,052)**
(Acquisitions) / disposals of treasury shares and impact of capital increases				94					**94**		**94**
Changes in ownership interests (3)						33	39		**72**	241	**313**
Index-based restatement in 2018 of equity items in hyperinflationary economies (5)						3	86		**89**	1	**90**
Cost of share-based payments and other (6)					(14)	13	(112)		**(113)**	1	**(112)**
Balance at December 31, 2018	**295,722**	**1,127**	**3,785**	**(400)**	**236**	**(2,826)**	**30,322**	**3,302**	**35,546**	**599**	**36,145**

(1) The figures for 2016 and 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

(2) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans recognized during the period.

(3) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2017, they include Renault's acquisition of the shares of Alliance Rostec Auto b.v. previously held by Nissan, which took place in September 2017, and a put option for AVTOVAZ shares subscribed with a third party, giving rise to recognition of €(139) million in Shareholders' equity (parent-company shareholders' share) and €87 million in Shareholders' equity (non-controlling interests' share) (note 3-B). In 2018, they include the effects of capital increases by Alliance Rostec Auto b.v. and AVTOVAZ, and acquisitions of shares in AVTOVAZ by Alliance Rostec Auto b.v. as a result of a mandatory tender offer and a mandatory squeeze out (note 3-B).

(4) The impacts of the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018 for fully consolidated companies are presented in note 2-A.

(5) The impacts of the application of IAS 29 "Financial reporting in hyperinflationary economies" for foreign activities in Argentina are presented in note 2-A4.

(6) In addition to the cost of share-based payments, this item mainly includes the effects of application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers "from January 1, 2018 on the investment in Nissan (note 12).

Details of changes in consolidated shareholders' equity in 2018 are given in note 18.

4.2.5 Consolidated cash flows

(€ million)	Notes	2018	2017 (1)
Net income		**3,451**	**5,308**
Cancellation of dividends received from unconsolidated listed investments		(44)	(51)
Cancellation of income and expenses with no impact on cash			
Depreciation, amortization and impairment		3,245	3,046
Share in net (income) loss of associates and joint ventures		(1,540)	(2,799)
Other income and expenses with no impact on cash before interest and tax	26-A	1,396	1,032
Dividends received from unlisted associates and joint ventures		2	3
Cash flows before interest and tax (2)		**6,510**	**6,539**
Dividends received from listed companies (3)		**828**	**761**
Net change in financing for final customers		(3,596)	(4,617)
Net change in renewable dealer financing		(160)	(888)
Decrease (increase) in Sales Financing receivables		**(3,756)**	**(5,505)**
Bond issuance by the Sales Financing segment	23-C	4,245	7,409
Bond redemption by the Sales Financing segment	23-C	(3,148)	(3,797)
Net change in other debts of the Sales Financing segment		2,435	2,353
Net change in other securities and loans of the Sales Financing segment		61	(227)
Net change in financial assets and debts of the Sales Financing segment		**3,593**	**5,738**
Change in capitalized leased assets		**(519)**	**(622)**
Change in working capital before tax	26-B	**551**	**(112)**
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX		**7,207**	**6,799**
Interest received		67	70
Interest paid		(332)	(451)
Current taxes (paid) / received		(657)	(716)
CASH FLOWS FROM OPERATING ACTIVITIES		**6,285**	**5,702**
Property, plant and equipment and intangible investments	26-C	(4,407)	(3,601)
Disposals of property, plant and equipment and intangible assets		131	153
Acquisitions of investments involving gain of control, net of cash acquired		(29)	(31)
Acquisitions of other investments, net of cash acquired		(215)	(37)
Disposals of other investments, net of cash transferred and other		8	1
Net decrease (increase) in other securities and loans of the Automotive segments		(150)	(117)
CASH FLOWS FROM INVESTING ACTIVITIES		**(4,662)**	**(3,632)**
Dividends paid to parent company shareholders	18-D	(1,027)	(916)
Transactions with non-controlling interests (4)		11	(41)
Dividends paid to non-controlling interests	18-I	(94)	(133)
(Acquisitions) sales of treasury shares (5)		(41)	(226)
Cash flows with shareholders		**(1,151)**	**(1,316)**
Bond issuance by the Automotive segments	23-C	1,895	2,259
Bond redemption by the Automotive segments	23-C	(1,455)	(2,134)
Net increase (decrease) in other financial liabilities of the Automotive segments		(242)	(516)
Net change in financial liabilities of the Automotive segments	23-B	**198**	**(391)**
CASH FLOWS FROM FINANCING ACTIVITIES		**(953)**	**(1,707)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**670**	**363**

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).
(2) Cash flows before interest and tax do not include dividends received from listed companies.
(3) Dividends received from Daimler (€44 million in 2018 and €51 million in 2017) and Nissan (€784 million in 2018 and €710 million in 2017).
(4) Principally including Renault's acquisition of the shares of Alliance Rostec Auto b.v. previously held by Nissan, which took place in September 2017 (note 3-B).
(5) In compliance with current regulations, Renault acquired Renault shares sold by the French State in November 2017 for the amount of €121 million, for a share offering reserved for current and former employees to be launched within one year. The "Share the Future" employee shareholding plan was executed in the second half-year of 2018. The shares were sold by Renault for net proceeds of €76 million (note 18-C).

(€ million)	**2018**	**2017**
Cash and cash equivalents: opening balance	**14,057**	**13,853**
Increase (decrease) in cash and cash equivalents	670	363
Effect of changes in exchange rate and other changes (1)	50	(159)
Cash and cash equivalents: closing balance (2)	**14,777**	**14,057**

(1) Including an adjustment of €11 million related to the implementation of IAS 29 "Financial reporting in hyperinflationary economies" for Argentinian subsidiaries (note 2-A4).
(2) Cash subject to restrictions on use is described in note 22-C.

4.2.6 Notes to the consolidated financial statements

4.2.6.1 Information on operating segments and regions

The operating segments defined by Renault are the following:

- The “Automotive excluding AVTOVAZ” segment, consisting of the Group’s automotive activities as they existed before Renault acquired control of the AVTOVAZ group under IFRS 10. This segment comprises the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries for the Renault, Dacia and Samsung brands, and the subsidiaries in charge of the segment’s cash management. It also includes investments in automotive-sector associates and joint ventures, principally Nissan.
- The “Sales Financing” segment, which the Group considers as an operating activity in its own right, carried out for the distribution network and final customers by RCI Banque, its subsidiaries and its investments in associates and joint ventures.
- The “AVTOVAZ” segment, consisting of the Russian automotive group AVTOVAZ and its parent company, the joint venture Alliance Rostec Auto b.v., which was formed after Renault acquired control over them, as defined by IFRS 10, in December 2016.

A – Information by operating segment

A1 – CONSOLIDATED INCOME STATEMENT BY OPERATING SEGMENT

(€ million)	**Automotive (excluding AVTOVAZ) (1)**	**AVTOVAZ (1)**	**Intra Automotive Transactions**	**TOTAL AUTOMOTIVE**	**Sales Financing**	**Intersegment transactions**	**Consolidated total**
2018 (2)							
External sales	**51,171**	**3,040**	**-**	**54,211**	**3,208**	**-**	**57,419**
Intersegment sales	96	815	(815)	96	18	(114)	-
Sales by segment	**51,267**	**3,855**	**(815)**	**54,307**	**3,226**	**(114)**	**57,419**
Operating margin (3)	**2,202**	**204**	**-**	**2,406**	**1,204**	**2**	**3,612**
Operating income	**1,583**	**209**	**-**	**1,792**	**1,193**	**2**	**2,987**
Financial income (expenses) (4)	**(97)**	**(95)**	**-**	**(192)**	**(11)**	**(150)**	**(353)**
Share in net income (loss) of associates and joint ventures	**1,527**	**(3)**	**-**	**1,524**	**16**	**-**	**1,540**
Pre-tax income	**3,013**	**111**	**-**	**3,124**	**1,198**	**(148)**	**4,174**
Current and deferred taxes	(369)	(26)	-	(395)	(330)	2	(723)
Net income	**2,644**	**85**	**-**	**2,729**	**868**	**(146)**	**3,451**

(1) In 2018 external sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €311 million in 2018, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.
(2) The figures for 2018 are established in application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers". The changes related to the application of these new standards are presented in note 2-A.
(3) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.
(4) Dividends paid by the Sales Financing segment to the Automotive segments are included in the Automotive segments' financial income and eliminated in the intersegment transactions.

(€ million)	Automotive (excluding AVTOVAZ) (1)	AVTOVAZ (1)	Intra Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	Consolidated total
2017 (2)							
External sales	**53,530**	**2,727**	**-**	**56,257**	**2,513**	**-**	**58,770**
Intersegment sales	(379)	765	(765)	(379)	532	(153)	-
Sales by segment	**53,151**	**3,492**	**(765)**	**55,878**	**3,045**	**(153)**	**58,770**
Operating margin (3)	**2,630**	**57**	**(2)**	**2,685**	**1,050**	**119**	**3,854**
Operating income	**2,617**	**23**	**(2)**	**2,638**	**1,049**	**119**	**3,806**
Financial income (expenses)	**(279)**	**(112)**	**-**	**(391)**	**-**	**-**	**(391)**
Share in net income (loss) of associates and joint ventures	**2,808**	**(24)**	**-**	**2,784**	**15**	**-**	**2,799**
Pre-tax income	**5,146**	**(113)**	**(2)**	**5,031**	**1,064**	**119**	**6,214**
Current and deferred taxes	(543)	(2)	-	(545)	(325)	(36)	(906)
Net income	**4,603**	**(115)**	**(2)**	**4,486**	**739**	**83**	**5,308**

(1) In 2017 external sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €276 million for the year 2017, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.
(2) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from those previously published (note 2-A5).
(3) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.

A2 – CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	CONSOLIDATED TOTAL
December 31, 2018 [(1)]							
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	18,448	1,422	-	19,870	347	-	20,217
Investments in associates and joint ventures	21,314	11	-	21,325	114	-	21,439
Non-current financial assets – equity investments	6,907	-	(855)	6,052	2	(5,201)	853
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	75	-	-	75	-	-	75
Deferred tax assets and other non-current assets	1,738	342	(107)	1,973	464	-	2,437
Total non-current assets	**48,482**	**1,775**	**(962)**	**49,295**	**927**	**(5,201)**	**45,021**
CURRENT ASSETS							
Inventories	5,515	321	-	5,836	43	-	5,879
Customer receivables	1,295	205	(80)	1,420	42,854	(808)	43,466
Current financial assets	1,415	-	(6)	1,409	1,369	(815)	1,963
Current tax assets and other current assets	2,764	157	(4)	2,917	5,028	(4,055)	3,890
Cash and cash equivalents	11,691	89	(3)	11,777	3,094	(94)	14,777
Total current assets	**22,680**	**772**	**(93)**	**23,359**	**52,388**	**(5,772)**	**69,975**
TOTAL ASSETS	**71,162**	**2,547**	**(1,055)**	**72,654**	**53,315**	**(10,973)**	**114,996**
SHAREHOLDERS' EQUITY AND LIABILITIES							
SHAREHOLDERS' EQUITY	**36,061**	**908**	**(859)**	**36,110**	**5,249**	**(5,214)**	**36,145**
NON-CURRENT LIABILITIES							
Long-term provisions	2,529	27	-	2,556	578	-	3,134
Non-current financial liabilities	5,508	688	-	6,196	13	-	6,209
Deferred tax liabilities and other non-current liabilities	1,070	34	(106)	998	709	-	1,707
Total non-current liabilities	**9,107**	**749**	**(106)**	**9,750**	**1,300**	**-**	**11,050**
CURRENT LIABILITIES							
Short-term provisions	1,046	44	-	1,090	31	-	1,121
Current financial liabilities	3,258	94	(9)	3,343	-	(880)	2,463
Trade payables and Sales Financing debts	9,279	495	(78)	9,696	45,311	(1,007)	54,000
Current tax liabilities and other current liabilities	12,411	257	(3)	12,665	1,424	(3,872)	10,217
Total current liabilities	**25,994**	**890**	**(90)**	**26,794**	**46,766**	**(5,759)**	**67,801**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**71,162**	**2,547**	**(1,055)**	**72,654**	**53,315**	**(10,973)**	**114,996**

(1) The impacts of the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018 are presented in note 2-A.

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	CONSOLIDATED TOTAL
December 31, 2017 [1]							
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	16,818	1,616	-	18,434	388	-	18,822
Investments in associates and joint ventures	19,694	15	-	19,709	102	-	19,811
Non-current financial assets – equity investments	6,241	-	(303)	5,938	2	(4,634)	1,306
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	139	-	(50)	89	-	-	89
Deferred tax assets and other non-current assets	1,709	477	(146)	2,040	411	(89)	2,362
Total non-current assets	**44,601**	**2,108**	**(499)**	**46,210**	**903**	**(4,723)**	**42,390**
CURRENT ASSETS							
Inventories	5,939	344	-	6,283	45	-	6,328
Customer receivables	2,238	214	(435)	2,017	39,972	(902)	41,087
Current financial assets	1,181	-	(38)	1,143	1,610	(821)	1,932
Current tax assets and other current assets	2,853	139	(6)	2,986	4,761	(3,642)	4,105
Cash and cash equivalents	11,718	130	(3)	11,845	2,354	(142)	14,057
Total current assets	**23,929**	**827**	**(482)**	**24,274**	**48,742**	**(5,507)**	**67,509**
TOTAL ASSETS	**68,530**	**2,935**	**(981)**	**70,484**	**49,645**	**(10,230)**	**109,899**
SHAREHOLDERS' EQUITY AND LIABILITIES							
SHAREHOLDERS' EQUITY	**33,684**	**(99)**	**(138)**	**33,447**	**4,672**	**(4,440)**	**33,679**
NON-CURRENT LIABILITIES							
Long-term provisions	2,549	18	-	2,567	531	-	3,098
Non-current financial liabilities	4,111	1,211	(215)	5,107	13	-	5,120
Deferred tax liabilities and other non-current liabilities	1,147	83	(146)	1,084	675	-	1,759
Total non-current liabilities	**7,807**	**1,312**	**(361)**	**8,758**	**1,219**	**-**	**9,977**
CURRENT LIABILITIES							
Short-term provisions	868	87	-	955	11	-	966
Current financial liabilities	4,270	532	(41)	4,761	-	(969)	3,792
Trade payables and Sales Financing debts	9,595	824	(400)	10,019	42,248	(968)	51,299
Current tax liabilities and other current liabilities	12,306	279	(41)	12,544	1,495	(3,853)	10,186
Total current liabilities	**27,039**	**1,722**	**(482)**	**28,279**	**43,754**	**(5,790)**	**66,243**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**68,530**	**2,935**	**(981)**	**70,484**	**49,645**	**(10,230)**	**109,899**

(1) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5)

A3 – CONSOLIDATED CASH FLOWS BY OPERATING SEGMENT

(€ million)	**Automotive (excluding AVTOVAZ)**	**AVTOVAZ**	**Intra Automotive transactions**	**TOTAL AUTOMOTIVE**	**Sales Financing**	**Intersegment transactions**	**Consolidated total**
2018							
Net income	**2,644**	**85**	**-**	**2,729**	**868**	**(146)**	**3,451**
Cancellation of dividends received from unconsolidated listed investments	(44)	-	-	(44)	-	-	(44)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	3,066	109	-	3,175	70	-	3,245
Share in net (income) loss of associates and joint ventures	(1,527)	3	-	(1,524)	(16)	-	(1,540)
Other income and expenses with no impact on cash, before interest and tax	825	90	(1)	914	503	(21)	1,396
Dividends received from unlisted associates and joint ventures	2	-	-	2	-	-	2
Cash flows before interest and tax [1]	**4,966**	**287**	**(1)**	**5,252**	**1,425**	**(167)**	**6,510**
Dividends received from listed companies [2]	**828**	-	-	**828**	-	**-**	**828**
Decrease (increase) in sales financing receivables	-	-	-	-	(3,586)	(170)	(3,756)
Net change in financial assets and Sales Financing debts	-	-	-	-	3,593	-	3,593
Change in capitalized leased assets	(509)	-	-	(509)	(10)	-	(519)
Change in working capital before tax	781	16	6	803	(331)	79	551
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**6,066**	**303**	**5**	**6,374**	**1,091**	**(258)**	**7,207**
Interest received	71	5	(2)	74	-	(7)	67
Interest paid	(263)	(95)	2	(356)	-	24	(332)
Current taxes (paid)/received	(388)	(14)	-	(402)	(255)	-	(657)
CASH FLOWS FROM OPERATING ACTIVITIES	**5,486**	**199**	**5**	**5,690**	**836**	**(241)**	**6,285**

(1) Cash flows before interest and tax do not include dividends received from listed companies.
(2) Dividends received from Daimler (€44 million) and Nissan (€784 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	Consolidated total
2018							
CASH FLOWS FROM OPERATING ACTIVITIES	**5,486**	**199**	**5**	**5 690**	**836**	**(241)**	**6,285**
Purchases of intangible assets	(1,735)	(32)	-	(1,767)	(4)	-	(1,771)
Purchases of property, plant and equipment	(2,557)	(83)	19	(2,621)	(15)	-	(2,636)
Disposals of property, plant and equipment and intangibles	126	31	(24)	133	-	(2)	131
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(15)	(2)	-	(17)	(12)	-	(29)
Acquisitions and disposals of other investments and other	(159)	-	-	(159)	(48)	-	(207)
Net decrease (increase) in other securities and loans of the Automotive segments	(156)	-	6	(150)	-	-	(150)
CASH FLOWS FROM INVESTING ACTIVITIES	**(4,496)**	**(86)**	**1**	**(4,581)**	**(79)**	**(2)**	**(4,662)**
Cash flows with shareholders	(1,149)	-	-	(1,149)	(153)	151	(1,151)
Net change in financial liabilities of the Automotive segments	233	(139)	(7)	87	-	111	198
CASH FLOWS FROM FINANCING ACTIVITIES	**(916)**	**(139)**	**(7)**	**(1,062)**	**(153)**	**262**	**(953)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**74**	**(26)**	**(1)**	**47**	**604**	**19**	**670**

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	Consolidated total
2018							
Cash and cash equivalents: opening balance	**11,718**	**130**	**(3)**	**11,845**	**2,354**	**(142)**	**14,057**
Increase (decrease) in cash and cash equivalents	74	(26)	(1)	47	604	19	670
Effect of changes in exchange rate and other changes	(101)	(15)	1	(115)	136	29	50
Cash and cash equivalents: closing balance	**11,691**	**89**	**(3)**	**11,777**	**3,094**	**(94)**	**14,777**

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	Consolidated total
2017 (1)							
Net income	**4,603**	**(115)**	**(2)**	**4,486**	**739**	**83**	**5,308**
Cancellation of dividends received from unconsolidated listed investments	(51)	-	-	(51)	-	-	(51)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	2,852	109	-	2,961	85	-	3,046
Share in net (income) loss of associates and joint ventures	(2,808)	24	-	(2,784)	(15)	-	(2,799)
Other income and expenses with no impact on cash, before interest and tax	499	139	-	638	372	22	1,032
Dividends received from unlisted associates and joint ventures	3	-	-	3	-	-	3
Cash flows before interest and tax(2)	**5,098**	**157**	**(2)**	**5,253**	**1,181**	**105**	**6,539**
Dividends received from listed companies (3)	**761**	**-**	**-**	**761**	**-**	**-**	**761**
Decrease (increase) in sales financing receivables	-	-	-	-	(5,568)	63	(5,505)
Net change in financial assets and Sales Financing debts	-	-	-	-	5,871	(133)	5,738
Change in capitalized leased assets	(529)	-	-	(529)	(93)	-	(622)
Change in working capital before tax	447	98	5	550	(613)	(49)	(112)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**5,777**	**255**	**3**	**6,035**	**778**	**(14)**	**6,799**
Interest received	68	17	(4)	81	1	(12)	70
Interest paid	(352)	(128)	4	(476)	-	25	(451)
Current taxes (paid)/received	(487)	(6)	-	(493)	(220)	(3)	(716)
CASH FLOWS FROM OPERATING ACTIVITIES	**5,006**	**138**	**3**	**5,147**	**559**	**(4)**	**5,702**

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).
(2) Cash flows before interest and tax do not include dividends received from listed companies.
(3) Dividends received from Daimler (€51 million) and Nissan (€710 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	Consolidated total
2017							
CASH FLOWS FROM OPERATING ACTIVITIES	**5,006**	**138**	**3**	**5,147**	**559**	**(4)**	**5,702**
Purchases of intangible assets	(1,285)	(24)	-	(1,309)	(2)	-	(1,311)
Purchases of property, plant and equipment	(2,221)	(81)	17	(2,285)	(5)	-	(2,290)
Disposals of property, plant and equipment and intangibles	144	29	(20)	153	-	-	153
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(16)	-	-	(16)	(15)	-	(31)
Acquisitions and disposals of other investments and other	(37)	1	-	(36)	-	-	(36)
Net decrease (increase) in other securities and loans of the Automotive segments	(228)	-	-	(228)	-	111	(117)
CASH FLOWS FROM INVESTING ACTIVITIES	**(3,643)**	**(75)**	**(3)**	**(3,721)**	**(22)**	**111**	**(3,632)**
Cash flows with shareholder	(1,267)	-	-	(1,267)	(49)	-	(1,316)
Net change in financial liabilities of the Automotive segments	(54)	(194)	(3)	(251)	-	(140)	(391)
CASH FLOWS FROM FINANCING ACTIVITIES	**(1,321)**	**(194)**	**(3)**	**(1,518)**	**(49)**	**(140)**	**(1,707)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**42**	**(131)**	**(3)**	**(92)**	**488**	**(33)**	**363**

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	Consolidated total
2017							
Cash and cash equivalents: opening balance	**11,820**	**277**	**-**	**12,097**	**1,894**	**(138)**	**13,853**
Increase (decrease) in cash and cash equivalents	42	(131)	(3)	(92)	488	(33)	363
Effect of changes in exchange rate and other changes	(144)	(16)	-	(160)	(28)	29	(159)
Cash and cash equivalents: closing balance	**11,718**	**130**	**(3)**	**11,845**	**2,354**	**(142)**	**14,057**

A4 – OTHER INFORMATION FOR THE AUTOMOTIVE SEGMENTS: NET CASH POSITION OR NET FINANCIAL INDEBTEDNESS AND OPERATIONAL FREE CASH FLOW

The net cash position or net financial indebtedness and operational free cash flow are only presented for the Automotive segments, since these indicators are not relevant for monitoring Sales Financing activity.

The net cash position or net financial 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.

Net cash position (net financial indebtedness)

(€ million)	December 31, 2018			
	Automotive (excluding AVTOVAZ)	**AVTOVAZ (1)**	**Intra-Automotive transactions**	**TOTAL AUTOMOTIVE**
Non-current financial liabilities	(5,508)	(688)	-	(6,196)
Current financial liabilities	(3,258)	(94)	9	(3,343)
Non-current financial assets – other securities, loans and derivatives on financing operations	55	-	-	55
Current financial assets	1,415	-	(6)	1,409
Cash and cash equivalents	11,691	89	(3)	11,777
Net cash position (net financial indebtedness) of the Automotive segments	**4,395**	**(693)**	**-**	**3,702**

(1) The decline in the net financial indebtedness of the AVTOVAZ segment mainly results from capitalization of a debt to Russian Technologies amounting to 30.7 billion roubles, loans from Renault to AVTOVAZ amounting to 6 billion roubles, and long-term liabilities of Alliance Rostec b.v. amounting to 11.5 billion roubles (i.e. a total of €694 million at the exchange rate of December 31, 2017), which were converted into shares.

(€ million)	December 31, 2017 (1)			
	Automotive (excluding AVTOVAZ)	**AVTOVAZ**	**Intra-Automotive transactions**	**TOTAL AUTOMOTIVE**
Non-current financial liabilities	(4,111)	(1,211)	215	(5,107)
Current financial liabilities	(4,270)	(532)	41	(4,761)
Non-current financial assets – other securities, loans and derivatives on financing operations	139	-	(50)	89
Current financial assets	1,181	-	(38)	1,143
Cash and cash equivalents	11,718	130	(3)	11,845
Capitalizable loans from Renault s.a.s. to AVTOVAZ	(87)	-	87	-
Net cash position (net financial indebtedness) of the Automotive segments	**4,570**	**(1,613)**	**252**	**3,209**

(1) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

Operational free cash flow

(€ million)	2018			
	Automotive (excluding AVTOVAZ)	**AVTOVAZ**	**Intra-Automotive transactions**	**TOTAL AUTOMOTIVE**
Cash flows (excluding dividends from listed companies) before interest and tax	4,966	287	(1)	5,252
Changes in working capital before tax	781	16	6	803
Interest received by the Automotive segments	71	5	(2)	74
Interest paid by the Automotive segments	(263)	(95)	2	(356)
Current taxes (paid) / received	(388)	(14)	-	(402)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(4,166)	(84)	(5)	(4,255)
Capitalized leased vehicles and batteries	(509)	-	-	(509)
Operational free cash flow of the Automotive segments	**492**	**115**	**-**	**607**

(€ million)	2017			
	Automotive (excluding AVTOVAZ)	**AVTOVAZ**	**Intra-Automotive transactions**	**TOTAL AUTOMOTIVE**
Cash flows (excluding dividends from listed companies) before interest and tax	5,098	157	(2)	5,253
Changes in working capital before tax	447	98	5	550
Interest received by the Automotive segments	68	17	(4)	81
Interest paid by the Automotive segments	(352)	(128)	4	(476)
Current taxes (paid)/received	(487)	(6)	-	(493)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(3,362)	(76)	(3)	(3,441)
Capitalized leased vehicles and batteries	(529)	-	-	(529)
Operational free cash flow of the Automotive segments	**883**	**62**	**-**	**945**

B – Information by region

The regions presented correspond to the geographic divisions used for Group management. The regions are defined in section 1.3.1.3 of the Registration Document.

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** (2)	**Asia-Pacific** (2)	**Africa – Middle East-India**	**Eurasia**	**Consolidated total**
2018						
Revenues	36,704	4,684	4,566	3,903	7,562	**57,419**
Including AVTOVAZ	*39*	*2*	-	*18*	*3,292*	***3,351***
Property, plant and equipment and intangibles	14,800	821	519	661	3,416	**20,217**
Including AVTOVAZ	-	-	-	-	*1,422*	***1,422***
2017						
Revenues	36,249	5,114	5,297	4,512	7,598	**58,770**
Including AVTOVAZ	*44*	*5*	-	*2*	*2,951*	***3,002***
Property, plant and equipment and intangibles	12,956	1,073	522	706	3,565	**18,822**
Including AVTOVAZ	-	-	-	-	*1,533*	***1,533***

(1) Including the following for France :

(€ million)	**2018**	**2017**
Revenues	*13,533*	*12,670*
Property, plant and equipment and intangibles	*11,735*	*10,325*

(2) The Asia-Pacific region comprises sales to Nissan of vehicles made in Korea for the United States market. These sales were previously classified as belonging to the Americas region. The figures for the year 2017 have been restated in the amount of €1,659 million.

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 2018 were examined at the Board of Directors' meeting of February 13, 2019 and will be submitted for approval by the shareholders at the General Shareholders' Meeting.

NOTE 2 – ACCOUNTING POLICIES

In application of European regulations, the Renault Group's consolidated financial statements for 2018 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2018 and adopted by the European Union at the year-end.

A. Changes in accounting policies

The Renault Group applies the accounting standards and amendments that have been published in the Official Journal of the European Union and are mandatory from January 1, 2018.

New amendments that became mandatory on January 1, 2018	
Amendments to IFRS 2	Classification and measurement of share-based payment transactions
IFRS 9	Financial Instruments
IFRS 15 and subsequent amendments	Revenue from contracts with Customers
IFRIC 22	Foreign currency transactions and advance consideration
Annual improvements to IFRS, 2014 – 2016 cycle	Various measures concerning IAS 28 "Investments in Associates and Joint Ventures" and IFRS 12 "Disclosure of Interests in Other Entities"

The changes related to application of IFRS 9 and IFRS 15 are presented below.

The other standards and amendments that became mandatory on January 1, 2018 have no significant impact on the Group's financial statements.

The Group has not opted for early application of the new standard and interpretation named below, which have been published in the Official Journal of the European Union and will be mandatory from January 1, 2019 or later.

New standard and interpretation published in the Official Journal of the European Union but not applied early by the Group	
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments

On November 9, 2017 the European Union published in the Official Journal IFRS 16, "Leases", which will replace IAS 17 and the associated IFRIC and SIC interpretations, and will eliminate the previous distinction between operating leases and finance leases for the lessee. Under IFRS 16, a lessee recognizes an asset related to the right of use and a financial liability that represents the lease obligation. The right-of-use asset is amortized and the lease liability initially recognized at the present value of lease payments over the expected term of the lease. The discount is unwound using the implicit interest rate of the lease agreement if it can be readily determined, or at the incremental borrowing rate otherwise.

The Group has identified its leases that come under the scope of IFRS 16, and has estimated the impacts of application of the new standard. Real estate leases make up the Group's main lease commitments and will account for most of the restated agreements. The Group does not expect application of this standard to have any significant effect on operating income. An additional financial liability corresponding to the operating leases will be recorded at the transition date, of an amount currently estimated to be higher than the amount of off-balance sheet operating lease commitments presented in note 28-A1 but less than €800 million. The cash flows presented in the cash flow statement will be modified in accordance with the standard: the rental expenses previously recognized in cash flows from operating activities will be cancelled, the financial interest will be presented in cash flows from operating activities, and the lease repayments will be presented in cash flows from financing activities.

The Group will apply the standard from January 1, 2019 and plans to do so using the simplified retrospective method.

The Group does not anticipate any significant impact on the reported amounts related to the implementation of IFRIC 23 "Uncertainty over Income Tax Treatments" from January 1, 2019.

A1 – Changes in the financial statements as a result of first application of IFRS 9 "Financial Instruments"

On November 29, 2016 the European Union published in the Official Journal IFRS 9, "Financial instruments", which is applied in the Renault Group's consolidated financial statements from January 1, 2018. The requirements of this standard introduced several changes from the principles laid down by IAS 39, "Financial Instruments – Recognition and Measurement", mainly in the Sales Financing segment. The major changes in the Group's accounting principles are presented below.

A1.1 – Classification of financial assets

IFRS 9 defines three approaches to classification and measurement of financial assets based on their initial recognition: amortized cost, fair value though other components of comprehensive income, and fair value through profit and loss.

Financial assets are classified according to these three categories by reference to the business model the entity uses to manage them, and the contractual cash flows they generate. Loans, receivables and other debt instruments considered "basic lending arrangements" as defined by the standard (contractual cash flows that are solely payments of principal and interest) are carried at amortized cost when they are managed with the purpose of collecting contractual cash flows, or at fair value through other components of comprehensive income when they are managed with the purpose of collecting contractual cash flows and selling the asset, while debt instruments that are not "basic lending arrangements" and do not correspond to these business models are carried at fair value through profit and loss. Equity instruments are carried at fair value through profit and loss or, under an irrevocable option, at fair value through Other components of comprehensive income.

The former financial asset categories under IAS 39 (loans and receivables, financial assets at fair value through profit and loss, investments held to maturity and available-for-sale financial assets) no longer exist. The Group has prepared a new accounting classification of financial assets under IFRS 9 categories to replace the IAS 39 categories.

Application of these new measures has led the Group to make an irrevocable option to present the Daimler shares acquired under the strategic partnership with Daimler at fair value through Other components of comprehensive income. These shares were previously classified as available-for-sale financial assets. Shares in investment funds (UCITS) are now carried at fair value through profit and loss.

Investments in companies that are controlled but not consolidated because they are non-significant continue to be presented as other non-current assets. These are non-significant investments in companies exclusively controlled by the Group.

However, investments in non-significant companies controlled jointly by the Group or over which it has significant influence, which were previously classified as Available-for-sale financial assets, are now presented in compliance with IFRS 11 "Joint arrangements" and IAS 28 "Investments in Associates and Joint Ventures" which would apply to them if they were consolidated.

A1.2 – Accounting treatment of financial liabilities

IFRS 9 does not introduce any change to classification and measurement of financial liabilities.

In its preparatory work for application of IFRS 9, the Group reviewed the accounting treatment applied to the redeemable shares held by Renault SA and decided to make a voluntary change of accounting method, which is presented in note 2-A3.

A1.3 – Impairment of financial assets

IFRS 9 replaced the IAS 39 impairment model for financial assets, based on incurred credit losses, with a prospective model based on expected credit losses. The scope of application of the new model includes assets carried at amortized cost or at fair value through Other Components of Comprehensive Income, but excludes equity instruments, particularly investment shares.

For operating receivables of the Automotive segment, since they are short-term receivables with no significant financing component, the Group has developed a simplified approach based on prospective assessment of the credit risk at the inception of the receivable and its deterioration over time. As a result of this new impairment model, additional impairment has been recognized on healthy receivables, although the amounts involved are not significant.

In the Sales Financing segment, in-depth analyses have been conducted to define a new impairment methodology. As a result, impairment is booked for expected credit losses in respect of all financial instruments in the scope of the standard under the following rules:

- Upon initial recognition, impairment on the instrument is recorded equivalent to the 12-month expected credit loss.
- If there is a significant deterioration in the credit risk after initial recognition, impairment on the instrument is recorded equivalent to the instrument's lifetime expected losses.

The date of initial recognition is the date at which the irrevocable financing commitment is signed, or in the case of securities, their acquisition date.

IFRS 9's definition of the risk of default does not change the definition given by IAS 39, and the Group continues to use the same definitions of doubtful and compromised receivables when measuring realized losses. It is important to note that the accounting concept of "doubtful" used in the Sales Financing segment is very similar to the Basel accords' concept of "default".

To ensure coherence between its prudential risk management policy and its accounting method for establishing provisions, the Sales Financing segment has implemented an advanced approach based on Basel credit risk models for loans, finance lease receivables, irrevocable financing commitments and financial guarantees given to customers and dealers in its principal countries of business (Germany, Brazil, Spain, France, Italy and the United Kingdom for customer and dealer financing activities, Korea for customer financing only). These assets account for more than 85% of the financial assets covered by IFRS 9. For other assets, a standard approach based on a simplified methodology is applied, since these portfolios are non-significant. The calculation of impairment for expected credit losses in the Sales Financing segment also incorporates forward-looking macroeconomic data to reflect changes in indicators and sector-specific information.

Application of this new impairment methodology has led to an adjustment to the Group's opening consolidated shareholders' equity of €(96) million net of deferred taxes.

A1.4 – Hedge accounting

The Group applies IFRS 9 to all of its micro-hedging operations (commodity, currency and interest rate hedges). The changes resulting from the new standard mainly affect documentation of the efficiency of hedges, and have no impact in the financial statements.

Until there is a further change in IFRS, the Group continues to apply IAS 39 for documentation of macro-hedging operations.

For the hedge of the Group's net investment in Nissan, which is included in the consolidated financial statements under the equity method, IFRS 9 does not introduce any change in the documentation of the hedge's efficiency or recognition of its effects.

A1.5 – Changes in the financial statements as a result of first application of IFRS 9

The changes resulting from adoption of IFRS 9 have been applied under the simplified retrospective method in the 2018 financial statements, using the following simplified measures:

- The 2017 comparative figures have not been adjusted for application of IFRS 9 and are therefore identical to the figures reported in the previous year's financial statements, under the accounting principles of IAS 39, "Financial Instruments – Recognition and Measurement";
- Differences in the book value of financial assets at the date of first application of IFRS 9 are recorded at January 1, 2018 in shareholders' equity, in reserves or Other Components of Comprehensive Income.

The table below presents the net-of-tax effects of application of IFRS 9 on Group shareholders' equity at January 1, 2018:

(€ million)	**Reserves**	**Revaluation of financial instruments**	**Impact of the transition to IFRS 9 - Total**
Shareholders' equity – parent company shareholders' share			
Impairment related to expected credit losses on Automotive receivables	(5)		(5)
Change in impairment methodology on Sales Financing receivables	(116)		(116)
Impairment related to expected credit losses on debt instruments at fair value through Other Components of Comprehensive Income	(1)	1	-
Reclassifications	26	(26)	-
Taxes	23	4	27
Effect on the opening balance sheet at January 1, 2018	**(73)**	**(21)**	**(94)**
Shareholders' equity – non-controlling interests' share			
Impairment related to expected credit losses under IFRS 9			(3)
Taxes			1
Effect on the opening balance sheet at January 1, 2018			**(2)**

The table below gives details of the transition at January 1, 2018 from IAS 39 financial asset categories (as presented in note 24-A to the 2017 financial statements) to the new IFRS 9 categories:

	IAS 39 categories						
(€ million)	**Loans and receivables (amortized cost)**	**Fair value through profit and loss**	**Available-for-sale assets**	**Held for trading**	**As defined in the applicable standard (IFRS 10, 11 or IAS 28)**	**Fair value – hedging instruments**	**Valuation under IAS 39**
Total amounts by IAS 39 category valued under IAS 39	**57,065**	**15**	**2,578**	**4,102**	**141**	**109**	**64,010**
Classification under IFRS 9	**Valuation under IFRS 9**						**Valuation under IAS 39**
Sales Financing receivables	39,212						39,334
Automotive receivables	1,748						1,753
Other receivables	5,292						5,292
Loans	512						512
Cash	7,417						7,417
Cash equivalents	2,757						2,757
Debt instruments at amortized cost	**56,938**						**57,065**
Investments in non-controlled entities– companies neither under significant influence nor joint control			1,165				1,165
Equity instruments at fair value through other components of comprehensive income (no recycling in profit and loss)			**1,165**				**1,165**
Marketable securities and negotiable debt securities			951				951
Cash equivalents			130				130
Debt instruments at fair value through other components of comprehensive income (with recycling in profit and loss)			**1,081**				**1,081**
Investments in non-controlled entities – companies neither under significant influence nor joint control (1)			100				100
Equity instruments at fair value through profit and loss			**100**				**100**
Other receivables		15					15
Derivatives on operating transactions of the Automotive segments						10	10
Marketable securities and negotiable debt securities			232				232
Derivative assets on financing transactions of the Automotive and Sales Financing segments				349			349
Derivatives on financing transactions by the Automotive and Sales Financing segments						99	99
Cash equivalents				3,753			3,753
Debt instruments at fair value through profit and loss		**15**	**232**	**4102**		**109**	**4,458**
Investments in non-controlled entities – companies under significant influence or joint control(2)					41		41
Investments in unconsolidated controlled entities (3)					100		100
Equity instruments valued as defined in the applicable standard (IFRS 10, IFRS 11 or IAS 28)					**141**		**141**
Total amounts by IAS 39 category	**56,938**	**15**	**2,578**	**4,102**	**141**	**109**	**64,010**
Total value under IFRS 9	**63,883**						

(1) As allowed by IFRS 9 point 5.7.5, the Group has opted to carry changes in the fair value of the Daimler shares at fair value through other components of comprehensive income. As a result of this option, gains and losses on these shares will never be recognized in net income, and only the dividends received will remain in the net financial income (note 2-A1.1).

(2) The shares of companies under significant influence or joint control are measured in accordance with the applicable standard: IFRS 11 or IAS 28 (note 2 A1.1).

(3) investments in unconsolidated companies are now presented in compliance with the applicable standard IFRS 10 and are classified as other current assets (note 2-A1.1).

A2 – Changes in the financial statements as a result of first application of IFRS 15

On October 29, 2016 the European Union published in the Official Journal IFRS 15, "Revenue from Contracts with Customers", which has replaced IAS 11 and IAS 18 and the associated IFRIC and SIC interpretations. IFRS 15 proposes a new approach to recognition of sales revenues described in five stages.

The Group has reviewed its sales contracts and concluded that there is no need to modify the trigger event for revenue recognition. Sales revenues generated by service contracts in which the Group sells additional services such as maintenance or warranty extensions are spread over the duration of the service provided.

The Group makes a distinction between insurance-type warranties, to be covered by provisions, and service-type warranties, for which revenues are spread over the duration of the warranty extension. These principles are in line with IFRS 15 and no modification was therefore made for the transition.

The cost of sales incentive programmes based on the volume or price of the products sold is deducted from revenues when the corresponding sales are recorded. Provisions are estimated by reference to the most likely amount. The transition to IFRS 15 did not lead the Group to modify its previous practices.

Treatment of incentives granted in the form of reduced interest on the sale of a vehicle with associated financing has been modified such that the effect of the interest reduction is always included in profit and loss at the time of the vehicle sale, instead of being recognized progressively over the term of the financing. The impact of this change is recognized in opening shareholders' equity and amounts to €(238) million net of deferred taxes.

The Group did not identify any significant financing component at the transition date, but will apply the principle of recognizing these effects in the financial statements as soon as they become significant.

Note 4 discloses the amount of sales to partners (principally automakers). Sales to partners include sales of parts, components and vehicles for sale under the partners' own brands, and services such as engineering development.

The Group has applied IFRS 15 since January 1, 2018 under the simplified retrospective method: the 2018 financial statements are prepared in accordance with IFRS 15, while the comparative figures for 2017 remain unchanged as prepared under the previous standards. The effects of modifications are recorded in shareholders' equity at the opening of the 2018 financial year.

The table below presents the net-of-tax effect of application of IFRS 15 and the related clarifications published by the IASB in April 2016 on the Group's shareholders' equity at January 1, 2018 for fully-consolidated companies:

(€ million)	**Shareholders' equity - parent-company shareholders' share - Reserves**	**Shareholders' equity - Non-controlling interests' share**
Impact of the transition to IFRS 15		
Discontinuation of progressive recognition of incentives in the form of reduced interest	(308)	(12)
Taxes	79	3
Effect on the opening balance sheet at January 1, 2018	**(229)**	**(9)**

The Group has also modified the presentation of incentives in the form of reduced interest in its segment reporting. These expenses were previously deducted from Sales Financing sales, but are now deducted from Automotive sales. In accordance with IFRS 15, consolidated sales and operating margin in 2018 are presented below under the previously applicable IAS 11 and IAS 18 rules.

(€ million)	**Automotive (excluding AVTOVAZ)**	**AVTOVAZ**	**Intra-Automotive Transactions**	**TOTAL AUTOMOTIVE**	**Sales Financing**	**Intersegment transactions**	**Consolidated total**
2018							
Sales of goods	48,715	3,018	-	51,733	27	-	51,760
Sales of services	3,011	22	-	3,033	2,626	-	5,659
External sales	**51,726**	**3,040**	**-**	**54,766**	**2 653**	**-**	**57,419**
Intersegment sales	(459)	815	(815)	(459)	573	(114)	-
Sales by segment	**51,267**	**3,855**	**(815)**	**54,307**	**3,226**	**(114)**	**57,419**
Operating margin	**2,202**	**204**	**-**	**2,406**	**1,204**	**114**	**3,724**

A3 – Accounting treatment of redeemable shares held by Renault SA

After reviewing the accounting methods for redeemable shares held by Renault SA, in preparation for application of the new standard IFRS 9, the Group decided to make a voluntary accounting change. Although IFRS 9 did not change IAS 39 rules for instruments carried at fair value through profit and loss, the new standard requires the portion of the change in fair value that relates to the issuer's own credit risk to be recognized separately in shareholders' equity. Since the redeemable shares are perpetual instruments, the "own credit risk" component of their fair value could not be reliably and consistently identified.

The characteristics of the return on Renault redeemable shares does not preclude recognition at amortized cost, as this return is partly indexed on Renault revenues. This can be analyzed as a derivative or otherwise, depending on whether the change in consolidated revenues is considered as a financial variable or a non-financial variable, as the choice between the two is a choice of accounting method. When IFRSs were first applied in 2005, the Group opted to consider this indexation as financial in nature and the full value of redeemable shares was stated at fair value through profit and loss, with no separation of the embedded derivative.

The decision was made to opt for the second method from January 1, 2018 (i.e. considering the change in consolidated revenues as a non-financial variable), and consequently to state the redeemable shares at amortized cost. This amortized cost is calculated by discounting the forecast coupons on redeemable shares, applying the corresponding effective interest rate. The Group considered that the minimum contractual return on the redeemable shares, i.e. 9%, was retrospectively the best estimate of the effective interest rate at the shares' issue date (1983 and 1984). The variable portion is now fully included in estimation of the effective interest rate, with regular adjustment in compliance with point B 5.4.6 of IFRS 9, to be recorded in financial income and expenses.

This voluntary change of accounting method is justified since the Group cannot determine the portion of the change in fair value of redeemable shares that relates to the issuer's own credit risk, no other issuer of this type of instrument has been identified that reports it at fair value through profit and loss, and also since it does not appear possible to analyze stock market movements in the redeemable share price in correlation with movements in the underlyings. The new approach will make the net financial income (expenses) clearer and improve comparability with other issuers of this type of instrument.

As this is a voluntary change of method, the comparative figures from 2017 have also been modified, and so has the internal indicator of the net financial indebtedness of the Automotive segments (cf. 4.2.6.1.A4). The book value of these debt instruments at December 31, 2017 was recalculated at January 1, 2017 and in the statement of financial position becomes the amortized cost of the debt instrument. The effects of this change on the 2017 figures are presented in note 2-A5 below.

The stock market value of redeemable shares at the closing date is provided in note 23-C.

A4 – Hyperinflation

To determine whether a country is in hyperinflation, the Group refers to the list published by the International Practices Task Force (IPTF) of the Center for Audit Quality. Argentina was identified in the IPTF bulletin of November 27, 2018 as a country with a cumulative 3-year inflation rate above 100%. At June 30, 2018 Argentina's cumulative 3-year inflation rate was higher than 100% by every measurement index, and the country is therefore considered as a hyperinflationary country for the purposes of the 2018 financial statements.

The Group's Argentinian subsidiaries' accounts at December 31, 2018 have been restated by applying price indexes to non-monetary assets and liabilities, income statement items, the comprehensive income and the cash flow statement, in order to express items in terms of the measuring unit current at the end of the reporting period. The financial statements of the Argentinian subsidiaries are then translated at the closing exchange rate.

The gain or loss on net monetary position from index-based restatements of non-monetary assets and liabilities at January 1, 2018 are recorded in consolidated reserves (€65 million) and in translation adjustments (€14 million). Those relating to 2018 are classified as other financial income and expenses (financial expense of €(41) million). The restatements of income statement items have no impact on net income as they are offset by a reverse effect on other financial income and expenses (financial income of €10 million). The restatements of cash flow statement items (a net €(11) million) decrease in cash flows) are offset by a reverse effect in the "Effect of changes in exchange rate and other changes" line of the statement.

The indexes applied by the Group are the IPIM (*Índice de Precios Internos al por Mayor*) for operations prior to January 1, 2017, and the IPC (*Indice de Precios al Consumidor Nacional*) from that date, in compliance with resolution 539/18 of the FACPCE (*Federacion Argentina de Consejos Profesionales de Ciencas Economicas*).

At December 31, 2018 Argentina was the Group's ninth-largest market in terms of volume (tenth-largest in 2017), with sales of around €1.23 billion at that date, after index-based restatement and translation at the closing rate in application of IAS 29 (€1.31 billion translated at the average exchange rate without prior restatement). A USD 205 million capital increase was undertaken for the Group's principal subsidiary in this country in June 2018, to limit exposure to changes in the exchange rate.

An impairment test of fixed assets was carried out at December 31, 2018 on industrial assets at January 1, 2018 and December 31, 2018. This test did not indicate any impairment that should be recognized at January 1, 2018, but the industrial assets were fully written off at December 31, 2018 (see Note 11-B).

A5 – Restatements of the 2017 consolidated financial statements

The change in valuation method for Renault SA's redeemable shares in 2018, which is applied retrospectively (details above in note 2-A3),has led to restatements of the figures published in the 2017 consolidated financial statements. Details of the principal impacts on the condensed financial statements and the internal indicator of net financial indebtedness (or net liquidity position) of the Automotive segments are provided in the tables below.

Restatements in the 2017 annual consolidated income statement and comprehensive income

(€ million)	**Year 2017 as published**	**Change in accounting treatment of Renault SA redeemable shares**	**Year 2017 restated**
Revenues	**58,770**	**-**	**58,770**
Cost of goods and services sold	(46,477)	-	(46,477)
Research and development expenses	(2,590)	-	(2,590)
Selling, general and administrative expenses	(5,849)	-	(5,849)
Operating margin	**3,854**	**-**	**3,854**
Automotive (excluding AVTOVAZ)	*2,630*	-	*2,630*
AVTOVAZ	*57*	-	*57*
Intra Automotive transactions	*(2)*	-	*(2)*
Sales Financing	*1,050*	-	*1,050*
Intersegment transactions	*119*	-	*119*
Other operating income and expenses	(48)	-	(48)
Operating income	**3,806**	**-**	**3,806**
Automotive (excluding AVTOVAZ)	*2,617*	-	*2,617*
AVTOVAZ	*23*	-	*23*
Intra Automotive transactions	*(2)*	-	*(2)*
Sales Financing	*1,049*	-	*1,049*
Intersegment transactions	*119*	-	*119*
Financial income (expenses)	**(504)**	**113**	**(391)**
Automotive (excluding AVTOVAZ)	*(392)*	*113*	*(279)*
AVTOVAZ	*(112)*	-	*(112)*
Intra Automotive transactions	-	-	-
Sales Financing	-	-	-
Intersegment transactions	-	-	-
Share in net income (loss) of associates and joint ventures	**2,799**	**-**	**2,799**
Nissan	*2,791*	**-**	*2,791*
Other associates and joint ventures	*8*	-	*8*
Pre-tax income	**6,101**	**113**	**6,214**
Automotive (excluding AVTOVAZ)	*5,033*	*113*	*5,146*
AVTOVAZ	*(113)*	-	*(113)*
Intra Automotive transactions	*(2)*	-	*(2)*
Sales Financing	*1,064*	-	*1,064*
Intersegment transactions	*119*	-	*119*
Current and deferred taxes	**(891)**	**(15)**	**(906)**
Automotive (excluding AVTOVAZ)	*(528)*	*(15)*	*(543)*
AVTOVAZ	*(2)*	-	*(2)*
Intra Automotive transactions	-	-	-
Sales Financing	*(325)*	-	*(325)*
Intersegment transactions	*(36)*	-	*(36)*
Net income	**5,210**	**98**	**5,308**
Net income - parent company shareholders' share	5,114	98	5,212
Net income – non-controlling interests' share	96	-	96
Basic earnings per share in €	18.87	0.36	19.23
Diluted earnings per share in €	18.68	0.36	19.04
Comprehensive income	**3,682**	**98**	**3,780**
Gross	4,614	113	4,727
Tax effect	(932)	(15)	(947)
Comprehensive income – parent company shareholders' share	3,575	98	3,673
Comprehensive income – non-controlling interests' share	107	-	107

Restatements in the consolidated financial position and net liquidity position of the Automotive segments at December 31, 2017

ASSETS *(€ million)*	**December 31, 2017 as published**	**Change in accounting treatment of Renault SA redeemable shares** [(1)]	**December 31, 2017, restated**
NON-CURRENT ASSETS	**42,434**	**(44)**	**42,390**
Deferred tax assets	971	(44)	927
Other non-current assets	41,463	-	41,463
CURRENT ASSETS	**67,509**	**-**	**67,509**
TOTAL ASSETS	**109,943**	**(44)**	**109,899**
SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	**December 31, 2017 as published**	**Change in accounting treatment of Renault SA redeemable shares** [(1)]	**December 31, 2017, restated**
SHAREHOLDERS' EQUITY	**33,442**	**237**	**33,679**
Shareholders' equity – parent company shareholders' share	33,148	237	33,385
Shareholders' equity – non-controlling interests' share	294	-	294
NON-CURRENT LIABILITIES	**10,258**	**(281)**	**9,977**
Non-current financial liabilities	5,401	(281)	5,120
Other non-current liabilities	4,857	-	4,857
CURRENT LIABILITIES	**66,243**	**-**	**66,243**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**109,943**	**(44)**	**109,899**
NET LIQUIDITY POSITION OF THE AUTOMOTIVE SEGMENTS	**2,928**	**281**	**3,209**

(1) Automotive (excluding AVTOVAZ) segment

Restatements in the 2017 annual consolidated cash flow statements

(€ million)	**Year 2017 as published**	**Change in accounting treatment of redeemable shares** [(1)]	**Year 2017 restated**
Net income	**5,210**	**98**	**5,308**
Cancellation of dividends received from listed unconsolidated investments	(51)	-	(51)
Cancellation of income and expenses with no impact on cash	1,377	(98)	1,279
Dividends received from unlisted associates and joint ventures	3	-	3
Cash flow before interest and tax	**6,539**	**-**	**6,539**

(1) Automotive (excluding AVTOVAZ) segment

Restatements in the breakdown of the tax charge for 2017 (note 8-B)

(€ million)	**Year 2017 as published**	**Change in accounting treatment of Renault SA redeemable shares [(1)]**	**Year 2017 restated**
Income before taxes and share in net income of associates and joint ventures	**3,302**	**113**	**3,415**
Statutory income tax rate in France, including exceptional contribution	34.43%	34.43%	34.43%
Theoretical tax income (charge)	**(1,137)**	**(39)**	**(1,176)**
Effect of differences between local tax rates and the French rate	201	-	201
Tax credits	68	-	68
Distribution taxes	(84)	-	(84)
Change in unrecognized deferred tax assets	(72)	15	(57)
Other impacts	232	9	241
Current and deferred tax income (charge) excluding taxes based on intermediate net results	**(792)**	**(15)**	**(807)**
Taxes based on intermediate net results	(99)	-	(99)
Current and deferred tax income (charge)	**(891)**	**(15)**	**(906)**

(1) Automotive (excluding AVTOVAZ) segment

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.

In general, the main items in the Group's consolidated financial statements that are dependent on estimates and judgments at December 31, 2018 are:

- 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), particularly impairment on assets in Argentina, which is in a hyperinflationary situation from 2018 (notes 2-A4 and 11-B),
- 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 (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) and provisions for legal and tax risks (note 20);
- Value of assets in Iran, mainly comprising shares, a shareholder loan and commercial receivables (note 6-D) 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.

Investments in non-significant companies that are controlled exclusively by the Group but not consolidated, even though they fulfil the above criteria, are recorded as other non-current assets.

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 or
- carry out almost all their sales transactions with Group companies.

Put options on non-controlling interests are carried in the consolidated financial position, at fair value and classified in other financial liabilities in the Automotive segments and in other non-current liabilities in the Sales Financing segment, 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 are by nature unusual or significant and could affect comparability of the margin. Other operating income and expenses cover:

- restructuring costs relating to discontinued activities and workforce adjustment costs;
- gains or losses on partial or total disposal of businesses or operating entities, gains or losses on total or partial disposals of investments in associates and joint ventures, other gains and losses relating to changes in the scope of consolidation such as acquisitions of control, as defined by IFRS 10, over entities previously accounted for under the equity method, and direct acquisition costs for entities that are fully consolidated or consolidated on a line-by-line percentage of interest basis;

- gains or losses on disposal of property, plant and equipment or intangible assets (except leased assets sales);
- impairment on property, plant and equipment or intangible assets and goodwill (excluding goodwill of associates or joint ventures);
- unusual items, i.e. income and charges that are unusual in their frequency, nature or amount, relating to significant litigation or impairment of operating receivables.

Share in net income of associates and joint ventures

The share in net income of associates and joint ventures reported in the Group's consolidated income statement comprises the share in these entities' profits or losses, impairment and recoveries of impairment relating to these entities (note 2-M). The impairment booked is limited to the net book value of the investment, unless an additional commitment has been made.

The gain or loss resulting from the sale or loss of significant influence or joint control over associates and joint ventures accounted for by the equity method, and the gain or loss on acquisition of control, as defined by IFRS 10, over companies that were already consolidated but not controlled, is reported in other operating income and expenses in the Group's consolidated income statement. This includes transfers of accumulated translation adjustments during the period the entity was accounted for by the equity method.

The Group recognizes a deferred tax liability on dividend distributions for all differences between the book and tax values of its investments in associates and joint ventures (note 2-I). This tax is included in current and deferred taxes in the Group's income statement.

Goodwill relating to associates and joint ventures is included in the value of the relevant entities as stated in the assets in the consolidated 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 and joint ventures (note 2-J).

Acquisition expenses related to investments in associates and joint ventures are included in the initial acquisition cost for these investments.

Cross-investments between a consolidated entity and an associate are neutralized in measuring the investment in the associate as stated in the assets of the statement of financial position. Nissan's 15% stake in Renault is therefore neutralized in valuing the investment in Nissan shown in the assets of the consolidated statement of financial position (note 12).

Dividends received from unlisted associates and joint ventures are included in the Automotive segments' operational free cash flow, while dividends received from listed associates and joint ventures, i.e. Nissan, are excluded from the operational free cash flow of the Automotive (excluding AVTOVAZ) segment.

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" and "Intra-Automotive" columns are reserved for transactions between the segments, which are carried out on near-market terms. Dividends paid by the Sales Financing segment to the Automotive (excluding AVTOVAZ) segment are included in the Automotive (excluding AVTOVAZ) segment'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 (excluding AVTOVAZ) segment.

Assets and liabilities are specific to each segment. Receivables assigned by the Automotive (excluding AVTOVAZ) 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 (excluding AVTOVAZ) 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 (excluding AVTOVAZ) 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 segments, 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.

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 other operating income and expenses in the income statement.

In an exception from the above principles, the financial statements of entities in hyperinflationary economies are translated in accordance with IAS 29 "Financial reporting in hyperinflationary economies". Non-monetary balance sheet items, income statement items, the comprehensive income and cash flow statement items are adjusted for inflation in their original local currency, then all the financial statements are translated at the closing exchange rate for the period. To determine whether a country is in hyperinflation, the Group refers to the list published by the International Practices Task Force (IPTF) of the Center for Audit Quality. The financial statements of the Group's subsidiaries in Argentina are consolidated in accordance with the principles of IAS 29, which are applied from January 1, 2018.

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 segments 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.

The policies described below apply to the 2018 financial statements prepared in accordance with the standards in force at January 1, 2018. The financial statements for 2017 were prepared in accordance with previously applicable standards and policies, as described in the 2017 publication.

Sales of goods and services and margin recognition

- Sales and margin recognition

Sales of automotive goods are recognized at the date control is transferred. The transfer of control over automotive goods takes place when the goods are made available to the distribution network in the case of non-Group dealers (at the time they are added to or removed from stock, depending on the contractual arrangements) or upon delivery to the end-user in the case of direct sales. However, there is no transfer of control in the case of goods sold under an operating lease by a Group finance company, or in the case of goods sold with a buy-back commitment if it is highly likely that they will be returned. In such transactions, the revenues are recognized progressively over the lease period, and a used vehicle sale is recorded when control of the used vehicle is transferred.

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 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.

- Sales incentive programmes

Sales incentive programmes based on the volumes or prices of products sold are deducted from sales when the sales operations concerned are recorded. Any provisions are based on estimates of the most probable amount.

The Group undertakes certain promotional campaigns offering reduced-interest customer credit. The cost of these operations is recognised immediately in expenses when the vehicle sale takes place, and is not spread over the duration of the financing.

- Warranty

The Group makes a distinction between insurance-type warranties and service-type warranties. Provisions are established for insurance-type warranties, while service-type warranties give rise to revenue that is spread over the duration of the warranty extension.

The estimated or incurred costs relating to manufacturer's product or part warranties classified as insurance-type warranties 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 service contracts such as warranty extensions or maintenance contracts. The revenue from these contracts is recognised progressively over the duration of the contract.

- Impairment of customer receivables

Impairment is booked in respect of the Automotive segment's customer receivables to reflect the prospective assessment of the credit risk at the inception of the receivable and any deterioration of that risk over time. When there is an incurred credit loss, impairment is recorded individually for each receivable.

Sales financing revenues and operating 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 loan 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 related to receivables. Refinancing comes from diversified sources: public and private bond issues, public and private securitization backed by Automotive segments loans, negotiable debt instruments, savings collected and financing from credit institutions and assimilates.

- 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.

- Classification and impairment of receivables

The impairment method for financial receivables depends on the category concerned. For healthy receivables, impairment is equivalent to the 12-month expected credit loss; for receivables on which the credit risk has significantly deteriorated since initial recognition, impairment is equivalent to the lifetime expected losses; and for receivables in default, impairment is equivalent to the incurred credit loss.

The Sales Financing segment refers to the current recommendations of the Basel Committee to generate the parameters needed to calculate the probability of default on loans and financing, finance lease receivables, irrevocable financing commitments, and financial guarantees given to customers and dealers in its principal countries of business (Germany, Brazil, Spain, France, Italy and the United Kingdom for customer and dealer financing, Korea for customer financing only). These assets account for more than 85% of financial assets. For other assets, a standard approach based on a simplified methodology is applied. As the assumptions used are essentially based on observable market data, the calculation of impairment for expected credit losses in the Sales Financing segment also incorporates forward-looking macro-economic data to reflect changes in indicators and sector-specific information.

H – Financial income (expenses)

The cost of net financial indebtedness comprises the cost of gross financial indebtedness less income associated with cash, cash equivalents and financial assets of the Automotive segments. The cost of gross financial indebtedness consists of income and expenses generated by the Automotive segments' financial indebtedness during the period, including the impact of the effective portion of the related interest rate hedges.

Other financial income and expenses mainly include foreign exchange gains and losses on financial items and related hedges, the net interest on provisions for pensions, and dividends and impairment of companies that are neither controlled nor under significant influence by the Group.

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 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 and joint ventures is included in the value of the entities concerned as reported in the assets 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 and joint ventures.

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 component (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

In the **Automotive (excluding AVTOVAZ)** segment and the **Sales Financing segment**, 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 component from the market.

Depreciation for the **AVTOVAZ segment** is calculated on a straight-line basis over useful lives that may be longer than those used in other Renault Group companies, up to a maximum of 80 years for buildings, 17 years for specific tools, 20 years for machinery and other tools and 13 years for other tangible assets.

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 (excluding AVTOVAZ) segment**, impairment tests are carried out at two levels:

- At the level of vehicle-specific assets (including components)

  Vehicle-specific assets (including components) consist of 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 and its components.

- 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 (excluding AVTOVAZ) segment. Net fixed assets related to cash-generating units notably include goodwill, specific assets and capacity assets, and components of working capital.

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 (excluding AVTOVAZ) 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. The value in use is based on a market approach, determined by using multiples for each group of cash-generating units made up of legal entities or groups of legal entities in the same 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. The forecast horizon for income and losses is one year.

For **AVTOVAZ**, impairment tests are also carried out at two levels (on specific assets and on the whole Group).The AVTOVAZ Group as a whole is considered as one cash-generating unit, and no tests are conducted for individual factories or economic entities.

Impairment of investments in associates and joint ventures

Impairment tests of the value of investments in associates and joint ventures 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 or joint venture with the recoverable value, which is the higher of value in use and fair value, less selling costs. The value in use is equal to the share of the present value of future estimated cash flows expected by the associate or joint venture. If the associate or joint venture is listed, the fair value is its stock market value.

When the recoverable value is lower than the book value, impairment equivalent to the difference is recorded against the relevant investment in an associate or joint venture, and included in the Group's income statement via the share in net income (loss) of associates and joint ventures.

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 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 realizable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses, a share of manufacturing overheads based on a normal level of activity and the results of any related hedges. 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 of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment are valued under the FIFO (First In First Out) method. Inventories of AVTOVAZ are valued at weighted average cost.

When the net realizable 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 (excluding AVTOVAZ) and Sales Financing segments.

Q – Treasury shares

Treasury shares are shares held for the purposes of stock option plans, performance share plans and other share-based payment arrangements awarded to Group managers and executives. Treasury shares acquired during the sale of Renault shares by the French State in 2017 were used for a share offering reserved for current and former employees enabling them to share in the Renault Group's results (note 18-C).

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 and other share-based payments agreements

The Group awards stock option plans (purchase and subscription options), performance share attribution plans and other share-based payments, 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 – Workforce adjustment measures

The estimated cost of workforce adjustment measures, which for accounting purposes is 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 policies described below apply to the 2018 financial statements prepared in accordance with the standards in force at January 1, 2018. The financial statements for 2017 were prepared in accordance with previously applicable standards and policies, as described in the 2017 publication.

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 instruments at fair value through profit and loss. 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.

In an exception to this rule, the Group has made an irrevocable option to present the Daimler shares at fair value through Other Comprehensive Income.

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 are debt instruments carried at fair value through other components of comprehensive income, except for shares in investment funds (UCITS) which are carried at fair value through profit and loss.

Impairment equivalent to expected credit losses is booked upon initial recognition of debt instruments carried at fair value through other components of comprehensive income.

Loans

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

Loans are carried at amortized cost. Impairment equivalent to expected credit losses is recognized upon initial recognition of the financial asset, and when there is objective evidence of loss of value caused by an event arising after the initial recognition.

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 except for shares in investment funds (UCITS) which are carried at fair value through profit and loss.

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 considered as liquid, be readily convertible for a known amount of cash and be subject to an insignificant risk of change in value.

Bank accounts subject to restrictions due to sector-specific regulations (for example, banking regulations) or bank accounts allocated to increasing credit on securitized receivables are included in cash and cash equivalents.

W – Financial liabilities of the Automotive segments and Sales Financing debts

The Group recognizes a financial liability (for the Automotive segments) 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

Redeemable shares are listed subordinated debt instruments that earn a variable return indexed on consolidated revenues.

Redeemable shares are carried at amortized cost, determined by discounting forecast coupons using the effective interest rate on borrowings. It was considered that the contractual minimum return on these shares, i.e. 9%, provided the best estimate of the effective interest rate at their issue date (1983 and 1984). The variable portion is now included in estimation of the effective interest rate, with regular reassessment of the amortized cost recognized in financial income and expenses.

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

Apart from specific hedge accounting methods (note 2-X), financial liabilities are generally recorded 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 and 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 interest rates forward curves 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 segments' 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 up to 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 borrowings in yen used to hedge the investment in Nissan is considered as the ineffective portion, and is therefore 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 (excluding AVTOVAZ)	AVTOVAZ	Sales Financing	Total
Number of companies consolidated at December 31, 2017	**115**	**65**	**39**	**219**
Newly consolidated companies (acquisitions, formations, …)	5	-	1	6
Deconsolidated companies (disposals, mergers, liquidations, etc)	2	11	-	13
Number of companies consolidated at December 31, 2018	**118**	**54**	**40**	**212**

A. Main changes in the scope of consolidation in 2018

The following companies were included in the scope of consolidation for the first time in 2018:

Automotive (excluding) AVTOVAZ segment:

- Alliance Ventures b.v. is an investment fund set up and owned by Renault-Nissan-Mitsubishi, with respective stakes of 40%, 40% and 20%, to finance new technology start-ups. The capital initially subscribed during the first half-year of 2018 amounted to USD50 million, financed to the extent of USD20 million by Renault. Capital increases took place during the second half-year of 2018, subscribed by Renault to the extent of USD40 million. Under IFRS 11, Alliance Ventures b.v. is analyzed as a joint venture and is therefore accounted for by the equity method. Its investments will be stated at fair value through profit and loss, since they are minority interests that do not give Alliance Ventures b.v. significant influence.

- On 15 December 2017, the Renault Group announced the acquisition of a joint venture named Renault-Brillance-Jinbei Automotive Company which produces and sells light commercial vehicles in China under the Jinbei, Renault and Huasong brands. Renault owns 49% of this joint venture, which is accounted for by the equity method from January 1, 2018. The shares were acquired for 2 yuan in December 2017. The fair values of the assets and liabilities of Renault Brilliance Jinbei acquired were finalized during the second half-year of 2018. This led to a €(107) adjustment to the net liabilities acquired, comprising €(34) million and €(64) million respectively for intangible and tangible assets, €(1) million for inventories and €(8) million for operating liabilities. At December 31, 2018, the final goodwill was calculated at €111 million. In 2018, Renault subscribed €94 million of a capital increase by this joint venture.

- eGT New Energy Automotive Co., Ltd. is a joint venture formed in 2017, whose purpose is the development and production of electric vehicles in China in partnership with Nissan and the Dongfeng Group. This legal entity is directly owned by Dongfeng, Nissan and Renault, with respective stakes of 50%, 25% and 25%. At December 31, 2018, Renault's investment in eGT New Energy Automotive Co., Ltd. amounted to €4 million and the company is accounted for by the equity method from January 1, 2018.

- During the first half-year of 2018 Renault s.a.s. launched a fully-owned holding company, Alliance Media Ventures s.a.s., with share capital of €12 million. On March 22, 2018 this holding company acquired a 40.26% investment in publishing firm Les Editions Croque Futur for €11 million. This company operates in the written press sector, notably owning the magazine titles *Challenges, Historia, Sciences et Avenir, Histoire* and *La Recherche*. Alliance Media Ventures s.a.s. is fully consolidated. Les Editions Croque Futur, over which Renault has significant influence, is accounted for by the equity method from March 31, 2018. Determination of the fair values of assets acquired and liabilities transferred from Les Editions Croque Futur is in process at December 31, 2018 and will be finalized in the first half-year of 2019 at the latest. At December 31, 2018, the provisional goodwill was calculated at €12 million.

Sales Financing:

- RCI Servicios Colombia S.A is a company formed and 100% owned by the Sales Financing segment. Its activity consists of collecting commissions for loans arrangement financed by a trading partner. The Group exercises exclusive control over this entity, which is fully consolidated.

B. AVTOVAZ group

The AVTOVAZ group is Russia's leading automaker. It sells Lada brand cars and also makes cars for Renault and Nissan.

The joint venture Alliance Rostec Auto b.v. and the AVTOVAZ group, consisting of the parent company PJSC AVTOVAZ and its subsidiaries, which were previously accounted for by the equity method, have been fully consolidated since the date of the Alliance Rostec Auto b.v. capital increase subscribed by Renault s.a.s. in late December 2016, which took place after the capital increase by AVTOVAZ subscribed by Alliance Rostec Auto b.v.. The acquisition of control, as defined by IFRS 10, took place on December 28, 2016. Since the impact of these entities on net income and changes in cash between December 28 and December 31, 2016 were judged non-significant, full consolidation was applied from December 31, 2016.

The cash capital increase for Alliance Rostec Auto b.v. subscribed by Renault s.a.s. on December 28, 2016 amounted to 14.85 billion roubles (€236 million at the exchange rate of the capital increase date). This capital increase came after the 26.14 billion rouble cash capital increase for AVTOVAZ, of which 14.85 billion roubles (€231 million at the 2016 year-end exchange rate) were provided by Alliance Rostec Auto b.v..

Alliance Rostec Auto b.v. also invested in a financial instrument with a value of €180 million, substantially conferring economic interests in AVTOVAZ even though this financial instrument does not make Alliance Rostec Auto b.v. the legal owner of any shares in AVTOVAZ. Alliance Rostec Auto b.v. contracted a loan from Renault to finance this operation. Following these capital increases, at December 31, 2016 Renault held 73.30% of the capital (57.30% of voting rights) of Alliance Rostec Auto b.v. which held 64.60% of the capital of AVTOVAZ, such that the indirect investment in AVTOVAZ was 47.35%. Including the financial instrument held by Alliance Rostec Auto b.v., 88.69% of the capital of AVTOVAZ was held by Alliance Rostec Auto b.v., and therefore in substance Renault's indirect percentage ownership of AVTOVAZ was 65.01% at December 31, 2016.

Changes in Renault's investment in AVTOVAZ since Renault acquired control

During 2017:

Renault's investment in AVTOVAZ changed in 2017 due to Renault's acquisition in September 2017 of the shares in Alliance Rostec Auto b.v. that were previously held by Nissan and a put option for AVTOVAZ shares subscribed with a third party. The impact of the change in the investment was directly recognized in Shareholders' equity – parent-company shareholders' share and non-controlling interests' share, in the respective amounts of €(139) million and €87 million.

At December 31, 2017 Renault held 82.45% of the capital of Alliance Rostec Auto b.v., which held 64.60% of AVTOVAZ, such that the indirect investment in AVTOVAZ was 53.26%. Including the financial instrument held by Alliance Rostec Auto b.v., and the put option taken on AVTOVAZ shares in 2017, 89.42% of the capital of AVTOVAZ was held by Alliance Rostec Auto b.v., and therefore in substance Renault's indirect percentage ownership of AVTOVAZ at December 31, 2017 was 73.73%.

During 2018:

Renault's investment in AVTOVAZ changed in 2018 due to the following operations:

- A 61.4 billion rouble closed-subscription capital increase by AVTOVAZ reserved for Alliance Rostec Auto b.v. and a 61.4 billion rouble capital increase by Alliance Rostec Auto b.v. subscribed by Renault and its Russian partner Russian Technologies (30.7 billion roubles each).
- The contributions of 61.4 billion roubles to Alliance Rostec Auto b.v. were paid up by offsetting Renault trade receivables and loans with AVTOVAZ amounting to 30.7 billion roubles and 30.7 billion roubles corresponding to the nominal value of interest-free loans by the Russian partner to AVTOVAZ, which mature in 2032. The contribution value of these receivables and loans held by the two shareholders of Alliance Rostec Auto b.v. correspond to the book values of its net assets as stated in the AVTOVAZ financial statements prepared for consolidation purposes when control was acquired. The 61.4 billion roubles of contributions by Alliance Rostec Auto b.v.to AVTOVAZ were paid up by offsetting receivables and loans with AVTOVAZ previously contributed by Renault s.a.s and Russian Technologies as described above.
- Following these capital increases, as Alliance Rostec Auto b.v. held more than 75% of AVTOVAZ, a mandatory tender offer for minority interests was notified to the Central Bank of the Russian Federation at the end of the first half-year of 2018. This offer opened in early July 2018 and closed in September 2018. For the preparation of the consolidated financial statements at 30 June 2018, it was considered that Alliance Rostec Auto b.v. would be able to purchase all the remaining minority interests via a dedicated capital increase subscribed by Renault s.a.s.. Consequently a related financial liability amounting to 7.4 billion roubles (€101 million at the June 30, 2018 exchange rate) was recorded in the financial statements at June 30, 2018, and 100% of the shares in AVTOVAZ were considered to belong to Alliance Rostec Auto b.v. at that date. The financial statements at June 30, 2018 also reflected Alliance Rostec Auto b.v.'s capital increase by incorporation of existing and future capitalizable advances from Renault s.a.s. to finance the mandatory tender offer. This capital increase was to take place after the offer closed.
- The mandatory tender offer initiated at the end of June 2018 closed on September 25, 2018. As Alliance Rostec Auto b.v. held more than 95% of AVTOVAZ after this operation (96.64%), a mandatory squeeze-out was launched on September 28, 2018 at the price of 12.40 roubles per ordinary share and 12.20 roubles per preference share, in compliance with the applicable Russian regulations. This squeeze-out operation ended in December 2018, and Alliance Rostec Auto b.v. now owns 100 % of AVTOVAZ. AVTOVAZ will be delisted from the Moscow Stock Exchange in 2019.
- The shareholder loans by Renault s.a.s. to Alliance Rostec Auto b.v. to finance the mandatory tender offer and the squeeze-out will be partly capitalized in 2019 at the amount of 7,425 million roubles. These operations were initiated in 2018 and are recognized in the financial statements at December 31, 2018.

Following the above operations, Renault held 61.09% of the capital of Alliance Rostec Auto b.v., which held 100% of AVTOVAZ at December 31, 2018. Including the capital increase that should take place in early 2019 in accordance with the shareholders' decisions made on November 28, 2018 and signed by Renault s.a.s., the percentage ownership applied in the consolidated financial statements at December 31, 2018 is the following: Renault held a 67.61% investment in Alliance Rostec Auto b.v.. The impact of these operations and the change in Renault s.a.s.'s investment in Alliance Rostec Auto b.v. and Alliance Rostec Auto b.v.'s investment in AVTOVAZ are recognized directly in shareholders' equity – parent company shareholders' share and non-controlling interests' share, in the respective amounts of €72 million and €245 million.

The value of the non-controlling interest at December 31, 2018 is €52 million (€(236) million at December 31, 2017).

4.2.6.3 Consolidated income statement

NOTE 4 – REVENUES

A – Breakdown of revenues

(€ million)	2018	2018 without separate presentation of sales to partners [(1)]	2017
Sales of goods - Automotive segment (including AVTOVAZ)	44,226	51,733	**53,978**
Sales to partners of the Automotive segment (including AVTOVAZ)	8,046		
Rental income on leased assets [(2)]	578	578	**504**
Sales of other services	1,361	1,900	**1,775**
Sales of services - Automotive segments (including AVTOVAZ)	1,939	2,478	**2,279**
Sales of goods - Sales Financing segment	27	27	**29**
Rental income on leased assets [(2)]	119	119	**116**
Interest income on sales financing receivables	2,100	2,100	**1,478**
Sales of other services [(3)]	962	962	**890**
Sales of services - Sales Financing segment	**3,181**	**3,181**	**2,484**
Total Revenues	**57,419**	**57,419**	**58,770**

(1) The Group presents sales to partners from 2018. The concept of "sales to partners" is defined in note 2-A2. The Automotive segments' main partners are Nissan and Daimler. In compliance with IFRS 15, the Group reports 2018 consolidated sales under the presentation rules of IAS 18, i.e. without separate presentation of sales to partners.
(2) Rental income recorded by the Group on vehicle sales with a buy-back commitment or fixed asset rentals.
(3) Mainly income on services comprising insurance, maintenance, and replacement vehicles under a financing contract or otherwise.

B – 2017 revenues applying 2018 scope and methods

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Sales Financing	Total
2017 revenues	**53,530**	**2,727**	**2,513**	**58,770**
Changes in scope of consolidation	**-**	**(1)**	**1**	-
Adjustments made following the application of IFRS 15 [(1)]	(516)	-	516	-
2017 revenues applying 2018 scope and methods	**53,014**	**2,726**	**3,030**	**58,770**
2018 revenues	**51,171**	**3,040**	**3,208**	**57,419**

(1) In its information by operating segment, the Group has changed the presentation of discounts taking the form of reduced interest. These expenses, which were previously deducted from the Sales Financing segment's revenues, are now deducted from the Automotive segment's revenues (note 2-A2).

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

A – Personnel expenses

Personnel expenses amount to €6,703 million in 2018 (€6,502 million in 2017).

The average workforce during the year for consolidated entities is presented in section 2.4- Human Capital of the 2018 Registration Document.

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

The income recorded in respect of the French "CICE" Tax Credit for Competitiveness and Employment amount to €53 million in 2018 and €61 million in 2017. It is allocated between income statement items by purpose.

Share-based payments concern stock options, performance shares and other share-based payments granted to personnel, and amounted to a personnel expense of €97 million for 2018 (€77 million in 2017).This expense includes the costs related to the "Share the Future" plan, amounting to a total of €8 million.

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

In 2018, personnel expenses also include an exceptional bonus of €20 million to be given to temporary and permanent employees in France whose annual gross salary is less than 3 times the value of the annual national minimum wage, in accordance with the provisions of the law of December 24, 2018. This bonus will be paid in the first quarter of 2019.

B – Rental expenses

Rents amount to €228 million in 2018 (€252 million in 2017).

C – Foreign exchange gains/losses

In 2018, the operating margin includes a net foreign exchange loss of €72 million, mainly related to movements in the Argentinian peso, Brazilian real and Turkish lira (compared to a net foreign exchange loss of €113 million in 2017 related to movements in the Argentinian peso, Russian rouble and Turkish lira).

NOTE 6 – OTHER OPERATING INCOME AND EXPENSES

(€ million)	**2018**	**2017 (1)**
Restructuring and workforce adjustment costs	(306)	(56)
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	3	-
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	65	96
Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint ventures)	(276)	(52)
Impairment related to operations in Iran	(47)	4
Other unusual items	(64)	(40)
Total	**(625)**	**(48)**

(1) Including the AVTOVAZ Group: €(33) million of restructuring and workforce adjustments costs and €2 million of gains and losses on disposal of property, plant and equipment and intangible assets in 2017.

A. Restructuring and workforce adjustment costs

Restructuring and workforce adjustment costs mainly concern the Americas, Eurasia and Europe regions in 2017, and the Europe region in 2018.

In 2018 these costs include €239 million related to revision of the assumptions underlying the previous provision based on real data at the 2018 year-end, and a new French career-end work exemption plan dated on April 16, 2018 replacing the plan set out in the initial agreement signed on January 13, 2017 named *"Renault France CAP 2020 – Contrat d'Activité pour une Performance durable"* (activity contract for sustainable performance).

This amendment broadens the scope of beneficiaries. The initial plan was reserved for employees who have done 15 years of shift work in and outside the Renault Group, while the new plan is also open to employees who have worked at least 5 years for the Group and at the time of joining the plan are no more than 3 years from the age at which they can claim a full pension under the standard or complementary pension systems. The charge recognized in 2018, based on the estimated population of employees who have signed up or could sign up to the plan between January 1, 2017 and February 1, 2020, covers the total cost for employees who have already earned entitlements to a full pension at December 31, 2018, and a share of the cost for employees who will reach full pension entitlement before the plan ends.

The provision recognized is notably based on an assumption regarding the numbers signing up to the plan, with a potentially significant impact if actual numbers in 2019 are substantially different. The assumption used is coherent with the actual number of plan members observed at December 31, 2018.

B. Impairment of fixed assets and goodwill (excluding goodwill of associates and joint ventures)

At December 31, 2018, impairment amounting to €(276) million net was recorded (€(52) million in 2017), comprising €(314) million of new impairment and €38 million of impairment reversals. This impairment concerns intangible assets (net increase of €(42) million) and property, plant and equipment (net increase of €(234) million) (notes 10 and 11). New impairment was principally recorded as a result of impairment tests on the industrial assets in Argentina and on petrol and diesel vehicles (including components) (notes 10 and 11). Reversals of impairment relate to electric vehicles.

C. Impairment related to operations in Iran

Taking note of the US President's announcement on May 8, 2018 of the United States' withdrawal from the JCPOA (Joint Comprehensive Plan of Action, signed as part of the Vienna agreements) and the reinstatement from August 6, 2018 of sanctions for the automobile sector in Iran that existed prior to signature of the JCPOA, the Group has suspended its activities in Iran and an amount of €47 million was recognized in other operating expenses as a result of this suspension.

Consequently, the level of operations with Iran was down in 2018 compared to 2017, with sales of CKD amounting to €319 million in 2018 (€743 million at December 31, 2017). Sales are only recognized once the cash is received, and payments related to the totally written-off receivables dating from before mid-2013 remain very limited, as the amount of impairment recovered indicates (none at December 31, 2018 and €4 million at December 31, 2017).

The Group's exposure to risks on business with Iran has been fully written off since 2013 and consists of securities, a shareholder loan and commercial receivables. This situation changed little during 2018. The gross amount in the assets at December 31, 2018 was €782 million, including €677 million of customer receivables (€784 million and €680 million respectively at December 31, 2017).

D. Other unusual items

In 2018, impairment tests on vehicles led to recognition of unusual expenses of €(71) million consisting of advance and future payments to partners and suppliers in connection with those vehicles. In 2017, other unusual items mainly comprised the costs on vacant leased premises in Korea, estimated until the end of the lease contracts.

NOTE 7 – FINANCIAL INCOME (EXPENSES)

(€ million)	**2018**	**2017 (1)**
Cost of gross financial indebtedness	(373)	(441)
Income on cash and financial assets	65	72
Cost of net financial indebtedness	**(308)**	**(369)**
Dividends received from companies that are neither controlled nor under significant influence	78	55
Foreign exchange gains and losses on financial operations	14	20
Gain/Loss on exposure to hyperinflation (2)	(31)	-
Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations	(25)	(25)
Other	(81)	(72)
Other financial income and expenses	**(45)**	**(22)**
Financial income (expense)	**(353)**	**(391)**

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

(2) The specific accounting treatments for hyperinflation are presented in note 2-A4.

The net liquidity position (or net financial indebtedness) of the Automotive segments is presented in the information by operating segment
(see section 4.2.6.1 – A4).

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, Romania and the UK.

A - Current and deferred taxes

(€ million)	**2018**	**2017 (1)**
Current income taxes	(690)	(634)
Deferred tax income (charge)	(33)	(272)
Current and deferred taxes	**(723)**	**(906)**

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

The current income taxes for entities included in the French tax consolidation group amount to €90 million in 2018 (€148 in 2017). The decrease in the current income tax charge between 2018 and 2017 is notably due to the higher level of research and development expenses which are not capitalized for calculation of current income taxes.

In 2018, €600 million of the current income tax charge come from foreign entities including AVTOVAZ (€486 million in 2017). This charge increased in 2018, largely due to the higher taxable income in certain subsidiaries, and tax reassessments recognized in 2018.

B - Breakdown of the tax charge

(€ million)	**2018**	**2017 (1)**
Income before taxes and share in net income of associates and joint ventures	**2,634**	**3,415**
Statutory income tax rate in France, excluding the exceptional contribution	34.43%	34.43%
Theoretical tax income (charge)	**(907)**	**(1,176)**
Effect of differences between local tax rates and the French rate (2)	249	201
Tax credits	33	68
Distribution taxes	(86)	(84)
Change in unrecognized deferred tax assets (3)	73	(57)
Other impacts (4)	-	241
Current and deferred tax income (charge) excluding taxes based on interim taxable profits	**(638)**	**(807)**
Taxes based on interim taxable profits (5)	(85)	(99)
Current and deferred tax income (charge)	**(723)**	**(906)**

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).
(2) The main contributors to the tax rate differential are Korea, Spain, Morocco, Romania, Switzerland, Turkey and AVTOVAZ.
(3) The main contributors to the charge corresponding to unrecognized deferred tax assets are Argentina, France and India.
(4) Other impacts mainly include the effect of permanent differences, reduced-rate taxations, tax reassessments, specific tax regimes, prior year adjustments and changes in future year tax rates adopted before the end of the period. In 2018, the decrease in the positive effect of other impacts principally results from the effects of changes in tax rates on deferred taxes calculation in France and other countries. In 2017, other impacts also included the exceptional contribution levied on 2017 net income in France.
(5) The Group's main taxes based on interim taxable profits are the CVAE in France and the IRAP in Italy.

French tax consolidation group

In 2018, the effective tax rate in the French tax consolidation group is 20.6% (30.0% in 2017).

The Group partially recognizes the deferred tax assets of the French tax consolidation group that correspond to tax loss carryforwards, in view of profitability prospects.

The amount of net deferred tax assets recognized in the consolidated financial position totalled €178 million at December 31, 2018, compared to €158 million at the previous year-end (restated due to the change in the accounting treatment of redeemable shares), comprising €98 million recognized in income (€(81) million at December 31, 2017, restated)) and €276 million included in other components of comprehensive income (€239 million at December 31, 2017), due to the respective origins of the taxes concerned.

In 2018, the amount of deferred tax assets recognized increased by €20 million. The corresponding gain has been recognized in income (€6 million), in other components of comprehensive income (€37 million) and in reserves (€(23) million).

In 2017 (restated), the amount of deferred tax assets recognized decreased by €(270) million, incorporating the effect of the gradual reduction in the French income tax rate from 34.43% to 25.83% between 2019 and 2022, in application of the French finance law for 2018. The corresponding charge was recognized in income (€(251) million) and other components of comprehensive income (€(19) million). The impact of the gradual French income tax rate decrease between 2019 and 2022 was included in other impacts in the breakdown of the tax charge for 2017.

Entities not in the French tax consolidation group

The effective tax rate across all foreign entities including AVTOVAZ is 28.7% in 2018 (24.3% in 2017). The increase between 2017 and 2018 in the effective tax rate is mainly explained by the deficits reported in Argentina and to a lesser extent India, without recognition of deferred tax assets on the taxable losses generated in 2018.

C – Breakdown of net deferred taxes

C1 – Change in deferred tax assets and liabilities

(€ million)	**2018**	**2017 (1)**
Deferred tax assets	927	1,188
Deferred tax liabilities	(180)	(124)
Net deferred tax assets (liabilities) at January 1	**747**	**1,064**
Deferred tax income (charge) for the period	(33)	(272)
Deferred tax income (charge) included in other comprehensive income	26	(41)
Translation adjustments	(44)	(7)
Change in scope of consolidation and other (2)	121	3
Net deferred tax assets (liabilities) at December 31	**817**	**747**
Including: - deferred tax assets	*952*	*927*
- deferred tax liabilities	*(135)*	*(180)*

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

(2) In 2018, the other changes mainly correspond to the impacts of the new application of IFRS 9 and IFRS 15 (note 2-A1.5 and 2-A2).

C2 – Breakdown of net deferred tax assets by nature

(€ million)	**2018**	**2017 (1)**
Deferred taxes on:		
Investments in associates and joint ventures excluding AVTOVAZ (2)	(181)	(161)
Fixed assets excluding AVTOVAZ	(2,044)	(1,745)
Provisions and other expenses or valuation allowances deductible upon utilization excluding AVTOVAZ	750	814
Loss carryforwards excluding AVTOVAZ (3)	4,434	4,353
Other items excluding AVTOVAZ	764	557
Net deferred tax assets (liabilities) excluding AVTOVAZ	**3,723**	**3,818**
Fixed assets of AVTOVAZ	(16)	1
Provisions and other expenses or valuation allowances deductible upon utilization of AVTOVAZ	54	38
Loss carryforwards of AVTOVAZ	294	334
Non-interest bearing financial liabilities in roubles of AVTOVAZ	(42)	(60)
Other items of AVTOVAZ	(12)	21
Net deferred tax assets (liabilities) of AVTOVAZ	**278**	**334**
Unrecognized deferred tax assets related to tax losses (note 8-C3)	(2 944)	(3,236)
Other unrecognized deferred tax assets	(240)	(169)
Net deferred tax assets (liabilities) reported	**817**	**747**

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).
(2) Including tax on future dividend distributions.
(3) Including €3,864 million for the French tax consolidation entities and €570 million for other entities at December 31, 2018 (€3,739 million and €614 million respectively at December 31, 2017).

The residual unrecognized deferred tax assets of entities included in the French tax consolidation group amounted to €2,344 million (€2,592 million at December 31, 2017 restated). They are tax losses that can be carried forward indefinitely to set against future taxable income up to a limit of 50% of that income. €265 million of these unrecognized assets were generated by items booked through shareholders' equity (effects of the partial hedge of the investment in Nissan), and €2,079 million were generated by items affecting the income statement (respectively €309 million and €2,284 million at December 31, 2017 restated).

For entities not in the French tax consolidation group, unrecognized deferred tax assets totalled €840 million at December 31, 2018 (€813 million at December 31, 2017), including €82 million for AVTOVAZ (€89 million at December 31, 2017) and €758 million for the Group excluding AVTOVAZ (€724 million at December 31, 2017) and are principally tax loss carryforwards generated by the Group in Brazil and India, and to a lesser extent in Argentina.

C3 – Breakdown of tax losses by expiry date

Unrecognized loss carryforwards represent a potential tax saving of €2,944 million at December 31, 2018.

(€ million)	December 31, 2018			December 31, 2017 [1]		
	Recognized	Unrecognized	Total	Recognized	Unrecognized	Total
Tax losses that can be carried forward indefinitely [2]	1,565	2,760	4,325	1,116	3,035	4,151
Tax losses expiring in more than 5 years	5	53	58	2	90	92
Tax losses expiring in between 1 and 5 years	-	49	49	-	22	22
Tax losses expiring within 1 year	2	-	2	-	-	-
Total tax losses excluding AVTOVAZ	**1,572**	**2,862**	**4,434**	**1,118**	**3,147**	**4,265**
Tax losses of AVTOVAZ that can be carried forward indefinitely [3]	212	82	294	245	89	334
Total tax losses of AVTOVAZ	**212**	**82**	**294**	**245**	**89**	**334**
Total tax losses of the Group	**1,784**	**2,944**	**4,728**	**1,363**	**3,236**	**4,599**

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from those previously published (note 2-A5).

(2) Including recognized and unrecognized net deferred tax assets corresponding to tax loss carryforwards of entities included in the French tax consolidation group, which amount to €1,520 million and €2,344 million respectively at December 31, 2018 and €1,058 million and €2,593 million respectively at December 31, 2017 (note 8-C2). This increase in the recognition of deferred taxes on tax loss carryforwards is mainly due to the inclusion of future income previously considered to be taxed at reduced rates in the forecast of tax income taxed at the standard rate. The Group is no longer considering opting for the reduced rate tax regime following the reform of this regime.

(3) Following adoption of Russian federal law 401-FZ of November 30, 2016, tax losses can be carried forward indefinitely.

C4 – Subsequent events

In early 2019 the Renault Group signed a special investment contract with the Russian authorities that entitles the Group to reduced-rate taxation for some of its business activities, subject to changes in the existing regulations and certain conditions concerning investments and defined levels of sales, production and job creation. This contract covers a 10-year term and should have the effect of reducing taxable income over that period, and thus extending the period for utilization of tax losses by AVTOVAZ that can be carried forward indefinitely, as shown in note C3 above.

In France, there is a possibility that the government decides in 2019 to defer the reduction in the standard income tax rate applicable in 2019 for one year. This would have an estimated impact of €(41) million on the deferred taxes charge at December 31, 2018, which would be recognized in the net income.

NOTE 9 – BASIC AND DILUTED EARNINGS PER SHARE

(in thousands of shares)	**2018**	**2017**
Shares in circulation	295,722	295,722
Treasury shares	(6,490)	(5,254)
Shares held by Nissan x Renault's share in Nissan	(19,382)	(19,388)
Number of shares used to calculate basic earnings per share	**269,850**	**271,080**

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 treasury shares and Renault shares held by Nissan.

(in thousands of shares)	**2018**	**2017**
Number of shares used to calculate basic earnings per share	269,850	271,080
Dilutive effect of stock options, performance share rights and other share-based payments	2,372	2,665
Number of shares used to calculate diluted earnings per share	**272,222**	**273,745**

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 shares awarded under the relevant plans, and rights to shares awarded as part of the variable remuneration for the post of Chairman and CEO, that have a dilutive effect and fulfil the performance conditions at the reporting date when issuance is conditional (note 18-H).

4.2.6.4 Operating assets and liabilities, shareholders' equity

NOTE 10– INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

A – Intangible assets and goodwill

A1 – Changes in intangible assets and goodwill

Changes in 2018 in intangible assets were as follows:

(€ million)	December 31, 2017	Acquisitions / (amortization and impairment)	(Disposals) / reversals	Translation adjustment	Change in scope of consolidation and other	December 31, 2018
Capitalized development expenses	8,563	1,717	(596)	(13)	-	9,671
Goodwill	1,114	-	-	(118)	-	996
Other intangible assets	1,044	55	(27)	(28)	-	1,044
Intangible assets, gross	**10,721**	**1,772**	**(623)**	**(159)**	**-**	**11,711**
Capitalized development expenses	(4,846)	(832)	596	4	-	(5,078)
Other intangible assets	(635)	(118)	27	6	-	(720)
Amortization and impairment	**(5,481)**	**(950)**	**623**	**10**	**-**	**(5,798)**
Capitalized development expenses	3,717	885	-	(9)	-	4,593
Goodwill	1,114	-	-	(118)	-	996
Other intangible assets	409	(63)	-	(22)	-	324
Intangible assets, net	**5,240**	**822**	**-**	**(149)**	**-**	**5,913**

Most goodwill is located in Europe and in Eurasia.

Acquisitions of intangible assets in 2018 comprise €1,717 million of self-produced assets and €55 million of purchased assets (respectively €1,209 million and €101 million in 2017).

In 2018, amortization and impairment of intangible assets include €42 million of impairment concerning vehicles (including components), compared to €31 million of impairment in 2017 (note 6-B).

Changes in 2017 in intangible assets were as follows:

(€ million)	Gross value	Amortization and impairment	Net value
Value at December 31, 2016 (1)	**10,798**	**(5,809)**	**4,989**
Acquisitions / (amortization and impairment)	1,310	(961)	349
(Disposals) / reversals	(1,306)	1,302	(4)
Translation adjustment	(106)	7	(99)
Change in scope of consolidation and other	25	(20)	5
Value at December 31, 2017	**10,721**	**(5,481)**	**5,240**

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (as presented in note 3-B to the 2017 financial statements), and are thus different from the previously published figures.

A2 – Research and development expenses included in income

(€ million)	**2018**	**2017**
Research and development expenses	(3,516)	(2,983)
Capitalized development expenses	1,717	1,209
Amortization of capitalized development expenses	(799)	(816)
TOTAL INCLUDED IN INCOME	**(2,598)**	**(2,590)**

Research and development expenses are reported net of research tax credits for the vehicle development activity.

The rise in research and development expenses is explained by efforts to respond to new issues for connected, driverless and electric vehicles, and ensure that engines comply with new regulations applicable, particularly in Europe. In addition to reflecting this rise in development expenses, the increase in capitalized development expenses is also attributable to the start of the capitalization phase for development expenses on significant programmes, and resumption of capitalization of development expenses concerning electric vehicles.

B – Property, plant and equipment

Changes in 2018 in property, plant and equipment were as follows:

(€ million)	December 31, 2017	Acquisitions / (depreciation and impairment)	(Disposals) / reversals	Translation adjustments	Change in scope of consolidation and other [(1)]	December 31, 2018
Land	569	7	-	(3)	(2)	571
Buildings	6,702	160	(83)	(141)	(15)	6,623
Specific tools	16,431	670	(305)	(230)	265	16,831
Machinery and other tools	12,234	784	(224)	(239)	238	12,793
Fixed assets leased to customers	3,315	1,284	(867)	2	-	3,734
Other tangibles	860	76	(24)	(18)	20	914
Construction in progress [(2)]	1,232	1,048	(3)	(27)	(134)	2,116
Gross value	**41,343**	**4,029**	**(1,506)**	**(656)**	**372**	**43,582**
Land						
Buildings	(4,066)	(247)	63	49	(25)	(4,226)
Specific tools	(13,535)	(1,039)	304	137	(107)	(14,240)
Machinery and other tools	(8,756)	(605)	206	115	(29)	(9,069)
Fixed assets leased to customers	(766)	(166)	102	(1)	-	(831)
Other tangibles	(638)	(237)	22	12	(71)	(912)
Construction in progress	-	-	-	-	-	-
Depreciation and impairment [(3)]	**(27,761)**	**(2,294)**	**697**	**312**	**(232)**	**(29,278)**
Land	569	7	-	(3)	(2)	571
Buildings	2,636	(87)	(20)	(92)	(40)	2,397
Specific tools	2,896	(369)	(1)	(93)	158	2,591
Machinery and other tools	3,478	179	(18)	(124)	209	3,724
Fixed assets leased to customers	2,549	1,118	(765)	1	-	2,903
Other tangible	222	(161)	(2)	(6)	(51)	2
Construction in progress [(2)]	1,232	1,048	(3)	(27)	(134)	2,116
Net value	**13,582**	**1,735**	**(809)**	**(344)**	**140**	**14,304**

(1) Includes the effects of index-based restatement of the assets of Argentinian subsidiaries in application of IAS 29 "Financial reporting in hyperinflationary economies" (note 2-A4) amounting to €119 million net (of which €79 million was recognized at January 1, 2018), corresponding to increases in gross values and depreciation of respectively €349 million (of which €295 million was recognized at January 1, 2018) and €(230) million (of which €(216) million was recognized at January 1, 2018.

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

(3) Depreciation and impairment in 2018 include impairment of €234 million, mainly concerning vehicles (including components) (see note 6-B).

Changes in property, plant and equipment in 2017 were as follows:

(€ million)	Gross value	Depreciation and impairment	Net value
Value at December 31, 2016	**39,733**	**(26,745)**	**12,988**
Acquisitions / (depreciation and impairment)	3,237	(2,061)	1,176
(Disposals) / reversals	(1,133)	848	(285)
Translation adjustments	(585)	275	(310)
Change in scope of consolidation and other	91	(78)	13
Value at December 31, 2017	**41,343**	**(27,761)**	**13,582**

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-M).

A. Impairment tests on vehicle-specific assets (including components)

Following impairment tests of specific assets dedicated to vehicles (including components), impairment of €126 million was booked during 2018, comprising €63 million for intangible assets and €63 million for property, plant and equipment (impairment in 2017 amounted to €56 million, comprising €31 million for intangible assets and €25 million for property, plant and equipment). This impairment was allocated in priority to capitalized development expenses.

Impairment for intangibles and property, plant and equipment was recognized in 2013 in respect of electric vehicles. As the market for electric vehicles grew substantially in 2017 and that trend was confirmed in 2018, the residual impairment of €38 million was reversed during 2018 (€21 million for intangible assets and €17 million for property, plant and equipment).

B. Impairment tests of other cash-generating units of the Automotive (excluding AVTOVAZ) segment

Argentina and other countries:

In 2018, the cash-generating unit corresponding to Argentina was subjected to an impairment test following the application of hyperinflationary accounting, and in view of the recession on the local automobile market in the second half-year. An analysis of specific assets dedicated to the Turkish and Iranian markets was also conducted following the significant decline in automobile sales in Turkey during the first half-year of 2018 and the suspension of Renault's activities in Iran (see note 6-C).

The recoverable value used for the purpose of impairment tests of industrial assets in Argentina is the value in use, determined for vehicles currently in production under the discounted future cash flow method on the basis of the following assumptions.

	Argentina	
	January 1, 2018	**December 31, 2018**
Business plan duration	7 years	7 years
After-tax discount rate	18.0%	19.5 %

The tests performed for the Argentina cash-generating unit led to recognition of impairment on its assets amounting to €188 million at December 31, 2018 (i.e. the total value of the industrial assets). No impairment was booked at January 1, 2018.

No impairment was recognized on intangibles and property, plant and equipment dedicated to the Iranian and Turkish markets as a result of the impairment tests conducted.

Automotive (excluding AVTOVAZ) segment:

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

	2018	2017
Business plan duration	6 years	6 years
Forecast sales volumes over the projected horizon (units)	4,163,000	4,407,000
Growth rate to infinity	1.9%	1.9%
After-tax discount rate	8.7%	8.6%

In 2018 as in 2017, no impairment was recognized on assets included in the Automotive (excluding AVTOVAZ) segment as a result of the impairment test.

The assumptions used for impairment testing at December 31, 2018 are taken from the six-year strategic plan, Drive the Future 2017-2022, which was announced in October 2017, after adjustment due to the impact of suspension of business in Iran as of 2018. The assumptions used for impairment testing at December 31, 2017 were taken from the six-year strategic plan, Drive the Future 2017-2022, which was announced in October 2017.

A reasonably possible change in the main assumptions used should not result in a recoverable value that is lower than the book value of the assets tested.

C. Impairment tests on the AVTOVAZ cash-generating unit and the Lada brand

Impairment tests of the AVTOVAZ cash-generating unit

The market capitalization of AVTOVAZ, which amounts to €1,733 million at December 31, 2018 based on the exchange rates used for the mandatory tender offer that was launched in September 2018 and completed in December 2018 (€750 million at December 31, 2017), is higher than the book value of AVTOVAZ net assets (including goodwill) at that date. AVTOVAZ is to be delisted from the Moscow Stock Exchange in early 2019.

An impairment test is carried out on goodwill at June 30 every year. As there were no indications of impairment during the second half-year of 2018, no impairment test was carried out at December 31, 2018.

Impairment tests of the Lada brand

For the purpose of allocation of the purchase price of AVTOVAZ, the Lada brand was recognized at its fair value at the date control was acquired (in late 2016), i.e. 9,248 million Russian roubles (€116 million at the exchange rate of December 31, 2018). Since this brand is an intangible asset with an indefinite useful life, an impairment test was carried out at December 31, 2018 based on a discount rate of 14.4% and a growth rate to infinity of 4%. No impairment was booked in 2018, as the recoverable value was higher than the book value.

A 5% increase in the discount rate would lead to recognition of impairment of 512 million Russian roubles (€7 million before deferred taxes and €6 million after deferred taxes).

Using a 0% growth rate to infinity would not lead to recognition of impairment.

NOTE 12 – INVESTMENT IN NISSAN

Renault's investment in Nissan in the income statement and financial position:

(€ million)	**2018**	**2017 (1)**
Consolidated income statement		
Share in net income (loss) of associates accounted for by the equity method	1,509	2,791
Consolidated financial position		
Investments in associates accounted for by the equity method	20,583	19,135

(1) Including a positive €284 million impact of the disposal of Calsonic Kansei in the first quarter of 2017, and a positive €737 million impact of the US tax reform in the fourth quarter of 2017, giving a total impact of €1,021 million in 2017.

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, 2018, Renault occupied two of the nine seats on Nissan's Board of Directors (unchanged since December 31, 2017).
- Renault-Nissan b.v., owned 50% by Renault and 50% by Nissan, is a joint entity formed by the Alliance, with decision-making power restricted to certain strategic issues concerning either group. As it coordinates common activities at the worldwide level, it can make decisions that respect each partner's independence. 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.

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 0.7% of its own treasury shares at December 31, 2018. Consequently, Renault's percentage interest in Nissan is 43.7% and Renault holds 43.4% of voting rights in Nissan (unchanged since December 31, 2017).

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

(€ million)	Share in net assets			Goodwill	Total
	Before neutralization	Neutralization proportional to Nissan's investment in Renault (1)	Net		
At December 31, 2017	**19,423**	**(974)**	**18,449**	**686**	**19,135**
2018 net income	1,509		1,509		1,509
Dividend distributed	(784)		(784)		(784)
Translation adjustment	948		948	49	997
Other changes (2)	(274)		(274)		(274)
At December 31, 2018	**20,822**	**(974)**	**19,848**	**735**	**20,583**

(1) *Nissan has held 44,358,000 Renault shares since 2002, corresponding to an investment of around 15%.*
(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. In 2018, they also include the impacts of the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018, amounting to €(126) million.*

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

	December 31, 2017	2018 net income	Dividends	Translation adjustment	Other changes (1)	December 31, 2018
(¥ billion)						
Shareholders' equity – Parent-company shareholders' share under Japanese GAAP	**5,312**	**485**	**(215)**	**(142)**	**(102)**	**5,338**
Restatements for compliance with IFRS:						
Provision for pension and other long-term employee benefit obligations	(6)	(25)	-	(1)	(33)	(65)
Capitalization of development expenses	663	50	-	(1)	-	712
Deferred taxes and other restatements	(102)	(17)	-	(10)	30	(99)
Net assets restated for compliance with IFRS	**5,867**	**493**	**(215)**	**(154)**	**(105)**	**5,886**
Restatements for Renault Group requirements (2)	133	(42)	(16)	10	26	111
Net assets restated for Renault Group requirements	**6,000**	**451**	**(231)**	**(144)**	**(79)**	**5,997**
(€ million)						
Net assets restated for Renault Group requirements	**44,442**	3,453	(1,794)	2,169	(620)	47,650
Renault's percentage interest	43.7%					43.7 %
Renault's share (before neutralization effect described below)	19,423	1,509	(784)	948	(274)	20,822
Neutralization of Nissan's investment in Renault (3)	(974)					(974)
Renault's share in the net assets of Nissan	**18,449**	**1,509**	**(784)**	**948**	**(274)**	**19,848**

(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. In 2018, they also include the impacts of the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018, amounting to €(126) million.*
(2) *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 under the equity method.*
(3) *Nissan has held 44,358 thousand Renault shares in Renault since 2002, an ownership interest of about 15%.*

E – Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2018 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2017 financial year and the first three quarters of its 2018 financial year.

	January to March 2018		April to June 2018		July to September 2018		October to December 2018		January to December 2018	
	Fourth quarter of Nissan's 2017 financial year		**First quarter of Nissan's 2018 financial year**		**Second quarter of Nissan's 2018 financial year**		**Third quarter of Nissan's 2018 financial year**		**Reference period for Renault's 2018 consolidated financial statements**	
	(¥ billion)	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]
Net income – Parent-company shareholders' share	169	1,268	116	890	130	1,006	70	547	485	3,711

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

F – Nissan financial information under IFRS

The table below presents Nissan financial information, restated under IFRS for the purposes of the Renault consolidation, for the years 2018 and 2017. 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 under the equity method.

	2018		2017	
	(¥ billion)	*(€ million)* (1)	*(¥ billion)*	*(€ million)* (2)
Revenues	11,764	90,201	11,869	93,711
Net income				
Parent-company shareholders' share	451	3,458	813	6,415
Non-controlling interests' share	20	151	22	173
Other components of comprehensive income				
Parent-company shareholders' share	(220)	(1,688)	198	1,567
Non-controlling interests' share	31	237	7	57
Comprehensive income				
Parent-company shareholders' share	231	1,771	1,011	7,982
Non-controlling interests' share	51	388	29	230
Dividends received from Nissan	101	784	93	710
	December 31, 2018		**December 31, 2017**	
	(¥ billion)	*(€ million)* (1)	*(¥ billion)*	*(€ million)* (2)
Non-current assets	7,886	62,664	7,978	59,095
Current assets	11,797	93,736	12,314	91,206
TOTAL ASSETS	**19,683**	**156,400**	**20,292**	**150,301**
Shareholders' equity				
Parent-company shareholders' share	5,887	46,775	5,868	43,462
Non-controlling interests' share	297	2 359	288	2,133
Non-current liabilities	5,874	46 675	6,951	51,484
Current liabilities	7,625	60,591	7,185	53,222
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**19,683**	**156,400**	**20,292**	**150,301**

(1) Converted at the average exchange rate for 2018 i.e. 130.4 JPY = 1 EUR for income statement items, and at the December 31, 2018 rate i.e. 125.8 JPY = 1 EUR for financial position items.

(2) Converted at the average exchange rate for 2017 i.e. 126.7 JPY = 1 EUR for income statement items, and at the December 31, 2017 rate i.e. 135.0 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, 2018, the corresponding hedging operations totalled ¥204 billion (€1,624 million), comprising ¥24 billion (€191 million) of private placements on the EMTN market and ¥180 billion (€1,433 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2018, these operations generated unfavourable foreign exchange differences of €(102) million (favourable difference of €113 million in 2017). The net unfavourable effect of €(70) 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, 2018 of ¥880 per share, Renault's investment in Nissan is valued at €12,809 million (€15,244 million at December 31, 2017 based on the price of ¥1,123.5 per share).

I – Impairment test of the investment in Nissan

At December 31, 2018, the stock market value of the investment was 37.8% lower than the value of Nissan in Renault's statement of financial position (20.3% lower at December 31, 2017).

In application of the approach presented in the note on accounting policies (note 2-M), an impairment test was carried out at December 31, 2018. An after-tax discount rate of 9.6% and a growth rate to infinity (including the effect of inflation) of 3.3% 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 at December 31, 2018.

A reasonably possible change in the main assumptions used should not result in a recoverable value that is lower than the book value of the investment in Nissan.

J – Operations between the Renault Group and the Nissan Group

J1 – Automotive (excluding AVTOVAZ) and Sales Financing

Renault and Nissan follow joint strategies for vehicle and component development, purchasing, production and distribution resources. Since April 1, 2014 the two companies have also been engaged in a convergence project for four key functions: Engineering, Manufacturing and Supply Chain Management, Purchasing and Human Resources. This cooperation is reflected in synergies that reduce costs, particularly in the support functions and sales to Nissan.

The Automotive (excluding AVTOVAZ) segment is involved in operations with Nissan on two levels:

- Industrial production: cross-over production of vehicles and components in the Alliance's manufacturing plants:
  - Sales by the Renault Group to the Nissan group in 2018 totalled approximately €4,162 million (€4,961million in 2017), comprising around €2,871 million for vehicles (€3,362 million in 2017), €1,169 million for components (€1,501 million in 2017), and €123 million for services (€98 million in 2017). The decrease is mainly driven by sales of vehicles made by Renault Samsung Motors for Nissan North America, and the Nissan Micra made in Flins, France,
  - Purchases by the Renault Group from the Nissan group in 2018 totalled approximately €2,184 million (€2,400 million in 2017), comprising around €1.068 million of vehicles (€1,240 million in 2017), €884 million of components (€1,028 million in 2017), and €223 million of services (€132 million in 2017),
  - The balance of Renault Group receivables on the Nissan group is €859 million at December 31, 2018 (€853 million at December 31, 2017) and the balance of Renault Group liabilities to the Nissan group is €872 million at December 31, 2018 (€795 million at December 31, 2017).

- Finance: In addition to its activity for Renault, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange and interest rate risks. Renault Finance undertook approximately €18 billion of forex transactions on the foreign exchange market for Nissan in 2018 (€20.9 billion in 2017). Operations undertaken with Nissan on foreign exchange and interest rate derivatives are recorded at market price and included in the positions managed by Renault Finance. In the balance sheet, the derivative assets on the Nissan group amount to €30 million at December 31, 2018 (€63 million at December 31, 2017) and derivative liabilities amount to €69 million at December 31, 2018 (€41 million at December 31, 2017).

Renault's Sales Financing segment helps to attract customers and build loyalty to Nissan brands through a range of financing products and services incorporated into the sales policy, principally in Europe. In 2018, RCI Banque recorded €158 million of service revenues in the form of commission and interest received from Nissan (€137 million at December 31, 2017). The balance of sales financing receivables on the Nissan group is €133 million at December 31, 2018 (€107 million at December 31, 2017) and the balance of liabilities is €148 million at December 31, 2018 (€191 million at December 31, 2017).

The Alliance partners hold investments in associates and joint ventures that manage their cooperation. Details of these entities' activity and location, and the Renault Group's influence over them, are given in note 13.

J2 – AVTOVAZ

In 2018, total sales by AVTOVAZ to Nissan and purchases by AVTOVAZ from Nissan amounted to an estimated €260 million and €35 million respectively (€233 million and €30 million in 2017).

In the AVTOVAZ financial position at December 31, 2017, the balances of transactions between AVTOVAZ and the Nissan Group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €27 million (€38 million at December 31, 2017),
- operating receivables and payables amounting respectively to €12 million and €37 million (€25 million and €69 million at December 31, 2017).

NOTE 13 – INVESTMENTS IN OTHER ASSOCIATES AND JOINT VENTURES

Details of investments in other associates and joint ventures are as follows in the Group's financial statements:

(€ million)	**2018** (1)	**2017**
Consolidated income statement		
Share in net income (loss) of other associates and joint ventures	**31**	**8**
Associates accounted for under the equity method	27	**10**
Joint ventures accounted for under the equity method	4	**(2)**
Consolidated financial position		
Investments in other associates and joint ventures	**856**	**676**
Associates accounted for under the equity method	420	380
Joint ventures accounted for under the equity method	436	296

(1) From 2018, investments in non-significant companies controlled jointly by the Group or over which it has significant influence, which were previously classified as Available-for-sale financial assets, are presented as required by IFRS 11 "Joint arrangements" and IAS 28 "Investments in Associates and Joint Ventures" which would apply to them if they were consolidated (notes 2-A1 and 22). Uncontrolled investments from now on included in investments in other associates and joint ventures accounted for by the equity method amount to €16 million for associates and €12 million for joint ventures at December 31, 2018. The results of these companies are included in the share in net income (loss) of other associates and joint ventures in 2018, in the amount of €(1) million for associates.

A – Information on the principal 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		Investments in other associates and joint ventures at December 31, 2018	Investments in other associates and joint ventures at December 31, 2017
			December 31, 2018	December 31, 2017		
Associates						
Automotive (excluding AVTOVAZ)						
Motorlu Araclar Imal ve Satis A.S (MAIS)	Turkey	Automotive sales	49%	49%	34	46
Renault Nissan Automotive India Private Limited (RNAIPL)	India	Vehicle manufacturing	30%	30%	206	205
Sales Financing						
RN Bank	Russia	Automotive sales financing	30%	30%	63	48
Joint ventures						
Automotive (excluding AVTOVAZ)						
Renault Algérie Production	Algeria	Vehicle manufacturing	49%	49%	8	16
Dongfeng Renault Automotive Company	China	Automaker	50%	50%	260	243
Renault Brilliance Jinbei Automotive Company (1)	China	Commercial vehicle manufacturing in China	49%	49%	74	-
Alliance Ventures b.v. (1)	Netherlands	Finance for new technology start-ups	40%		51	-
Other non-significant associates and joint ventures					160	118
TOTAL					**856**	**676**

(1) Newly consolidated companies in 2018.

The tables below show the total amount of sales and purchases made between the Renault Group and the principal other associates and joint ventures accounted for by the equity method, as well as the Renault Group's balance sheet positions with those entities:

(€ million)	2018		2017	
In the consolidated income statement	**Sales to other associates and joint ventures**	**Purchases**	**Sales to other associates and joint ventures**	**Purchases**
Motorlu Araclar Imal ve Satis A.S (MAIS)	1,261	12	1,858	14
Renault Nissan Automotive India Private Limited (RNAIPL)	3	(357)	6	(538)
RN Bank	(3)	-	2	-
Renault Algérie Production	9	(102)	6	(59)
Dongfeng Renault Automotive Company	206	(7)	233	(16)

(€ million)	December 31, 2018					
In the consolidated financial position	**Financial assets**	**Automotive receivables**	**Other assets**	**Other liabilities**	**Sales Financing debts**	**Trade payables**
Motorlu Araclar Imal ve Satis A.S (MAIS)	-	-	-	4	-	25
Renault Nissan Automotive India Private Limited (RNAIPL)	18	54	402	3	-	57
RN Bank	80	-	2	3	3	-
Renault Algérie Production	-	86	-	3	-	115
Dongfeng Renault Automotive Company	-	9	-	3	-	9

(€ million)	December 31, 2017					
In the consolidated financial position	**Financial assets**	**Automotive receivables**	**Other assets**	**Other liabilities**	**Sales Financing debts**	**Trade payables**
Motorlu Araclar Imal ve Satis A.S (MAIS)	-	-	2	5	-	32
Renault Nissan Automotive India Private Limited (RNAIPL)	16	57	262	2	-	37
RN Bank	150	-	16	-	-	-
Renault Algérie Production	-	56	-	2	-	82
Dongfeng Renault Automotive Company	-	31	-	2	-	-

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

(€ million)	**December 31, 2018**	**December 31, 2017**
Investments in associates	420	380
Share in income (loss) of associates	27	10
Share of associates in other components of comprehensive income	(29)	(28)
Share of associates in comprehensive income	(2)	(18)

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

(€ million)	**December 31, 2018**	**December 31, 2017**
Investments in joint ventures	436	296
Share in income (loss) of joint ventures	4	(2)
Share of joint ventures in other components of comprehensive income	(7)	(23)
Share of joint ventures in comprehensive income	(3)	(25)

NOTE 14 – INVENTORIES

(€ million)	December 31, 2018			December 31, 2017		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	1,748	(299)	1,449	1,845	(328)	1,517
Work in progress	395	(3)	392	390	(1)	389
Used vehicles	1,383	(126)	1,257	1,589	(91)	1,498
Finished products and spare parts	2,931	(150)	2,781	3,076	(152)	2,924
TOTAL	**6,457**	**(578)**	**5,879**	**6,900**	**(572)**	**6,328**

NOTE 15 – SALES FINANCING RECEIVABLES

A – Sales financing receivables by nature

(€ million)	December 31, 2018	December 31, 2017
Dealership receivables	10,233	10,210
Financing for end-customers	23,606	22,085
Leasing and similar operations	9,008	7,649
Gross value	**42,847**	**39,944**
Impairment	(780)	(610)
Net value	**42,067**	**39,334**

Details of fair value are given in note 24-A.

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

B1 – Assignment of sales financing assets

(€ million)	December 31, 2018		December 31, 2017	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Assigned receivables carried in the balance sheet	11,010	10,980	10,391	10,344
Associated liabilities	2,781	2,645	2,272	2,326

The Sales Financing segment has undertaken several public securitization operations and several conduit financing operations (in Germany, Brazil, France and Italy) involving loans to final customers and receivables on the dealership network. Both types of operation are conducted through special purpose vehicles. 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, and are 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, the Sales Financing segment has provided guarantees to the Banque de France (under France's central collateral management system 3G (*Gestion Globale des Garanties)* in the form of assets with book value of €7,454 million at December 31, 2018 (€6,949 million at December 31, 2017). These guarantees comprise €6,184 million in the form of shares in securitization vehicles, €159 million in euro bonds and €1,111 million in sales financing receivables (€5,676 million of shares in securitization vehicles, €168 million in euro bonds and €1,106 million in sales financing receivables at December 31, 2017). The funding provided by the Banque de France against these guarantees amounts to €2,500 million at December 31, 2018, as at December 31, 2017. All assets provided as guarantees to the Banque de France remain in the balance sheet.

C – Sales financing receivables by maturity

(€ million)	December 31, 2018	December 31, 2017
- 1 year	21,184	20,067
1 to 5 years	20,403	18,819
+ 5 years	480	448
Total sales financing receivables – net	**42,067**	**39,334**

D – Breakdown of sales financing receivables by level of risk

((€ million)	**Healthy receivables**	**Receivables showing a deterioration since initial recognition**	**Receivables in default**	**Total**
Gross value of sales financing receivables at December 31, 2018	38,454	3,770	623	42,847
Impairment of sales financing receivables at December 31, 2018	(239)	(163)	(378)	(780)
Net value of sales financing receivables at December 31, 2018	**38,215**	**3,607**	**245**	**42,067**

E – Exposure of sales financing to credit risk

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 irrevocable financing commitments for customers reported under 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 €678 million at December 31, 2018 (€660 million at December 31, 2017).

Customer credit risk is assessed (using a scoring system) and monitored by type of activity (customers and dealers). 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 as defined by the regulations.

NOTE 16 – AUTOMOTIVE RECEIVABLES

Net value of Automotive receivables

(€ million)	**December 31, 2018**	**December 31, 2017**
Gross value	2,178	2,572
Impairment for incurred credit losses (1)	(770)	(819)
Impairment for expected credit losses (2)	(9)	
AUTOMOTIVE RECEIVABLES – NET VALUE	**1,399**	**1,753**

(1) Including €(674) million related to Iran at December 31, 2017 and €(677) million at December 31, 2017.
(2) In application of IFRS 9 "Financial Instruments", the Group recognizes impairment for expected credit losses from January 1, 2018 (note 2-A1.3).

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 receivables of the Automotive (excluding AVTOVAZ) segment that remain in the balance sheet because the Group retains the credit risk or risk of late settlement is not significant at December 31, 2018.

There is also no significant concentration of risks in the Automotive customer base (exluding AVTOAZ and with AVTOVAZ), and no single non-Group customer accounts for more than 10% of the total sales revenues of the Automotive segments.

The management policy for credit risk is described in note 25.

The maximum exposure to credit risk for Automotive (excluding AVTOVAZ) receivables is represented by the net book value of those receivables.

The impairment model for Automotive receivables is presented in notes 2-A3 and 2-G.

Details of fair value are given in note 24-A.

NOTE 17 – OTHER CURRENT AND NON-CURRENT ASSETS

(€ million)	December 31, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	245	368	613	249	307	556
Tax receivables (excluding current taxes due)	465	1,712	2,177	527	1,846	2,373
Taxes due (1)	19	111	130	4	91	95
Other receivables	603	1,566	2,169	555	1,728	2,283
Investments in controlled unconsolidated entities (2)	153	-	153	100	-	100
Derivatives on operating transactions of the Automotive segments	-	10	10	-	10	10
Derivatives on financing transactions of the Sales Financing segment	-	123	123	-	123	123
TOTAL	**1,485**	**3,890**	**5,375**	**1,435**	**4,105**	**5,440**
Gross value	*1,613*	*4,082*	*5,695*	*1,470*	*4,307*	*5,777*
Impairment	*(128)*	*(192)*	*(320)*	*(35)*	*(202)*	*(237)*

(1) Current taxes due are reported separately in the consolidated financial position (section 4.2.3).
(2) Investments of over €10 million in controlled unconsolidated entities concern Carizy, iCabbi, PI-VI Ricambi S.r.l., Marcel and Renault Venture Capital.

A – Tax receivables

Tax receivables (excluding current taxes due) do not include French tax receivables assigned outside the Group (the "CIR" Research Tax Credit and "CICE" Tax Credit For Competitiveness and Employment), when substantially all the risks and benefits associated with ownership of the receivables are transferred. In the case of tax receivables, assignment only gives rise to recognition if the risk of dilution is deemed to be non-existent, notably when the assigned receivables have already been subject to a tax inspection or preliminary audit.

The total amount of tax receivables assigned and derecognized in 2018 is €278 million, comprising €218 million of CIR receivables and €60 million of CICE receivables (€50 million of CICE receivables in 2017). No assigned tax receivables remained in the balance sheets at December 31, 2018 and 2017.

B – Investments in controlled unconsolidated entities

In the last two years, the Group has acquired control over an entity operating in the used vehicle market (Automotive (excluding AVTOVAZ) segment) and three entities operating in the mobility sector (Sales Financing segment): Carizy (a used vehicle selling platform) Flit Tech (a taxi reservation platform), iCabbi (software development for taxis) and Marcel (a private car hire app), for a total purchase price of €106 million. The financial statements of these entities are not fully consolidated at December 31, 2018 because their consolidation would not have a significant impact given the thresholds applied by the Group. However, their contribution to the Group's results, amounting to €(29) million in 2018, is included in the cost of goods and services sold. The most significant entities will be fully consolidated in the next few years.

NOTE 18 – SHAREHOLDERS' EQUITY

A – Share capital

The total number of ordinary shares issued and fully paid at December 31, 2018 is 295,722 thousand, with par value of €3.81 per share (unchanged compared to December 31, 2017).

Treasury shares do not bear dividends. They account for 1.71% of Renault's share capital at December 31, 2018 (2.17% at December 31, 2017).

The Nissan Group holds approximately 15% of Renault through its wholly-owned subsidiary Nissan Finance Co. Ltd (no voting rights are attached to these shares).

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 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 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 is 15.46% at December 31, 2018 (15.01% at December 31, 2017).

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 and other share-based payment agreements awarded to Group managers and executives.

	December 31, 2018	December 31, 2017
Total value of treasury plans *(€ million)*	400	321
Total number of treasury shares	5,058,961	4 649 545

In accordance with the applicable regulations, by decision of the Board of Directors, Renault acquired 10% of the shares sold by the French government (1,400,000 shares) at the market price (€121 million) in the second half-year of 2017 in preparation for an offering reserved for current and former Renault Group employees that will enable them to share in the Group's results.

In September 2018, the Renault Group set up "*Share the Future*", an employee shareholding plan in 10 countries: Argentina, Brazil, France, India, Morocco, Romania, Slovenia, South Korea, Spain, and Turkey.

This plan is part of the Renault Group's employee shareholding development policy and aims to involve employees more closely in the Group's development and performance. Under the "*Share the Future*" plan Renault offered employees two options:

- A "classic" formula, including a discount of 20% on the reference price and an employer contribution capped at 4 shares, in which the subscriber is exposed to changes in the share price,
- A "leveraged" formula (involving an exchange contract with a structuring bank supplementing the employee's investment so that the total amount invested is ten times the employee's personal contribution), in which the employee receives at maturity a minimum of his/her personal contribution plus either a guaranteed return or a multiple of the increase in the Renault share price over the period if this is higher.

The shares were subscribed by the beneficiaries either directly or through a company investment fund, depending on the country of residence. Subscribers to the offer must hold the shares until May 31, 2023, unless an authorized early release event occurs. In both options, the, subscription price was set at €58.32 on September 7, 2018. The offer closed on October 2, 2018, and attracted subscriptions by 22,615 employees in 10 countries.

The Group recorded an €8 million expense in the income statement for the employer contribution and the fair value of the discount offered to employees. This fair value is equal to the value of the discount less the cost of the shares' mandatory holding period, plus the opportunity gain for employees opting for the leveraged formula.

D – Distributions

At the General and Extraordinary Shareholders' Meeting of June 15, 2018, it was decided to distribute a dividend of €3.55 per share representing a total amount of €1,027 million (€3.15 per share or a total of €916 million in 2017). This dividend was paid in June 2018.

E – Translation adjustment

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

(€ million)	2018	2017
Change in translation adjustment on the value of the investment in Nissan	997	(1,467)
Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G)	(70)	96
TOTAL CHANGE IN TRANSLATION ADJUSTMENT RELATED TO NISSAN	**927**	**(1,371)**
Changes related to hyperinflationary economies	(175)	
Other changes in translation adjustment	(250)	(324)
TOTAL CHANGE IN TRANSLATION ADJUSTMENT	**502**	**(1,695)**

Changes related to hyperinflationary economies consist of the changes in the translation adjustment attributable to the Argentinian subsidiaries since January 1, 2018 (note 2-A4). In 2017 and 2018, other changes in the translation adjustment mostly resulted from movements in the Russian rouble and the Brazilian real. In 2017, they also resulted from the Argentinian peso.

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 (1)	Available-for-sale financial assets	Equity instruments at fair value	Debt instruments at fair value	Total
At December 31, 2017 (2)	**(7)**	**810**			**803**
Transition to IFRS 9 – Opening adjustments (2)	-	(810)	787	2	(21)
Adjusted balance at January 1, 2018	**(7)**		**787 (3)**	**2**	**782**
Changes in fair value recorded in shareholders' equity	(7)		(534)	(1)	(542)
Transfer from shareholders' equity to profit and loss (1)	6		-	2	8
Other	(13)		-	-	(13)
At December 31, 2018	**(21)**		**253 (3)**	**3**	**235**

(1) For a breakdown of the amounts related to cash flow hedges transferred from shareholders' equity to profit and loss, see note F2 below, and for the schedule of amounts related to cash flow hedges transferred from shareholder's equity to the income statement, see note F3 below.
(2) In application of IFRS 9 "Financial Instruments", the classification of financial assets is modified from January 1, 2018. The changes related to the application of this new standard are presented in note 2-A1.
(3) The revaluation reserve for equity instruments at fair value relates to the Daimler shares (note 22-B).

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

(€ million)	2018	2017
Operating margin	7	(22)
Other operating income and expenses	1	-
Net financial income (expense)	-	-
Share in net income of associates and joint ventures	-	-
Current and deferred taxes	(2)	10
Total transferred to the income statement for cash flow hedges	**6**	**(12)**

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

(€ million)	December 31, 2018	December 31, 2017
Within one year	(6)	9
After one year	(9)	(13)
Revaluation reserve for cash flow hedges excluding associates and joint ventures	**(15)**	**(4)**
Revaluation reserve for cash flow hedges – associates and joint ventures	(6)	(3)
Total revaluation reserve for cash flow hedges	**(21)**	**(7)**

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

G – Stock option and performance share plans and other share-based payments

The Board of Directors periodically awards performance shares to Group executives and managers, with prices and exercise periods specific to each plan. Until 2012, it also periodically granted stock options, each with their 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 (unless, in the case of the Chairman and CEO, the Board of Directors decides otherwise), and a decision is made for each individual case when an employee leaves at the company's instigation.

The Board of Directors also decided that from 2013 onwards, a portion of each year's variable remuneration for the post of Chairman and CEO would be converted into shares that vest subject to conditions of performance and continued employment at Renault.

G1 – Changes in the number of stock options and share rights held by personnel and other share-based payments

	Stock options			
	Quantity	**Weighted average exercise price *(€)***	**Weighted average share price at grant and exercise dates *(€)***	**Share rights (1)**
Options outstanding and rights not yet vested at January 1, 2018	**299,339**	**37**	**-**	**4,585,849**
Granted			-	1,494,129
Options exercised or vested rights	(50,565) (2)	38	49 (3)	(1,266 829) (4)
Options and rights expired and other adjustments			-	(98 ,978)
Options outstanding and rights not yet vested at December 31, 2018	**248,774**	**36**	**-**	**4,714,171**

(1) The figures include stock options awarded as part of the variable remuneration for the post of Chairman and CEO.
(2) Stock options exercised in 2018 were granted under plans 18 and 19 in 2011 and plan 20 in 2012.
(3) Price at which the shares were acquired by the Group to cover future options.
(4) Performance shares vested were mainly awarded under plan 21 for non-residents in 2014 and plan 22 for residents in 2015.

The share rights reported in notes G1, G3 and H do not reflect the potential consequences of the resignation of Renault's Chairman and CEO announced by the Board of Directors on January 24, 2019, since it was not possible to determine the potential impact on those rights of this event which occurred after the reporting period (see note 27-A).

G2 – Stock options

For plans current in 2018, 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 *(€)*	Options outstanding at December 31, 2018	Exercise period
Plan 18	Stock purchase options	April 29, 2011	38.80	92,062	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	35,500	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	121,212	December 13, 2016 – December 12, 2020
			TOTAL	**248,774**	

G3 – Performance share plans and other share-based payment agreements

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 shares awarded to French tax residents is 3 years followed by a minimum holding period of 2 years, reduced to 1 year for plans introduced from 2016.

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, 2018	Vesting date	Holding period
Plan 22 (1)	Performance shares and shares awarded as part of the variable remuneration	February 11, 2015	- 383,019	February 11, 2018 (2) February 11, 2019	February 11, 2018 – February 11, 2020 None
Plan 23 (1)	Performance shares and shares awarded as part of the variable remuneration	April 29, 2016	963,550 371 705	April 29, 2019 April 29, 2020	April 29, 2019 – April 29, 2020 None
Plan 23 bis	Performance shares and shares awarded as part of the variable remuneration	July 27, 2016	100,000	July 27, 2020	None
Plan 24 (1)	Performance shares and shares awarded as part of the variable remuneration	February 9, 2017	979,160 437,016	February 9, 2020 February 9, 2021	February 9, 2020 – February 9, 2021 None
Plan 25 (1)	Performance shares and shares awarded as part of the variable remuneration	February 15, 2017	1,078,250 401,471	February 15, 2021 February 15, 2022	February 15, 2021 – February 15, 2022 None
		TOTAL	**4,714,171**		

(1) These figures include shares awarded as part of the variable remuneration for the post of Chairman and CEO. The number of shares for 2014 and 2015 was adjusted in 2018 as achievement of performance objectives is assessed over three successive years.
(2) The performance shares concerned by this plan were issued to beneficiaries in 2018.

H – Share-based payments

Share-based payments exclusively concern stock options and performance shares awarded to personnel, and shares awarded as part of the variable remuneration for the post of Chairman and CEO.

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 2018 *(€ million)*	Expense for 2017 *(€ million)*	Share price at grant date *(€)*	Volatility	Interest rate	Exercise price *(€)*	Duration of option	Dividend per share *(€)*
Plan 18	3,422	9.31	-	-	36.70	37.28 %	2.28 %	38.80	4-8 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 20	2,708	6.87	-	-	40.39	35%	0.71%	37.43	4-8 years	1.57 – 2.19
Plan 21 (1)	38,702	53.09	-	(3)	65.76	N/A	0.20%	N/A	3-5 years	1.72 – 1.97
	13,653	54.97	-	(4)	65.61	N/A	0.19%	N/A	4 years	1.72 – 1.97
Plan 22 (1)	51,509	66.51	(10)	(20)	78.75	N/A	(0.10)%	N/A	3-5 years	1.90 – 2.22
	19,138	65.19	(7)	(5)	76.58	N/A	(0.03)%	N/A	4 years	1.90 – 2.22
Plan 23 (1)	53,728	66.38	(18)	(18)	80.25	N/A	(0.48)%	N/A	3-4 years	2.40 – 2.88
	19,929	65.72	(5)	(5)	76.16	N/A	(0.48)%	N/A	4 years	2.40 – 2.88
Plan 23 bis	5,348	65.34	(1)	(1)	76.99	N/A	(0.48)%	N/A	4 years	2.40 – 2.88
Plan 24 (1)	53,646	66.18	(18)	(16)	82.79	N/A	(0.56)%	N/A	3-4 years	3.15 – 3.34
	22,167	66.16	(6)	(5)		N/A	(0.57)%	N/A	4 years	3.15 – 3.34
Plan 25 (1)	63 533	73.37	(19)	-	90.64	N/A	(0.57)%	N/A	3-4 years	3.55 – 4.25
	23 096	69.73	(5)	-	88.93	N/A	(0.57)%	N/A	4 years	3.55 – 4.25
		TOTAL	**(89)**	**(77)**						

(1) For these plans, performance shares were awarded at different dates within the stated period. The figures also include shares awarded as part of the variable remuneration for the post of Chairman and CEO. 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, 2018	December 31, 2017	2018	2017	December 31, 2018	December 31, 2017 (1)	2018	2017
Automotive (excl. AVTOVAZ)									
Renault Samsung Motors	Korea	20%	20%	36	45	205	210	(33)	(32)
Oyak Renault Otomobil Fabrikalari	Turkey	48%	48%	55	51	270	257	(41)	(38)
Other	N/A	N/A	N/A	6	7	27	29	(7)	(10)
Total - Automotive (excluding AVTOVAZ)				**97**	**103**	**502**	**496**	**(81)**	**(80)**
Sales Financing									
Banco RCI Brasil (1)	Brazil	40%	40%	19	20	-	-	(8)	(51)
Rombo Compania Financiera (1)	Argentina	40%	40%	(2)	4	-	-	-	-
Other	N/A	N/A	N/A	7	3	45	34	(5)	(2)
Total – Sales Financing				**24**	**27**	**45**	**34**	**(13)**	**(53)**
AVTOVAZ									
Alliance Rostec Auto b.v.(2)	Netherlands	32%	18%	-	-	663	211	-	-
AVTOVAZ (2)	Russia	32%	26%	16	(33)	(603)	(430)	-	-
LLC Lada Izhevsk (2)	Russia	32%	26%	7	1	(19)	(24)	-	-
Other	N/A	N/A	N/A	5	(2)	11	7	-	-
Total AVTOVAZ				**28**	**(34)**	**52**	**(236)**	**-**	**-**
TOTAL				**149**	**96**	**599**	**294**	**(94)**	**(133)**

(1) The Group has granted to 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 €127 million for the Brazilian subsidiary and €13 million for the Argentinian subsidiary at December 31, 2018 (€129 million and €25 million respectively at December 31, 2017). 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.

(2) The percentages of voting rights held by non-controlling interests under the legal analysis are 39% in Alliance Rostec Auto b.v. and in the AVTOVAZ Group at December 31, 2018 (34% and 35% respectively at December 31, 2017).

New partnership agreements were signed in 2018 with Oyak in Turkey, including perfectly symetrical put and call options for non-controlling investments, entitling Renault, subject to certain conditions, to purchase Oyak's shares in Oyak Renault (call) and to sell its shares in Mais (put), and entitling Oyak to sell its shares in Oyak Renault (put) and purchase Renault's shares in Mais (call). The exercise price for the put option, if exercised, will be determined by three independent experts who would be appointed at the exercise date.

Analysis of the contracts did not identify any circumstances beyond the control of Renault SA that could lead to Oyak's put option exercised without Renault SA being able to object. Consequently, no liability is recognized at December 31, 2018 in connection with these options.

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, 2018	December 31, 2017
Automotive (excluding AVTOVAZ)				
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI) (1)	India	Shared service centre	67	67

(1) The Group holds 50% of voting rights in the Indian company RNTBCI.

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 €588 million in 2018 (€619 million in 2017).

- 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 and Turkey;
- supplementary pensions providing employees with contractual income; the countries applying this type of plan are in Europe (e.g. the United Kingdom, France, Germany, the Netherlands, and Switzerland);
- other long-term benefits, chiefly long-service awards and flexible holiday entitlements.

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 (excluding AVTOVAZ), the other RCI Financial Services Ltd. This plan has been closed to new beneficiaries since 2004, and concerns around 1,799 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, a rise in inflation, etc).

In response to new information in 2018 concerning the implementation of gender equality regulations, an additional €1 million provision for Guaranteed Minimum Pension Equalization has been recognized.

The fund compartment dedicated to the Automotive (excluding AVTOVAZ) segment is underfunded and the Group has made a commitment to cover the shortfall by 2026 through payments amounting to £5 million maximum per year. In application of IAS 19, underfunding at December 31, 2018 is valued at £51 million for the fund compartment dedicated to the Automotive (excluding AVTOVAZ) segment, and £7 million for the fund compartment dedicated to RCI Financial Services Ltd.

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, 2018		December 31, 2017	
	Renault s.a.s.	Others	Renault s.a.s.	Others
Retirement age	60 to 65	60 to 67	60 to 65	60 to 65
Discount rate (1)	1.69%	0.8% to 2%	1.43%	0.58% to 2%
Salary increase rate	2.5%	1% à 2.7%	2.5%	1% to 2.7%
Duration of plan	13 years	7 to 20 years	13 years	7 to 20 years
Gross obligation	€1,035 million	€174 million	€1,062 million	€175 million

(1) The rates used to value the Group's obligations in France vary 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, 2018		December 31, 2017	
	Automotive excl. AVTOVAZ	Sales Financing	Automotive excl. AVTOVAZ	Sales Financing
Financial discount rate (1)	2.85%	2.85%	2.5%	2.5%
Salary increase rate	2%	3.10%	2%	3.1%
Duration of plan	18 years	25 years	20 years	25 years
Actual return on fund assets	(3.95)%	(5.37)%	7.4%	8.8%
Gross obligation	€325 million	€33 million	€363 million	€37 million
Fair value of assets invested via pension funds	€270 million	€25 million	€284 million	€27 million

(1) The discount rate was determined by reference to the interest rate curve established by Deloitte based on the iBoxx £ index for AA-rated corporate bonds (DTRB £ AA corporate bond yield curve).

C – Net expense for the year

(€ million)	**2018**	**2017**
Current service cost	94	94
Past service cost and (gain) / loss on settlement (1)	(3)	(92)
Net interest on the net liability (asset)	25	25
Effects of workforce adjustment measures	(1)	-
Net expense (income) for the year recorded in the income statement	**115**	**27**

(1) In 2017, these costs mainly include entitlements to pre-retirement leave as defined in the 1991 competitiveness agreement for France, amended by the agreement signed in January 2017 named "CAP 2020 – Contrat d'Activité pour une Performance durable" (activity contract for sustainable performance). New rights are recognized from the date of vesting, in accordance with IAS 19, and are no longer treated as retirement indemnities. The positive impact of this change on 2017 net income has been classified as other operating income and expenses (note 6-A) since all the impacts of CAP 2020 are included in that category (some were recorded in advance at December 31, 2016).

D – Detail of balance sheet provision

D1 – Breakdown of the balance sheet provision

(€ million)	December 31, 2018		
	Present value of the obligation	**Fair value of fund assets**	**Net defined-benefit liability (asset)**
Retirement and termination indemnities			
France	1,209	-	1,209
Europe (excluding France)	15	-	15
Americas	2	-	2
Asia - Pacific	-	-	-
Africa - Middle East - India	2	-	2
Eurasia (1)	45	-	45
Total retirement and termination indemnities	**1,273**	**-**	**1,273**
Supplementary pensions			
France	130	(58)	72
United Kingdom	358	(295)	63
Europe (excluding France and the United Kingdom) (2)	267	(176)	91
Americas	4	-	4
Asia - Pacific	2	-	2
Total supplementary pensions	**761**	**(529)**	**232**
Other long-term benefits			
France (3)	77	-	77
Europe (excluding France)	3	-	3
Americas	2	-	2
Total other long-term benefits	**82**	**-**	**82**
TOTAL (4)	**2,116**	**(529)**	**1,587**

(1) Essentially Romania and Turkey.
(2) Essentially Germany, the Netherlands and Switzerland.
(3) Flexible holiday entitlements and long-service awards.
(4) Total net liability due within one year: €56 million; total net liability due after one year: €1,531 million.

D2 – Schedule of amounts related to net defined benefit liability

(€ million)	December 31, 2018				
	- 1 year	**1 to 5 years**	**5 to 10 years**	**+ 10 years**	**Total**
Present value of obligation	66	301	402	1,347	2,116
Fair value of plan assets	(10)	(57)	(76)	(386)	(529)
Net defined benefit liability (asset)	**56**	**244**	**326**	**961**	**1,587**

The weighted average duration of plans is 14 years at December 31, 2018 (15 years at December 31, 2017).

E – Changes in obligations, fund assets and the provision

(€ million)	**Present value of the obligation (A)**	**Fair value of the fund assets (B)**	**Net defined-benefit liability (A) +(B)**
Balance at December 31, 2017	**2,172**	**(537)**	**1,635**
Current service cost	94	-	94
Past service cost and gain/loss on liquidation	(3)	-	(3)
Net interest on the net liability (asset)	36	(11)	25
Effects of workforce adjustment measures	(1)	-	(1)
Net expense (income) for 2018 recorded in the income statement (19-C)	**126**	**(11)**	**115**
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	(17)	-	(17)
Actuarial gains and losses on the obligation resulting from changes in financial effects	(68)	-	(68)
Actuarial gains and losses on the obligation resulting from experience effects	13	-	13
Net return on fund assets (not included in net interest above)	-	19	19
Net expense (income) for 2018 recorded in other components of comprehensive income	**(72)**	**19**	**(53)**
Employer's contributions to funds	-	(12)	(12)
Employee's contributions to funds	-	(1)	(1)
Benefits paid under the plan	(120)	19	(101)
Benefits paid upon liquidation of a plan	-	-	-
Effect of changes in exchange rate	(2)	1	(1)
Effect of changes in scope of consolidation and other	12	(7)	5
Balance at December 31, 2018	**2,116**	**(529)**	**1,587**

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €596 million at December 31, 2018 (an expense of €634 million at December 31, 2017).

A 100 base point decrease in discount rates used for each plan would result in a €272 million increase in the amount of obligations at December 31, 2018 (€286 million at December 31, 2017), and a 100 base point increase in discount rates used for each plan would result in a €229 million decrease in the amount of obligations at December 31, 2018 (€230 million at December 31, 2017).

F – Fair value of fund assets

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

(€ million)	December 31, 2018		
	Assets listed on active markets	**Unlisted assets**	**Total**
Pension funds			
Cash and cash equivalents	1	-	1
Shares	83	-	83
Bonds	177	-	177
Shares in mutual funds and other	37	4	41
Total – Pension funds	**298**	**4**	**302**
Insurance companies			
Cash and cash equivalents	-	7	7
Shares	8	-	8
Bonds	176	5	181
Real estate property	15	1	16
Shares in mutual funds and other	5	10	15
Total - Insurance companies	**204**	**23**	**227**
TOTAL	**502**	**27**	**529**

Pension fund assets mainly relate to plans located in the United Kingdom (56.1%). Insurance contracts principally concern France (10.9%), Germany (6.1%), the Netherlands (19.7%) and Switzerland (6%). 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 (1.28)% in 2018 (5.17% in 2017).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2019 is approximately €14 million.

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

NOTE 20 – CHANGE IN PROVISIONS

(€ million)	Restructuring provisions	Warranty provisions	Income tax provisions	Provisions for litigation and risks concerning other taxes	Provisions for insurance activities (1)	Provisions for commitments given (2)	Other provisions	Total
At December 31, 2017	**319**	**973**	**145**	**175**	**432**	**-**	**385**	**2,429**
Increases	294	660	66	98	81	7	95	1,301
Reversals of provisions for application	(145)	(542)	(34)	(30)	(32)	(2)	(96)	(881)
Reversals of unused balance of provisions	(28)	(58)	(10)	(42)	-	(6)	(43)	(187)
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Translation adjustments and other changes	(3)	(32)	(5)	(18)	(1)	6	59	6
At December 31, 2018 (3)	**437**	**1,001**	**162**	**183**	**480**	**5**	**400**	**2,668**

(1) Mainly technical reserves established by the Sales Financing segment's insurance companies.
(2) Including provisions for expected losses on financing and warranty commitments given by the Sales Financing segment amounting to €5 million at December 31, 2018 (€6 million at December 31, 2017 due to application of IFRS 9, presented in translation adjustments and other changes, see note 2-A1.5).
(3) Short-term portion of provisions: €1,065 million; long-term portion of provisions: €1,603 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. During 2018, the Group recorded no significant new litigation in provisions. Information on contingent liabilities is provided in note 28-A2.

Increases to restructuring provisions essentially comprise the effect of workforce adjustment measures in the Europe region (note 6-A).

At December 31, 2018, "Other provisions" include €99 million of provisions established in application of environmental regulations (€70 million at December 31, 2017). These include provisions to cover expenses relating to end-of-life vehicles and used batteries, the costs of a plan to improve nitrogen oxide (NOx) emissions by diesel vehicles amounting to €23 million (note 28-A2), and environmental compliance costs for industrial land that the Group intends to sell in the Europe region and for industrial sites in Americas and Eurasia regions. They also include €2 million for depollution of commercial land belonging to Renault Retail Group (€3 million at December 31, 2017).

NOTE 21 – OTHER CURRENT AND NON-CURRENT LIABILITIES

(€ million)	December 31, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Tax liabilities (excluding current taxes due)	45	1,176	1,221	55	1,278	1,333
Current taxes due	-	289	289	-	246	246
Social liabilities	21	1,451	1,472	22	1,434	1,456
Other liabilities	169	5,723	5,892	189	5,918	6,107
Deferred income	1,337	1,573	2,910	1,313	1,308	2,621
Derivatives on operating transactions of the Automotive segments	-	5	5	-	2	2
Total	**1,572**	**10,217**	**11,789**	**1,579**	**10,186**	**11,765**

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment (€408 million at December 31, 2018 and €518 million at December 31, 2017) and amounts payable under sales incentive programs (€2,442 million at December 31, 2018 and €2,706 million at December 31, 2017).

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, 2018 (1)			December 31, 2017		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Investments in non-controlled entities	853	-	853	1,306	-	1,306
Marketable securities and negotiable debt instruments	-	921	921	-	1,184	1 ,184
Loans	27	664	691	27	485	512
Derivatives on financing operations by the Automotive segments	48	378	426	62	263	325
Total financial assets	**928**	**1,963**	**2,891**	**1,395**	**1,932**	**3,327**
Gross value	*928*	*1,974*	*2,902*	*1,400*	*1,936*	*3,336*
Impairment	-	*(11)*	*(11)*	*(5)*	*(4)*	*(9)*
Cash equivalents	-	8,091	8,091	-	6,640	6,640
Cash	-	6,686	6,686	-	7,417	7,417
Total cash and cash equivalents	**-**	**14,777**	**14,777**	**-**	**14,057**	**14,057**

(1) Investments in non-significant companies controlled jointly by the Group or over which it has significant influence, which were previously classified as Available-for-sale financial assets, are now presented as required by IFRS 11 "Joint arrangements" and IAS 28 "Investments in Associates and Joint Ventures" which would apply to them if they were consolidated (note 2-A1 and 13). Investments in non-controlled companies reclassified to investments in other associates and joint ventures accounted for by the equity method as a result of this change amount to €28 million at December 31, 2018 (note 13).

Information on the counterparty risks associated with financial assets and cash and cash equivalents is provided in notes 25-B6 and 25-C2.

B – Investments in non-controlled entities

At December 31, 2018, investments in non-controlled entities include €755 million (€1,165 million at December 31, 2017) for the Daimler shares purchased under the strategic partnership agreement. With the application of IFRS 9, these shares are carried at fair value through other components of comprehensive income by option, and their fair value is determined by reference to the stock market price. If the Daimler shares were sold, the gain on sale would not be transferred to profit and loss. At December 31, 2018, the unrealized gain on the Daimler shares held is €171 million. At December 31, 2018, the stock market price (€45.91 per share) was higher than the acquisition price (€35.52 per share). The corresponding decline in fair value over the year, amounting to €409 million (compared to a €2 million decrease in 2017), is recorded in other components of comprehensive income for 2018.

Investments in non-controlled entities also include €57 million at December 31, 2018 (€67 million at December 31, 2017) paid to the Fund for the Future of the Automobile (*Fonds Avenir Automobile* – FAA). 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, 2018 is €55 million.

The fair value of these securities is determined by reference to the most recent net asset value reported by the FAA's management company, after adjustment for any relevant information that becomes known afterwards.

C – Cash not available to the Group

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.

Some current bank accounts held by the Sales Financing Securitization Fund are used to increase credit on securitized receivables, and consequently act as guarantees in the event of default on payment of receivables (note 15-B1). These current bank accounts amount to €551 million at December 31, 2018 (€506 million at December 31, 2017).

NOTE 23 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

A – Current / non-current breakdown

(€ million)	December 31, 2018			December 31, 2017 [(1)]		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	277	-	277	273	-	273
Bonds	4,665	581	5,246	3,233	1,471	4,704
Other debts represented by a certificate	-	649	649	-	609	609
Borrowings from credit institutions	314	643	957	329	806	1,135
Other interest-bearing borrowings [(2)]	210	152	362	212	181	393
Financial liabilities of the Automotive (excluding AVTOVAZ) segment	**5,466**	**2,025**	**7,491**	**4,047**	**3,067**	**7,114**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	42	353	395	64	234	298
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**5,508**	**2,378**	**7,886**	**4,111**	**3,301**	**7,412**
Borrowings from credit institutions	667	85	752	531	490	1,021
Other interest-bearing borrowings	6	-	6	2	1	3
Other non-interest-bearing borrowings	15	-	15	463	-	463
Financial liabilities of AVTOVAZ (excluding derivatives) [(3)]	**688**	**85**	**773**	**996**	**491**	**1,487**
Total financial liabilities of the Automotive segment including AVTOVAZ	**6,196**	**2,463**	**8,659**	**5,107**	**3,792**	**8,899**
DIAC redeemable shares	13	-	13	13	-	13
Bonds	-	18,902	18,902	-	17,885	17,885
Other debts represented by a certificate	-	4,527	4,527	-	3,363	3,363
Borrowings from credit institutions	-	4,931	4,931	-	4,944	4,944
Other interest-bearing borrowings	-	16,053	16,053	-	15,085	15,085
Financial liabilities and debts of the Sales Financing segment (excluding derivatives)	**13**	**44,413**	**44,426**	**13**	**41,277**	**41,290**
Derivatives on financing operations of the Sales Financing segment	-	82	82	-	118	118
Financial liabilities and debts of the Sales Financing segment	**13**	**44,495**	**44,508**	**13**	**41,395**	**41,408**
Total financial liabilities of the Automotive segment including AVTOVAZ, and financial liabilities and debts of the Sales Financing segment	**6,209**	**46,958**	**53,167**	**5,120**	**45,187**	**50,307**

(1) The figures at December 31, 2017 include an adjustment due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5). The stock market value of Renault SA redeemable shares is €479 million at December 31, 2018 and €554 million at December 31, 2017.

(2) The Automotive (excluding AVTOVAZ) segment's financial lease liability amounts to €72 million at December 31, 2018 (€79 million at December 31, 2017).

(3) Figures are represented excluding intragroup transactions. Intragroup transactions between the Automotive (excluding AVTOVAZ) and AVTOVAZ segments are presented in the consolidated financial position by segment in section 4.2.6.1.A2. The AVTOVAZ financial lease liability amounts to €3 million at December 31, 2018 (€5 million at December 31, 2017).

B – Changes in Automotive financial liabilities and derivatives assets on financing operations

(€ million)	**December 31, 2017** [(1)]	**Change in cash flows**	**Change resulting from acquisition or loss of control over subsidiaries and other operating units**	**Foreign exchange changes with no effect on cash flows**	**Other changes with no effect on cash flows**	**December 31, 2018**
Renault SA redeemable shares	273	-	-	-	4	277
Bonds	4,704	440	-	108	(6)	5,246
Other debts represented by a certificate	609	40	-	-	-	649
Borrowings from credit institutions	1,135	(257)	-	85	(6)	957
Other interest-bearing borrowings	393	(40)	(1)	(30)	40	362
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	**7,114**	**183**	**(1)**	**163**	**32**	**7,491**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	298	282	-	(185)	-	395
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**7,412**	**465**	**(1)**	**(22)**	**32**	**7,886**
Borrowings from credit institutions	1,021	(149)	(2)	(118)	-	752
Other interest-bearing borrowings	3	3	-	-	-	6
Other non-interest-bearing borrowings	463	-	-	(29)	(419)	15
Financial liabilities of AVTOVAZ (excluding derivatives) [(2)]	**1,487**	**(146)**	**(2)**	**(147)**	**(419)**	**773**
TOTAL AUTOMOTIVE FINANCIAL LIABILITIES INCLUDING AVTOVAZ (a)	**8,899**	**319**	**(3)**	**(169)**	**(387)**	**8,659**
Derivative assets on Automotive financing operations (excluding AVTOVAZ) (b)	325	121	-	(16)	(4)	426
Net change in Automotive financial liabilities in consolidated cash flows (section 4.2.5) (a) – (b)		**198**				

(1) The figures at December 31, 2017 include an adjustment due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

(2) Figures are presented excluding intragroup transactions. Intragroup transactions between the Automotive (excluding AVTOVAZ) and AVTOVAZ segments are presented in the consolidated financial position by segment in section 4.2.6.1-A2.

C – Financial liabilities and sales financing liabilities of the Automotive (excluding AVTOVAZ) and Sales Financing segments

Changes in redeemable shares of the Automotive (excluding AVTOVAZ) segment

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares listed on the Paris Stock Exchange. 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 €21 million for 2018 (€19 million for 2017), is included in interest expenses.

Following a voluntary change of accounting method (note 2-A3), redeemable shares are now stated at amortized cost, having previously been carried at fair value through profit and loss. Fair value was determined by reference to the stock market value at each reporting date. These shares are traded for €601 at December 31, 2018 and €695 at December 31, 2017. Continuing to state them at fair value would have generated pre-tax income of €75 million to be included in financial income (other financial income and expenses) corresponding to the change in fair value during the year 2018. The fair value of the redeemable shares at December 31, 2018 is €479 million (€554 million at December 31, 2017).

Changes in bonds of the Automotive (excluding AVTOVAZ) segment

Renault SA issued two bonds under its EMTN programme: two Eurobonds, one with nominal value of €700 million issued on April 18, 2018 with 6-year maturity and a coupon of 1%, and the other with nominal value of €750 million issued on September 28, 2018 with 8-year maturity and a 2% coupon.

Also, as part of its “Shelf Registration” programme, Renault SA issued a Samurai bond on the Japanese market on July 3, 2018 for a total of ¥57.4 billion. This new Samurai bond has two tranches, one with nominal value of ¥39.1 billion, 3-year maturity and a coupon of 0.36%, and the other with nominal value of ¥18.3 billion, 5-year maturity and a coupon of 0.49%.

In 2018, the total amount of bonds issued by Renault SA is €1,895 million and total bond redemptions amount to €1,432 million. Renault Do Brasil SA redeemed a bond in the amount of €23 million.

Changes in debts of the Sales Financing segment

In 2018, RCI Banque group issued new bonds totalling €4,245 million and maturing between 2019 and 2026, and redeemed bonds for a total of €3,148 million.

Savings deposits collected rose by €929 million in 2018 (€649 million of sight deposits and €280 million of term deposits) to €15,863 million (€12,120 million of sight deposits and €3,743 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, France and in the United Kingdom.

Credit lines

At December 31, 2018, Renault SA’s confirmed credit lines opened with banks amounted to the equivalent of €3,480 million (€3,405 million at December 31, 2017). These credit lines have maturities of over one year and were unused at December 31, 2018 (and at December 31, 2017).

Also, at December 31, 2018, the Sales Financing segment’s confirmed credit lines opened in several currencies with banks amounted to €4,820 million (€4,934 at December 31, 2017). These credit lines were drawn to the extent of €22 million at December 31, 2018 (€23 million at December 31, 2017).

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.

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, 2018.

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

Financial liabilities of the Automotive (excluding AVTOVAZ) segment

(€ million)	December 31, 2018							
	Balance sheet value	**Total contractual flows**	- 1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	+ 5 yrs
Bonds by issued by Renault SA (by issue date)								
2014	500	500	-	-	500	-	-	-
2015	56	56	56	-	-	-	-	-
2016	477	477	477	-	-	-	-	-
2017	2,270	2,270	-	559	-	211	750	750
2018	1,906	1,906	-	-	311	-	145	1,450
Bonds issued by Renault Do Brasil (by issue date)								
2016	29	29	23	6	-	-	-	-
Accrued interest, expenses and premiums	8	31	31	-	-	-	-	-
Total bonds	**5,246**	**5,269**	**587**	**565**	**811**	**211**	**895**	**2,200**
Other debts represented by a certificate	649	649	649	-	-	-	-	-
Borrowings from credit institutions	957	1,002	649	154	75	-	50	74
Other interest-bearing borrowings	362	341	201	26	28	20	19	47
Total other financial liabilities	**1,968**	**1,992**	**1,499**	**180**	**103**	**20**	**69**	**121**
Future interest on bonds and other financial liabilities	**-**	**286**	**30**	**57**	**55**	**39**	**38**	**67**
Redeemable shares	**277**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivatives on financing operations	**395**	**394**	**353**	**27**	**2**	**9**	**3**	**-**
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**7,886**	**7,941**	**2,469**	**829**	**971**	**279**	**1,005**	**2,388**

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

(€ million)	December 31, 2018			
	Contractual flows maturing within 1 yr	- 1 month	1 to 3 months	3 months to 1 year
Bonds	587	2	20	565
Other financial liabilities	1,499	463	277	759
Future interest on bonds and other financial liabilities	30	-	12	18
Derivatives on financing operations	353	132	63	158
Total financial liabilities maturing within 1 year	**2,469**	**597**	**372**	**1,500**

Financial liabilities and debts of the Sales Financing segment

(€ million)	December 31, 2018							
	Balance sheet value	**Total contractual flows**	- 1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	+ 5 yrs
Bonds issued by RCI Banque (by issue date)								
2014	1,392	1,380	880	-	500	-	-	-
2015	1,797	1,781	31	1,000	-	750	-	-
2016	4,432	4,438	2,338	-	750	-	1,350	-
2017	6,967	6,959	223	1,479	777	2,730	-	1,750
2018	4,261	4,242	7	686	1,324	64	861	1,300
Accrued interest, expenses and premiums	53	99	88	5	4	2	-	-
Total bonds	**18,902**	**18,899**	**3,567**	**3,170**	**3,355**	**3,546**	**2,211**	**3,050**
Other debts represented by a certificate	4,527	4,530	2,397	1,737	280	116	-	-
Borrowings from credit institutions (1)	4,931	4,931	1,170	2,796	795	165	5	-
Other interest-bearing borrowings	16,053	16,054	14,652	864	334	107	97	-
Total other financial liabilities	**25,511**	**25,515**	**18,219**	**5,397**	**1,409**	**388**	**102**	**-**
Future interest on bonds and other financial liabilities	**-**	**1,105**	**259**	**320**	**225**	**154**	**62**	**85**
Redeemable shares	**13**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative liabilities on financing operations	**82**	**44**	**18**	**8**	**8**	**3**	**7**	**-**
Total financial liabilities and debts of the Sales Financing segment	**44,508**	**45,563**	**22,063**	**8,895**	**4,997**	**4,091**	**2,382**	**3,135**

(1) Including €2.5 billion for "TLTRO" long-term financing operations introduced by the European Central Bank in late 2014 and progressively being used by RCI Banque.

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

(€ million)	December 31, 2018			
	Contractual flows maturing within 1 year	-1 month	1 to 3 months	3 months to 1 year
Bond	3,567	11	25	3,531
Other financial liabilities	18,219	13,740	1,318	3,161
Future interest on bonds and other financial liabilities	259	19	21	219
Derivative liabilities on financing operations	18	2	1	15
Total financial liabilities maturing within 1 year	**22,063**	**13,772**	**1,365**	**6,926**

D – Financial liabilities of the AVTOVAZ segment

The AVTOVAZ segment's current financial liabilities consist of the following:

(€ million)	**December 31, 2018**	**December 31, 2017**
Rouble-denominated bank loans	88	494
Foreign currency-denominated bank loans	-	1
Other rouble-denominated interest-bearing loans (1)	-	37
Total current loans and borrowings of the AVTOVAZ Group	**88**	**532**
Current financial liabilities of Alliance Rostec Auto b.v.	6	-
Total current financial liabilities of the AVTOVAZ segment	**94**	**532**
Less current loans and borrowings from Renault s.a.s. and intragroup cash	(9)	(41) (1)
Total current financial liabilities of the AVTOVAZ segment	**85**	**491**

(1) Essentially liabilities allocated in 2018 to settlement of the capital increases of Alliance Rostec Auto b.v. and AVTOVAZ (see note 3-B).

The AVTOVAZ segment's non-current financial liabilities consist of the following:

(€ million)	**December 31, 2018**	**December 31, 2017**
Rouble-denominated bank loans	673	531
Rouble-denominated interest-free loans (1)	-	442
Rouble-denominated interest-free promissory notes	15	14
Other foreign currency-denominated interest-bearing loans and borrowings	-	51
Total non-current loans and borrowings of the AVTOVAZ Group	**688**	**1,038**
Total non-current loans and borrowings of Alliance Rostec Auto b.v.	-	173
Total non-current loans and borrowings of the AVTOVAZ segment	**688**	**1,211**
Less non-current loans and borrowings from Renault s.a.s.	-	(215) (1)
Non-current financial liabilities of the AVTOVAZ segment	**688**	**996**

(1) Liabilities allocated in 2018 to settlement of the capital increases of Alliance Rostec Auto b.v. and AVTOVAZ (see note 3-B).

Rouble-denominated interest-free loans and promissory notes consist of the following liabilities:

Issue date	**Maturity date (after extension)**	**December 31, 2018**				**December 31, 2017**			
		Nominal value		**Book value**		**Nominal value**		**Book value**	
		(Millions of roubles)	*(€ million)*	*(Millions of roubles)*	*(€ million)*	*(Millions of roubles)*	*(€ million)*	*(Millions of roubles)*	*(€ million)*
Rouble-denominated interest-free loans (1)									
June 5, 2009	June 5, 2032	-	-	-	-	25,000	360	25,000	360
April 29, 2010	April 29, 2032	20,582	258	-	-	26,282	379	5,700	82
Total		**20,582**	**258**	**-**	**-**	**51,282**	**739**	**30,700**	**442**
Rouble-denominated interest-free promissory notes									
April 23, 2001	March 7, 2020	1,481	19	1,209	15	**1,481**	**21**	**987**	**14**

(1) Liabilities allocated in 2018 to settlement of the capital increases of Alliance Rostec Auto b.v. and AVTOVAZ (30.7 billion roubles, see note 3-B).

During 2018, the AVTOVAZ group repaid financial liabilities totalling €347 million and contracted new financial liabilities totalling €206 million.

At December 31, 2018, the AVTOVAZ group's average interest rate was 10.16% for outstanding rouble-denominated bank loans (at December 31 2017, the average rate was 11.15% for loans in roubles and 3.00% for loans in other currencies). At December 31, 2018, the AVTOVAZ group had €414 million of floating-rate bank loans (€193 million at December 31, 2017).

At December 31, 2018, the AVTOVAZ group has confirmed credit lines opened with banks in the amount of €1,299 million (€1,304 million at December 31, 2017). At December 31, 2018, the AVTOVAZ group has €519 million of undrawn available confirmed borrowing facilities (€262 million at December 31, 2017), of which €329 million were available for operating activities and €190 million were available for investment activities (€2 million and €260 million respectively at December 31, 2017).

At December 31, 2018, the AVTOVAZ group was in compliance with all the covenants included in its loan agreements with banks.

Non-current financial liabilities are repayable as follows:

(€ million)	**December 31, 2018**	**December 31, 2017**
Current portion of loans and borrowings	82	403
1 to 5 years	711	491
> 5 years	267	936
Total long-term loans and borrowings	**1,060**	**1,830**
Less current portion of loans and borrowings	(82)	(403)
Less adjustment for discounting interest-free rouble-denominated liabilities	(290)	(389)
Long-term portion of loans and borrowings of the AVTOVAZ Group	**688**	**1,038**
1 to 5 years	-	173
Long-term loans and borrowings of Alliance Rostec Auto b.v.	**-**	**173**
Non-current loans and borrowings of the AVTOVAZ segment	**688**	**1,211**
Less long-term portion of loans and borrowings from Renault s.a.s.	-	(215)
Total non-current loans and borrowings of the AVTOVAZ segment	**688**	**996**

At December 31, the AVTOVAZ group's loans and borrowings of €357 million are guaranteed by property, plant and equipment in the amount of €86 million (at December 31, 2017, €725 million of loans and borrowings were guaranteed by €164 million of property, plant and equipment, €19 million of finished goods and 100% of the shares of AO Lada-Servis and AO ZAK).

NOTE 24 – FINANCIAL INSTRUMENTS BY LEVEL, FAIR VALUE AND IMPACT ON NET INCOME

A – Financial instruments by category and fair value by level

IFRS 9, which is applicable from 2018, defines 3 categories of financial instruments:

- financial assets at fair value through other components of comprehensive income;
- financial assets at fair value through profit or loss;
- loans and receivables carried at amortized cost.

The following breakdown by level of fair value 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; fair value is generally identical to the most recent quoted price;
- 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; the fair value of investments in non-controlled entities is generally based on the share of net assets.

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 2018, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

(€ million)			December 31, 2018								
FINANCIAL ASSETS AND OTHER ASSETS	Notes	**Balance sheet value**						**Fair value of financial assets at amortized cost**	**Fair value level of financial assets at fair value**		
		Fair value through profit and loss [1]	Fair value of hedging instruments [1]	Equity instruments at fair value through other components of comprehensive income [1]	Debt instruments at fair value through other components of comprehensive income [1]	Equity instruments valued under the applicable standard [1]	Amortized cost [1]		**Level 1**	**Level 2**	**Level 3**
Sales financing receivables	15	-	-	-	-	-	42,067	41,826 [2]			
Automotive customer receivables	16	-	-	-	-	-	1,399	[3]			
Tax receivables (including current taxes due)	17	-	-	-	-	-	2,307	[3]			
Other receivables and prepaid expenses	17	-	-	-	-	-	2,782	[3]			
Loans	22	-	-	-	-	-	691	[3]			
Cash equivalents	22	-	-	-	-	-	4,293	[3]			
Cash	22	-	-	-	-	-	6,686	[3]			
Total financial assets recorded at amortized cost		**-**	**-**	**-**	**-**		**60,225**				
Derivatives on operating transactions of the Automotive segments	17	-	5	-	-	-	-		-	5	-
Derivatives on financing operations of the Sales Financing segment	17	-	38	-	-	-	-		-	38	-
Investments in non-controlled entities	22	-	-	755	-	-	-		755	-	-
Marketable securities and negotiable debt instruments	22	-	-	-	838	-	-		838	-	-
Derivatives on financing operations by the Automotive segments	22	-	-	-	-	-	-		-	-	-
Cash equivalents	22	-	-	-	86	-	-		86	-	-
Total financial assets at fair value through equity		**-**	**43**	**755**	**924**	**-**	**-**		**1,679**	**43**	**-**
Derivatives on operating transactions of the Automotive segments	17	5	-	-	-	-	-		-	5	-
Derivatives on financing operations of the Sales Financing segment	17	17	68	-	-	-	-		-	85	-
Investments in non-controlled entities	22	98	-	-	-	-	-		-	-	98
Marketable securities and negotiable debt instruments	22	-	-	-	83	-	-		83	-	-
Derivatives on financing operations of the Automotive segments	22	425	1	-	-	-	-		-	426	-
Cash equivalents	22	3,712	-	-	-	-	-		3 712	-	-
Total financial assets at fair value through profit and loss		**4,257**	**69**	**-**	**83**	**-**	**-**		**3,795**	**516**	**98**
Investments in unconsolidated controlled entities	17	-	-	-	-	153	-				
Total unconsolidated equity instruments valued under the applicable standard		**-**	**-**	**-**	**-**	**153**	**-**				
Total financial assets		**4,257**	**112**	**755**	**1,007**	**153**	**60,225**		**5,474**	**559**	**98**

(1) Financial assets are presented in accordance with IFRS 9 "Financial Instruments" applicable from 2018 or under the applicable standard: IFRS 10 "Consolidated Financial Statements" for investments in unconsolidated companies.

(2) The fair value of sales financing receivables 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.

(3) The Group does not report the fair value of financial assets such as Automotive customer receivables, tax receivables or cash and cash equivalents because their net book value after impairment is a reasonable approximation of their fair value.

(€ million)		December 31, 2018							
FINANCIAL LIABILITIES OTHER LIABILITIES	Notes	**Balance sheet value**				**Fair value of financial assets at amortized cost**	**Fair value level of financial liabilities at fair value**		
		Held for trading	Initially designated as measured at fair value through profit and loss	Hedging derivatives	Other financial liabilities		**Level 1**	**Level 2**	**Level 3**
Tax liabilities (including current taxes due)	21	-	-	-	1,510	(1)			
Social liabilities	21	-	-	-	1,472	(1)			
Other liabilities and deferred income	21	-	-	-	8,802	(1)			
Trade payables	21	-	-	-	9,505	(1)			
Renault redeemable shares	23	-	-	-	277	(2)			
Bonds (*)	23	-	-	-	24,148	23,840 (3)			
Other debts represented by a certificate (*)	23	-	-	-	5,176	5,039 (3)			
Borrowings from credit institutions (*)	23	-	-	-	6,640	6,523 (3)			
Other interest-bearing and non-interest-bearing borrowings (*)	23	-	-	-	16,436	16,337 (3)			
Total financial liabilities recorded at amortized cost		**-**	**-**	**-**	**73,966**				
(*) Financial liabilities and debts of the Automotive (excluding AVTOVAZ) segment					7,214	7,101			
Financial liabilities and debts of AVTOVAZ					773	788			
Financial liabilities and debts of the Sales Financing segment					44,413	43,850			
Derivatives on operating transactions of the Automotive segments	21	-	-	4	-		-	4	-
Derivatives on financing operations of the Automotive segments	23	-	-	2	-		-	2	-
Derivatives on financing operations of the Sales Financing segment	23	-	-	68	-		-	68	-
Total financial liabilities at fair value through equity		**-**	**-**	**74**	**-**		**-**	**74**	**-**
Derivatives on operating transactions of the Automotive segments	21	1	-	-	-		-	1	-
DIAC redeemable shares	23	-	13	-	-		13	-	-
Derivatives on financing operations of the Automotive segments	23	393	-	-	-		-	393	-
Derivatives on financing operations of the Sales Financing segment	23	8	-	6	-		-	14	-
Total financial liabilities at fair value through profit and loss		**402**	**13**	**6**	**-**		**13**	**408**	**-**
Total financial liabilities		**402**	**13**	**80**	**-**		**13**	**482**	**-**

(1) The Group does not report the fair value of financial liabilities such as trade payables, tax liabilities and social liabilities, because their book value is a reasonable approximation of their fair value.
(2) The fair value of Renault redeemable shares is identical to the stock market price.
(3) The fair value of the Automotive (excluding AVTOVAZ) segment's financial liabilities and sales financing debts measured at amortized cost is essentially determined by discounting future cash flows at rates offered to Renault at December 31, 2018 for loans with similar conditions and maturities. The rates offered 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. The fair value of AVTOVAZ financial liabilities measured at amortized cost is determined by discounting future cash flows using rates currently available for borrowings with similar terms, credit risk and remaining maturities. The discount rate used to estimate the fair value of AVTOVAZ long term borrowings was 11% at December 31, 2018.

B – Changes in Level 3 financial instruments

Level 3 financial instruments mainly correspond to investments in non-controlled entities (€98 million at December 31, 2018 and €100 million at December 31, 2017). In an exception to the general approach, these instruments are still carried at historical cost, but if this is inappropriate they are valued on the basis of the share of net assets or using a method based on non-observable data.

C – Impact of financial instruments on net income

(€ million) 2018	Financial assets other than derivatives			Financial liabilities other than derivatives		Derivatives	Total impact on net income
	Instruments measured at fair value through profit and loss	Instruments measured at fair value through equity	Instruments measured at amortized cost	Instruments designated as measured at fair value through profit and loss	Instruments measured at amortized cost [(1)]		
Operating margin	1	-	56	(2)	(147)	2	(90)
Net financial income (expenses)	(9)	60	192	-	(296)	(134)	(188)
Impact on net income – Automotive (excluding AVTOVAZ) segment	**(8)**	**60**	**248**	**(2)**	**(443)**	**(132)**	**(277)**
Operating margin	-	-	(4)	-	-	-	(4)
Net financial income (expenses)	-	-	8	-	(102)	-	(94)
Impact on net income – AVTOVAZ segment	**-**	**-**	**4**	**-**	**(102)**	**-**	**(98)**
Operating margin	(29)	7	1,435	(1)	(795)	49	678
Impact on net income – Sales Financing segment	**(29)**	**7**	**1,435**	**(1)**	**(795)**	**49**	**665**
Total gains (losses) with impact on net income	**(37)**	**67**	**1,687**	**(3)**	**(1,340)**	**(83)**	**289**

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

For the Automotive (excluding AVTOVAZ) and AVTOVAZ segments, the impact of financial instruments on the operating margin mainly corresponds to foreign exchange gains and losses on operating transactions, and impairment of operating receivables.

D – Fair value hedges

(€ million)	**2018**	**2017**
Change in fair value of the hedging instrument	26	(113)
Change in fair value of the hedged item	(27)	128
Net impact on net income of fair value hedges	**(1)**	**15 [(1)]**

(1) Including the Sales Financing segment (€14 million in 2017).

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
December 31, 2018	Non-current	Current	Current	Non-current	Current	Current
Cash flow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Net investment hedge in Nissan	-	-	-	-	-	-
Derivatives not qualified as hedging instruments	35	382	21	24	351	-
Total foreign exchange risk	**35**	**382**	**21**	**24**	**351**	**-**
Cash flow hedges	-	-	38	2	68	-
Fair value hedges	-	1	68	-	6	-
Derivatives not qualified as hedging instruments	13	(5)	1	16	10	-
Total interest rate risk	**13**	**(4)**	**107**	**18**	**84**	**-**
Cash flow hedges	-	-	5	-	-	4
Fair value hedges	-	-	-	-	-	-
Derivatives not qualified as hedging instruments	-	-	-	-	-	1
Total commodity risk	**-**	**-**	**5**	**-**	**-**	**5**
Total	**48**	**378**	**133**	**42**	**435**	**5**

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) December 31, 2018	**Amounts in the statement of financial position eligible for netting**	**Amounts not netted in the statement of financial position** *Financial instruments assets/liabilities*	*Guarantees included in liabilities*	*Off balance sheet guarantees*	**Net amounts**
ASSETS					
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	427	(240)	-	-	187
Derivatives on financing operations of the Sales Financing segment	123	(31)	-	-	92
Cash and cash equivalents(1)	250	-	-	(250)	-
Sales financing receivables on dealers (2)	425	-	(174)	-	251
TOTAL ASSETS	**1,225**	**(271)**	**(174)**	**(250)**	**530**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	395	(240)	-	-	155
Derivatives on financing operations of the Sales Financing segment	82	(31)	-	-	51
TOTAL LIABILITIES	**477**	**(271)**	**-**	**-**	**206**

(1) This concerns a loan guaranteed by securities (reverse repo). The securities received as guarantees are included in Assets pledged, provided as guarantees or mortgaged in commitments received (see note 28-B).
(2) Sales financing receivables held by Banco RCI Brasil, whose exposure is covered by pledges of "letras de cambio" (bills of exchange) subscribed by dealers and reported under other debts represented by a certificate.

B – Management of financial risks of the Automotive (excluding AVTOVAZ) and Sales Financing segments

The Automotive (excluding AVTOVAZ) and Sales Financing segments are exposed to the following financial risks:

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

B1 – Liquidity risks

The Automotive (excluding AVTOVAZ) and Sales Financing segments are financed via the capital markets, through:

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

The **Automotive (excluding AVTOVAZ)** 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 (excluding AVTOVAZ) segment, and this exposes it to liquidity risks 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 (excluding AVTOVAZ) 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 (excluding AVTOVAZ) segment in 2018 was mostly provided by bond issues. Renault SA issued two bonds under its EMTN programme: two Eurobonds, one with nominal value of €700 million issued on April 18, 2018 with 6-year maturity and a coupon of 1%, and the other with nominal value of €750 million issued on September 28, 2018 with 8-year maturity and a 2% coupon.

Also, as part of its "Shelf Registration" programme, Renault SA issued a ¥57.4 billion Samurai bond on the Japanese market on July 3, 2018. This new Samurai bond has two tranches, one with nominal value of ¥39.1 billion, 3-year maturity and a coupon of 0.36%, and the other with nominal value of ¥18.3 billion, 5-year maturity and a coupon of 0.49%.

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 (excluding AVTOVAZ) segment also has confirmed credit lines opened with banks worth €3,480 million, maturing at various times up to 2023. None of these credit lines was drawn at December 31, 2018. These confirmed credit facilities form a liquidity reserve.

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 (€11.8 billion) and confirmed credit lines unused at year-end (€3.5 billion), the Automotive (excluding AVTOVAZ) segment has sufficient financial resources to cover its commitments over a 12-month horizon.

Confirmed credit lines unused are described in note 23-C.

The **Sales Financing** segment is very attentive to diversification of its sources of liquidity. 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 follows the recommendations of the European Banking Authority and the European Central Bank for an Internal Liquidity Adequacy Assessment Process (ILAAP). It uses several indicators and analyses (static liquidity, liquidity reserve, several stress scenarios), which are updated and reported to RCI Banque's Financial Committee. The stress scenarios include assumptions concerning the deposit leak, loss of access to new financing, partial unavailability of certain elements of the liquidity reserve and forecasts for issuance of new credit. The stressed assumptions for deposit leaks are very conservative and are regularly back tested.

In 2018, the Sales Financing segment issued the equivalent of €2.9 billion in public bonds. The Group successively issued a floating-rate €750 million 5-year bond, a dual-tranche €1.3 billion bond (3-year fixed-rate €750 million, and 7-year variable-rate €550 million), then an 8-year fixed-rate €750 million bond. In parallel, the company issued a CHF125 million fixed-rate 5-year bond, which both diversified its investor base and financed assets in that currency.

Three private placements with maturities of two and three years were also undertaken for a total of €600 million.

On the secured refinancing segment, RCI Banque undertook a public securitization transaction backed by automotive loans in France, totaling €722.8 million, comprising €700 million of senior instruments and €22.8 million of subordinated instruments.

The alternation of different maturities, coupon types and issue formats is part of the Sales Financing segment's diversification strategy for financing sources. This policy has been followed for several years, and enables the segment to reach the maximum number of investors.

The Sales Financing entities in Brazil, South Korea, Morocco, Argentina and for the first time Colombia also accessed to their domestic capital markets.

Savings deposits collected from private customers increased by €0.9 billion from 2017 and totalled €15.9 billion or 33.8% of net assets at December 31, 2018, in line with the company's objective of holding customer deposits equivalent to approximately one third of the customer financing issued.

With these resources, as well as resources held in Europe comprising €4.4 billion in undrawn confirmed credit lines with banks, €3.8 billion of collateral eligible for the European Central Bank's monetary policy operations, €2.2 billion of highly liquid assets (HQLA), and short-term financial assets amounting to €0.4 billion, RCI Banque is able to fund its customer financing for more than 12 months with no access to external resources.

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

B2 – Foreign exchange risks

- Management of foreign exchange risks

The **Automotive (excluding AVTOVAZ)** segment is exposed to foreign exchange risks in the course of its industrial and commercial business. These risks are monitored and centralized by Renault Financing and Treasury 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. The working capital is also sensitive to movements in exchange rates. Any hedges of such risks require formal authorization from the Finance department or General Management, and the results of these hedges are then reported to the General Management.

In contrast, the Automotive (excluding AVTOVAZ) segment's general policy is to minimize the foreign exchange risks affecting financing and investment flows in foreign currencies, to avoid any exchange–related distortion of the financial result. All the Automotive (excluding AVTOVAZ) segment's exposures to foreign exchange risks 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 (in currencies other than the euro) are not generally hedged. However, due to its importance, the investment in Nissan is subject to a partial foreign exchange hedge amounting to 204 billion yen at December 31, 2018 (note 12-G).

The subsidiary Renault Finance can undertake foreign exchange operations on its own behalf, within strictly defined risk limits. Its foreign exchange positions are monitored and valued in real time. This activity is chiefly intended to maintain the Group's expertise on the financial markets. It generates very short exposures and does not exceed some tens of millions of euros, and cannot therefore have a 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. Residual, temporal positions in foreign currencies related to the time differences in cash flow inherent to multi-currency cash management may still remain. They are monitored daily and the same hedging policy applies. 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 December 31, 2018 RCI Banque's consolidated foreign exchange position reached €9 million.

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to their foreign exchange risk management policy in 2018.

- Analysis of financial instruments' sensitivity to foreign exchange risks in the Automotive (excluding AVTOVAZ) segment

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 hedged assets or liabilities and related hedges for which changes in fair value of the hedged item and the hedging instrument almost totally offset each other in the income statement.

The impact on shareholders' equity (before tax) of a 1% rise in the Euro against other currencies is assessed by converting financial assets, cash flow hedges and the partial hedge of the investment in Nissan. For the Automotive (excluding AVTOVAZ) segment, this impact would be a favourable €16 million at December 31, 2018, mainly associated with the yen bond issues that make up the partial hedge of the investment in Nissan (see note 12-G).

The impact on net income of a 1% rise in the Euro against other currencies would be an unfavourable €11 million at December 31, 2018, mainly attributable to unhedged operating assets and liabilities denominated in a currency that is not the functional currency.

- Currency derivatives

(€ million)	**December 31, 2018**				**December 31, 2017**			
	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs
Currency swaps – purchases	3,101	1,408	1,693	-	3,852	1,207	2,645	-
Currency swaps – sales	3,092	1,393	1,699	-	3,914	1,234	2,680	-
Forward purchases	30,089	28,420	1,669	-	19,088	18,293	795	-
Forward sales	30,105	28,436	1,669	-	19,086	18,291	795	-

B3 – Interest rate risks

- Management of interest rate risks

The Renault Group's exposure to interest rate risks mainly concerns the Sales Financing segment's activity exercised by RCI Banque 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 these risks 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 risks 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 results 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 from 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 segment's commercial subsidiaries. The outstanding credit issued by sales financing subsidiaries is backed by fixed-interest resources, some of which are micro-hedged by interest rate swaps, and floating-rate resources. Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the refinancing holding company below the defined limit.

The **Automotive (excluding AVTOVAZ)** 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 remain at fixed rates as long as the rate curve is close to zero and the hedging ratio of floating-rate assets by floating-rate liabilities remains stable.

The financing in yen undertaken as part of the partial hedge of Nissan equity is fixed-rate.

The Automotive (excluding AVTOVAZ) 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.

Interest rate hedging instruments for the Automotive (excluding AVTOVAZ) segment are standard interest swaps that are adequately covered by hedged liabilities, such that no ineffectiveness is expected.

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to thier interest rate risk management policy in 2018.

- Analysis of financial instruments' sensitivity to interest rate risks

The Automotive (excluding AVTOVAZ) and Sales Financing segments are 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 before reclassification in profit or loss (section 4.2.2) of fixed rate debt instruments classified as financial assets at fair value through other components of comprehensive income 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 (excluding AVTOVAZ) 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 €106 million and €1 million respectively at December 31, 2018.

For the Sales Financing segment, the overall sensitivity to interest rate risks in 2018 remained below the limit set by the RCI Banque group (€50 million at December 31).

At December 31, 2018, a 100 point base point rise in interest rates would have the following impacts on net income and shareholders' equity (before taxes):

- +€3.4 million for items denominated in Euros.
- -€0.4 million for items denominated in Brazilian real.
- -€0.7 million for items denominated in Swiss francs.
- +€0.8 million for items denominated in pounds sterling.
- +€0.3 million for items denominated in Korean won.
- +€1.4 million for items denominated in Moroccan dirham.
- -€0.4 million for items denominated in Czech korunas.

The sum of the absolute sensitivities in each currency amounts to €7.8 million.

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

(€ million)	**December 31, 2018**	**December 31, 2017**
Financial liabilities before hedging: fixed rate (a)	27,006	25,887
Financial liabilities before hedging: floating rate (a')	24,621	22,231
Financial liabilities before hedging (without redeemable shares) of the Group (excluding AVTOVAZ)	**51,627**	**48,118**
Hedges: floating rate / fixed (b)	9,844	8,743
Hedges: fixed rate / floating (b')	7,702	7,987
Hedges	**17,546**	**16,730**
Financial liabilities after hedging: fixed rate (a+b-b')	29,148	26,643
Financial liabilities after hedging: floating rate (a'+b'-b)	22,479	21,475
Financial liabilities after hedging (without redeemable shares) of the Group (excluding AVTOVAZ)	**51,627**	**48,118**

- Interest rate derivatives

(€ million)	**December 31, 2018**				**December 31, 2017**			
	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs
Interest rate swaps	23,867	8,361	13,506	2,000	22,838	7,583	12,905	2,350
Other interest rate hedging instruments	79	79	-	-	1	1	-	-

B4 – Equity risks

- Management of equity risks

The exposure of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment to equity risks essentially concerns the Daimler shares acquired in connection with the cooperation agreements, and marketable securities indexed to share prices. These two segments do not use equity derivatives to hedge these risks.

The Automotive (excluding AVTOVAZ) segment and the Sales Financing segment made no major changes to their equity risk management policy in 2018.

- 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 €76 million on shareholders' equity. The impact on net income is not significant at December 31, 2018.

B5 – Commodity risks

- Management of commodity risks

Commodity purchase prices can change suddenly and significantly, and cannot necessarily be passed through on vehicle sale prices. This may lead Renault's Purchases department to hedge part of its commodity risks using financial instruments. These hedges are subject to volume, duration and price limits.

In 2018 Renault undertook hedging operations on base metals and precious metals, within the limits validated by the Chairman and CEO.

The operations in progress at December 31, 2018 are classified for accounting purposes as cash flow hedges, and accordingly changes in their fair value are included in Other Components of Comprehensive Income to the extent of the effective portion of the hedges.

- 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 these risks.

A 10% increase in commodity prices for derivatives classified as hedging derivatives would have a positive impact of €9 million on Other Components of Comprehensive Income at December 31, 2018.

- Commodity derivatives

(€ million)	December 31, 2018				December 31, 2017			
	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs
Swaps	70	64	6	-	94	94	-	-
Zero-premium collars (option)	31	29	2	-	65	65	-	-

B6 – Counterparty and credit risks

<u>Credit risk on Automotive receivables</u>

The Automotive segment's exposure to credit risk is limited because of the assignment of many receivables leading to their deconsolidation, and systematic hedging of risks on export receivables. Non-assigned sales receivables and receivables covered by guarantee are regularly monitored.

<u>Credit risk on receivables and commitments given by the Sales Financing segment</u>

Credit risk relating to customers is assessed by a scoring system and monitored by type of activity (customers and dealers). Various internal rating systems are currently in use in the Sales Financing segment:

- A Group rating for "Dealers", used in each phase of relations with the borrower (initial acceptance, risk monitoring, provisioning),
- A Group rating for bank counterparties founded on each counterparty's external rating and equity level,
- Several different acceptance score systems for "Customers", depending on the subsidiaries and types of financing involved.

RCI Banque is constantly adjusting its acceptance policy to reflect the conditions of the economic environment.

The Group has detailed management procedures, notably covering collection of outstanding payments, with local versions in all the countries where they apply.

<u>Counterparty risk on other financial assets</u>

All entities of the Automotive and Sales Financing segments 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 each of these entities with significant exposure, compliance with authorized limits is monitored on a daily basis under strict internal control procedures

The Group produces a consolidated monthly report covering all its bank counterparties, organized by credit rating. This report provides a detailed analysis of compliance with limits in terms of amount, maturity and type, as well as a list of the main exposures.

Most deposits are contracted with large network banks and generally have terms shorter than 90 days, as this allows a good spread of the risk and lowers the systemic risk.

In the event of volatile macroeconomic situations that may arise in emergent countries and potentially affect their banking systems, the Group introduces an action plan to step up counterparty risk monitoring, and makes adjustments to the counterparty limits if necessary.

The exposure on each banking group is assessed monthly on a consolidated basis, with the Automotive and Sales Financing entities. 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 2018.

Impairment and provisions established to cover counterparty risks

(€ million)	Notes	December 31, 2017	Impairment	Reversals		Other	December 31, 2018
				For application	Of unused residual amounts		
Impairment of Sales Financing receivables	15	(610)	(500)	360	77	(107)	(780)
Impairment of Automotive receivables	16	(819)	(8)	-	-	48	(779)
Impairment of other receivables	17	(237)	(17)	-	-	(66)	(320)
Impairment of other financial assets	22	(9)	(2)	-	-	-	(11)
Provisions (commitments given)	20	-	7	(2)	(6)	6	5
Total coverage of counterparty risks		**(1,675)**	**(520)**	**358**	**71**	**(119)**	**(1,885)**

C – Management of AVTOVAZ Group financial risks

The AVTOVAZ Group's principal financial liabilities comprise bank loans, finance leases, trade payables and loans received. The main purpose of these financial liabilities is to raise finance for AVTOVAZ Group's operations. It has various financial assets such as trade receivables, cash, short-term deposits and loans issued, which arise directly from its operations.

In accordance with the Group's policy no trading in derivatives was undertaken in 2018. The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The AVTOVAZ Group is not exposed to any equity price risk.

C1 – Foreign exchange risks

The AVTOVAZ Group carries out sales both inside and outside the Russian Federation. As a result, the AVTOVAZ Group has currency exposures. Such exposure arises from sales in currencies other than AVTOVAZ's functional currency, i.e. the Russian rouble. Almost 98% of sales are denominated in Russian roubles, whilst approximately 6% of costs are denominated in currencies other than Russian roubles.

At December 31, 2018 the AVTOVAZ Group had €10 million of cash and cash equivalents, €8 million of trade and other receivables and €42 million of trade and other payables denominated in currencies other than the Russian rouble. Risk management is carried out by PJSC AVTOVAZ Finance Department, which identifies, evaluates and manages foreign exchange risks by analysing the net position in each foreign currency. It has not entered into any hedging arrangements in respect of its foreign currency.

The following table demonstrates the sensitivity to a change in the US dollar, Euro, Japanese Yen, exchange rates of AVTOVAZ Group's profit before tax.

(€ million)	***% increase / (decrease) in exchange rate***	***Effect on profit before tax***
2018		
EUR/RUB	13.50	(3)
JPY/RUB	14.00	(1)
USD/RUB	13.50	1
EUR/RUB	(13.50)	3
JPY/RUB	(14.00)	1
USD/RUB	(13.50)	(1)

C2 – Counterparty and credit risks

At December 31, 2018, AVTOVAZ Group has €86 million in cash and cash equivalents and €361 million of trade receivables and other current assets subject to potential credit risk. Credit risk on these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount.

AVTOVAZ Group trades only with recognised, creditworthy third parties. AVTOVAZ Group's policy states that all customers requiring credit facilties must be subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and as a result, AVTOVAZ Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount. There are no significant concentrations of credit risk within the AVTOVAZ Group.

C3 – Liquidity risks

AVTOVAZ Group monitors its risk to a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from its operations.

AVTOVAZ Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and borrowings.

The table below summarizes the maturity of the AVTOVAZ Group's financial liabilities at December 31, 2018 based on contractual undiscounted payments.

(€ million)	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
December 31, 2018					
Borrowings	52	111	861	269	1 293
including Renault Group	-	-	-	-	-
Trade and other payables	567	4	1	-	572
including Renault Group	*22*	-	-	-	*22*

C4 – Cash flow and Interest rate risk

The AVTOVAZ Group's interest rate risk arises from borrowings. The majority of interest rates on borrowings are fixed. Existing interest rates can be changed subject to agreement by the third parties. Financial assets are either non-interest bearing or bear interest at fixed rates; the AVTOVAZ Group's income and operating cash flows are substantially independent of changes in market interest rates. It has not entered into any hedging arrangements in respect of its interest rate exposures.

At December 31, 2018, AVTOVAZ Group had €414 million of bank loans with floating interest rate (note 23-D).

4.2.6.6 Cash flows and other information

NOTE 26 – CASH FLOWS

A – Other income and expenses with no impact on cash before interest and tax

(€ million)	**2018**	**2017 [1]**
Net allocation to provisions	204	(201)
Net effects of sales financing credit losses	63	(29)
Net (gain) loss on asset disposals	(69)	(93)
Change in fair value of other financial instruments	22	(5)
Net financial indebtedness	308	369
Deferred taxes	33	272
Current taxes	690	634
Other	145	85
Other income and expenses with no impact on cash before interest and tax	**1,396**	**1,032**

(1) *The figures at December 31, 2017 include an adjustment due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).*

B – Change in working capital

(€ million)	**2018**	**2017**
Decrease (increase) in net inventories	240	(691)
Decrease (increase) in Automotive net receivables	283	78
Decrease (increase) in other assets	(39)	(795)
Increase (decrease) in trade payables	(240)	591
Increase (decrease) in other liabilities	307	705
Increase (decrease) in working capital before tax	**551**	**(112)**

C – Capital expenditure

(€ million)	**2018**	**2017**
Purchases of intangible assets	(1,772)	(1,310)
Purchases of property, plant and equipment (other than assets leased to customers)	(2,745)	(2,420)
Total purchases for the period	(4,517)	**(3,730)**
Deferred payments	110	129
Total capital expenditure	**(4,407)**	**(3,601)**

NOTE 27 – RELATED PARTIES

A – Remuneration of directors and executives and Executive Committee members

The table below reports the compensation of the Chairman and CEO and Group Executive Committee members accounted for in expenses in 2018 and 2017. Amounts are allocated pro rata to the periods in which the functions were occupied.

(€ million)	**2018**	**2017**
Basic salary	5.5	6.1
Variable remuneration	7.4	7.8
Employer's social security charges	11.0	11.0
Complementary pension and retirement indemnities	9.5	8.7
Other components of remuneration	0.5	0.8
Total remuneration paid in cash	**33.9**	**34.4**
Stock options, performance shares and other share-based payments	16.1	15.3
Total remuneration paid in shares	**16.1**	**15.3**
Total	**50.0**	**49.7**

Directors' fees amounted to €1.5 million in 2018 (€1.2 million in 2017), including the fees for the Chairman's functions.

The commitments under the collective top-up pension scheme arranged for the members of the Group Executive Committee at December 31, 2018 amount to €52 million (€58 million at December 31, 2017).

This table does not reflect the resignation of Renault's Chairman and CEO announced by the Board of Directors on January 24, 2019, and the potential consequences for the elements of his 2018 remuneration shown above. It is not possible to estimate the impact of this event, which occurred after the reporting period, since the decisions to be taken by the Board of Directors, some of which must be submitted for approval at the General Shareholders' Meeting of 12 June 2019, are not all known at the date of publication of the financial statements (note 30).

B – Renault's investments in associates

Details of Renault's investments in Nissan and in other companies accounted for by the equity method are provided in notes 12 and 13-A

C – Transactions with the French State and public companies

In the course of its business the Group undertakes transactions with the State and public companies such as UGAP, EDF, and La Poste. These transactions, which take place under normal market conditions, represent sales of €288 million in 2018, an automotive receivable of €90 million, a sales financing receivable of €371 million and a financing commitment of €31 million at December 31, 2018.

D – Transactions with unconsolidated controlled entities

A certain number of controlled entities are not consolidated, as explained in note 2-C, because their contribution to the consolidated financial statements is considered non-significant. The principal companies concerned, in terms of the balance sheet value of the investment, are listed in the note of the table in note 17.

The only company with sales of more than €100 million and/or a balance sheet value of more than €100 million are Renault Nissan Global Management, which manages Renault's expatriates.

In 2018, the Renault Group's expenses with this company amounted to approximately €284 million (€266 million in 2017).

In the Renault Group's financial position at December 31, 2018, the balances of transactions between this company and the Renault Group consist mainly of operating receivables amounting to €41 million (€43 million at December 31, 2017) and operating payables amounting to €25 million (€25 million at December 31, 2017).

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 investigations by competition and automobile regulation authorities. Any liabilities resulting from these situations (e.g. pensions 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, 2018**	**December 31, 2017**
Financing commitments in favour of customers (1)	2,367	2,315
Firm investment orders	1,327	952
Lease commitments (2)	661	546
Assets pledged, provided as guarantees or mortgaged (3)	86	187
Sureties, endorsements and guarantees given and other commitments (4)	425	187

(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 €2,331 million at December 31, 2018 (€2,250 million at December 31, 2017).
(2) Largely as a result of specificities in French lease contracts that allow penalty-free early termination, the irrevocable lease commitments reported here are not fully representative of the financial liability to be recognized in application of IFRS 16. The impact of future application of this standard on the financial liability is described in note 2-A.
(3) At December 31, 2018, assets pledged, provided as guarantees or mortgaged include commitments given by AVTOVAZ amounting to €86 million (€183 million at December 31, 2017) corresponding to fixed assets (note 23-D).
(4) Other commitments include in particular guaranties granted to administrations and share subscription commitments.

Assets pledged as guarantees by the Sales Financing segment for management of the liquidity reserve are presented in note 15-B.

Operating lease commitments correspond to rent from non-cancellable leases. The breakdown is as follows:

(€ million)	**December 31, 2018**	**December 31, 2017**
Less than 1 year	97	101
Between 1 and 5 years	378	296
More than 5 years	186	149
TOTAL	**661**	**546**

A2 – Contingent liabilities

Under a customs agreement between Brazil and Argentina for the automotive industry, which was introduced in 2008 and amended in June 2016, imports of vehicles and spare parts for the Argentinean automotive sector are exempt from customs duties as long as the average ratio of imports to exports with Brazil is below 1.5 over the period July 2015 to June 2020 (this ratio may be raised to 1.7 from June 30, 2019). The amount of customs duties potentially due retroactively may be up to 75% of the customs duties on cars and 70% of the customs duties on spare parts in excess of the ratio, using a calculation covering the entire automotive sector.

The ratio for the sector as a whole was above 1.5 for the period July 1, 2015 to November 30, 2018, and Renault contributes to this situation. Only automakers which do not respect their own individual ratio over the period concerned are liable for penalties. The applicable rules, which changed slightly with the introduction of two new regulations in January 2018, explicitly allow purchases of credits from other automakers concerned to avoid paying the penalties due. This customs agreement creates a contingent obligation for Renault that will only be confirmed by the occurrence of uncertain future events that are partly within its control (compliance with the individual ratio) and partly beyond its control, since the ratio to be respected concerns the entire automotive sector. Reliable estimation of the potential risk at the reporting date is difficult, mainly because of uncertainties as to developments in the Argentinean and Brazilian automotive markets between now and 2020. Consequently, no provision has been recognized by the Group.

Since the introduction of regulation 21-E of January 23, 2018, a guarantee of USD 86 million has been put in place for the provisional penalties calculated in respect of the first 24 months of application of the amended agreement of June 2016. This cannot be considered as an indication of the final amount that may be due at the end of period concerned by the agreement, which ends on June 30, 2020.

A possible extension of the period concerned by the existing system is currently under discussion by the Argentina-Brazil Automotive Committee.

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2018, the Group 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.

On January 9, 2019 the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*) fined RCI Banque €125 million, and Renault SA is jointly liable for payment of the fine. The Group is contesting the grounds for this fine and intends to appeal against the decision. Renault considers that the probability of the decision to be cancelled or fundamentally amended by a court order is high. Also, due to the large number of variables affecting the amount of the fine, if upheld, it is impossible to reliably estimate the amount that could be payable at the end of the proceedings. Consequently, no provision has been recognized in connection with this matter at December 31, 2018.

Group companies are periodically subject to investigations by the authorities in the countries in which they operate. When the resulting financial consequences are accepted, they are recognized in the financial statements via provisions. When they are contested, they are recognized on a case-by-case basis, based on estimates that take into account the risk that the proceedings or appeals undertaken may be unsuccessful.

The main investigations by the competition and automotive regulations authorities in progress at December 31, 2018 concern the level of vehicle emissions in Europe.

In the ongoing “emissions” affair in France, Renault acknowledges that a formal legal investigation has been opened. This new stage in the procedure is seen as an indication that the French prosecution office wishes to pursue this matter. No provision was recognized at December 31, 2018 or December 31, 2017.

Beginning in March 2016 Renault decided to roll out a plan to reduce nitrogen oxide (NOx) emissions by its Euro 6b vehicles by applying new factory calibrations for vehicle production, and a corresponding €20 million provision was recognized for vehicles manufactured before this decision. A step-up in this plan was decided in October 2017, leading to recognition of an additional €24 million provision. At December 31, 2018 the balance of the provision is €23 million (compared to €44 million at December 31, 2017).

Group companies are subject to the applicable regulations regarding pollution, notably of soil and ground water. These regulations vary depending on the country of location. Some of the associated environmental liabilities are potential and will only be recognized in the accounts if the activity is discontinued or the site closed. It is also sometimes difficult to determine the amount of the obligation reliably. Provisions are only established for liabilities that correspond to a legal or constructive obligation at the closing date, and can be estimated with reasonable reliability. Details of significant provisions are given in note 20.

B – Off-balance sheet commitments received and contingent assets

(€ million)	December 31, 2018	December 31, 2017
Sureties, endorsements and guarantees received	2,629	2,929
Assets pledged or mortgaged (1)	3,739	3,162
Buy-back commitments (2)	3,961	3,231
Other commitments	26	29

(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 is amount to €3,374 million at December 31, 2018 (€2,796 million at December 31, 2017). In addition, AVTOVAZ received €12 million in real estate property rights and ownership rights as guarantees of loans, and €78 million in rights to vehicles as guarantees of customer receivables (€12 million and €79 million respectively at December 31, 2017).

(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.

NOTE 29 – FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The fees paid to the Group’s Statutory Auditors and their networks are reported in section 6.3.3 of the 2018 Registration Document.

NOTE 30 – SUBSEQUENT EVENTS

On January 24, 2019 the Board of Directors of Renault SA formally took note of the resignation of its Chairman and CEO, and decided to give Renault a new governance structure and to separate the posts of Chairman of the Board and Chief Executive Officer. The Board co-opted Jean-Dominique Senard as a new Director and elected him Chairman. Upon the proposal of Jean-Dominique Senard, the Board appointed Thierry Bolloré as Chief Executive Officer.

NOTE 31 – CONSOLIDATED COMPANIES

A – Fully consolidated companies (subsidiaries)

Renault Group's interest (%)	Country	December 31, 2018	December 31, 2017
Renault SA	France	Consolidating company	Consolidating company
AUTOMOTIVE (EXCLUDING AVTOVAZ)			
FRANCE			
Renault s.a.s	France	100	100
Auto Châssis International (ACI) Le Mans	France	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100
Alliance Média Ventures (1)	France	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 Retail Group and subsidiaries	France	100	100
Renault Samara	France	100	100
RDREAM	France	100	100
Renault Sport Racing s.a.s.	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	France	100	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)	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 Deutschland AG and subsidiaries	Germany	100	100
Renault Österreich GmbH	Austria	100	100
Renault Belgique Luxembourg and subsidiary	Belgium	100	100
Renault Industrie Belgique (RIB)	Belgium	100	100
Renault Croatia	Croatia	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100
Renault Espana SA	Spain	100	100
Renault Hungaria	Hungary	100	100
Renault Irlande	Ireland	100	100
Renault Italia and subsidiary	Italy	100	100
Motor Reinsurance Company	Luxembourg	100	100
Renault Group b.v.	Netherlands	100	100

Renault Nederland	Netherlands	100	100
Renault Polska	Poland	100	100
Cacia	Portugal	100	100
Renault Portuguesa and subsidiary	Portugal	100	100
Renault Ceska Republika	Czech Republic	100	100
Grigny Ltd.	United Kingdom	100	100
Renault Retail Group U.K.	United Kingdom	100	100
Renault Sport Racing Limited	United Kingdom	90	90
Renault U.K.	United Kingdom	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenija d.o.o.	Slovenia	100	100
Revoz	Slovenia	100	100
Renault Nordic	Sweden	100	100
Renault Développement Industriel et Commercial (RDIC)	Switzerland	100	100
Renault Finance	Switzerland	100	100
Renault Suisse SA	Switzerland	100	100
AMERICAS			
Groupe Renault Argentina and subsidiaries	Argentina	100	100
Renault Do Brasil LTDA	Brazil	100	100
Renault Do Brasil SA	Brazil	100	100
Cormecanica	Chile	100	100
Sociedad de Fabricacion de Automotores (SOFASA) and subsidiary	Colombia	100	100
Renault Corporativo SA de C.V.	Mexico	100	100
Renault Mexico	Mexico	100	100
ASIA- PACIFIC			
Vehicle Distributors Australia	Australia	100	100
Renault Beijing Automotive Company	China	100	100
Renault Samsung Motors	South Korea	80	80
Renault Treasury Services PTE LTD	Singapore	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
EURASIA			
Renault Nissan Bulgaria	Bulgaria	100	100
Dacia	Romania	99	99
Renault Mécanique Romania SRL	Romania	100	100
Renault Commercial Romania	Romania	100	100
Renault Technologie Romania	Romania	100	100
CJSC Renault Russia	Russia	100	100
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52
Renault Ukraine	Ukraine	100	100

SALES FINANCING			
FRANCE			
Diac S.A.	France	100	100
Diac Location S.A.	France	100	100
RCI Banque S.A. and subsidiaries	France	100	100
EUROPE			
RCI Versicherungs Services GmbH	Germany	100	100
RCI Financial Services S.A.	Belgium	100	100
Renault AutoFin S.A.	Belgium	100	100
Overlease	Spain	100	100
RCI ZRT	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 Leasing Polska Sp. z.o.o.	Poland	100	100
RCICOM, SA	Portugal	100	100
RCI Gest Seguros – Mediadores de Seguros	Portugal	100	100
RCI Finance CZ s.r.o.	Czech Republic	100	100
RCI Financial Services s.r.o.	Czech Republic	50	50
RCI Financial Services Ltd	United Kingdom	100	100
RCI Finance S.A.	Switzerland	100	100
AMERICAS			
Courtage S.A.	Argentina	100	100
Rombo Compania Financiera	Argentina	60	60
RCI Brasil S.A.	Brazil	60	60
Administradora de Consorcio Renault Do Brasil	Brazil	100	100
Corretora de Seguros RCI Do Brasil	Brazil	100	100
RCI Colombia S.A. Compania de Financiamiento (1)	Colombia	51	51
RCI Servicios Colombia S.A. (1)	Colombia	100	-
ASIA – PACIFIC			
RCI Financial Services Korea	South Korea	100	100
AFRICA – MIDDLE EAST – INDIA			
RCI Finance Maroc	Morocco	100	100
RDFM	Morocco	100	100
EURASIA			
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

AVTOVAZ			
EUROPE			
LADA International Ltd	Cyprus	68	74
Alliance Rostec Auto b.v.	Netherlands	68	82
EURASIA			
SOAO Minsk-Lada	Belarus	38	42
PAO Avtovaz	Russia	68	74
LLC Lada Izhevsk	Russia	68	74
OOO PSA VIS-AVTO	Russia	68	74
OOO PPPO	Russia	68	74
AO Lada-Imidzh	Russia	68	74
AO Lada-Servis	Russia	68	74
OAO Izh-Lada	Russia	67	37
AO ZAK	Russia	68	74
AO Piter-Lada	Russia	61	67
AO Samara-Lada	Russia	48	52
AO Yakhroma-Lada	Russia	59	64
AO Lipetsk-Lada	Russia	45	49
AO Oka-Lada	Russia	59	64
AO STO komsomolskaya	Russia	53	58
AO Tyumen-Lada	Russia	68	74
AO Tsentralnaya STO	Russia	68	74
AO JarLadaservis	Russia	64	70
AO Avtosentr-Togliatti-VAZ	Russia	34	38
AO Bryansk Lada	Russia	51	56
OOO LIN	Russia	68	74
AO Kostroma-Lada-Servis	Russia	43	47
AO Kursk-Lada	Russia	49	54
OOO Lada Sport	Russia	68	74
AO Saransk-Lada	Russia	61	67
AO Smolensk-Lada	Russia	41	45
AO Cheboksary-Lada	Russia	63	69
AO ChitaServisLada (2)	Russia	-	57
OOO Sockultbit-AVTOVAZ	Russia	68	74
AO Dal-Lada	Russia	46	50
AO Mariy El-Lada (2)	Russia	-	58
Other AVTOVAZ subsidiaries	Russia	34 to 68	38 to 74

(1) Newly consolidated companies in 2018 (note 3-A).
(2) Companies sold and removed from the scope of consolidation in 2018.
(3) Renault held 61.09% of the capital of Alliance Rostec Auto b.v., which held 100% of AVTOVAZ at December 31, 2018. The percentage ownership applied in the consolidated financial statements at December 31, 2018 is 67.61% as this percentage includes the capital increase that should take place in early 2019 in accordance with the shareholders' decisions made on November 28, 2018 and signed by Renault s.a.s. (note 3-B).

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, 2018	December 31, 2017
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, 2018	December 31, 2017
AUTOMOTIVE EXCLUDING AVTOVAZ			
Renault South Africa	South Africa	40	40
Renault Algérie Production	Algeria	49	49
eGT New Energy Automotive Co., Ltd. (1)	China	25	-
Dongfeng Renault Automotive Company	China	50	50
Renault Brillance Jinbei Automotive Company Ltd. (1)	China	49	-
Boone Comenor	France	33	33
Indra Investissements	France	50	50
Les Editions Croque Futur et filiales (1)	France	40	-
Renault Nissan Automotive India Private Limited	India	30	30
Groupe Nissan	Japan	44	44
Alliance Ventures B.V. (1)	Netherlands	40	-
Motorlu Araclar Imal ve Satis A.S (MAIS)	Turkey	49	49
SALES FINANCING			
Renault Crédit Car	Belgium	50	50
Nissan Renault Financial Services India Private Limited	India	30	30
RN SF B.V.	Netherlands	50	50
BARN b.v.	Netherlands	30	30
RN Bank	Russia	30	30
Orfin Finansman Anonim Sirketi	Turkey	50	50
AVTOVAZ (2)			
Ferro VAZ GmbH	Germany	34	37
ZAO GM-AVTOVAZ	Russia	34	37
CSC ARMENIA-LADA	Armenia	34	37

(1) Newly consolidated companies in 2018 (note 3-A).

In application of regulation 2016-09 of December 2, 2016 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*), the Group is obliged to make the following information available to third parties:

- A full list of consolidated companies.
- A list of companies classified as "unconsolidated investments", namely:
  - investments in companies not controlled exclusively by Renault, included in non-current financial assets (note 22).
  - investments in companies that are controlled exclusively by Renault and not consolidated, classified as other current assets (note 17).

This information is available from the Group's website, on the "Documents & Presentations" section of the "Finance" pages [1].

(1) After publication of the 2018 Registration Document.