GROUPE RENAULT

CONSOLIDATED FINANCIAL STATEMENTS 2019

4.2 Notes to the consolidated financial statements

4.2.1 Consolidated income statement

(€ million)	Notes	2019 (1)	2018
Revenues	4	**55,537**	**57,419**
Cost of goods and services sold		(44,665)	(45,417)
Research and development expenses	10-A	(2,658)	(2,598)
Selling, general and administrative expenses		(5,552)	(5,792)
Operating margin	5	**2,662**	**3,612**
Other operating income and expenses	6	(557)	(625)
Other operating income	6	80	*149*
Other operating expenses	6	(637)	*(774)*
Operating income (loss)		**2,105**	**2,987**
Cost of net financial indebtedness	7	(311)	(308)
Cost of gross financial indebtedness	7	(386)	*(373)*
Income on cash and financial assets	7	75	*65*
Other financial income and expenses	7	(131)	(45)
Financial income (expenses)	7	**(442)**	**(353)**
Share in net income (loss) of associates and joint ventures		**(190)**	**1,540**
Nissan	12	*242*	*1,509*
Other associates and joint ventures	13	*(432)*	*31*
Pre-tax income		**1,473**	**4,174**
Current and deferred taxes	8	(1,454)	(723)
Net income		**19**	**3,451**
Net income – parent-company shareholders' share		(141)	3,302
Net income - non-controlling interests' share		160	149
Basic earnings per share (2) in €		(0.52)	12.24
Diluted earnings per share (2) in €		(0.52)	12.13
Number of shares outstanding (*in thousands*)			
for basic earnings per share	9	*271,639*	*269,850*
for diluted earnings per share	9	*273,569*	*272,222*

(1) The figures for 2019 are established in application of IFRS 16 "Leases". The impacts of application of IFRS 16 from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

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

4.2.2 Consolidated comprehensive income

(€ million)	2019			2018		
	Gross	**Tax effect**	**Net**	**Gross**	**Tax effect**	**Net**
NET INCOME	**1,473**	**(1,454)**	**19**	**4,174**	**(723)**	**3,451**
Other components of comprehensive income from parent company and Subsidiaries						
Items that will not be reclassified subsequently to profit or loss	(137)	49	(88)	(356)	(3)	(359)
Actuarial gains and losses on defined-benefit pension plans	*(194)*	*50*	*(144)*	*53*	*(16)*	*37*
Equity instruments at fair value through equity	*57*	*(1)*	*56*	*(409)*	*13*	*(396)*
Items that have been or will be reclassified to profit or loss in subsequent periods	(67)	(81)	(148)	(483)	29	(454)
Translation adjustments on foreign activities	*119*	*-*	*119*	*(213)*	*-*	*(213)*
Translation adjustments on foreign activities in hyperinflationary economies	*(99)*	*-*	*(99)*	*(175)*	*-*	*(175)*
Partial hedge of the investment in Nissan	*(70)*	*(87)*	*(157)*	*(102)*	*32*	*(70)*
Fair value adjustments on cash flow hedging instruments (1)	*(17)*	*6*	*(11)*	*7*	*(4)*	*3*
Debt instruments at fair value through equity (2)	*-*	*-*	*-*	*-*	*1*	*1*
Total other components of comprehensive income from parent company and subsidiaries (a)	**(204)**	**(32)**	**(236)**	**(839)**	**26**	**(813)**
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	24	-	24	(206)	-	(206)
Actuarial gains and losses on defined-benefit pension plans	*23*	*-*	*23*	*(68)*	*-*	*(68)*
Other	*1*	*-*	*1*	*(138)*	*-*	*(138)*
Items that have been or will be reclassified to profit or loss in subsequent periods (3)	352	-	352	956	-	956
Translation adjustments on foreign activities	*407*	*-*	*407*	*960*	*-*	*960*
Other	*(55)*	*-*	*(55)*	*(4)*	*-*	*(4)*
Total share of associates and joint ventures in other components of comprehensive income (b)	**376**	**-**	**376**	**750**	**-**	**750**
Other components of comprehensive income (a) + (b)	**172**	**(32)**	**140**	**(89)**	**26**	**(63)**
COMPREHENSIVE INCOME	**1,645**	**(1,486)**	**159**	**4,085**	**(697)**	**3,388**
Parent company shareholders' share			1			3,221
Non-controlling interests' share			158			167

(1) Including €10 million reclassified to profit or loss in 2019 (€6 million in 2018).
(2) Including €(1) million reclassified to profit or loss in 2019 (€2 million in 2018).
(3) Including €3 million reclassified to profit or loss in 2019 following the full consolidation of ZAO GM-AVTOVAZ at December 31, 2019.

4.2.3 Consolidated financial position

ASSETS *(€ million)*	**Notes**	**December 31, 2019** [(1)]	**December 31, 2018**
NON-CURRENT ASSETS			
Intangible assets and goodwill	10-A	6,949	5,913
Property, plant and equipment [(2)]	10-B	16,900	14,304
Investments in associates and joint ventures		21,232	21,439
Nissan	12	*20,622*	*20,583*
Other associates and joint ventures	13	*610*	*856*
Non-current financial assets	22	1,072	928
Deferred tax assets	8	1,016	952
Other non-current assets	17	1,224	1,485
Total non-current assets		**48,393**	**45,021**
CURRENT ASSETS			
Inventories	14	5,780	5,879
Sales Financing receivables	15	45,374	42,067
Automotive receivables	16	1,258	1,399
Current financial assets	22	2,216	1,963
Current tax assets	17	86	111
Other current assets	17	4,082	3,779
Cash and cash equivalents	22	14,982	14,777
Total current assets		73,778	**69,975**
TOTAL ASSETS		**122,171**	**114,996**

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

(2) Including €669 million of right-to-use assets resulting from IFRS 16 "Leases" at the date of initial application.

SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	**Notes**	**December 31, 2019 (1)**	**December 31, 2018 (2)**
SHAREHOLDERS' EQUITY			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(344)	(400)
Revaluation of financial instruments		232	236
Translation adjustment		(2,584)	(2,826)
Reserves		32,489	30,265
Net income – parent-company shareholders' share		(141)	3,302
Shareholders' equity – parent-company shareholders' share		**34,564**	**35,489**
Shareholders' equity – non-controlling interests' share		767	599
Total shareholders' equity	18	**35,331**	**36,088**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	1,044	135
Provisions for pension and other long-term employee benefit obligations – long-term	19	1,636	1,531
Other provisions – long-term	20	1,458	1,463
Non-current financial liabilities	23	8,794	6,209
Provisions for uncertain tax liabilities – long-term	8-C	187	140
Other non-current liabilities	21	1,734	1,572
Total non-current liabilities		**14,853**	**11,050**
CURRENT LIABILITIES			
Provisions for pension and other long-term employee benefit obligations – short-term	19	64	56
Other provisions – short-term	20	1,064	1,100
Current financial liabilities	23	2,780	2,463
Sales Financing debts	23	47,465	44,495
Trade payables		9,582	9,505
Current tax liabilities	8-C	223	289
Provisions for uncertain tax liabilities – short-term	8-C	8	22
Other current liabilities	21	10,801	9,928
Total current liabilities		**71,987**	**67,858**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**122,171**	**114,996**

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

(2) The figures for 2018 include a reclassification of provisions for uncertain tax liabilities, in application of an IFRIC decision of September 2019. These provisions are presented in specific lines instead of in other provisions as previously (note 2-A3). Shareholders' equity at December 31, 2018, has also been adjusted by an amount of €(57) million due to correction of an error concerning operations in the Americas region, with a corresponding entry in other provisions.

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, 2017 (1)	**295,722**	**1,127**	**3,785**	**(494)**	**809**	**(3,376)**	**26,265**	**5,212**	**33,328**	**294**	**33,622**
Transition to IFRS 9 – Opening adjustments					(21)		(73)		**(94)**	(2)	**(96)**
Transition to IFRS 15 – Opening adjustments							(229)		**(229)**	(9)	**(238)**
Application of IAS 29 - Opening adjustments						14	65		**79**		**79**
Adjusted balance at January 1, 2018	**295,722**	**1,127**	**3,785**	**(494)**	**788**	**(3,362)**	**26,028**	**5,212**	**33,084**	**283**	**33,367**
2018 net income								3,302	**3,302**	149	**3,451**
Other components of comprehensive income (2) (3)					(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 (4)						33	39		**72**	241	**313**
Index-based restatement in 2018 of equity items in hyperinflationary economies						3	86		**89**	1	**90**
Cost of share-based payments and other					(14)	13	(112)		**(113)**	1	**(112)**
Balance at December 31, 2018 (5)	**295,722**	**1,127**	**3,785**	**(400)**	**236**	**(2,826)**	**30,265**	**3,302**	**35,489**	**599**	**36,088**
2019 net income								(141)	**(141)**	160	**19**
Other components of comprehensive income (3)					(4)	267	(121)		**142**	(2)	**140**
2019 comprehensive income					**(4)**	**267**	**(121)**	**(141)**	**1**	**158**	**159**
Allocation of 2018 net income							3,302	(3,302)			
Dividends							(966)		**(966)**	(96)	**(1,062)**
(Acquisitions) / disposals of treasury shares and impact of capital increases				56					**56**		**56**
Changes in ownership interests							(5)		**(5)**	106	**101**
Index-based restatement in 2018 of equity items in hyperinflationary economies						(25)	59		**34**		**34**
Cost of share-based payments and other							(45)		**(45)**		**(45)**
Balance at December 31, 2019	**295,722**	**1,127**	**3,785**	**(344)**	**232**	**(2,584)**	**32,489**	**(141)**	**34,564**	**767**	**35,331**

(1) Including €669 million of right-of-use assets resulting from IFRS 16 "Leases" at the date of initial application.
(2) Shareholder's equity at December 31, 2018 has been adjusted by an amount of €(57) million due to correction of an error concerning operations in the Americas region, with a corresponding entry in other provisions.
(3) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans recognized during the period.
(4) Changes in ownership interests in 2018 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).
(5) The application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over income tax treatments" did not lead to any adjustments of opening shareholders' equity.

Details of changes in consolidated shareholders' equity in 2019 are given in note 18.

4.2.5 Consolidated cash flows

(€ million)	Notes	2019 (1)	2018
Net income		**19**	**3,451**
Cancellation of dividends received from unconsolidated listed investments		(46)	(44)
Cancellation of income and expenses with no impact on cash			
Depreciation, amortization and impairment		3,809	3,245
Share in net (income) loss of associates and joint ventures		190	(1,540)
Other income and expenses with no impact on cash before interest and tax	26-A	1,937	1,396
Dividends received from unlisted associates and joint ventures		4	2
Cash flows before interest and tax (2)		**5,913**	**6,510**
Dividends received from listed companies (3)		**625**	**828**
Net change in financing for final customers		(2,612)	(3,596)
Net change in renewable dealer financing		(659)	(160)
Decrease (increase) in Sales Financing receivables		**(3,271)**	**(3,756)**
Bond issuance by the Sales Financing segment	23-C	3,869	4,245
Bond redemption by the Sales Financing segment	23-C	(4,034)	(3,148)
Net change in other debts of the Sales Financing segment		3,696	2,435
Net change in other securities and loans of the Sales Financing segment		(428)	61
Net change in financial assets and debts of the Sales Financing segment		**3,103**	**3,593**
Change in capitalized leased assets		**(1,059)**	**(519)**
Change in working capital before tax	26-B	**1,214**	**551**
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX		**6,525**	**7,207**
Interest received		78	67
Interest paid		(368)	(332)
Current taxes (paid) / received	8-C	(636)	(657)
CASH FLOWS FROM OPERATING ACTIVITIES		**5,599**	**6,285**
Property, plant and equipment and intangible investments	26-C	(5,022)	(4,407)
Disposals of property, plant and equipment and intangible assets		31	131
Acquisitions of investments involving gain of control, net of cash acquired		5	(29)
Acquisitions of other investments		(157)	(215)
Disposals of investments involving loss of control, net of cash transferred		2	-
Disposals of other investments		36	8
Net decrease (increase) in other securities and loans of the Automotive segments		(2)	(150)
CASH FLOWS FROM INVESTING ACTIVITIES		**(5,107)**	**(4,662)**
Dividends paid to parent-company shareholders	18-D	(1,035)	(1,027)
Transactions with non-controlling interests		(10)	11
Dividends paid to non-controlling interests	18-H	(96)	(94)
(Acquisitions) sales of treasury shares		(36)	(41)
Cash flows with shareholders		**(1,177)**	**(1,151)**
Bond issuance by the Automotive segments	23-C	1,557	1,895
Bond redemption by the Automotive segments	23-C	(574)	(1,455)
Net increase (decrease) in other financial liabilities of the Automotive segments		(59)	(242)
Net change in financial liabilities of the Automotive segments	23-B	**924**	**198**
CASH FLOWS FROM FINANCING ACTIVITIES		**(253)**	**(953)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**239**	**670**

(1) *The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.*
(2) *Cash flows before interest and tax do not include dividends received from listed companies.*
(3) *Dividends received from Daimler (€46 million in 2019 and €44 million in 2018) and Nissan (€579 million in 2019 and €784 million in 2018).*

(€ million)	**2019**	**2018**
Cash and cash equivalents: opening balance	**14,777**	**14,057**
Increase (decrease) in cash and cash equivalents	239	670
Effect of changes in exchange rate and other changes	(34)	50
Cash and cash equivalents: closing balance [(1)]	**14,982**	**14,777**

(1) 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 “AVTOVAZ” segment, consisting of the Russian automotive group AVTOVAZ and its parent company Alliance Rostec Auto b.v., which was formed at the end of 2016, after Renault acquired control over them, as defined by IFRS 10, in December 2016.
- 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.

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**
2019 [2]							
External sales	**49,002**	**3,130**	**-**	**52,132**	**3,405**	**-**	**55,537**
Intersegment sales	105	774	(774)	105	18	(123)	-
Sales by segment	**49,107**	**3,904**	**(774)**	**52,237**	**3,423**	**(123)**	**55,537**
Operating margin [3]	**1,289**	**156**	**(1)**	**1,444**	**1,223**	**(5)**	**2,662**
Operating income	**762**	**130**	**(1)**	**891**	**1,294**	**(80)**	**2,105**
Financial income (expenses) [4]	**179**	**(111)**	**-**	**68**	**(10)**	**(500)**	**(442)**
Share in net income (loss) of associates and joint ventures	**(213)**	**2**	**-**	**(211)**	**21**	**-**	**(190)**
Pre-tax income	**728**	**21**	**(1)**	**748**	**1,305**	**(580)**	**1,473**
Current and deferred taxes	(1,122)	51	-	(1,071)	(383)	-	(1,454)
Net income	**(394)**	**72**	**(1)**	**(323)**	**922**	**(580)**	**19**

(1) In 2019, external sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €246 million in 2019, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.
(2) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.
(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. They amount to €500 million in 2019.

(€ million)	Automotive (excluding AVTOVAZ) [1]	AVTOVAZ [1]	Intra Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	CONSOLIDATED TOTAL
2018							
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 [2]	**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) [3]	**(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) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.
(3) 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.

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, 2019 (1)							
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	21,701	1,740	-	23,441	408	-	23,849
Investments in associates and joint ventures	21,087	3	-	21,090	142	-	21,232
Non-current financial assets – equity investments	7,478	-	(1,025)	6,453	2	(5,577)	878
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	194	-	-	194	-	-	194
Deferred tax assets and other non-current assets	1,446	469	(108)	1,807	433	-	2,240
Total non-current assets	**51,906**	**2,212**	**(1,133)**	**52,985**	**985**	**(5,577)**	**48,393**
CURRENT ASSETS							
Inventories	5,379	352	-	5,731	49	-	5,780
Customer receivables	1,175	183	(87)	1,271	46,252	(891)	46,632
Current financial assets	1,197	5	(7)	1,195	1,948	(927)	2,216
Current tax assets and other current assets	3,003	66	(3)	3,066	5,984	(4,882)	4,168
Cash and cash equivalents	12,231	70	(3)	12,298	2,762	(78)	14,982
Total current assets	**22,985**	**676**	**(100)**	**23,561**	**56,995**	**(6,778)**	**73,778**
TOTAL ASSETS	**74,891**	**2,888**	**(1,233)**	**76,546**	**57,980**	**(12,355)**	**122,171**
SHAREHOLDERS' EQUITY AND LIABILITIES							
SHAREHOLDERS' EQUITY	**35,214**	**1,108**	**(1,028)**	**35,294**	**5,632**	**(5,595)**	**35,331**
NON-CURRENT LIABILITIES							
Long-term provisions	2,604	37	-	2,641	640	-	3,281
Non-current financial liabilities	7,106	821	-	7,927	867	-	8,794
Deferred tax liabilities and other non-current liabilities	1,982	60	(108)	1,934	844	-	2,778
Total non-current liabilities	**11,692**	**918**	**(108)**	**12,502**	**2,351**	**-**	**14,853**
CURRENT LIABILITIES							
Short-term provisions	1,034	66	-	1,100	36	-	1,136
Current financial liabilities	3,785	100	(10)	3,875	-	(1,095)	2,780
Trade payables and Sales Financing debts	9,520	487	(84)	9,923	48,253	(1,129)	57,047
Current tax liabilities and other current liabilities	13,646	209	(3)	13,852	1,708	(4,536)	11,024
Total current liabilities	**27,985**	**862**	**(97)**	**28,750**	**49,997**	**(6,760)**	**71,987**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**74,891**	**2,888**	**(1,233)**	**76,546**	**57,980**	**(12,355)**	**122,171**

(1) The impacts of application of IFRS 16 “Leases” from January 1, 2019 are presented in note 2-A2.

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	CONSOLIDATED TOTAL
December 31, 2018							
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 (1)	**36,004**	**908**	**(859)**	**36,053**	**5,249**	**(5,214)**	**36,088**
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	1,103	44	-	1,147	31	-	1,178
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	**26,051**	**890**	**(90)**	**26,851**	**46,766**	**(5,759)**	**67,858**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**71,162**	**2,547**	**(1,055)**	**72,654**	**53,315**	**(10,973)**	**114,996**

(1) *The figures for 2018 include a reclassification of provisions for uncertain tax liabilities, in application of an IFRIC decision of September 2019. These provisions are presented in specific lines instead of in other provisions as previously (note 2-A3). Shareholders' equity at December 31, 2018, has also been adjusted by an amount of €(57) million due to correction of an error concerning operations in the Americas region, with a corresponding entry in other provisions.*

A3 – CONSOLIDATED CASH FLOWS BY OPERATING SEGMENT

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	TOTAL AUTOMOTIVE	Sales Financing	Intersegment transactions	CONSOLIDATED TOTAL
2019 [1]							
Net income [2]	**(394)**	**72**	**(1)**	**(323)**	**922**	**(580)**	**19**
Cancellation of dividends received from unconsolidated listed investments	(46)	-	-	(46)	-	-	(46)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	3,607	120	-	3,727	82	-	3,809
Share in net (income) loss of associates and joint ventures	213	(2)	-	211	(21)	-	190
Other income and expenses with no impact on cash, before interest and tax	1,355	50	-	1,405	475	57	1,937
Dividends received from unlisted associates and joint ventures	4	-	-	4	-	-	4
Cash flows before interest and tax [3]	**4,739**	**240**	**(1)**	**4,978**	**1,458**	**(523)**	**5,913**
Dividends received from listed companies [4]	**625**		**-**	**625**	**-**	**-**	**625**
Decrease (increase) in sales financing receivables	-	-	-	-	(3,353)	82	(3,271)
Net change in financial assets and Sales Financing debts	-	-	-	-	2,968	135	3,103
Change in capitalized leased assets	(1,002)	-	-	(1,002)	(57)	-	(1,059)
Change in working capital before tax	1,829	15	-	1,844	(635)	5	1,214
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**6,191**	**255**	**(1)**	**6,445**	**381**	**(301)**	**6,525**
Interest received	73	5	-	78	-	-	78
Interest paid	(301)	(87)	1	(387)	-	19	(368)
Current taxes (paid)/received	(367)	(11)	-	(378)	(258)	-	(636)
CASH FLOWS FROM OPERATING ACTIVITIES	**5,596**	**162**	**-**	**5,758**	**123**	**(282)**	**5,599**

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A. The figures for 2018 have not been restated.
(2) Dividends paid by the Sales Financing segment to the Automotive segments are included in the net income of the Automotive (excluding Avtovaz) segment. They amount to €500 million in 2019.
(3) Cash flows before interest and tax do not include dividends received from listed companies.
(4) Dividends received from Daimler (€46 million) and Nissan (€579 million).

(€ million)	**Automotive (excluding AVTOVAZ)**	**AVTOVAZ**	**Intra-Automotive transactions**	**TOTAL AUTOMOTIVE**	**Sales Financing**	**Intersegment transactions**	**CONSOLIDATED TOTAL**
2019							
CASH FLOWS FROM OPERATING ACTIVITIES	**5,596**	**162**	**-**	**5,758**	**123**	**(282)**	**5,599**
Purchases of intangible assets	(2,016)	(67)	-	(2,083)	(3)	-	(2,086)
Purchases of property, plant and equipment	(2,846)	(95)	15	(2,926)	(10)	-	(2,936)
Disposals of property, plant and equipment and intangibles	16	27	(14)	29	2	-	31
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(55)	(9)	-	(64)	71	-	7
Acquisitions and disposals of other investments and other	(120)	-	-	(120)	(1)	-	(121)
Net decrease (increase) in other securities and loans of the Automotive segments	(3)	1	-	(2)	-	-	(2)
CASH FLOWS FROM INVESTING ACTIVITIES	**(5,024)**	**(143)**	**1**	**(5,166)**	**59**	**-**	**(5,107)**
Cash flows with shareholders	(1,165)	(1)	-	(1,166)	(511)	500	(1,177)
Net change in financial liabilities of the Automotive segments	1,180	(49)	-	1,131	-	(207)	924
CASH FLOWS FROM FINANCING ACTIVITIES	**15**	**(50)**	**-**	**(35)**	**(511)**	**293**	**(253)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**587**	**(31)**	**1**	**557**	**(329)**	**11**	**239**

(€ million)	**Automotive (excluding AVTOVAZ)**	**AVTOVAZ**	**Intra-Automotive transactions**	**TOTAL AUTOMOTIVE**	**Sales Financing**	**Intersegment transactions**	**CONSOLIDATED TOTAL**
2019							
Cash and cash equivalents: opening balance	**11,691**	**89**	**(3)**	**11,777**	**3,094**	**(94)**	**14,777**
Increase (decrease) in cash and cash equivalents	587	(31)	1	557	(329)	11	239
Effect of changes in exchange rate and other changes	(47)	12	(1)	(36)	(3)	5	(34)
Cash and cash equivalents: closing balance	**12,231**	**70**	**(3)**	**12,298**	**2,762**	**(78)**	**14,982**

(€ 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 shareholder	(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**

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, 2019			
	Automotive (excluding AVTOVAZ) (1)	**AVTOVAZ (1)**	**Intra-Automotive transactions**	**Total Automotive**
Non-current financial liabilities	(7,106)	(821)	-	(7,927)
Current financial liabilities	(3,785)	(100)	10	(3,875)
Non-current financial assets – other securities, loans and derivatives on financing operations	64	-	-	64
Current financial assets	1,180	1	(7)	1,174
Cash and cash equivalents	12,231	70	(3)	12,298
Net cash position (net financial indebtedness) of the Automotive segments	2,584	(850)	-	1,734

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

(€ million)	December 31, 2018			
	Automotive (excluding AVTOVAZ)	**AVTOVAZ**	**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**

Operational free cash flow

(€ million)	2019			
	Automotive (excluding AVTOVAZ)	**AVTOVAZ**	**Intra-Automotive transactions**	**TOTAL AUTOMOTIVE**
Cash flows (excluding dividends from listed companies) before interest and tax	4,739	240	(1)	4,978
Changes in working capital before tax	1,829	15	-	1,844
Interest received by the Automotive segments	73	5	-	78
Interest paid by the Automotive segments	(301)	(87)	1	(387)
Current taxes (paid) / received	(367)	(11)	-	(378)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(4,846)	(135)	1	(4,980)
Capitalized leased vehicles and batteries	(1,002)	-	-	(1,002)
Operational free cash flow of the Automotive segments (1)	**125**	**27**	**1**	**153**

(1) The definition of Operational free cash flow used in 2019 is the same as in 2018. In 2018, Operational free cash flow was presented after deduction of rental expenses in cash flows from operating activities, while from 2019, as a result of application of IFRS 16, only cash flows relating to interest paid are presented in cash flows from operating activities. The residual balance, consisting of lease payments, is presented in cash flows from financing activities (net change in financial liabilities of the Automotive segments) and is thus excluded from the Operational free cash flow. Without application of IFRS 16, the Operational free cash flow for 2019 would amount to €57 million.

(€ 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**

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 Universal Registration Document.

Consolidated revenues are presented by location of customers. The Group adjusted its international organization in 2019. The former Asia-Pacific and Africa-Middle East-India regions were reorganized to form two new regions:

- The China region specifically covers the Group's activities in China;
- The Africa – Middle East – India – Asia-Pacific region covers Africa and Middle-East countries, India, the countries of the ASEAN (Association of South-East Asian Nations), Korea, Japan and Australia.

Figures for 2018 correspond to the new segments adopted in 2019.

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

(€ million)	**Europe [1]**	**Americas**	**China**	**Africa – Middle-East – India – Asia-Pacific**	**Eurasia**	**Consolidated total**
2019						
Revenues	36,516	4,435	127	7,038	7,421	**55,537**
Including AVTOVAZ	*42*	*3*	-	*14*	*3,317*	***3,376***
Property, plant and equipment and intangibles	17,392	852	179	1,307	4,119	**23,849**
Including AVTOVAZ	-	-	-	-	*1,740*	***1,740***
2018						
Revenues	36,704	4,684	275	8,194	7,562	**57,419**
Including AVTOVAZ	*39*	*2*	-	*18*	*3,292*	***3,351***
Property, plant and equipment and intangibles	14,800	821	-	1,180	3,416	**20,217**
Including AVTOVAZ	-	-	-	-	*1,422*	***1,422***

(1) Including the following for France :

(€ million)	***2019***	***2018***
Revenues	*13,581*	*13,533*
Property, plant and equipment and intangibles	*13,773*	*11,735*

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 2019 were examined at the Board of Directors' meeting of February 13, 2020 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 2019 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2019 and adopted by the European Union at the year-end.

2 – A. Changes in accounting policies

A1 – Changes in accounting policies in 2019

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, 2019.

New amendments that became mandatory on January 1, 2019	
IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments
IAS 28 amendment	Long-term Interests in Associates and Joint Ventures
IFRS 9 amendment	Prepayment Features with Negative Compensation
IAS 19 amendment	Plan Amendment, Curtailment or Settlement
Annual improvements to IFRS, 2015-2017 cycle	Various measures concerning: - Amendments to IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements" named "Previously held interest in a joint operation"; - Amendments to IAS 12 "Income Taxes" named "Income tax consequences of payments on financial instruments classified as equity"; - Amendments to IAS 23 "Borrowing Costs" named "Borrowing costs eligible for capitalization".

The changes related to application of IFRS 16 and IFRIC 23 are presented below.

The other standards and amendments that became mandatory on January 1, 2019 have no significant impact on the Group's financial statements.

New standards and amendments published in the Official Journal of the European Union that are applied early by the Group

The Renault Group has opted for early application in 2019 of the amendments to IAS 39, "Financial Instruments: recognition and measurement", IFRS 9, "Financial instruments" and IFRS 7 "Financial instruments: Disclosures" concerning the interest rate benchmark reform, which were published in the Official Journal of the European Union on January 16, 2020.

Due to early application of these amendments in the Group's consolidated financial statements at December 31, 2019, the interest rate hedging relationships (cash flow hedges or fair value hedges) remain unchanged during the period of uncertainty caused by the replacement of a benchmark rate.

As the method and date for replacing LIBOR rates in the interest rate benchmark reform is not yet completely finalized, the Renault group applies these amendments to hedging relationships that include LIBOR rates. The Group considers there is no uncertainty over the EURIBOR rate as the new method for determining EURIBOR has been validated by the ESMA (European Security and Market Authority).

The Group has not opted for early application of the following new amendments published in the Official Journal of the European Union, which will be mandatory for financial years beginning on or after January 1, 2020.

New amendments published in the Official Journal of the European Union that are not applied early by the Group	
Amendments to IAS 1 and IAS 8	Definition of material
Amendment to IFRS 3	Definition of a business

A2 – Changes in the financial statements as a result of first application of IFRS 16 "Leases"

The Renault Group has applied IFRS 16, "Leases" since January 1, 2019. This standard replaces IAS 17 "Leases", and the associated IFRIC and SIC interpretations. It eliminates 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 over the expected term of the lease and the lease liability, initially recognized at the present value of lease payments over the expected term of the lease, is unwound using the implicit interest rate of the lease agreement if it can be readily determined, or at the incremental borrowing rate otherwise. In the income statement, amortization of the right-of-use asset is recorded in the operating margin, and a financial expense corresponding to the interest on the lease liability is recorded in financial income and expenses, replacing the lease payments previously charged to the operating margin. The tax impact of this consolidation adjustment is recognized via deferred taxes. In the cash flow statement, cash flows from operating activities are impacted by interest expenses paid, and cash flows from financing activities are impacted by the reimbursed lease liability. Previously, cash flows from operating activities were impacted by the total amount of lease payments.

The Group has chosen to apply the exemptions allowed by IFRS 16. Consequently, in the case of leases with a term of 12 months or less, and leases of low-value assets, it continues to recognize lease payments in the income statement on a straight-line basis over the term of the lease contract.

The definition of the performance indicators (see note 4.2.6.1-A4) used to calculate the remuneration of key executives and other members of Group personnel is unchanged. Consequently, these indicators are affected by application of IFRS 16 as described above.

The changes resulting from adoption of IFRS 16 are applied under the simplified retrospective approach in the financial statements of 2019. The comparative figures for the year 2018 have not been restated for application of IFRS 16 and are thus identical to the figures published in the 2018 consolidated financial statements, which complied with the accounting principles in force at the time under IAS 17.

The Group has applied IFRS 16 to lease contracts previously identified as leases under IAS 17 "Leases" and IFRIC 4 "Determining when an arrangement contains a lease", and has chosen to apply the following exemptions and simplification measures to determine values at the date of initial application (1 January 2019):

- Accounting for leases with a residual term of less than 12 months at the date of first application in the same way as short-term leases;
- Excluding of initial direct costs from the measurement of right-of-use assets at the date of initial application;
- Adjusting the right-of-use asset at the date of initial application by the amount of provisions for onerous leases recognized immediately before the date of initial application.

The term of the lease is the non-cancellable period of a lease contract during which the lessee has the right to use the leased asset, extended by any renewal options the Group is reasonably certain to exercise. For French commercial leases, the lease term is generally 9 years.

The IFRIC's agenda decision of November 2019 concerning the lease contract term and its impact on improvements to leased buildings has no significant impact on the Group's financial statements, and does not affect our analysis of the term of leases.

In the balance sheet at January 1, 2019, the financial liabilities relating to leases are equal to the discounted value of future lease payments, determined using the incremental borrowing rate at December 31, 2018, defined on the basis of the residual term of the lease. As a lessee, the Group uses the incremental borrowing rate, calculated for each monetary zone as the risk-free rate applicable in the zone, plus the Group's risk premium for the local currency. The weighted average incremental borrowing rate applied to lease liabilities at January 1, 2019 was 2.35%.

Right-of-use assets were measured at January 1, 2019 as the value of lease liabilities at that date, adjusted for prepaid lease payments or lease incentives for the leases concerned that were recognized in the statement of financial position at December 31, 2018.

The difference between the lease liability at the date of initial application, and the operating lease commitments reported in the notes to the financial statements at December 31, 2018 under IAS 17 are explained in the following table:

(€ million)	**January 1, 2019**
Off balance sheet lease commitments at December 31, 2018	**661**
Leases outside the scope of application of IFRS 16 and exemptions	(71)
Discount effect on leases	(78)
Effects of differences in effective dates	(54)
Effects of optional extensions not included in off balance sheet commitments	205
Other	25
Finance leases existing at December 31, 2018	78
Lease liability at January 01, 2019	**766**

The table below presents the effects of application of IFRS 16 on the consolidated financial position at January 1, 2019:

(€ million)	**Automotive (excluding AVTOVAZ)**	**AVTOVAZ**	**Sales Financing**	**Total**
Tangible assets – rights of use	**602**	**11**	**56**	**669**
Land	-	8	-	8
Buildings	578	3	56	637
Other [1]	24	-	-	24
Other current assets and liabilities	**(1)**	**-**	**1**	**-**
Financial liabilities and Sales Financing debts (current and non-current) – Lease liabilities	**696**	**15**	**55**	**766**
Financial liabilities and Sales Financing debts (current and non-current) – Other interest-bearing borrowings	**(74)**	**(4)**	**-**	**(78)**
Provisions [2]	**(19)**	**-**	**-**	**(19)**

(1) Leases of IT, operating, and transportation equipment.
(2) Mainly the provision for costs on vacant leased premises in Korea, estimated until the end of the lease contracts and reclassified as a charge to the right of use.

Application of IFRS 16 has no significant impact on the Group's operating margin and financial income and expenses.

At December 31, 2019, lease payments not restated in the statement of financial position are as follows:

(€ million)	**December 31, 2019**
Lease payments for short-term leases	(33)
Lease payments for leases of low-value assets	(31)
Other lease payments including variable lease payments	(48)

Information relating to lease liabilities is presented in note 23.

Changes in cash flows relating to lease liabilities by operating segment are as follows:

2019 *(€ million)*	**Automotive (excluding AVTOVAZ)**	**AVTOVAZ**	**Sales Financing**	**Total**
Net change in other debts of the Sales Financing segment	-	-	(5)	(5)
Interest paid	(22)	(2)	-	(24)
CASH FLOWS FROM OPERATING ACTIVITIES	**(22)**	**(2)**	**(5)**	**(29)**
Net increase (decrease) in other financial liabilities of the Automotive segments [1]	(94)	(2)	-	(96)
CASH FLOWS FROM FINANCING ACTIVITIES	**(94)**	**(2)**	**-**	**(96)**
Increase (decrease) in cash flows	**(116)**	**(4)**	**(5)**	**(125)**

(1) This corresponds to repayment of the lease liability for the Automotive segments.

In the statement of consolidated cash flows at December 31, 2019, application of IFRS 16 led to a €96 million increase in cash outflows from financing activities and a decrease of the same amount in cash outflows from operating activities. This impact only concerns the Automotive segments, as all Sales financing segment cash flows are classified as cash flows from operating activities.

A3 – First application of IFRIC 23 "Uncertainty over income tax treatments"

The mandatory application of IFRIC 23 "Uncertainty over income tax treatments" did not lead to identification of any situation that called into question the accounting positions taken in the financial statements at December 31, 2018. It thus has no impact on shareholders' equity at January 1, 2019. To determine the provisions relating to uncertain tax liabilities, the Group uses a case-by-case method, generally based on the most probable value.

During the first half-year of 2019, the IFRIC committee was asked for guidance on classification of uncertain tax liabilities in the consolidated financial position. In September 2019, the IFRIC concluded that they should be presented as current tax liabilities and/or included in deferred taxes. This was not the approach used by the Group, which had classified provisions for uncertain tax liabilities in provisions (note 20) in view of the qualitative characteristics that determine useful financial information, as defined in the Conceptual Framework for Financial Reporting.

These provisions have now been reclassified and are reported on specific lines in the consolidated financial position (4.2.3), broken down into a short-term and a long-term portion, at December 31, 2019 and for all the periods presented. This presentation on specific lines complies with IAS 1.55.

2 – 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, 2019 are:

- Capitalization of research and development expenses and their amortization period (notes 2-K and 10-A),
- The depreciation and amortization periods for fixed assets other than capitalized development expenses (notes 2-K, 2-L and 10).
- Any impairment on fixed assets (notes 2-M and 11) and operating receivables (notes 16 and 17), particularly impairment on assets in Argentina, which has been in a hyperinflationary situation since 2018 (note 11-B) and assets in China (notes 6-B and 13),
- The recoverable value of leased vehicles classified as property, plant and equipment or in inventories (notes 2-G, 10-B and 14),
- Investments in associates, notably Nissan (notes 2-M, 12 and 13);
- Sales financing receivables (notes 2-G and 15);
- Recognition of deferred taxes (notes 2-I and 8);
- Determination of sales incentive programs recorded in other liabilities (notes 2-G and 21);
- 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), provisions for legal risks and tax risks (other than income tax risks) (note 20) and provisions for uncertain tax liabilities (note 21);
- Determination of lease liabilities, particularly the incremental borrowing rates and the value of renewal options that are reasonably certain to be exercised (note 23),
- The 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.

2 – 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.

2 – 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 recognizes 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.

2 – 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 to 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, comprehensive income items 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. This hyperinflationary accounting leads to recognition of a gain or loss resulting from exposure to hyperinflation, which is classified as other financial income and expenses and thus included in reserves the following year.

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.

It should be noted that the IFRIC is currently examining questions submitted to it about application of IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies" to the financial statements of entities operating in a hyperinflationary economy. These questions particularly concern the classification of accumulated translation adjustments prior to the hyperinflation period, and classification of the effects of index-based restatement and translation of the financial statements of hyperinflationary economy subsidiaries in reserves or in the translation adjustment included in equity. Allocation of the effects of index-based restatement for hyperinflation and translation of the accounts between reserves and the translation adjustment could be affected by the IFRIC's forthcoming conclusions.

2 – 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.

2 – G. Revenues and margin

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

Sales of goods and services and margin recognition

- Sales and margin recognition

Sales of automotive goods are recognized 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 programs

Sales incentive programs 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 or discounts on services. Because these are sales incentives, the cost of these operations is recognized as a reduction in sales by the Automotive segment when the vehicle sale takes place, and is not spread over the duration of the financing or the services concerned.

- 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

Revenues from service contracts sold by the Group are recognized on a percentage-of-completion basis. These contracts may be for warranty extensions, maintenance or insurance.

Such service contracts may be sold separately to the final customer or included free of charge in a sale package covering a vehicle and related services. In either case, the Group considers service contracts as a separate service obligation from delivery of the vehicle, and allocates a portion of revenue to the service contract.

When the customer makes regular payments for the service contract, the revenue is recognized on a straight-line basis. When the contract is prepaid (for example, when it is paid for by the customer at the time of the vehicle purchase), the amounts received are recorded as deferred income, and spread over the duration of the contract, on a straight-line basis for warranty extensions and following an experience curve for maintenance contracts.

- 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 (stage 1), impairment is equivalent to the 12-month expected credit loss; for receivables on which the credit risk has significantly deteriorated since initial recognition (stage 2), impairment is equivalent to the lifetime expected losses; and for receivables in default (stage 3), impairment is equivalent to the incurred credit loss.

The Sales Financing segment uses an internal scoring system or external ratings to identify any significant deterioration in the credit risk. In addition, this segment has decided to use the assumptions set out in the standard and thus downgrades any receivable outstanding after 30 days to stage 2, and any receivable still outstanding after 90 days to stage 3.

The Sales Financing segment refers to the current recommendations of the Basel Committee to generate the parameters needed to calculate the probability of default and the loss rates in the event 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 (GDP, long-term rates, etc) to reflect changes in indicators and sector-specific information.

- Write-off rules

The gross book value of a financial asset is written off when there are no reasonable expectations of recovery. The asset is derecognized via a loss account, and the associated impairment is reversed when the non-recoverability of receivables is confirmed, or at the latest when the Sales Financing segment's rights as creditor are extinguished. Examples of receivables that become non-recoverable and are derecognized are waivers negotiated with customers (notably as part of a recovery plan), time-barred receivables, receivables concerned by an unfavourable legal judgement (when the outcome of a lawsuit or litigation is negative), and receivables owed by a customer that no longer exists.

2 – 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 gain or loss caused by exposure to hyperinflation (note 2-E), the net interest on provisions for pensions, and dividends and impairment of companies that are neither controlled nor under significant influence by the Group.

2 – 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.

To determine the provisions for uncertain tax liabilities, the Group uses a case-by-case method based on the most probable value. In view of their qualitative characteristics these provisions are reported on specific lines in the consolidated financial position.

2 – 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.

2 – K. Research and development expenses and other intangible assets

- 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.

- Other intangible assets

Other intangible assets comprise patents, leasehold rights, intangible business assets, licences, software, brands and similar rights purchased by the Group. When they have a finite useful life, patents, leasehold rights, licences, brands and similar rights purchased are amortized on a straight-line basis over the period of protection stipulated by the contact or the law, or over the useful life if shorter. Intangible business assets and softwares are amortized over their useful life. The useful life of intangible assets is generally between 3 and 5 years. Intangible assets with an indefinite useful life, such as the Lada brand (note 11-C), are subjected to an impairment test at least once a year and when there is any indication of impairment.

2 – L. Property, plant and equipment and right-of-use assets

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 leased to customers include vehicles leased for more than one year from a Group finance company with a buy-back commitment by the Group, and vehicles sold under an agreement including a clause for buy-back after a minimum one year of use. Assets leased to customers also include batteries leased to electric vehicle users by Group finance companies (note 2-G).

Right-of-use assets

The following policies are applied in the 2019 financial statements, which comply with the standards applicable at January 1, 2019. The 2018 financial statements were prepared under the previous accounting policies: assets used by the Group under finance leases were treated as assets financed by credit, with recognition of a financial liability (note 23-A).

A contract contains a lease if it gives the lessee the right to use an identified asset for a specified period of time in exchange for payment.

At the contract's commencement date, 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 over the term of the lease. The lease liability is 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. As lessee, the Group uses the incremental borrowing rate, calculated for each monetary zone as the risk-free rate applicable in the zone, plus the Group's risk premium for the local currency. In the income statement, amortization of the right-of-use asset is recorded in the operating margin, and a financial expense corresponding to the interest on the lease liability is recorded in financial income and expenses, replacing the lease payments previously charged to the operating margin. The tax impact of this consolidation adjustment is recognized via deferred taxes. In the cash flow statement, cash flows from operating activities are impacted by interest expenses paid, and cash flows from financing activities are impacted by the reimbursed lease liability.

Lease payments on short-term leases (12 months or less) and leases of low-value assets are treated as operating expenses and amortized on a straight-line basis.

The term of the lease is the non-cancellable period of a lease contract during which the lessee has the right to use the leased asset, extended by any renewal options the Group is reasonably certain to exercise.

Improvements to leased buildings are depreciated over a duration that is equal to or shorter than the lease term used to estimate the lease liability.

When a lease contract contains a purchase option the Group is reasonably certain to exercise, it is in substance a purchase rather than a lease. The corresponding liability is considered as a financial liability under IFRS 9, and the asset as a tangible asset in compliance with IAS 16.

Provisions for repairs required contractually by lessors are recognized at the start of the lease, with a corresponding tangible asset.

The Group is a party to leases of real estate property (land, concessions, warehouses, offices, etc) and movable property (IT and operating equipment, transport equipment).

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 and stamping installations	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.

2 – 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. These assets may be specific to the model and/or the country of destination.

- At the level of 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.

2 – 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.

2 – 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.

2 – P. Assignment of receivables

Receivables assigned to third parties (through securitization, discounting, or factoring) 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.

2 – 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.

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.

2 – R. Stock option plans / Performance share attribution plans and other share-based payments agreements

The Group awards stock option plans, 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.

2 – 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.

2 – 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.

2 – U. Financial assets

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

2 – 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 or insurance regulations) or bank accounts allocated to increasing credit on securitized receivables are included in cash and cash equivalents.

2 – 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 a financial instrument.

Financial liabilities and Sales Financing debts comprise redeemable shares, bonds, other debts represented by a certificate, borrowings from credit institutions, lease liabilities in application of IFRS 16 (notes 2-A2 and 2-L), other interest-bearing borrowings and derivative liabilities related to financial transactions (note 2-X).

Redeemable shares are listed subordinated debt instruments that earn a variable return indexed on consolidated revenues. They are carried at amortized cost, determined by discounting forecast coupons using the effective interest rate on borrowings.

Financial liabilities not concerned by specific hedge accounting methods (note 2-X) are generally recorded at amortized cost using the effective interest rate method. 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.

2 – 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. The Sales Financing segment documents micro-hedges relationships, which hedge one or more homogeneous items, and macro-hedges relationships, which hedge several items involving similar types of risk. 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, 2018	**118**	**54**	**40**	**212**
Newly consolidated companies (acquisitions, formations, etc.)	10	1	2	13
Deconsolidated companies (disposals, mergers, liquidations, etc.)	-	2	-	2
Number of companies consolidated at December 31, 2019	**128**	**53**	**42**	**223**

The following companies were included in the scope of consolidation for the first time in 2019.

3 – A. Automotive (excluding) AVTOVAZ segment

- In March and June 2019, Renault s.a.s. took a 15% stake in new electricity storage companies Tokay 1 and Tokay 2, which have registered share capital of €3.5 million and €1. 3 million respectively. As the Group has significant influence over Tokay 1 and Tokay 2, they are accounted for by the equity method in the consolidated financial statements.

- In June 2019, Renault s.a.s., in partnership with the Nissan group, set up the joint ventures Alliance Mobility Company France and Alliance Mobility Company Japan, which are dedicated to driverless mobility services. The Group holds 50% of the capital of each of these entities, which amounted to a total €100,000 and 10 million yen respectively at June 30, 2019. Both entities undertook capital increases subscribed in equal shares by Renault and Nissan during the second half-year of 2019, for amounts of €51.6 million and 4,901 million yen respectively. These two joint ventures are accounted for by the equity method in the consolidated financial statements.

- In July 2019, Renault s.a.s. acquired an investment in the Chinese company JMEV Jiangxi Jiangling Group Electric Vehicle Co. Ltd and committed to participate, subject to conditions, in a capital increase of up to RMB 1 billion, after which the Group will own 50% of JMEV. Renault holds the majority on the Board of Directors, with 4 of the total 7 directors, and key decisions for control analysis purposes are taken by a simple majority. This takeover reinforces the Group's presence in the electric vehicle sector on the Chinese market. The terms and amount of the capital increases are still in negotiation with the Chinese partner, and a first capital increase is expected to take place in 2020.
  Due to the fact that the Group has effective control, after analysis of the substance of this acquisition JMEV and its subsidiaries are fully consolidated in the Group's consolidated financial statements to reflect the assets acquired and liabilities transferred as required by IFRS 10, with a three-month time lag in accounting data. The accounts of JMEV and its subsidiaries included in the consolidation are for the period July 16 to September 30, 2019. The costs of this takeover are not significant at December 31, 2019 and are recorded in other operating expenses.
  The assets acquired and liabilities transferred are recorded at December 31, 2019 at their book value in the financial statements of JMEV and its principal subsidiary, JMEVS. No contingent liabilities or translation adjustments have been recognized at this stage. The goodwill stated in the financial statements at December 31, 2019 is thus provisional and the final fair values of the assets acquired and liabilities transferred will be determined within 12 months.

  A breakdown of the net assets acquired is shown in the following table:

	Amounts at the date of acquisition of control	
	(€ million)	*(RMB million)*
Property, plant and equipment and intangible assets	192	1,477
Inventories	28	215
Customer receivables	229	1,762
Other assets	490	3,769
Cash and cash equivalents	17	131
Financial liabilities	(253)	(1,946)
Other liabilities	(443)	(3,407)
Net assets acquired	**260**	**2,000**

	Amounts at the date of acquisition of control	
	(€ million)	*(RMB million)*
Fair value of the consideration paid (A)	130	1,000
JMEV net assets – 50% acquired	260	2,000
Share of net assets acquired (B)	130	1,000
Provisional goodwill (A) - (B)	**-**	**-**

- In December 2019, the Group set up the new entity Renault M.A.I. (Mobility As an Industry) to accelerate development in new types of mobility and form strategic partnerships. The company's share capital is €165 million. As of December 31, 2019 it holds the investments in Flit Tech (a taxi reservation platform), iCabbi (software development for taxis) and Marcel (a private car hire app) which were previously held by RCI Banque.

- The Group has finalized determination of the fair values of the assets acquired and liabilities transferred from Les Éditions Croque Futur, in which it acquired a 40.26% investment in March 2018. This company operates in the written press sector, notably owning the magazine titles *Challenges, Historia, Sciences et Avenir, Histoire* and *La Recherche*. Les Éditions Croque Futur, over which the Group has significant influence, is accounted for by the equity method. The principal adjustments concern the magazine titles, recognized at €9.7 million (on a 100% basis), and subscriber relations, recognized at €8.1 million (on a 100% basis). The final goodwill at the acquisition date is €8 million. In July 2019, after a capital increase to which the Group did not subscribe, its investment was reduced to 35.11%.

- The Group has finalized determination of the fair values of the assets acquired and liabilities transferred from Carizy, in which it acquired a 96.08% investment in June 2018. Carizy operates in the expert advice and intermediation sector for used vehicles, notably owning the website Carizy.com. It is fully consolidated. The main adjustment concerns the brand, recognized at €3 million. The final goodwill at the acquisition date is €24 million.

3 - B. AVTOVAZ

- There was no change during 2019 in Renault's percentage ownership of Alliance Rostec Auto b.v. At December 31, 2018, Renault held 61.09% of the capital of Alliance Rostec Auto b.v., which held 100% of AVTOVAZ. The percentage ownership applied in the consolidated financial statements at December 31, 2018 was 67.61% including the capital increase that took place in early 2019 in accordance with the shareholders' decisions made on November 28, 2018 and signed by Renault s.a.s.. 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 were 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, 2019 is €83 million (€52 million at December 31, 2018).

- In July 2019, AVTOVAZ sold AO Smolensk-LADA and AO Dal-Lada. The operation generated a gain of €0.5 million.

- In December 2019 PAO AVTOVAZ acquired a further 50% interest in addition to its initial 50% shareholding in ZAO GM-AVTOVAZ, for the price of €5.9 million. ZAO GM-AVTOVAZ and its subsidiary JVS were previously accounted for by the equity method in the Renault group consolidation. Among other consequences, the takeover entails ownership of the right to use the NIVA brand. Control was acquired on December 16, 2019. As the impact of these entities on net income and changes in cash between December 16 and 31, 2019 are non-significant, full consolidation is applied from December 31, 2019.

  The fair value of the consideration paid at the acquisition date breaks down as follows:
  - €5.9 million (411 million roubles) corresponding to the previous investment. This valuation has led to recognition of a loss on the sale of the previously-held shares amounting to €(7.3) million, recorded in other operating expenses.
  - €5.9 million in cash (411 million roubles).

  The costs of the takeover recorded in other operating expenses are not significant.

  Determination of the fair values of assets acquired and liabilities transferred will take place within 12 months. The assets acquired and liabilities transferred were recorded at their book value in the accounts of ZAO GM-AVTOVAZ, established under US GAAP and restated under IFRS at December 31, 2019.

A breakdown of the net assets acquired is shown in the following table:

	At December 31, 2019	
	(€ million)	*(RUB million)*
Property, plant and equipment and intangible assets	17	1,213
Other assets	40	2,809
Cash and cash equivalents	9	589
Provisions	(33)	(2,290)
Financial liabilities	(13)	(934)
Other liabilities	(27)	(1,872)
Net assets acquired	**(7)**	**(476)**

At December 31, 2019, goodwill breaks down as follows:

	At December 31, 2019	
	(€ million)	*(RUB million)*
Fair value of the consideration paid (A)	12	822
ZAO – GM AVTOVAZ net assets – 100% acquired	(7)	(476)
Share of net assets acquired (B)	(7)	(476)
Provisional goodwill (A) - (B)	**19**	**1,298**

4.2.6.3 Consolidated income statement

NOTE 4 – REVENUES

4 – A. Breakdown of revenues

(€ million)	**2019**	**2018**
Sales of goods - Automotive segment (including AVTOVAZ)	**43,901**	**44,226**
Sales to partners of the Automotive segment (including AVTOVAZ) [(1)]	**6,203**	**8,046**
Rental income on leased assets [(2)]	630	578
Sales of other services	1,398	1,361
Sales of services - Automotive segments (including AVTOVAZ)	**2,028**	**1,939**
Sales of goods - Sales Financing segment	**36**	**27**
Rental income on leased assets [(2)]	116	119
Interest income on sales financing receivables	2,210	2,100
Sales of other services [(3)]	1,043	962
Sales of services - Sales Financing segment	**3,369**	**3,181**
Total Revenues	**55,537**	**57,419**

(1) Most partners are automakers. The Automotive segments' main partners are Nissan and Daimler. Sales to partners include sales of parts, components, and vehicles to be sold under the partners' own brands, and other services such as engineering developments.
(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.

4 – B. 2018 revenues applying 2019 scope and methods

(€ million)	**Automotive (excluding AVTOVAZ)**	**AVTOVAZ**	**Sales Financing**	**Total**
2018 revenues	**51,171**	**3,040**	**3,208**	**57,419**
Changes in scope of consolidation	5	(10)	-	**(5)**
2018 revenues applying 2019 scope and methods	**51,176**	**3,030**	**3,208**	**57,414**
2019 revenues	**49,002**	**3,130**	**3,405**	**55,537**

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

5 – A. Personnel expenses

Personnel expenses amount to €6,706 million in 2019 (€6,703 million in 2018).

The average workforce during the year for consolidated entities is presented in section 2.4- Human Capital of the 2019 Universal Registration Document.

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

Share-based payments concern stock options, performance shares and other share-based payments granted to personnel, and amounted to a personnel expense of €89 million for 2019 (€97 million in 2018).

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

5 – B. Foreign exchange gains/losses

In 2019, the operating margin includes a net foreign exchange gain of €42 million, mainly related to movements in the Turkish lira (compared to a net foreign exchange loss of €72 million in 2018 related to movements in the Argentinian peso, Brazilian real and Turkish lira).

NOTE 6 – OTHER OPERATING INCOME AND EXPENSES

(€ million)	**2019**	**2018**
Restructuring and workforce adjustment costs	(236)	(306)
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	(5)	3
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	(10)	65
Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint ventures)	(229)	(276)
Impairment related to operations in Iran	-	(47)
Other unusual items	(77)	(64)
Total	**(557)**	**(625)**

6 – A. Restructuring and workforce adjustment costs

Restructuring and workforce adjustment costs mainly concern the Europe region in 2019 and 2018.

In 2019 these costs include €89 million of complementary expenses related to revision of the assumptions regarding the higher than anticipated numbers signing up to the French career-end work exemption plan set out in the initial agreement signed on January 13, 2017 and amended on April 16, 2018 named *"Renault France CAP 2020 – Contrat d'Activité pour une Performance durable"* (activity contract for sustainable performance).

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

At December 31, 2019, impairment amounting to €(229) million net was recorded (€(276) million in 2018), comprising €(239) million of new impairment and €10 million of impairment reversals. This impairment concerns intangible assets (net increase of €(201) million) and property, plant and equipment (net increase of €(28) million) (notes 10 and 11). New impairment was principally recorded as a result of impairment tests on internal combustion engine vehicles made for the Chinese market, in view of the lower sales volumes and the downward revision of Renault's prospects on that market (notes 10 and 11). Reversals of impairment relate to electric vehicles.

6 – C. Impairment related to operations in Iran

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 2019. The gross amount in the assets at December 31, 2019 was €782 million, including €677 million of customer receivables (€782 million and €677 million respectively at December 31, 2018).

As a result of the United States' withdrawal from the JCPOA (Joint Comprehensive Plan of Action) and the reinstatement from August 6, 2018 of sanctions for the automobile sector in Iran, there were no sales of CKD in 2019. Sales of CKD represented €319 million in 2018.

6 – D. Other unusual items

In 2018 and 2019, impairment tests on certain vehicles led to recognition of unusual expenses corresponding to advance and future payments to partners and suppliers in connection with those vehicles, amounting to €(78) million in 2019 and €(71) million in 2018.

NOTE 7 – FINANCIAL INCOME (EXPENSES)

(€ million)	**2019**	**2018**
Cost of gross financial indebtedness [(1)]	(386)	(373)
Income on cash and financial assets	75	65
Cost of net financial indebtedness	**(311)**	**(308)**
Dividends received from companies that are neither controlled nor under significant influence	59	78
Foreign exchange gains and losses on financial operations	30	14
Gain/Loss on exposure to hyperinflation	(34)	(31)
Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations	(28)	(25)
Other [(2)]	(158)	(81)
Other financial income and expenses	**(131)**	**(45)**
Financial income (expense) [(3)]	**(442)**	**(353)**

(1) The financial interest determined upon initial application of IFRS 16 in 2019 is presented in note 2-A2.
(2) Other items mainly comprise expenses on assignment of receivables, changes in fair value (the investments in FAA and Partech Growth), bank commissions, discounts and late payment interest.
(3) No impairment was recognized in 2019 on financial items included in or excluded from net financial indebtedness.

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.

8 – A. Current and deferred taxes

(€ million)	2019	2018
Current income taxes	(626)	(690)
Deferred tax income (charge)	(828)	(33)
Current and deferred taxes	**(1,454)**	**(723)**

The current income tax charge for entities included in the French tax consolidation group amount to €117 million in 2019 (€90 million in 2018).The increase in the current income tax charge between 2018 and 2019 is notably due to the higher level of provisions for tax risks.

In 2019, €509 million of the current income tax charge comes from foreign entities including AVTOVAZ (€600 million in 2018). This charge decreased in 2019, largely due to the lower taxable income in certain subsidiaries, and tax reassessments recognized in 2018.

The deferred tax charge for 2019 reflects the fact that recognition of deferred tax assets on tax loss carryforwards under the French tax consolidation system has been discontinued (with an effect of €(753) million), mainly as there were no prospects of taxable income for the tax consolidation group on the horizon of the Drive the Future plan. The plan's assumptions are currently being revised to reflect the unfavourable market conditions.

8 – B. Breakdown of the tax charge

(€ million)	2019	2018
Income before taxes and share in net income of associates and joint ventures	**1,663**	**2,634**
Statutory income tax rate in France	34.43%	34.43%
Theoretical tax income (charge)	**(573)**	**(907)**
Effect of differences between local tax rates and the French rate (1)	194	249
Tax credits	78	33
Distribution taxes	(56)	(86)
Change in unrecognized deferred tax assets (2)	(1,012)	73
Other impacts (3)	8	-
Current and deferred tax income (charge) excluding taxes based on interim taxable profits	**(1,361)**	**(638)**
Taxes based on interim taxable profits (4)	(93)	(85)
Current and deferred tax income (charge)	**(1,454)**	**(723)**

(1) The main contributors to the tax rate differential are Korea, Spain, Morocco, Romania, Switzerland, Turkey and the United Kingdom.

(2) The deferred tax charge for 2019 includes the effect of discontinued recognition of deferred tax assets on tax loss carryforwards related to entities included in the French tax consolidation group (see note 8-A).

(3) 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.

(4) The Group's main taxes based on taxable profits are the CVAE in France and the IRAP in Italy.

French tax consolidation group

For the French tax consolidation group, the current tax charge amounts to €(117) million, principally consisting of the business tax *Cotisation sur la valeur ajoutée des entreprises* (CVAE), and the deferred tax charge amounts to €(950) million, principally due to discontinuation of recognition of deferred tax assets on tax loss carryforwards (see note 8-A).

Entities not in the French tax consolidation group

The effective tax rate across all foreign entities including AVTOVAZ is 19.4% in 2019 (28.7% in 2018).

8 – C. Changes in current tax liabilities, current tax receivables and provisions for uncertain tax liabilities

(€ million)	December 31, 2018	Current taxes in the income statement	Net taxes paid	Translation adjustment and other	December 31, 2019
Current taxes excluding uncertain tax positions		(570)	570		
Provisions for uncertain tax liabilities – short-term	**(22)**	(5)	12	7	**(8)**
Provisions for uncertain tax liabilities – long-term	**(140)**	(51)	13	(9)	**(187)**
Tax receivables – short-term	**111**		(28)	3	**86**
Tax receivables – long-term	**19**		5	(3)	**21**
Current tax liabilities – short-term	**(289)**		64	-	**(225)**
Current tax liabilities – long-term	**-**		-	-	**-**
TOTAL	**(321)**	**(626)**	**636**	**(2)**	**(313)**

8 – D. Breakdown of net deferred taxes

D1 – Change in deferred tax assets and liabilities

(€ million)	December 31, 2018	Income statement (1)	Other components of comprehensive income	Translation adjustments	Other	December 31, 2019
Deferred tax assets	**952**	86	(35)	32	(19)	**1,016**
Deferred tax liabilities	**(135)**	(914)	3	(22)	24	**(1,044)**
Net deferred taxes	**817**	**(828)**	**(32)**	**10**	**5**	**(28)**
- French tax consolidation group	***178***	*(952)*	*(46)*	*-*	*(20)*	***(840)***
- AVTOVAZ	***196***	*70*	*-*	*31*	*4*	***301***
- Other	***443***	*54*	*14*	*(21)*	*21*	***511***

(1) The deferred tax charge for 2019 includes the effect of discontinued recognition of deferred tax assets on tax loss carryforwards related to entities included in the French tax consolidation group (see note 8-A).

D2 – Breakdown of net deferred tax assets by nature

(€ million)	**2019**	**2018**
Deferred taxes on:		
Investments in associates and joint ventures excluding AVTOVAZ [(1)]	(193)	(181)
Fixed assets excluding AVTOVAZ	(2,350)	(2,044)
Provisions and other expenses or valuation allowances deductible upon utilization excluding AVTOVAZ	815	750
Loss carryforwards excluding AVTOVAZ [(2)]	4,871	4,434
Other items excluding AVTOVAZ	783	764
Net deferred tax assets (liabilities) excluding AVTOVAZ	**3,926**	**3,723**
Fixed assets of AVTOVAZ	(23)	(16)
Provisions and other expenses or valuation allowances deductible upon utilization of AVTOVAZ	56	54
Loss carryforwards of AVTOVAZ	327	294
Non-interest bearing financial liabilities in roubles of AVTOVAZ	(43)	(42)
Other items of AVTOVAZ	19	(12)
Net deferred tax assets (liabilities) of AVTOVAZ	**336**	**278**
Unrecognized deferred tax assets related to tax losses (note 8-D3)	(4,023)	(2,944)
Other unrecognized deferred tax assets	(267)	(240)
Net deferred tax assets (liabilities) reported	**(28)**	**817**

(1) Including tax on future dividend distributions.
(2) Including €4,286 million for the French tax consolidation group entities and €585 million for other entities at December 31, 2019 (€3,864 million and €570 million respectively at December 31, 2018).

The residual unrecognized deferred tax assets of entities included in the French tax consolidation group amounted to €3,442 million (€2,344 million at December 31, 2018). They comprise tax losses that can be carried forward indefinitely to set against future taxable income up to a limit of 50% of that income. €393 million of these unrecognized assets were generated by items booked through shareholders' equity (effects of the partial hedge of the investment in Nissan), and €3,049 million were generated by items affecting the income statement (respectively €265 million and €2,079 million at December 31, 2018).

For entities not in the French tax consolidation group, unrecognized deferred tax assets totalled €848 million at December 31, 2019 (€840 million at December 31, 2018), including €34 million for AVTOVAZ (€82 million at December 31, 2018) and €814 million for the Group excluding AVTOVAZ (€758 million at December 31, 2018) and principally comprise tax loss carryforwards generated by the Group in Brazil, India, and to a lesser extent in Argentina.

D3 – Breakdown of deferred taxes on tax losses by expiry date

Unrecognized loss carryforwards represent a potential tax saving of €4,023 million at December 31, 2019.

(€ million)	**December 31, 2019**			**December 31, 2018**		
Deferred taxes on:	Recognized	Unrecognized	Total	Recognized	Unrecognized	Total
Tax losses that can be carried forward indefinitely [(1)]	879	3,848	4,727	1,565	2,760	4,325
Tax losses expiring in more than 5 years	-	29	29	5	53	58
Tax losses expiring in between 1 and 5 years	3	104	107	-	49	49
Tax losses expiring within 1 year	-	8	8	2	-	2
Total deferred taxes on tax losses (excluding AVTOVAZ)	**882**	**3,989**	**4,871**	**1,572**	**2,862**	**4,434**
Total deferred taxes on tax losses of AVTOVAZ	**293**	**34**	**327**	**212**	**82**	**294**
Total deferred taxes on tax losses of the Group	**1,175**	**4,023**	**5,198**	**1,784**	**2,944**	**4,728**

(1) *Including recognized and unrecognized deferred taxes corresponding to tax loss carryforwards of entities included in the French tax consolidation group, which amount to €842 million and €3,442 million respectively at December 31, 2019 and €1,520 million and €2,344 million respectively at December 31, 2018 (note 8-D2).*

NOTE 9 – BASIC AND DILUTED EARNINGS PER SHARE

(in thousands of shares)	**2019**	**2018**
Shares in circulation	295,722	295,722
Treasury shares	(4,700)	(6,490)
Shares held by Nissan x Renault's share in Nissan	(19,383)	(19,382)
Number of shares used to calculate basic earnings per share	**271,639**	**269,850**

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)	**2019**	**2018**
Number of shares used to calculate basic earnings per share	271,639	269,850
Dilutive effect of stock options, performance share rights and other share-based payments	1,930	2,372
Number of shares used to calculate diluted earnings per share	**273,569**	**272,222**

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, that have a dilutive effect and fulfil the performance conditions at the reporting date when issuance is conditional (note 18-G).

4.2.6.4 Operating assets and liabilities, shareholders' equity

NOTE 10 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

10 – A. Intangible assets and goodwill

A1 – Changes in intangible assets and goodwill

Changes in 2019 in intangible assets were as follows:

(€ million)	**December 31, 2018**	**Acquisitions / (amortization and impairment)**	**(Disposals) / reversals**	**Translation adjustment**	**Change in scope of consolidation and other**	**December 31, 2019**
Capitalized development expenses	9,671	1,985	(69)	14	12	11,613
Goodwill	996	-	-	112	43	1,151
Other intangible assets	1,044	101	(14)	23	6	1,160
Intangible assets, gross	**11,711**	**2,086**	**(83)**	**149**	**61**	**13,924**
Capitalized development expenses	(5,078)	(1,123)	69	(2)	-	(6,134)
Goodwill		(24)	-	-	-	(24)
Other intangible assets	(720)	(109)	14	(2)	-	(817)
Amortization and impairment	**(5,798)**	**(1,256)**	**83**	**(4)**	**-**	**(6,975)**
Capitalized development expenses	4,593	862	-	12	12	5,479
Goodwill	996	(24)	-	112	43	1,127
Other intangible assets	324	(8)	-	21	6	343
Intangible assets, net	**5,913**	**830**	**-**	**145**	**61**	**6,949**

Most goodwill is located in Europe and Eurasia.

Acquisitions of intangible assets in 2019 comprise €1,985 million of self-produced assets and €101 million of purchased assets (respectively €1,717 million and €55 million in 2018).

In 2019, amortization and impairment of intangible assets include €206 million of impairment concerning vehicles (including components), compared to €42 million of impairment in 2018 (note 6-B).

Changes in 2018 in intangible assets were as follows:

(€ million)	**Gross value**	**Amortization and impairment**	**Net value**
Value at December 31, 2017	**10,721**	**(5,481)**	**5,240**
Acquisitions / (amortization and impairment) (1)	1,772	(950)	822
(Disposals) / reversals	(623)	623	-
Translation adjustment	(159)	10	(149)
Change in scope of consolidation and other	-	-	-
Value at December 31, 2018	**11,711**	**(5,798)**	**5,913**

(1) Including impairment of €42 million concerning intangible assets.

A2 – Research and development expenses included in income

(€ million)	**2019**	**2018**
Research and development expenses	(3,697)	(3,516)
Capitalized development expenses	1,985	1,717
Amortization of capitalized development expenses	(946)	(799)
TOTAL INCLUDED IN INCOME	**(2,658)**	**(2,598)**

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 programs, and resumption of capitalization of development expenses concerning electric vehicles.

10 – B. Property, plant and equipment

Changes in 2019 in property, plant and equipment were as follows:

(€ million)	December 31, 2018	Acquisitions / (depreciation and impairment)	(Disposals) / reversals	Translation adjustments	Change in scope of consolidation and other (1)	December 31, 2019
Land	571	12	(4)	2	73	654
Buildings	6,623	189	(50)	7	82	6,851
Specific tools	16,831	1,185	(227)	(52)	249	17,986
Machinery and other tools	12,793	821	(287)	(17)	318	13,628
Fixed assets leased to customers	3,734	1,752	(973)	15	-	4,528
Other tangibles	914	70	(29)	(2)	25	978
Right-of-use assets	-	117	(1)	5	749	870
- *Land*	-	*3*	-	*1*	*10*	*14*
- *Buildings*	-	*103*	*(1)*	*3*	*704*	*809*
- *Other assets*	-	*11*	-	*1*	*35*	*47*
Construction in progress (2)	2,116	758	(1)	21	(391)	2,503
Gross value	**43,582**	**4,904**	**(1,572)**	**(21)**	**1,105**	**47,998**
Land						
Buildings	(4,226)	(259)	41	3	(23)	(4,464)
Specific tools	(14,240)	(1,003)	225	27	(78)	(15,069)
Machinery and other tools	(9,069)	(701)	270	16	(63)	(9,547)
Fixed assets leased to customers	(831)	(419)	282	(5)	5	(968)
Other tangibles	(912)	(53)	18	69	(36)	(914)
Right-of-use assets	-	(114)	-	-	(22)	(136)
- *Land*	-	*(1)*	-	-	-	*(1)*
- *Buildings*	-	*(103)*	-	-	*(15)*	*(118)*
- *Other assets*	-	*(10)*	-	-	*(7)*	*(17)*
Construction in progress	-	-	-	-	-	-
Depreciation and impairment (3)	**(29,278)**	**(2,549)**	**836**	**110**	**(217)**	**(31,098)**
Land	571	12	(4)	2	73	654
Buildings	2,397	(70)	(9)	10	59	2,387
Specific tools	2,591	182	(2)	(25)	171	2,917
Machinery and other tools	3,724	120	(17)	(1)	255	4,081
Fixed assets leased to customers	2,903	1,333	(691)	10	5	3,560
Other tangible	2	17	(11)	67	(11)	64
Right-of-use assets	-	3	(1)	5	727	734
- *Land*	-	*2*	-	*1*	*10*	*13*
- *Buildings*	-	-	*(1)*	*3*	*689*	*691*
- *Other assets*	-	*1*	-	*1*	*28*	*30*
Construction in progress (2)	2,116	758	(1)	21	(391)	2,503
Net value	**14,304**	**2,355**	**(736)**	**89**	**888**	**16,900**

(2) Including right-of-use assets following first application of IFRS 16. Details of the impacts of this standard are given in note 2-A2.

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

(4) Depreciation and impairment in 2019 include impairment of €33 million, mainly concerning vehicles (including components) (see note 6-B).

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

(€ million)	**Gross value**	**Depreciation and impairment**	**Net value**
Value at December 31, 2017	**41,343**	**(27,761)**	**13,582**
Acquisitions / (depreciation and impairment) (1)	4,029	(2,294)	1,735
(Disposals) / reversals	(1,506)	697	(809)
Translation adjustments	(656)	312	(344)
Change in scope of consolidation and other (2)	372	(232)	140
Value at December 31, 2018	**43,582**	**(29,278)**	**14,304**

(1) Including €234 million of impairment on property, plant and equipment.
(2) This includes right-of-use assets resulting from first application of IFRS 16. Details of the impacts of this standard are given in note 2-A2.

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).

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

Following impairment tests of specific assets dedicated to vehicles (including components), impairment of €239 million was booked during 2019, comprising €206 million for intangible assets and €33 million for property, plant and equipment (impairment in 2018 amounted to €126 million, comprising €63 million for intangible assets and €63 million for property, plant and equipment). This impairment was allocated in priority to capitalized development expenses. It mainly concerns vehicles made for the Chinese market, in view of the lower sales volumes and the downward revision of the prospects for those assets.

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 2018 and that trend was confirmed in 2019, residual impairment of €5 million on intangible assets and €3 million on property, plant and equipment was reversed in 2019. Residual impairment of €38 million was reversed during 2018 (€21 million for intangible assets and €17 million for property, plant and equipment).

11 – B. Impairment tests of country-specific assets or cash-generating units of the Automotive (excluding AVTOVAZ) segment

Argentina, China 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 Chinese market (in the second half-year of 2019), the Turkish market (in the second half-year of 2018) and the Iranian market was also conducted following the significant decline in automobile sales in China and Turkey and the suspension of Renault's activities in Iran (see note 6-C).

The tests performed in 2018 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.

The test conducted in 2019 on specific assets dedicated to the Chinese market led to recognition of impairment as described in note 11-A above, and impairment on investments in joint ventures operating on the Chinese market (see note 13).

In 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:

	2019	2018
Growth rate to infinity	1.7%	1.9%
After-tax discount rate	8.5%	8.7%

The assumptions used for impairment testing at December 31, 2019 are taken from the six-year strategic plan, Drive the Future 2017-2022, which was announced in October 2017. These assumptions were updated using data from the 2020 budget and Renault's best estimate of trends in results for 2021 and 2022, which will be affected by adverse market conditions. The revision of the strategic plan, which was still in process at the year-end, will be finalized during 2020.

In 2019 as in 2018, no impairment was recognized on assets included in the Automotive (excluding AVTOVAZ) segment as a result of the impairment test.

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.

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

Impairment tests of the AVTOVAZ cash-generating unit

AVTOVAZ was delisted from the Moscow stock exchange in May 2019, and consequently reference is no longer made to its market capitalization to assess the recoverable value of its net assets (including goodwill).

In application of the approach presented in the note on accounting policies (note 2-M to the consolidated financial statements for 2018), an impairment test was conducted at June 30, 2019 but no impairment was recognized at that date as a result. A further test was conducted at December 31, 2019 due to the decline of the Russian market. The annual impairment test will now be conducted at 31 December every year.

For the impairment test of the AVTOVAZ cash-generating unit, an after-tax discount rate of 14% and a growth rate to infinity (including the effect of inflation) of 4% were used to calculate value in use.

The test results did not lead to recognition of any impairment at December 31, 2019. A reasonably possible change in the key assumptions used should not result in a recoverable value that is below book values.

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 (€132 million at the exchange rate of December 31, 2019). Since this brand is an intangible asset with an indefinite useful life, an impairment test was carried out at December 31, 2019 based on a discount rate of 14% and a growth rate to infinity of 4%. No impairment was booked in 2019, as the recoverable value was higher than the book value.

A reasonably possible change in the key assumptions used should not result in a recoverable value that is below the book value.

The annual impairment test will now be conducted at 31 December every year

NOTE 12 – INVESTMENT IN NISSAN

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

(€ million)	**2019**	**2018**
Consolidated income statement		
Share in net income (loss) of associates accounted for by the equity method	242	1,509
Consolidated financial position		
Investments in associates accounted for by the equity method	20,622	20,583

12 – A. Nissan consolidation method

Renault and the Japanese automaker Nissan have developed an 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.
- In March 2019, Renault, Nissan and Mitsubishi announced the creation of the new Alliance Board, a supervisory body to oversee Alliance operations and governance involving Renault, Nissan and Mitsubishi. This Board has four members: The Chairman of the Board of Renault, the Chief Executive Officer of Renault, the Chief Executive Officer of Nissan and the Chief Executive Officer of Mitsubishi Motors. Decisions are taken by consensus. In November 2019, the Board added the post of Alliance General Secretary, who reports to the Alliance Board and the CEOs of the three alliance companies.
- At December 31, 2019, the Renault Group occupied two seats on Nissan's Board of Directors and was represented by Jean-Dominique Senard, Chairman of the Renault Board. The appointment of Pierre Fleuriot to replace Thierry Bolloré will be put to the vote at the next extraordinary general shareholders' meeting to be held on February 18, 2020. Pierre Fleuriot is the senior independent director in the Renault Group.
- 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.

12 – 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, 2019 (0,7% at December 31, 2018). Consequently, Renault's percentage interest in Nissan is 43.7% (43.7% at December 31, 2018). Renault holds 43.7% of voting rights in Nissan at September 30, 2019 (43.7% at September 30, 2018).

12 – 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, 2018	**20,822**	**(974)**	**19,848**	**735**	**20,583**
2019 net income	242		242		242
Dividend distributed	(579)		(579)		(579)
Translation adjustment	353		353	24	377
Other changes [(2)]	(1)		(1)		(1)
At December 31, 2019	**20,837**	**(974)**	**19,863**	**759**	**20,622**

(1) Nissan has held 44,358,000 Renault shares since 2002, corresponding to an investment of around 15%. The neutralization is based on Renault's percentage holding in Nissan.
(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.

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

	December 31, 2018	2019 net income	Dividends	Translation adjustment	Other changes [(1)]	December 31, 2019
(¥ billion)						
Shareholders' equity – Parent-company shareholders' share under Japanese GAAP	**5,338**	**42**	**(151)**	**(117)**	**(61)**	**5,051**
Restatements for compliance with IFRS:						
Provision for pension and other long-term employee benefit obligations	(65)	(14)		1	51	(27)
Capitalization of development expenses	712	41		(1)		752
Deferred taxes and other restatements	(99)	4		(10)	(17)	(122)
Net assets restated for compliance with IFRS	**5,886**	**73**	**(151)**	**(127)**	**(27)**	**5,654**
Restatements for Renault Group requirements [(2)]	111	(6)	(10)	41	25	161
Net assets restated for Renault Group requirements	**5,997**	**67**	**(161)**	**(86)**	**(2)**	**5,815**
(€ million)						
Net assets restated for Renault Group requirements	47,650	554	(1,325)	808	-	47,687
Renault's percentage interest	43.7 %					43.7 %
Renault's share (before neutralization effect described below)	20,822	242	(579)	353	(1)	20,837
Neutralization of Nissan's investment in Renault [(3)]	(974)					(974)
Renault's share in the net assets of Nissan	**19,848**	**242**	**(579)**	**353**	**(1)**	**19,863**

(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 2019, they also include the impacts of the first application of IFRS 16 (€(16) million) and IFRIC 23 (€(37) 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%. The neutralization is based on Renault's percentage holding in Nissan.

12 – E. Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2019 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2018 financial year and the first three quarters of its 2019 financial year.

	January to March 2019		**April to June 2019**		**July to September 2019**		**October to December 2019**		**January to December 2019**	
	Fourth quarter of Nissan's 2018 financial year		**First quarter of Nissan's 2019 financial year**		**Second quarter of Nissan's 2019 financial year**		**Third quarter of Nissan's 2019financial year**		**Reference period for Renault's 2019 consolidated financial statements**	
	(¥ billion)	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(1)]
Net income – Parent-company shareholders' share	2	20	7	52	59	495	(26)	(217)	42	350

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

12 – 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.

	2019		2018	
	(¥ billion)	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(2)]
Revenues	10,316	84,520	11,764	90,201
Net income				
Parent-company shareholders' share	85	698	451	3,458
Non-controlling interests' share	(14)	(115)	20	151
Other components of comprehensive income				
Parent-company shareholders' share	(154)	(1,264)	(220)	(1,688)
Non-controlling interests' share	23	185	31	237
Comprehensive income				
Parent-company shareholders' share	(69)	(566)	231	1,771
Non-controlling interests' share	9	70	51	388
Dividends received from Nissan	71	579	101	784

	December 31, 2019		December 31, 2018	
	(¥ billion)	*(€ million)* [(1)]	*(¥ billion)*	*(€ million)* [(2)]
Non-current assets	7,877	64,597	7,886	62,664
Current assets	11,186	91,734	11,797	93,736
TOTAL ASSETS	**19,063**	**156,331**	**19,683**	**156,400**
Shareholders' equity				
Parent-company shareholders' share	5,655	46,378	5,887	46,775
Non-controlling interests' share	364	2,984	297	2 359
Non-current liabilities	5,345	43,828	5,874	46 675
Current liabilities	7,699	63,142	7,625	60,591
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**19,063**	**156,331**	**19,683**	**156,400**

(1) Converted at the average exchange rate for 2019 i.e.122.06 JPY = 1 EUR for income statement items, and at the December 31, 2019 rate i.e. 121.94 JPY = 1 EUR for financial position items.

(2) 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.

12 – G. Hedging of the investment in Nissan

The Group has partially hedged the yen/euro exchange risk on its investment in Nissan since 1999. Details of this hedge are given in note 25-B2.

At December 31, 2019, the corresponding hedging operations totalled ¥84 billion (€689 million) of private placements in bonds issued directly in yen on the Japanese Samurai bond market.

During 2019, these operations generated unfavourable foreign exchange differences of €(70) million (unfavourable difference of €(102) million in 2018). The net unfavourable effect of €(157) million after deferred taxes (including the effect of non-recognition as described in note 8) is recorded in the Group's translation adjustment reserve (note 18-E).

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

Based on the quoted price at December 31, 2019 of ¥636 per share, Renault's investment in Nissan is valued at €9,554 million (€12,809 million at December 31, 2018 based on the price of ¥880 per share).

12 – I. Impairment test of the investment in Nissan

At December 31, 2019, the stock market value of the investment was 53.7% lower than the value of Nissan in Renault's statement of financial position (37.8% at December 31, 2018).

In application of the approach presented in the note on accounting policies (note 2-M), an impairment test was carried out at December 31, 2019. An after-tax discount rate of 6.95% and a growth rate to infinity (including the effect of inflation) of 2.25% 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, 2019.

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.

12 – 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 2019 totalled approximately €3,374million (€4,162 million in 2018), comprising around €2,272 million for vehicles (€2,871 million in 2018), €985 million for components (€1,169 million in 2018), and €117 million for services (€123 million in 2018). 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 2019 totalled approximately €1,896 million (€2,184 million in 2018), comprising around €1,046 million of vehicles (€1,068 million in 2018), €655 million of components (€884 million in 2018), and €195 million of services (€223 million in 2018),
  - The balance of Renault Group receivables on the Nissan group is €521 million at December 31, 2019 (€859 million at December 31, 2018) and the balance of Renault Group liabilities to the Nissan group is €738 million at December 31, 2019 (€872 million at December 31, 2018).
- 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 €17 billion of forex transactions on the foreign exchange market for Nissan in 2019 (€18 billion in 2018). 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 €26 million at December 31, 2019 (€30 million at December 31, 2019) and derivative liabilities amount to €4 million at December 31, 2019 (€69 million at December 31, 2018).

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 2019, RCI Banque recorded €148 million of service revenues in the form of commission and interest received from Nissan (€158 million in 2018). The balance of sales financing receivables on the Nissan group is €86 million at December 31, 2019 (€133 million at December 31, 2018) and the balance of liabilities is €184 million at December 31, 2019 (€148 million at December 31, 2018).

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 2019, total sales by AVTOVAZ to Nissan and purchases by AVTOVAZ from Nissan amounted to an estimated €118 million and €23 million respectively (€260 million and €35 million in 2018).

In the AVTOVAZ financial position at December 31, 2019, the balances of transactions between AVTOVAZ and the Nissan Group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €25 million (€27 million at December 31, 2018),
- operating receivables and payables amounting respectively to €0 million and €18 million (€12 million and €37 million at December 31, 2018).

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)	**2019**	**2018**
Consolidated income statement		
Share in net income (loss) of other associates and joint ventures	**(432)**	**31**
Associates accounted for under the equity method	43	27
Joint ventures accounted for under the equity method	(475)	4
Consolidated financial position		
Investments in other associates and joint ventures	**610**	**856**
Associates accounted for under the equity method	479	420
Joint ventures accounted for under the equity method	131	436

(1) The loss recorded in 2019 principally corresponds to impairment of investments in joint ventures accounted for under the equity method: Dongfeng Renault Automotive Company and Renault Brilliance Jinbei Automotive Company (note 13-C).

13 – 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, 2019	Investments in other associates and joint ventures at December 31, 2018
			December 31, 2019	December 31, 2018		
Associates						
Automotive (excluding AVTOVAZ)						
Motorlu Araclar Imal ve Satis A.S (MAIS)	Turkey	Automotive sales	49%	49%	59	34
Renault Nissan Automotive India Private Limited (RNAIPL)	India	Vehicle manufacturing	30%	30%	210	206
Sales Financing						
RN Bank	Russia	Automotive sales financing	30%	30%	84	63
Joint ventures						
Automotive (excluding AVTOVAZ)						
Renault Algérie Production	Algeria	Vehicle manufacturing	49%	49%	22	8
Dongfeng Renault Automotive Company	China	Automaker	50%	50%	-	260
Renault Brilliance Jinbei Automotive Company	China	Commercial vehicle manufacturing in China	49%	49%	-	74
Alliance Ventures b.v.	Netherlands	Finance for new technology start-ups	40%	40%	61	51
Alliance Mobility Company Japan (1)	Japan	Driverless vehicle and mobility services	50%		3	
Alliance Mobility Company France (1)	France	Driverless vehicle and mobility services	50%		4	
Other non-significant associates and joint ventures					167	160
TOTAL					**610**	**856**

(1) Newly consolidated companies in 2019.

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)	2019		2018	
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)	817	(2)	1,261	12
Renault Nissan Automotive India Private Limited (RNAIPL)	6	(406)	3	(357)
RN Bank	-	(11)	(3)	-
Renault Algérie Production	3	(125)	9	(102)
Dongfeng Renault Automotive Company	67	(30)	206	(7)

(€ million)	December 31, 2019					
In the consolidated financial position	**Financial assets**	**Automotive receivables**	**Other assets**	**Sales Financing debts**	**Trade payables**	**Other liabilities**
Motorlu Araclar Imal ve Satis A.S (MAIS)	-	-	-	-	5	-
Renault Nissan Automotive India Private Limited (RNAIPL)	20	53	201	-	68	-
RN Bank	60	-	-	-	-	1
Renault Algérie Production	-	40	-	-	114	5
Dongfeng Renault Automotive Company	-	20	-	-	24	3

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

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

(€ million)	December 31, 2019	December 31, 2018
Investments in associates	479	420
Share in income (loss) of associates	43	27
Share of associates in other components of comprehensive income	1	(29)
Share of associates in comprehensive income	44	(2)

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

(€ million)	December 31, 2019	December 31, 2018
Investments in joint ventures	131	436
Share in income (loss) of joint ventures (1)	(475)	4
Share of joint ventures in other components of comprehensive income	4	(7)
Share of joint ventures in comprehensive income	(471)	(3)

(1) Including €(466) million of share in income (loss) and impairment on the investments in the joint ventures Dongfeng Renault Automotive Company and Renault Brilliance Jinbei Automotive Company (including a financial liability of €63 million (RMB 490 million) in connection with the capital increase by Renault Brilliance Jinbei Automotive Company which took place in early January 2020 and for which the Renault Group was committed at December 31, 2019).

NOTE 14 – INVENTORIES

(€ million)	December 31, 2019			December 31, 2018		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	1,724	(290)	1,434	1,748	(299)	1,449
Work in progress	330	(7)	323	395	(3)	392
Used vehicles	1,465	(141)	1,324	1,383	(126)	1,257
Finished products and spare parts	2,842	(143)	2,699	2,931	(150)	2,781
TOTAL	**6,361**	**(581)**	**5,780**	**6,457**	**(578)**	**5,879**

NOTE 15 – SALES FINANCING RECEIVABLES

15 – A. Sales financing receivables by nature

(€ million)	**December 31, 2019**	**December 31, 2018**
Dealership receivables	10,901	10,233
Financing for end-customers	25,016	23,606
Leasing and similar operations	10,305	9,008
Gross value	**46,222**	**42,847**
Impairment	(848)	(780)
Net value	**45,374**	**42,067**

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

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

B1 – Assignment of sales financing assets

(€ million)	**December 31, 2019**		**December 31, 2018**	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Assigned receivables carried in the balance sheet	10,508	10,504	11,010	10,980
Associated liabilities	3,243	3,264	2,781	2,645

The Sales Financing segment has undertaken several public securitization operations and several conduit financing operations (in Germany, Brazil, France, the United Kingdom 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 €5,882 million at December 31, 2019 (€7,454 million at December 31, 2018). These guarantees comprise €5,325 million in the form of shares in securitization vehicles, €151 million in euro bonds and €406 million in sales financing receivables (€6,184 million of shares in securitization vehicles, €159 million in euro bonds and €1,111 million in sales financing receivables at December 31, 2018). The funding provided by the Banque de France against these guarantees amounts to €2,700 million at December 31, 2019 (€2,500 million at December 31, 2018. All assets provided as guarantees to the Banque de France remain in the balance sheet.

15 – C. Sales financing receivables by maturity

(€ million)	**December 31, 2019**	**December 31, 2018**
- 1 year	23,174	21,184
1 to 5 years	21,675	20,403
+ 5 years	525	480
Total sales financing receivables – net	**45,374**	**42,067**

15 – D. Breakdown of sales financing receivables by level of risk

(€ million)	**Financing for final customers**	**Dealer financing**	**December 31, 2019**
Gross value	**35,321**	**10,901**	**46,222**
Healthy receivables	31,690	10,527	42,217
Receivables showing higher credit risk since initial recognition	3,034	298	3,332
Receivables in default	597	76	673
% of total receivables in default	1.7%	0.7%	1.5%
Impairment	**(747)**	**(101)**	**(848)**
Impairment in respect of healthy receivables	(94)	(57)	(151)
Impairment in respect of receivables showing higher credit risk since initial recognition	(167)	(10)	(177)
Impairment in respect of receivables in default	(486)	(34)	(520)
Total net value (*)	**34,574**	**10,800**	**45,374**

(€ million)	**Financing for final customers**	**Dealer financing**	**December 31, 2018**
Gross value	**32,614**	**10,233**	**42,847**
Healthy receivables	28,754	9,705	38,454
Receivables showing higher credit risk since initial recognition	3,324	445	3,770
Receivables in default	536	83	623
% of total receivables in default	1.6%	0.8%	1.5%
Impairment	**(670)**	**(110)**	**(780)**
Impairment in respect of healthy receivables	(93)	(69)	(239)
Impairment in respect of receivables showing higher credit risk since initial recognition	(154)	(10)	(163)
Impairment in respect of receivables in default	(423)	(31)	(378)
Total net value (*)	**31,944**	**10,123**	**42,067**

15 – 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 €821 million at December 31, 2019 (€678 million at December 31, 2018).

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, 2019**	**December 31, 2018**
Gross value	2,073	2,178
Impairment for incurred credit losses (1)	(807)	(770)
Impairment for expected credit losses	(8)	(9)
AUTOMOTIVE RECEIVABLES – NET VALUE	**1,258**	**1,399**

(1) Including €(674) million related to Iran at December 31, 2019.

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.

There is also no significant concentration of risks in the Automotive customer base (excluding 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 and 2-G.

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

NOTE 17 – OTHER CURRENT AND NON-CURRENT ASSETS

(€ million)	December 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	179	456	635	245	368	613
Tax receivables (excluding current taxes due)	314	1,884	2,198	465	1,712	2,177
Tax receivables (on current taxes due)	21	86	107	19	111	130
Other receivables	605	1,555	2,160	603	1,566	2,169
Investments in controlled unconsolidated entities (1)	105	-	105	153	-	153
Derivatives on operating transactions of the Automotive segments	-	10	10	-	10	10
Derivatives on financing transactions of the Sales Financing segment	-	177	177	-	123	123
TOTAL	**1,224**	**4,168**	**5,392**	**1,485**	**3,890**	**5,375**
Gross value	*1,361*	*4,370*	*5,731*	*1,613*	*4,082*	*5,695*
Impairment	*(137)*	*(202)*	*(339)*	*(128)*	*(192)*	*(320)*

(1) Investments of over €10 million in controlled unconsolidated entities concern iCabbi.

Investments in controlled unconsolidated entities

Controlled unconsolidated entities include Flit Tech (a taxi reservation platform), iCabbi (software development for taxis) and Marcel (a private car hire app). The financial statements of these entities are not fully consolidated at December 31, 2019 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 €(56) million in 2019 (€(29) million in 2018), is included in the cost of goods and services sold. The most significant entities will be fully consolidated in 2020. As these entities were transferred in December 2019 to the new company Renault M.A.I (see note 3-A), they will no longer be part of the Sales financing segment from January 1, 2020.

NOTE 18 – SHAREHOLDERS' EQUITY

18 – A. Share capital

The total number of ordinary shares issued and fully paid at December 31, 2019 is 295,722 thousand, with par value of €3.81 per share (unchanged since December 31, 2018).

Treasury shares do not bear dividends. They account for 1.54% of Renault's share capital at December 31, 2019 (1.71% at December 31, 2018).

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).

18 – 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 14.41% at December 31, 2019 (15.46% at December 31, 2018).

The Group also partially hedges its investment in Nissan (notes 12-G and 25-B2).

18 – 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, 2019	December 31, 2018
Total value of treasury plans *(€ million)*	344	400
Total number of treasury shares	4,548,736	5,058,961

18 – D. Distributions

At the General and Extraordinary Shareholders' Meeting of June 12, 2019, it was decided to distribute a dividend of €3.55 per share giving a total amount of €1,035 million (€3.55 per share or a total of €1,027 million in 2018). This dividend was paid in June 2019.

18 – E. Translation adjustment

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

(€ million)	2019	2018
Change in translation adjustment on the value of the investment in Nissan	401	997
Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G)	(157)	(70)
TOTAL CHANGE IN TRANSLATION ADJUSTMENT RELATED TO NISSAN	**244**	**927**
Changes related to hyperinflationary economies	(99)	(175)
Other changes in translation adjustment	125	(250)
TOTAL CHANGE IN TRANSLATION ADJUSTMENT	**270**	**502**

Changes related to hyperinflationary economies consist of changes in the translation adjustment attributable to the Argentinian subsidiaries since January 1, 2018. In 2019, other changes in the translation adjustment mostly resulted from movements in the Russian rouble and the Romanian leu.

18 – 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)	Equity instruments at fair value	Debt instruments at fair value	Total
At December 31, 2018	**(21)**	**253 (2)**	**3**	**235**
Changes in fair value recorded in shareholders' equity	(76)	57	1	(18)
Transfer from shareholders' equity to profit and loss (1)	10	-	(1)	9
Other	-	-	-	-
At December 31, 2019	**(87)**	**310**	**3**	**226**

(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) The revaluation reserve for equity instruments at fair value mainly 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)	2019	2018
Operating margin	14	7
Other operating income and expenses	-	1
Net financial income (expense)	-	-
Share in net income of associates and joint ventures	-	-
Current and deferred taxes	(4)	(2)
Total transferred to the income statement for cash flow hedges	**10**	**6**

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

(€ million)	December 31, 2019	December 31, 2018
Within one year	-	(6)
After one year	(24)	(9)
Revaluation reserve for cash flow hedges excluding associates and joint ventures	**(24)**	**(15)**
Revaluation reserve for cash flow hedges – associates and joint ventures	(63)	(6)
Total revaluation reserve for cash flow hedges	**(87)**	**(21)**

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

18 – 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 and a decision is made for each individual case when an employee leaves at the Company's instigation.

New performance share plans were introduced in 2019, concerning 1,462 thousand shares with initial total value of €50 million. The vesting period for rights to shares is 3 years, with no minimum holding period.

Share-based payments 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 2019 *(€ million)*	Expense for 2018 *(€ 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 22 (1)	51,509	66.51	-	(10)	78.75	N/A	(0.10)%	N/A	3-5 years	1.90 – 2.22
	19,138	65.19	5	(7)	76.58	N/A	(0.03)%	N/A	4 years	1.90 – 2.22
Plan 23 (1)	53,728	66.38	(20)	(18)	80.25	N/A	(0.48)%	N/A	3-4 years	2.40 – 2.88
	19,929	65.72	(7)	(5)	76.16	N/A	(0.48)%	N/A	4 years	2.40 – 2.88
Plan 23 bis	5,348	65.34	3	(1)	76.99	N/A	(0.48)%	N/A	4 years	2.40 – 2.88
Plan 24 (1)	53,646	66.18	(31)	(18)	82.79	N/A	(0.56)%	N/A	3-4 years	3.15 – 3.34
	22,167	66.16	(4)	(6)		N/A	(0.57)%	N/A	4 years	3.15 – 3.34
Plan 25 (1)	63 533	73.37	(23)	(19)	90.64	N/A	(0.57)%	N/A	3-4 years	3.55 – 4.25
	23 096	69.73	(2)	(5)	88.93	N/A	(0.57)%	N/A	4 years	3.55 – 4.25
Plan 26	49,618	42.50	(10)	-	54.99	N/A	-	N/A	3 years	3.55 – 3.50
		TOTAL	**(89)**	**(89)**						

(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 until January 23, 2019. The information reported may correspond to weighted averages based on quantities awarded per grant date.

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

	Stock options			**Share rights**
	Quantity	**Weighted average exercise price *(€)***	**Weighted average share price at grant and exercise dates *(€)***	**Quantity**
Options outstanding and rights not yet vested at January 1, 2019	**248,774**	**36**	**-**	**4,714,171**
Granted	-	-	-	1,462,030
Options exercised or vested rights	(95,787) (1)	35	49 (2)	(1,214,438) (3)
Options and rights expired and other adjustments	(50,000) (1)	36	-	(618,434) (4)
Options outstanding and rights not yet vested at December 31, 2019	**102,987**	**37**	**-**	**4,343,329**

(1) Stock options exercised or expired in 2019 were granted under plans 18 and 19 in 2011 and plan 20 in 2012.
(2) Price at which the shares were acquired by the Group to cover future options.
(3) Performance shares vested were mainly awarded under plan 22 for non-residents in 2015 and plan 23 for residents in 2016.
(4) Rights expired notably include 455,658 share rights of the resigning Chairman and Chief Executive Officer.

G2 – Stock options

For plans current in 2019, options attributed vest after a period of 4 four years the exercise period then covers the following four years:

Plan	Type of plan	Grant date	Exercise price *(€)*	Options outstanding at December 31, 2019	Exercise period
Plan 18	Stock purchase options	April 29, 2011	38.80	-	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	-	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	102,987	December 13, 2016 – December 12, 2020
			TOTAL	**102,987**	

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

For plans 22 to 25, 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 three years followed by a holding period of one year (two years for plan 22).

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

As from plan 26, the vesting period is 3 years with no holding period for French or foreign tax residents.

Plan	Type of plan	Grant date	Share rights awarded at December 31, 2019	Vesting date	Holding period
Plan 22	Performance shares	February 11, 2015	- (1)	February 11, 2019	None
Plan 23	Performance shares	April 29, 2016	- (1) 314,610	April 29, 2019 April 29, 2020	April 29, 2019 – April 29, 2020 None
Plan 23 bis	Performance shares	July 27, 2016	- (1)	July 27, 2020	None
Plan 24	Performance shares	February 9, 2017	983,010 292,650	February 9, 2020 February 9, 2021	February 9, 2020 – February 9, 2021 None
Plan 25	Performance shares	February 15, 2018	1,062,759 278,150	February 15, 2021 February 15, 2022	February 15, 2021 – February 15, 2022 None
Plan 26	Performance shares	June 12, 2019	1,412,150	June 12, 2022	None
		TOTAL	**4,343,329**		

(1) The share rights concerned by this plan expired or vested in 2019.

18 – H. 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, 2019	December 31, 2018	2019	2018	December 31, 2019	December 31, 2018	2019	2018
Automotive (excl. AVTOVAZ)									
Renault Samsung Motors	Korea	20%	20%	24	36	202	205	(24)	(33)
Oyak Renault Otomobil Fabrikalari	Turkey	48%	48%	83	55	295	270	(56)	(41)
JMEV	China	50%		(6)		123		-	
Other				3	6	12	27	(4)	(7)
Total - Automotive (excluding AVTOVAZ)				**104**	**97**	**632**	**502**	**(84)**	**(81)**
Sales Financing									
Banco RCI Brasil (1)	Brazil	40%	40%	24	19	-	-	(9)	(8)
Rombo Compania Financiera (1)	Argentina	40%	40%	-	(2)	-	-	-	-
Other				7	7	52	45	(2)	(5)
Total – Sales Financing				**31**	**24**	**52**	**45**	**(11)**	**(13)**
AVTOVAZ									
Alliance Rostec Auto b.v.	Netherlands	32%	32%	-	-	756	663	-	-
AVTOVAZ	Russia	32%	32%	11	16	(668)	(603)	7	-
LLC Lada Izhevsk	Russia	32%	32%	6	7	(21)	(19)	(5)	-
Other				8	5	16	11	(3)	-
Total AVTOVAZ				**25**	**28**	**83**	**52**	**(1)**	**-**
TOTAL				**160**	**149**	**767**	**599**	**(96)**	**(94)**

(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 €144 million for the Brazilian subsidiary and €7 million for the Argentinian subsidiary at December 31, 2019 (€127 million and €13 million respectively at December 31, 2018). 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.

New partnership agreements were signed in 2018 with Oyak in Turkey, including perfectly symmetrical 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, 2019 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.

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

19 – 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 €603 million in 2019 (€588 million in 2018).

- **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) and the other RCI Financial Services Ltd, together covering approximately 1,780 people. This plan has been closed to new members since 2004, and no further rights can be earned under it after December 31, 2019. All employees benefit from a defined-contribution pension plan from January 1, 2020.

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).

The fund compartment dedicated to the Automotive (excluding AVTOVAZ) segment is underfunded and the Group has made a commitment to cover the shortfall by 2027 through payments amounting to £5 million maximum per year. Underfunding at December 31, 2019 is valued at £44 million for the fund compartment dedicated to the Automotive (excluding AVTOVAZ) segment, and £11 million for the fund compartment dedicated to RCI Financial Services Ltd.

- **Main changes in the Group's defined-benefit plans**

Following publication of France's ordinance 2019-697 of July 3, 2019 reforming supplementary defined-benefit pension plans in application of article 197 of the "Pacte" law, the Group terminated the defined-benefit top-up pension plan that was set up in France in late 2004, entailing the loss of the corresponding rights for plan members still working. This plan was open to members of the Group's Executive Committee who had been with the group for at least 5 years, including 2 years in the Executive Committee, with payment of the related pension conditional on holding an executive position with the Group at the time of retirement.

The provision established for this defined-benefit top-up pension plan amounted to €72 million at December 31, 2018. The portion of this provision corresponding to economically active members has been transferred to profit and loss in 2019 as a plan curtailment (positive impact of €41 million on the income statement) and a plan settlement (positive impact of €23 million on the income statement).

19 – 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, 2019**		**December 31, 2018**	
	Renault s.a.s.	**Others**	**Renault s.a.s.**	**Others**
Retirement age	60 to 65	60 to 67	60 to 65	60 to 67
Discount rate (1)	0.79%	0.1% to 2%	1.69%	0.8% to 2%
Salary increase rate	2.5%	1% à 3%	2.5%	1% à 2.7%
Duration of plan	13 years	6 to 20 years	13 years	7 to 20 years
Gross obligation	€1,158 million	€189 million	€1,035 million	€174 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, 2019**		**December 31, 2018**	
	Automotive excl. AVTOVAZ	**Sales Financing**	**Automotive excl. AVTOVAZ**	**Sales Financing**
Financial discount rate (1)	2.10%	2.10%	2.85%	2.85%
Pension inflation rate (salary increase rate for 2018)	2.80%	2.80%	2%	3.10%
Duration of plan	20 years	23 years	18 years	25 years
Actual return on fund assets	12.74%	15.52%	(3.95)%	(5.37)%
Gross obligation	€370 million	€44 million	€325 million	€33 million
Fair value of assets invested via pension funds	€319 million	€31 million	€270 million	€25 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).

19 – C. Net expense for the year

(€ million)	**2019**	**2018**
Current service cost	98	94
Past service cost and (gain) / loss on settlement	(84)	(3)
Net interest on the net liability (asset)	28	25
Effects of workforce adjustment measures	-	(1)
Net expense (income) for the year recorded in the income statement	**42**	**115**

19 – D. Detail of balance sheet provision

D1 – Breakdown of the balance sheet provision

(€ million)	December 31, 2019		
	Present value of the obligation	**Fair value of fund assets**	**Net defined-benefit liability (asset)**
Retirement and termination indemnities			
France	1,347	-	1,347
Europe (excluding France)	17	-	17
Americas	2	-	2
Africa - Middle East – India – Asia-Pacific	3	-	3
Eurasia (1)	54	-	54
Total retirement and termination indemnities	**1,423**	**-**	**1,423**
Supplementary pensions			
France	85	(65)	20
United Kingdom	414	(350)	64
Europe (excluding France and the United Kingdom) (2)	308	(200)	108
Americas	3	-	3
Africa - Middle East – India – Asia-Pacific	5	-	5
Total supplementary pensions	**815**	**(615)**	**200**
Other long-term benefits			
France (3)	72	-	72
Europe (excluding France)	3	-	3
Americas	2	-	2
Total other long-term benefits	**77**	**-**	**77**
TOTAL (4)	**2,315**	**(615)**	**1,700**

(1) Essentially Romania and Turkey.
(2) Essentially Germany and Switzerland.
(3) Flexible holiday entitlements and long-service awards.
(4) Total net liability due within one year: €64 million; total net liability due after one year: €1,636 million.

D2 – Schedule of amounts related to net defined-benefit liability

(€ million)	December 31, 2019				
	<1 year	**1 to 5 years**	**5 to 10 years**	**>10 years**	**Total**
Present value of obligation	73	332	417	1,493	2,315
Fair value of plan assets	(9)	(64)	(77)	(465)	(615)
Net defined-benefit liability (asset)	**64**	**268**	**340**	**1,028**	**1,700**

The weighted average duration of plans is 15 years at December 31, 2019 (14 years at December 31, 2018).

19 – 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, 2018	**2,116**	**(529)**	**1,587**
Current service cost	98	-	98
Past service cost and gain/loss on plan curtailment, modification and settlement	(84)	-	(84)
Net interest on the net liability (asset)	40	(12)	28
Net expense (income) for 2019 recorded in the income statement (19-C)	**54**	**(12)**	**42**
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	(3)	-	(3)
Actuarial gains and losses on the obligation resulting from changes in financial effects	233	-	233
Actuarial gains and losses on the obligation resulting from experience effects	16	-	16
Net return on fund assets (not included in net interest above)	-	(52)	(52)
Net expense (income) for 2019 recorded in other components of comprehensive income	**246**	**(52)**	**194**
Employer's contributions to funds	-	(22)	(22)
Employee's contributions to funds	-	(1)	(1)
Benefits paid under the plan	(117)	19	(98)
Benefits paid upon liquidation of a plan			-
Effect of changes in exchange rate	21	(18)	3
Effect of changes in scope of consolidation and other	(5)	-	(5)
Balance at December 31, 2019	**2,315**	**(615)**	**1,700**

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €735 million at December 31, 2019 (an expense of €596 million at December 31, 2018).

A 100 base point decrease in discount rates used for each plan would result in a €420 million increase in the amount of obligations at December 31, 2019 (€272 million at December 31, 2018), and a 100 base point increase in discount rates used for each plan would result in a €322 million decrease in the amount of obligations at December 31, 2019 (€229 million at December 31, 2018).

19 – F. Fair value of fund assets

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

(€ million)	December 31, 2019		
	Assets listed on active markets	Unlisted assets	Total
Pension funds			
Cash and cash equivalents	-	-	-
Shares	112	-	112
Bonds	202	-	202
Shares in mutual funds and other	40	5	45
Total – Pension funds	**354**	**5**	**359**
Insurance companies			-
Cash and cash equivalents	1	7	8
Shares	7	-	7
Bonds	203	5	208
Real estate property	17	1	18
Shares in mutual funds and other	5	10	15
Total - Insurance companies	**233**	**23**	**256**
TOTAL	**587**	**28**	**615**

Pension fund assets mainly relate to plans located in the United Kingdom (57.2%). Insurance contracts principally concern Germany (5.5%), France (10.6%), the Netherlands (20%) and Switzerland (5.5%). The actual returns on plan assets in the United Kingdom are shown in note 19-B.

The weighted average actual rate of return on the Group's main funds was 8.84% in 2019 ((1.28)% in 2018).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2019 is approximately €11 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	Provisions for litigation and risks concerning other taxes	Provisions for insurance activities (1)	Provisions for commitments given and other	Total
At December 31, 2018 (2)	**437**	**1,001**	**240**	**480**	**405**	**2,563**
Increases	259	628	78	84	124	1,173
Reversals of provisions for application	(224)	(591)	(31)	(41)	(93)	(980)
Reversals of unused balance of provisions	(22)	(31)	(47)	-	(110)	(210)
Changes in scope of consolidation	-	-	28	-	-	28
Translation adjustments and other changes	-	9	(40)	-	(21)	(52)
At December 31, 2019 (3)	**450**	**1,016**	**228**	**523**	**305**	**2,522**

(1) Technical reserves established by the Sales Financing segment's insurance companies.
(2) The figures for 2018 include a reclassification of provisions for uncertain tax liabilities, in application of an IFRIC decision of September 2019. These provisions are presented in specific lines instead of in other provisions as previously (note 2-A3). 2018 figures also include a €(57) million adjustment due to correction of an error concerning operations in the Americas region, with a corresponding entry in provisions.
(3) Short-term portion of provisions: €1,064 million; long-term portion of provisions: €1,458 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 2019, the Group recorded no provisions in connection with significant new litigation. 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, 2019, "Other provisions" include €84 million of provisions established in application of environmental regulations (€99 million at December 31, 2018). 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 €8 million (note 28-A2), and environmental compliance costs for industrial land in the Europe region and for industrial sites in the Americas and Eurasia regions.

NOTE 21 – OTHER CURRENT AND NON-CURRENT LIABILITIES

(€ million)	December 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Current taxes due	2	223	**225**	-	289	**289**
Provisions for uncertain tax liabilities [(1)]	187	8	**195**	140	22	**162**
Tax liabilities (excluding current taxes due)	30	1,235	**1,265**	45	1,176	**1,221**
Social liabilities	22	1,415	**1,437**	21	1,451	**1,472**
Other liabilities	248	6,415	**6,663**	169	5,723	**5,892**
Deferred income	1,432	1,722	**3,154**	1,337	1,573	**2,910**
Derivatives on operating transactions of the Automotive segments	-	14	**14**	-	5	**5**
Total other liabilities	1,732	10,801	**12,533**	1,572	9,928	**11,500**
Total	**1,921**	**11,032**	**12,953**	**1,712**	**10,239**	**11,951**

(1) The figures for 2018 include a reclassification of provisions for uncertain tax liabilities, in application of an IFRIC decision of September 2019. These provisions are presented in specific lines instead of in other provisions as previously (note 2-A3).

Other liabilities mainly correspond to amounts payable under sales incentive programs (€2.455 million at December 31, 2019 and €2,442 million at December 31, 2018) and deferred income recorded in connection with sales contracts including a buy-back commitment (€675 million at December 31, 2019 and €408 million at December 31, 2018).

Deferred income includes deferred income on Automotive service contracts such as maintenance and warranty extension contracts. It takes the form of payments received under contracts defining a customer payment schedule that does not depend on the group's execution of its performance obligation (advance payment in full, or regular payments due at the end of specified periods). Deferred income is transferred to revenues over the duration of the contracts, and breaks down as follows:

(€ million)		2019	2018
Deferred income on Automotive service contracts (maintenance and warranty extensions) at January 1		**817**	**720**
Deferred income received during the period		341	351
Deferred income recognized in revenues during the period		(313)	(253)
Change in scope of consolidation		-	-
Translation adjustments and other changes		1	(1)
Deferred income on Automotive service contracts (maintenance and warranty extensions) at December 31		**846**	**817**
To be recognized in revenues	- within one year	**329**	**271**
	- in 1 to 3 years	**464**	**479**
	- in 3 to 5 years	**53**	**67**

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

NOTE 22 – FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

22 – A. Current / non-current breakdown

(€ million)	December 31, 2019			December 31, 2018		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Investments in non-controlled entities	878	-	878	853	-	853
Marketable securities and negotiable debt instruments	-	1,375	1,375	-	921	921
Derivatives on financing operations by the Automotive segments	49	216	265	48	378	426
Loans and other	145	625	770	27	664	691
Total financial assets	**1,072**	**2,216**	**3,288**	**928**	**1,963**	**2,891**
Gross value	*1,072*	2,221	*3,293*	*928*	*1,974*	*2,902*
Impairment	-	*(5)*	*(5)*	-	*(11)*	*(11)*
Cash equivalents	-	8,375	8,375	-	8,091	8,091
Cash	-	6,607	6,607	-	6,686	6,686
Total cash and cash equivalents	**-**	**14,982**	**14,982**	**-**	**14,777**	**14,777**

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

22 – B. Investments in non-controlled entities

At December 31, 2019, investments in non-controlled entities include €812 million (€755 million at December 31, 2018) for the Daimler shares purchased under the strategic partnership agreement. These shares are carried at fair value through other components of comprehensive income by option. If the Daimler shares were sold, the gain on sale would not be transferred to profit and loss. Their fair value is determined by reference to the stock market price. At December 31, 2019, the stock market price (€49.37 per share) was higher than the acquisition price (€35.52 per share) and the unrealized gain on the Daimler shares held is €228 million. The increase in fair value over the year, amounting to €228 million (compared to a €409 million decrease in 2018), is recorded in other components of comprehensive income for 2019.

Investments in non-controlled entities also include €43 million at December 31, 2019 (€57 million at December 31, 2018) 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, 2019 is €54 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.

22 – 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 €540 million at December 31, 2019 (€551 million at December 31, 2018).

NOTE 23 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

23 – A. Current / non-current breakdown

(€ million)	December 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	281	-	281	277	-	277
Bonds	5,671	613	6,284	4,665	581	5,246
Other debts represented by a certificate	-	648	648	-	649	649
Borrowings from credit institutions	363	619	982	314	643	957
Lease liabilities in application of IFRS 16 (1)	608	115	723			
Other interest-bearing borrowings (2)	134	476	610	210	152	362
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	**7,057**	**2,471**	**9,528**	**5,466**	**2,025**	**7,491**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	49	219	268	42	353	395
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**7,106**	**2,690**	**9,796**	**5,508**	**2,378**	**7,886**
Borrowings from credit institutions	807	71	878	667	85	752
Other interest-bearing borrowings (2) (3)	-	(3)	(3)	6	-	6
Lease liabilities in application of IFRS 16 (1)	14	2	16			
Other non-interest-bearing borrowings	-	20	20	15	-	15
Financial liabilities of AVTOVAZ (excluding derivatives)	**821**	**90**	**911**	**688**	**85**	**773**
Total financial liabilities of the Automotive segment including AVTOVAZ	**7,927**	**2,780**	**10,707**	**6,196**	**2,463**	**8,659**
Diac redeemable shares and subordinated loans (4)	867	-	867	13	-	13
Bonds	-	18,825	18,825	-	18,902	18,902
Other debts represented by a certificate	-	5,114	5,114	-	4,527	4,527
Borrowings from credit institutions	-	5,480	5,480	-	4,931	4,931
Other interest-bearing borrowings, including lease liabilities (5)	-	17,954	17,954	-	16,053	16,053
Financial liabilities and debts of the Sales Financing segment (excluding derivatives)	**867**	**47,373**	**48,240**	**13**	**44,413**	**44,426**
Derivatives on financing operations of the Sales Financing segment	-	92	92	-	82	82
Financial liabilities and debts of the Sales Financing segment	**867**	**47,465**	**48,332**	**13**	**44,495**	**44,508**
Total financial liabilities of the Automotive segment including AVTOVAZ, and financial liabilities and debts of the Sales Financing segment	**8,794**	**50,245**	**59,039**	**6,209**	**46,958**	**53,167**

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2. Lease liabilities are now presented separately for the Automotive segments.
(2) The financial liability recognized at December 31, 2019 in application of IAS 16 for leases analysed in substance as purchases amounts to €26 million. Other interest-bearing borrowings at December 31, 2018 included finance lease liabilities of the Automotive (excluding AVTOVAZ) and AVTOVAZ segments, amounting to €74 million and €4 million respectively.
(3) Figures are represented after elimination of intragroup transactions. The negative figure reported for Other interest-bearing borrowings at December 31, 2019 is thus explained by elimination of the cash loaned by AVTOVAZ to the Automobile (excluding AVTOVAZ) segment. 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 €16 million at December 31, 2019 (€3 million at December 31, 2018).
(4) Including subordinated loans of RCI Banque, amounting to €850 million at December 31, 2019.
(5) Including lease liabilities of the Sales Financing segment, amounting to €53 million at December 31, 2019.

23 – B. Changes in Automotive financial liabilities and derivative assets on financing operations

(€ million)	December 31, 2018	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, 2019
Renault SA redeemable shares	277	-	-	-	4	281
Bonds	5,246	983	-	58	(3)	6,284
Other debts represented by a certificate	649	-	-	-	(1)	648
Borrowings from credit institutions	957	121	-	(11)	(85)	982
Lease liabilities in application of IFRS 16 (1)		(94)	-	1	816	723
Other interest-bearing borrowings	362	(117)	250	16	99	610
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	**7,491**	**893**	**250**	**64**	**830**	**9,528**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	395	(67)	-	(48)	(12)	268
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**7,886**	**826**	**250**	**16**	**818**	**9,796**
Borrowings from credit institutions	752	(20)	-	30	116	878
Other interest-bearing borrowings	6	(27)	-	76	(58)	(3)
Lease liabilities in application of IFRS 16 (1)		(2)	-	2	16	16
Other non-interest-bearing borrowings	15	-	-	5	-	20
Financial liabilities of AVTOVAZ (excluding derivatives) (2)	**773**	**(49)**	**-**	**113**	**74**	**911**
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENT INCLUDING AVTOVAZ (a)	**8,659**	**777**	**250**	**129**	**892**	**10,707**
Derivative assets on Automotive financing operations (excluding AVTOVAZ) (b)	426	(147)	-	(3)	(11)	265
Net change in Automotive financial liabilities in consolidated cash flows (section 4.2.5) (a) – (b)		**924**				

(1) *The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2. The other changes with no impact on cash flows principally comprise the effects of first application at January 1, 2019 and new leases concluded in 2019.*

(2) *Figures are presented after elimination of intragroup transactions. The negative figure reported for Other interest-bearing borrowings is thus explained by elimination of the cash loaned by AVTOVAZ to the Automobile (excluding AVTOVAZ) segment. 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-A4.*

23 – C. Changes in financial liabilities and sales financing liabilities

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 €20 million for 2019 (€21 million for 2018), is included in interest expenses.

Redeemable shares are stated at amortized cost. These shares are traded for €557 at December 31, 2019 and €601 at December 31, 2018. The financial liability based on the stock market value of the redeemable shares at December 31, 2019 is €444 million (€479 million at December 31, 2018).

Changes in bonds of the Automotive (excluding AVTOVAZ) segment

Renault SA issued two Eurobonds under its EMTN program in 2019: one on June 24, 2019 with a nominal value of €1 billion, 6-year maturity and a 1.25% coupon, and the other on October 4, 2019 with a nominal value of €500 million, 8-year maturity and a 1.125% coupon.

In 2019, Renault SA and Renault Do Brasil SA redeemed bonds for a total of €551 million and €23 million respectively.

Changes in financial liabilities of the AVTOVAZ segment

During 2019, the AVTOVAZ group repaid financial liabilities totalling €234 million and contracted new financial liabilities totalling €186 million.

At December 31, 2019, the AVTOVAZ group's average interest rate was 7.6% for outstanding rouble-denominated bank loans (at December 31, 2018, the average rate was 10.16% for loans in roubles and 3.00% for loans in other currencies). At December 31, 2019, the AVTOVAZ group had €583 million of floating-rate bank loans (€414 million at December 31, 2018).

At December 31, 2019, the AVTOVAZ group has confirmed credit lines opened with banks in the amount of €1,347 million (€1,299 million at December 31, 2018). At December 31, 2019, the AVTOVAZ group has €474 million of undrawn available confirmed borrowing facilities (€519 million at December 31, 2018), which can be used for operating activities (in 2018 it had available confirmed borrowing facilities of €329 million for operating activities and €190 million for investments).

At December 31, 2019, the AVTOVAZ group was in compliance with all the covenants included in its loan agreements with banks.

At December 31, 2019 the AVTOVAZ group's loans and borrowings are not guaranteed (at December 31, 2018, €357 million of loans and borrowings were guaranteed by €86 million of property, plant and equipment, €19 million of finished goods and 100% of the shares of AO Lada-Servis and AO ZAK).

Changes in debts of the Sales Financing segment

In 2019, RCI Banque group issued new bonds totalling €3,869 million and maturing between 2019 and 2026, and redeemed bonds for a total of €4,034 million. RCI Banque also undertook an €850 million issue on the Tier 2 callable subordinated bank debt market.

Savings deposits collected rose by €1,848 million in 2019 (€883 million of sight deposits and €965 million of term deposits) to €17,711 million (€13,003 million of sight deposits and €4,708 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, Brazil, France and the United Kingdom.

Credit lines

At December 31, 2019, Renault SA's confirmed credit lines opened with banks amounted to the equivalent of €3,480 million at December 31, 2019 as at December 31, 2018. These credit lines have maturities of over one year and were unused at December 31, 2019 (and at December 31, 2018).

Also, at December 31, 2019, the Sales Financing segment's confirmed credit lines opened in several currencies with banks amounted to €4,847 million (€4,820 at December 31, 2018). These credit lines were drawn to the extent of €13 million at December 31, 2019 (€26 million at December 31, 2018).

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.

23 – D. 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, 2019.

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

Financial liabilities of the Automotive segments

(€ million)	December 31, 2019							
	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 Renault SA (by issue date)								
2014	500	500	-	500	-	-	-	-
2017	2,295	2,295	577	-	218	750	-	750
2018	1,921	1,921	-	321	-	150	700	750
2019	1,557	1,557	-	-	-	-	57	1,500
Bonds issued by Renault Do Brasil (by issue date)								
2016	6	-	-	-	-	-	-	-
Accrued interest, expenses and premiums	5	36	36	-	-	-	-	-
Total bonds	**6,284**	**6,309**	**613**	**821**	**218**	**900**	**757**	**3,000**
Other debts represented by a certificate	648	648	648	-	-	-	-	-
Borrowings from credit institutions	982	569	229	75	25	50	190	-
Lease liabilities in application of IFRS 16 (1) (2)	723	776	123	117	104	78	70	284
Other interest-bearing borrowings	610	363	285	35	18	15	10	-
Total other financial liabilities	**2,963**	**2,356**	**1,285**	**227**	**147**	**143**	**270**	**284**
Future interest on bonds and other financial liabilities	-	200	39	73	57	14	6	11
Redeemable shares	281	-	-	-	-	-	-	-
Derivatives on financing operations	268	264	215	21	14	8	6	-
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**9,796**	**9,129**	**2,152**	**1,142**	**436**	**1,065**	**1,039**	**3,295**
Rouble-denominated bank loans	878	**878**	**71**	**109**	**9**	**367**	**322**	**-**
Rouble-denominated interest-free promissory notes	20	**20**	**20**	**-**	**-**	**-**	**-**	**-**
Lease liabilities in application of IFRS 16 (1) (2)	16	**56**	**4**	**3**	**3**	**2**	**2**	**42**
Financial liabilities of Alliance Rostec Auto b.v.	7	**7**	**7**	**-**	**-**	**-**	**-**	**-**
Less current loans and borrowings from Renault s.a.s. and intragroup cash of the AVTOVAZ segment	(10)	**(10)**	**(10)**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities of the AVTOVAZ segment	**911**	**951**	**92**	**112**	**12**	**369**	**324**	**42**

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A.
(2) The potential future cash outflows caused by the exercise of extension options and contracts already signed which take effect in 2020 amount to €80 million.

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

(€ million)	**December 31, 2019**			
	Contractual flows maturing within 1 yr	<1 month	1 to 3 months	3 months to 1 year
Bonds	613	-	19	594
Lease liabilities in application of IFRS 16 (1)	123	14	24	85
Other financial liabilities	1,162	592	253	317
Future interest on bonds and other financial liabilities	39	2	13	24
Derivatives on financing operations	215	84	46	85
Total financial liabilities maturing within 1 year of the Automotive (excluding AVTOVAZ) segment	**2,152**	**692**	**355**	**1,105**
Rouble-denominated bank loans (1)	71	19	33	19
Rouble-denominated interest-free promissory notes	20	-	20	-
Lease liabilities in application of IFRS 16 (1)	4	-	1	3
Financial liabilities of Alliance Rostec Auto b.v.	7	7	-	7
Less current loans and borrowings from Renault s.a.s. and intragroup cash of the AVTOVAZ segment	(10)	(10)	-	-
Total financial liabilities maturing within 1 year of the AVTOVAZ segment	**92**	**16**	**54**	**29**

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A. Lease liabilities are now presented separately.

Financial liabilities and debts of the Sales Financing segment

(€ million)	**December 31, 2019**							
	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	507	500	-	500	-	-	-	-
2015	1,763	1,750	1,000	-	750	-	-	-
2016	2,113	2,100	-	750	-	1,350	-	-
2017	6,779	6,739	1,472	765	2,752	-	1,150	600
2018	3,722	3,676	132	1,316	63	865	-	1,300
2019	3,866	3,855	4	333	482	1,445	941	650
Accrued interest, expenses and premiums	75	126	99	15	10	2	-	-
Total bonds	**18,825**	**18,746**	**2,707**	**3,679**	**4,057**	**3,662**	**2,091**	**2,550**
Other debts represented by a certificate	5,114	5,114	2,729	1,191	208	11	975	-
Borrowings from credit institutions	5,480	5,480	3,717	1,248	412	98	5	-
Other interest-bearing borrowings, including lease liabilities (1)	17,954	17,954	15,799	1,122	624	167	227	15
Total other financial liabilities	**28,548**	**28,548**	**22,245**	**3,561**	**1,244**	**276**	**1,207**	**15**
Future interest on bonds and other financial liabilities	**-**	**1,050**	**235**	**390**	**166**	**105**	**68**	**86**
Diac redeemable shares and subordinated loans	**867**	**863**	**3**	**-**	**-**	**-**	**-**	**860**
Derivative liabilities on financing operations	**92**	**41**	**12**	**16**	**10**	**3**	**-**	**-**
Total financial liabilities and debts of the Sales Financing segment	**48,332**	**49,248**	**25,202**	**7,646**	**5,477**	**4,046**	**3,366**	**3,511**

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2.

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

(€ million)	December 31, 2019			
	Contractual flows maturing within 1 year	<1 month	1 to 3 months	3 months to 1 year
Bonds	2,707	10	23	2,674
Other financial liabilities	22,245	14,911	1,063	6,271
Future interest on bonds and other financial liabilities	235	5	32	198
Subordinated loans	3	-	3	-
Derivative liabilities on financing operations	12	-	1	11
Total financial liabilities maturing within 1 year	**25,202**	**14,926**	**1,122**	**9,154**

23 – E. Financing by assignment of receivables

Some of the Automotive segment's external financing comes from assignment of commercial receivables to non-Group financial establishments.

Details of financing by assignment of commercial receivables is as follows:

(€ million)	December 31, 2019		December 31, 2018	
	Receivables assigned to non-Group entities and derecognized	**Receivables assigned and not derecognized**	**Receivables assigned to non-Group entities and derecognized**	**Receivables assigned and not derecognized**
Automotive (excluding AVTOVAZ)	1,805	-	1,375	-
AVTOVAZ	5	-	-	-
Total assigned	**1,810**	**-**	**1,375**	**-**

The total amount of tax receivables assigned and derecognized in 2019 is €438 million, comprising €324 million of CIR receivables, €54 million of CICE receivables and €60 million of VAT receivables (€218 million of CIR receivables, €60 million of CICE receivables and €85 million of VAT receivables in 2018).

French tax receivables assigned outside the Group (the "CIR" Research Tax Credit and "CICE" Tax Credit For Competitiveness and Employment), with transfer of substantially all the risks and benefits associated with ownership of the receivables, are only derecognized if the risk of dilution is deemed to be non-existent. This is notably the case when the assigned receivables have already been subject to a tax inspection or preliminary audit. No assigned tax receivables remained in the balance sheets at December 31, 2019.

The assigned receivables are derecognized when the associated risks and benefits are substantially transferred, as described in note 2-P.

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

24 – A. Financial instruments by category and fair value by level

IFRS 9, which is applicable from 2018,defines three 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 2019, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

(€ million)		December 31, 2019									
		Balance sheet value							Fair value level of financial assets at fair value		
FINANCIAL ASSETS AND OTHER ASSETS	Notes	Fair value through profit and loss	Fair value of hedging instruments	Equity instruments at fair value through other components of comprehensive income	Debt instruments at fair value through other components of comprehensive income	Equity instruments valued under the applicable standard	Amortized cost	**Fair value of financial assets at amortized cost**	**Level 1**	**Level 2**	**Level 3**
Sales financing receivables	15	-	-	-	-	-	45,374	45,276 (1)			
Automotive customer receivables	16	-	-	-	-	-	1,258	(2)			
Tax receivables (including current taxes due)	17	-	-	-	-	-	2,305	(2)			
Other receivables and prepaid expenses	17	-	-	-	-	-	2,795	(2)			
Loans	22	-	-	-	-	-	770	(2)			
Cash equivalents	22	-	-	-	-	-	3,690	(2)			
Cash	22	-	-	-	-	-	6,607	(2)			
Total financial assets recorded at amortized cost		**-**	**-**	**-**	**-**	**-**	**62,799**				
Derivatives on operating transactions of the Automotive segments	17	-	10	-	-	-	-		-	10	-
Derivatives on financing operations of the Sales Financing segment	17	-	36	-	-	-	-		-	36	-
Investments in non-controlled entities	22	-	-	812	-	-	-		812	-	--
Marketable securities and negotiable debt instruments	22	-	-	-	1,285	-	-		1,285	-	-
Derivatives on financing operations by the Automotive segments	22	-	-	-	-	-	-		-	-	-
Cash equivalents	22	-	-	-	102	-	-		102	-	-
Total financial assets at fair value through equity		**-**	**46**	**812**	**1,387**	**-**	**-**		**2,199**	**46**	**-**
Derivatives on operating transactions of the Automotive segments	17	-	-	-	-	-	-		-	-	-
Derivatives on financing operations of the Sales Financing segment	17	2	139	-	-	-	-		-	141	-
Investments in non-controlled entities	22	66	-	-	-	-	-		-	-	66
Marketable securities and negotiable debt instruments	22	-	-	-	90	-	-		90	-	-
Derivatives on financing operations of the Automotive segments	22	265	-	-	-	-	-		-	265	-
Cash equivalents	22	4,583	-	-	-	-	-		4,583	-	-
Total financial assets at fair value through profit and loss		**4,916**	**139**	**-**	**90**	**-**	**-**		**4,673**	**406**	**66**
Investments in unconsolidated controlled entities	17	-	-	-	-	105	-				
Total unconsolidated equity instruments valued under the applicable standard		**-**	**-**	**-**	**-**	**105**	**-**				
Total financial assets		**4,916**	**185**	**812**	**1 477**	**105**	**62,799**		**6,872**	**452**	**66**

(1) 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.

(2) 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)	Notes	December 31, 2019							
FINANCIAL LIABILITIES OTHER LIABILITIES		**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	-	-	-	1,490	(2)			
Social liabilities	21	-	-	-	1,437	(2)			
Other liabilities and deferred income	21	-	-	-	9,817	(2)			
Trade payables	21	-	-	-	47,465	(2)			
Renault redeemable shares	23	-	-	-	281	444 (3)			
Subordinated debts	23	-	-	-	853	853 (4)			
Bonds (*)	23	-	-	-	25,109	25,194 (4)			
Other debts represented by a certificate (*)	23	-	-	-	5,762	5,785 (4)			
Borrowings from credit institutions (*)	23	-	-	-	7,340	7,428 (4)			
Lease liabilities in application of IFRS 16 (*) (1)	23	-	-	-	792	792 (4)			
Other interest-bearing and non-interest-bearing borrowings (*)	23	-	-	-	18,528	18,500 (4)			
Total financial liabilities recorded at amortized cost		-	-	-	**118,874**				
(*) Financial liabilities and debts of the Automotive (excluding AVTOVAZ) segment					9,247	9,200			
Financial liabilities and debts of AVTOVAZ					911	929			
Financial liabilities and debts of the Sales Financing segment					47,373	47,570			
Derivatives on operating transactions of the Automotive segments	21	-	-	9	-		-	9	-
Derivatives on financing operations of the Automotive segments	23	-	-	-	-		-	-	-
Derivatives on financing operations of the Sales Financing segment	23	-	-	77	-		-	77	-
Total financial liabilities at fair value through equity		**-**	**-**	**86**	**-**		**-**	**86**	**-**
Derivatives on operating transactions of the Automotive segments	21	5	-	-	-		-	5	-
DIAC redeemable shares	23	-	14	-	-		14	-	-
Derivatives on financing operations of the Automotive segments	23	268	-	-	-		-	268	-
Derivatives on financing operations of the Sales Financing segment	23	12	-	3	-		-	15	-
Total financial liabilities at fair value through profit and loss		**285**	**14**	**3**	**-**		**14**	**288**	**-**
Total financial liabilities		**285**	**14**	**89**	**-**		**14**	**374**	**-**

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A. This item reports the lease liabilities of the Automotive and Sales Financing segments.

(2) 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.

(3) The fair value of Renault redeemable shares is identical to the stock market price.

(4) 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, 2019 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, 2019.

24 – B. Changes in Level 3 financial instruments

Level 3 financial instruments mainly correspond to investments in non-controlled entities (€66 million at December 31, 2019 and €98 million at December 31, 2018). 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 equity or using a method based on non-observable data.

24 – C. Impact of financial instruments on net income

(€ million)	Financial assets other than derivatives			Financial liabilities other than derivatives			
2019	**Instruments measured at fair value through profit and loss**	**Instruments measured at fair value through equity**	**Instruments measured at amortized cost**	**Instruments designated at fair value through profit and loss**	**Instruments measured at amortized cost (1)**	**Derivatives**	**Total impact on net income**
Operating margin	-	-	79	-	(37)	(8)	34
Net financial income (expenses)	(18)	59	75	-	(344)	(15)	(243)
Impact on net income – Automotive (excluding AVTOVAZ) segment	**(18)**	**59**	**154**	**-**	**(381)**	**(23)**	**(209)**
Operating margin	-	-	6	-	-	-	6
Net financial income (expenses)	1	-	3	-	(88)	-	(84)
Impact on net income – AVTOVAZ segment	**1**	**-**	**9**	**-**	**(88)**	**-**	**(78)**
Operating margin	(45)	10	758	(2)	(681)	99	139
Impact on net income – Sales Financing segment	**(45)**	**10**	**758**	**(2)**	**(681)**	**99**	**139**
Total gains (losses) with impact on net income	**(62)**	**69**	**921**	**(2)**	**(1,150)**	**76**	**(148)**

(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.

24 – D. Fair value hedges

(€ million)	**2019**	**2018**
Change in fair value of the hedging instrument	74	26
Change in fair value of the hedged item	(80)	(27)
Net impact on net income of fair value hedges	**(6)**	**(1)**

Hedge accounting methods are described in note 2-X.

NOTE 25 – DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

25 – 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, 2019	Non-current	Current	Current	Non-current	Current	Current
Cash flow hedges	-	-	-	-	-	8
Fair value hedges	-	-	-	-	-	-
Net investment hedge in Nissan	-	-	-	-	-	-
Derivatives not qualified as hedging instruments	26	215	2	21	228	5
Total foreign exchange risk	**26**	**215**	**2**	**21**	**228**	13
Cash flow hedges	-	-	36	-	77	-
Fair value hedges	-	-	140	-	3	-
Derivatives not qualified as hedging instruments	23	1	-	28	3	-
Total interest rate risk	**23**	**1**	**176**	**28**	**83**	**-**
Cash flow hedges	-	-	9	-	-	1
Fair value hedges	-	-	-	-	-	-
Derivatives not qualified as hedging instruments	-	-	-	-	-	-
Total commodity risk	**-**	**-**	**9**	**-**	**-**	**1**
Total	**49**	**216**	**187**	**49**	**311**	**14**

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, 2019	Amounts in the statement of financial position eligible for netting	Amounts not netted in the statement of financial position			Net amounts
		Financial instruments assets/liabilities	*Guarantees included in liabilities*	*Off balance sheet guarantees*	
ASSETS					
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	265	(173)	-	-	92
Derivatives on financing operations of the Sales Financing segment	177	(37)	-	-	140
Sales financing receivables on dealers (2)	441	-	(197)	-	244
TOTAL ASSETS	**883**	**(210)**	**(197)**	**-**	**476**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	268	(173)	-	-	95
Derivatives on financing operations of the Sales Financing segment	92	(37)	-	-	55
TOTAL LIABILITIES	**360**	**(210)**	**-**	**-**	**150**

(1) 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.

25 – 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 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 NEU CP (Negotiable European Commercial Paper), or financing via the banking sector or public or semi-public bodies.

Medium-term refinancing for the Automotive (excluding AVTOVAZ) segment in 2019 was mostly provided by bond issues. Renault SA issued two bonds under its EMTN program: two Eurobonds, one with a nominal value of €1 billion issued on June 24, 2019 with 6-year maturity and a coupon of 1.25%, and the other with a nominal value of €500 million issued on October 4, 2019 with 8-year maturity and a 1.125% coupon.

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 2024. None of these credit lines was drawn at December 31, 2019. 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.

Liquidity risk management refers to an internal model to define the level of the liquidity reserve the Automotive segment must maintain to finance its operations and development. The Automotive liquidity reserve is closely monitored by a monthly regular review and reporting that is validated internally.

Given its available cash reserves (€12.2 billion) and confirmed credit lines unused at December 31, (€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. In recent years Renault has diversified its sources of financing widely, moving into new distribution zones in addition to its longstanding base of Euro bond investors.

RCI Banque's liquidity risk monitoring follows the recommendations of the European Banking Authority for an Internal Liquidity Adequacy Assessment Process (ILAAP). It uses several indicators and analyzes (static liquidity, liquidity reserve, several stress scenarios), which are updated and reported to RCI Banque's Financial Committee on a monthly basis. 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 backtested.

In 2019, the Sales Financing segment issued the equivalent of €2.9 billion in public bonds. The Group successively issued a fixed-rate €750 million 5.5-year bond, a dual-tranche €1.4 billion bond (4-year fixed-rate €750 million, and 7-year fixed-rate €650 million), and a 3.5-year fixed-rate €600 million bond. In parallel, the company issued a CHF170 million fixed-rate 5-year bond, which both diversified its investor base and financed assets in that currency.

RCI Banque also made an issue on the subordinated bank debt market, placing a €850 million 10.25-year subordinated Tier 2 bond callable after 5.25 Years.

On the secured refinancing segment, RCI Banque undertook a public securitization transaction backed by automotive loans in Germany, totaling €975.7 million, comprising €950 million of senior instruments and €25.7 million of subordinated instruments.

The alternation of different maturities 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.

Savings deposits collected from private customers increased by €1.8 billion from 2018 to €17.7 billion or 35% of net assets at December 31, 2019, 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 €4.5 billion in undrawn confirmed credit lines with banks, €2.5 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 €0.5 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 policy not to hedge future operating cash flows in foreign currencies, although exceptions may be made. 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 view of the uncertainty generated by Brexit over the Euro-sterling exchange rate, in November 2019 the Group set up a hedge of future operating cash flows in sterling in 2020.

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 84 billion yen at December 31, 2019 (note 12-G). To limit liquidity risks in yen, the Group has set itself the rule of not hedging the net investment above an amount equal to its best estimate of the next three years' dividends in yen to be received from Nissan.

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, 2019 RCI Banque's consolidated foreign exchange position reached €6.3 million.

In preparation for the consequences of Brexit, all the activities of RCI Bank UK Branch were transferred from March 14, 2019 to a new entity, the credit institution RCI Services UK Limited, which is a fully-owned subsidiary of RCI Banque SA.

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to their foreign exchange risk management policy in 2019.

- 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 intragroup balances) and derivatives denominated in a currency other than the currency of the entity that holds them. However, it does not take into items (hedged assets or liabilities and derivatives) concerned by fair value hedging, for which changes in fair value of the hedged item and the hedging instrument 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 €10 million at December 31, 2019, explained by the yen bond issues that make up the partial hedge of the investment in Nissan (see note 12-G) and the partial hedge set up for future cash flows in sterling in 2020.

The impact on net income of a 1% rise in the euro against other currencies would be an unfavourable €7 million at December 31, 2019, mainly attributable to unhedged operating assets and liabilities denominated in a currency that is not the functional currency of the entity that holds them.

- Currency derivatives

(€ million)	December 31, 2019				December 31, 2018			
	Nominal	<1 yr	1 to 5 yrs	>5 yrs	Nominal	<1 yr	1 to 5 yrs	>5 yrs
Currency swaps – purchases	724	436	288	-	3,101	1,408	1,693	-
Currency swaps – sales	720	434	286	-	3,092	1,393	1,699	-
Forward purchases	25,539	23,567	1,972	-	30,089	28,420	1,669	-
Forward sales	25,603	23,631	1,972	-	30,105	28,436	1,669	-

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 72 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:

- liquidity reserves are generally established using floating-rate financing: the Automotive segment's available cash is managed centrally by Renault SA as far as possible and invested in short-term bank deposits by Renault Finance.
- long-term investments generally use fixed-rate financing. Fixed-rate borrowings remain at fixed rates as long as the rate curve is close to zero, or even negative.

The ratio of liquidity reserve hedging by floating-rate debts is monitored monthly.

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

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 their interest rate risk management policy in 2019.

- 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.

For the Sales Financing segment, 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 €102.1 million and €0.2 million respectively at December 31, 2019.

For the Sales Financing segment, the overall sensitivity to interest rate risks in 2019 remained below the limit set by the RCI Banque group (€50 million at December 31). At December 31, 2019, a 100 point base point rise in interest rates would have the following impacts on net income and shareholders' equity (before taxes):

- +€0.9 million for items denominated in pounds sterling;
- +€0.5 million for items denominated in Korean won;
- +€0.2 million for items denominated in Polish zloty;
- -€0.2 million for items denominated in Czech korunas;
- -€0.5 million for items denominated in Brazilian real;
- -€0.8 million for items denominated in Swiss francs;
- -€1.0million for items denominated in euros.

The sum of the absolute sensitivities in each currency amounts to €4.5 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, 2019	December 31, 2018
Financial liabilities before hedging: fixed rate (a)	35,503	27,006
Financial liabilities before hedging: floating rate (a')	21,970	24,621
Financial liabilities before hedging (without redeemable shares) of the Group (excluding AVTOVAZ)	**57,473**	**51,627**
Hedges: floating rate / fixed (b)	8,631	9,844
Hedges: fixed rate / floating (b')	8,758	7,702
Hedges	**17,389**	**17,546**
Financial liabilities after hedging: fixed rate (a+b-b')	35,376	29,148
Financial liabilities after hedging: floating rate (a'+b'-b)	22,097	22,479
Financial liabilities after hedging (without redeemable shares) of the Group (excluding AVTOVAZ)	**57,473**	**51,627**

- Interest rate derivatives

(€ million)	December 31, 2019				December 31, 2018			
	Nominal	<1 yr	1 to 5 yrs	>5 yrs	Nominal	<1 yr	1 to 5 yrs	>5 yrs
Interest rate swaps	23,313	7,500	13,813	2,000	23,867	8,361	13,506	2,000
Other interest rate hedging instruments	-	-	-	-	79	79	-	-

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 2019.

- 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 €82 million on shareholders' equity. The impact on net income is not significant at December 31, 2019.

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 2019 Renault undertook hedging operations on base metals and precious metals, within the limits validated by the Chairman and CEO of Renault SA for a temporary period.

The operations in progress at December 31, 2019 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, 2019.

- Commodity derivatives

(€ million)	December 31, 2019				December 31, 2018			
	Nominal	<1 yr	1 to 5 yrs	>5 yrs	Nominal	<1 yr	1 to 5 yrs	>5 yrs
Swaps	115	115	-	-	70	64	6	-
Zero-premium collars (option)	36	36	-	-	31	29	2	-

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 2019.

Impairment and provisions established to cover counterparty risks

(€ million)	Notes	December 31, 2018	Impairment	Reversals		Other	December 31, 2019
				For application	Of unused residual amounts		
Impairment of Sales Financing receivables	15	(780)	(373)	198	108	(1)	(848)
- impairment of financing for end-customers	15	*(669)*	*(295)*	*153*	*65*	*(1)*	*(747)*
- impairment of dealership financing	15	*(111)*	*(78)*	*45*	*43*	-	*(101)*
Impairment of Automotive receivables	16	(779)	(20)	5	11	(32)	(815)
Impairment of other receivables	17	(320)	(19)	-	-	-	(339)
Impairment of other financial assets	22	(11)	6	-	-	-	(5)
Provisions (commitments given)	20	5	11	(1)	(9)	-	6
Total coverage of counterparty risks		**(1,885)**	**(395)**	**202**	**110**	**(33)**	**(2,001)**

C. Management of AVTOVAZ Group financial risks

The AVTOVAZ Group's principal financial liabilities comprise bank loans, lease liabilities, 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.

No trading in derivatives was undertaken in 2019. 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 97% of sales and 94% of costs are denominated in roubles.

Risk management is carried out by PAO AVTOVAZ Finance Department, which identifies, evaluates and manages foreign exchange risks by analyzing 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***
2019		
EUR/RUB	13,00	(3)
JPY/RUB	13,00	0
USD/RUB	13,00	0
EUR/RUB	-11,00	2
JPY/RUB	-13,00	0
USD/RUB	-13,00	0

C2 – Counterparty and credit risks

At December 31, 2019, the AVTOVAZ Group has €67 million in cash and cash equivalents and €250 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.

The AVTOVAZ Group trades only with recognized, creditworthy third parties. The AVTOVAZ Group's policy states that all customers requiring credit facilities must be subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and as a result, the 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

The 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.

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

The maturity of the AVTOVAZ Group's financial liabilities at December 31, 2019 is presented in note 23-D.

C4 – Cash flow and Interest rate risk

The AVTOVAZ Group's interest rate risk principally results from its sources of financing. At December 31, 2019, the AVTOVAZ Group has €583 million of floating-rate debts to credit institutions and €338 million of fixed-rate debts to credit institutions (note 23). It has not entered into any hedging arrangements in respect of its interest rate exposures.

The AVTOVAZ group's financial assets bear interest at fixed rates or do not bear interest.

4.2.6.6 Cash flows and other information

NOTE 26 – CASH FLOWS

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

(€ million)	**2019**	**2018**
Net allocation to provisions	(115)	204
Net effects of sales financing credit losses	67	63
Net (gain) loss on asset disposals	23	(69)
Change in fair value of other financial instruments	33	22
Net financial indebtedness	311	308
Deferred taxes	828	33
Current taxes	626	690
Other	164	145
Other income and expenses with no impact on cash before interest and tax	**1,937**	**1,396**

26 – B. Change in working capital

(€ million)	**2019**	**2018**
Decrease (increase) in net inventories	165	240
Decrease (increase) in Automotive net receivables	390	283
Decrease (increase) in other assets	155	(39)
Increase (decrease) in trade payables	(161)	(240)
Increase (decrease) in other liabilities	665	307
Increase (decrease) in working capital before tax	**1,214**	**551**

26 – C. Capital expenditure

(€ million)	**2019**	**2018**
Purchases of intangible assets	(2,086)	(1,772)
Purchases of property, plant and equipment (other than assets leased to customers)	(3,035)	(2,745)
Total purchases for the period	**(5,121)**	(4,517)
Deferred payments	99	110
Total capital expenditure	**(5,022)**	**(4,407)**

NOTE 27 – RELATED PARTIES

27 – A. Remuneration of directors and executives and Executive Committee members

At its meeting of January 24, 2019, the Renault Group's Board of Directors decided to separate the functions of Chairman of the Board and Chief Executive Officer.

The table below reports the remuneration paid to the Chairman and CEO (2018), the Chairman of the Board of Directors (2019), the Chief Executive Officer (2019), Directors and Executives and Group Executive Committee members. Amounts are allocated *pro rata* to expenses of the periods in which the functions were occupied. Since April 1, 2019 the Renault Group's Executive Committee has had 12 members.

(€ million)	**2019**	**2018**
Basic salary	6.0	5.5
Variable remuneration	4.6	7.4
Employer's social security charges	2.7	11.1
Complementary pension and retirement indemnities	(23.2)	9.5
Agreed indemnities	7.8	-
Other components of remuneration	0.2	0.5
Total remuneration in cash	**(1.8)**	**34.0**
Stock options, performance shares and other share-based payments	11.3	16.1
Total remuneration in shares	**11.3**	**16.1**
Total	**9.5**	**50.1**

Directors' fees amounted to €1.5 million in 2019 (€1.5 million in 2018)

There are no longer any commitments under the collective top-up pension plan arranged for members of the Group Executive Committee at December 31, 2019 (€52 million at December 31, 2018) due to settlement of this plan in 2019 (see note 19-A). Reversals from provisions concerning directors and executives and members of the Executive Committee that had an impact on net income are included in the line 'Complementary pension and retirement indemnities' in the above table.

In 2018, this table did 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 remuneration included in the 2018 figures above.

As Renault's Chairman and CEO at December 31, 2018 was unable to exercise his management duties during the first half-year of 2019 and resigned (i) from his position as Chief Executive Officer and Chairman of the Board of Directors of Renault on January 23, 2019, (ii) from his positions in Renault group companies other than his position as director on January 23, 2019, and (iii) from his position as director of Renault SA after the General Shareholders' Meeting of June 12, 2019, he is not considered to be one of the Group's key executives for the year 2019, as defined in IAS 24 "Related party disclosures", as he has had no management authority in Renault since the end of 2018. The figures for 2019 presented above thus contain no compensation concerning the former Chairman and CEO.

27 – 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

27 – C. Transactions with the French State and public companies

In the course of its business the Group undertakes transactions with the French State and public companies such as UGAP, EDF, and La Poste. These transactions, which take place under normal market conditions, represent sales of €257 million in 2019, an automotive receivable of €53 million, a sales financing receivable of €403 million and a financing commitment of €26 million at December 31, 2019.

27 – 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 (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 2019, the Renault Group's expenses with this company amounted to approximately €255 million (€284 million in 2018).

In the Group's financial position at December 31, 2019, the balances of transactions between Renault Nissan Global Management and the Renault Group consist mainly of operating receivables amounting to €120 million (€41 million at December 31, 2018) and operating payables amounting to €59 million (€25 million at December 31, 2018).

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).

28 – A. Off-balance sheet commitments given and contingent liabilities

A1 – Ordinary operations

The Group is committed for the following amounts:

(€ million)	**December 31, 2019**	**December 31, 2018**
Financing commitments in favour of customers (1)	2,583	2,367
Firm investment orders	1,572	1,327
Assets pledged, provided as guarantees or mortgaged (2)	2	86
Sureties, endorsements and guarantees given and other commitments (3)	696	1,086

(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 €2,488 million at December 31, 2019 (€2,331 million at December 31, 2018).
(2) At December 31, 2018, assets pledged, provided as guarantees or mortgaged included commitments given by AVTOVAZ amounting to €86 million corresponding to fixed assets (note 23-D). These commitments no longer exist at 31 December 2019.
(3) Other commitments included in particular guarantees granted to administrations, share subscription commitments, and lease commitments (€661 million at December 31, 2018). The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2. Lease commitments at December 31, 2019 now only relate to leases that are outside the scope of IFRS 16 or exempt from the accounting treatment prescribed by IFRS 16.

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

A2 – Contingent liabilities

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. Tax liabilities are recognized via provisions when there are uncertainties over the determination of taxes.

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 could 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 that covers the entire automotive sector.

This agreement was again amended in September and December 2019: the ratio for the period July 2015 to June 2020 was raised from 1.5 to 1.7, and higher ratios were set for later periods up to June 30, 2029.

The ratio for the sector as a whole was below 1.7 for the period July 1, 2015 to November 30, 2019, and consequently no provision has been recognized by the Group.

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2019, 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 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, 2019 concern illegal agreements and the level of vehicle emissions in Europe.

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 being cancelled or fundamentally amended by a court order is high. 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. No provision was recognized in connection with this matter at December 31, 2019. On April 3, 2019 Renault's application for suspension of the payment was accepted, with arrangement of a bank guarantee. The next court hearing is scheduled for February 26, 2020.

In the ongoing "emissions" affair in France, Renault is aware that a formal legal investigation was opened on January 12, 2017 at the request of the Paris public prosecution office. This stage in the procedure was seen as an indication that the French prosecution office wished to pursue this matter. No provision was recognized at December 31, 2019 or December 31, 2018.

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, 2019 the balance of the provision is €8 million (compared to €23 million at December 31, 2018).

Group companies are also 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.

28 – B. Off-balance sheet commitments received and contingent assets

(€ million)	**December 31, 2019**	**December 31, 2018**
Sureties, endorsements and guarantees received	2,671	2,629
Assets pledged or mortgaged (1)	3,790	3,739
Buy-back commitments (2)	4,832	3,961
Other commitments	43	26

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €3,727 million at December 31, 2019 (€3,374 million at December 31, 2018). In addition, AVTOVAZ received €13 million in real estate property rights and ownership rights as guarantees of loans, and €49 million in rights to vehicles as guarantees of customer receivables (€12 million and €78 million respectively at December 31, 2018).

(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 2019 Universal Registration Document.

NOTE 30 – SUBSEQUENT EVENTS

After the selection process conducted by the governance and compensation committee, on 28 January 2020 at a meeting chaired by Jean-Dominique Senard, the Board of Directors decided to appoint Luca de Meo as Chief Executive Officer of Renault SA and Chairman of Renault s.a.s, with effect from 1 July 2020.

Clotilde Delbos, Interim Chief Executive Officer of Renault SA, will continue to exercise her functions until Luca de Meo takes up the post. The Board of Directors also gave a favourable opinion for her appointment as Deputy Chief Executive Officer of Renault SA from July 1, 2020.

NOTE 31 – CONSOLIDATED COMPANIES

A. Fully consolidated companies (subsidiaries)

Renault Group's interest (%)	Country	December 31, 2019	December 31, 2018
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	France	100	100
Carizy (1)	France	96	-
Fonderie de Bretagne	France	100	100
IDVE	France	100	100
IDVU	France	100	100
Maubeuge Construction Automobile (MCA)	France	100	100
Renault Environnement	France	100	100
Renault Mobility As an Industry (1)	France	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
Renault Venture Capital (1)	France	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
Société de Transmissions Automatiques (STA)	France	100	100
Société de Véhicules Automobiles de Batilly (SOVAB)	France	100	100
Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) and subsidiary	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
Sofrastock International	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 Espagne Commercial SA (RECSA) and subsidiaries	Spain	100	100
Renault España 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 UK	United Kingdom	100	100
Renault Sport Racing Limited	United Kingdom	90	90
Renault UK	United Kingdom	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenija d.o.o.	Slovenia	100	100
Revoz	Slovenia	100	100
Renault Nordic and subsidiary	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
Renault CSC SAS (1)	Colombia	100	-
Sociedad de Fabricacion de Automotores (SOFASA)	Colombia	100	100
Renault Corporativo SA de C.V.	Mexico	100	100
Renault Mexico	Mexico	100	100
Africa – Middle East – India – Asia-Pacific			
Vehicle Distributors Australia	Australia	100	100
Renault Samsung Motors	South Korea	80	80
Renault Treasury Services PTE Ltd.	Singapore	100	100
Renault Algérie	Algeria	100	100
Renault India Private Ltd.	India	100	100
Renault Maroc	Morocco	80	80
Renault Maroc Services	Morocco	100	100
Renault Tanger Exploitation	Morocco	100	100
Renault Tanger Méditerranée	Morocco	100	100
Société Marocaine de Construction Automobile (SOMACA)	Morocco	97	77
China			
JMEV (1)	China	50	-
JMEVS (1)	China	50	-
Renault Beijing Automotive Company	China	100	100
Eurasia			
Renault Nissan Bulgaria	Bulgaria	100	100
DACIA	Romania	99	99
Renault Mécanique Romania SRL	Romania	100	100

Renault Commercial Roumanie	Romania	100	100
Renault Technologie Roumanie	Romania	100	100
CJSC Renault Russie	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
RCI Gest Seguros – Mediadores de Seguros	Portugal	100	100
RCICOM, SA	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 Services UK Limited (1)	United Kingdom	100	-
RCI Finance S.A.	Switzerland	100	100
Americas			
Courtage S.A.	Argentina	100	100
Rombo Compania Financiera	Argentina	60	60
Administradora de Consorcio Renault Do Brasil	Brazil	100	100
RCI Brasil S.A.	Brazil	60	60
RCI Brasil Serviços e Part. Lt (1)	Brazil	100	-
Corretora de Seguros RCI Do Brasil	Brazil	100	100
RCI Colombia S.A. Compania de Financiamiento	Colombia	51	51
RCI Servicios Colombia S.A.	Colombia	100	100
Africa – Middle East – India – Asia-Pacific			
RCI Financial Services Korea	South Korea	100	100
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	68
Alliance Rostec Auto B.V.	Netherlands	68	68
Eurasia			
SOAO Minsk-Lada	Belarus	38	38
PAO Avtovaz	Russia	68	68
LLC Lada Izhevsk	Russia	68	68
OOO PSA VIS-AVTO	Russia	68	68
OOO PPPO	Russia	68	68
AO Lada-Imidzh	Russia	68	68
AO Lada-Servis	Russia	68	68
OAO Izh-Lada	Russia	68	67
AO ZAK	Russia	68	68
AO Piter-Lada	Russia	61	61
AO Samara-Lada	Russia	48	48
AO Yakhroma-Lada	Russia	59	59
AO Lipetsk-Lada	Russia	45	45
AO Oka-Lada	Russia	59	59
AO STO komsomolskaya	Russia	53	53
AO Tyumen-Lada	Russia	68	68
AO Tsentralnaya STO	Russia	68	68
AO JarLadaservis	Russia	64	64
AO Avtosentr-Togliatti-VAZ	Russia	34	34
AO Bryansk Lada	Russia	51	51
OOO LIN	Russia	68	68
AO Kostroma-Lada-Servis	Russia	65	43
AO Kursk-Lada	Russia	49	49
OOO Lada Sport	Russia	68	68
AO Saransk-Lada	Russia	61	61
AO Smolensk-Lada (2)	Russia	-	41
AO Cheboksary-Lada	Russia	63	63
OOO Sockultbit-AVTOVAZ	Russia	68	68
AO Dal-Lada (2)	Russia	-	46
ZAO GM-AVTOVAZ (3)	Russia	68	-
JV Systems (1)	Russia	68	-
Other AVTOVAZ subsidiaries	Russia	34 to 68	34 to 68

(1) Newly consolidated companies in 2019 (note 3-A).
(2) Companies sold and removed from the scope of consolidation in 2019.
(3) Previously accounted for under the equity method.

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, 2019	December 31, 2018
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI) (1)	India	67	67

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

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

Renault Group's interest (%)	Country	December 31, 2019	December 31, 2018
AUTOMOTIVE EXCLUDING AVTOVAZ			
Renault South Africa	South Africa	40	40
Renault Algérie Production	Algeria	49	49
Tokai 2 GmbH (1)	Germany	15	-
EGT New Energy Automotive Company Ltd.	China	25	25
Dongfeng Renault Automotive Company	China	50	50
Renault Brillance Jinbei Automotive Company Ltd.	China	49	49
Boone Comenor	France	33	33
Alliance Mobility Company France (1)	France	50	-
INDRA INVESTISSEMENTS SAS	France	50	50
Les Editions Croque Futur and subsidiaries	France	35	40
Tokai 1 (1)	France	15	-
Renault Nissan Automotive India Private Limited	India	30	30
Alliance Mobility Company Japan (1)	Japan	50	-
Nissan Group	Japan	44	44
Alliance Ventures B.V.	Netherlands	40	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			
Ferro VAZ GmbH	Germany	34	34
ZAO GM-AVTOVAZ (2)	Russia	-	34
CSC ARMENIA-LADA	Armenia	34	34

(1) Companies first consolidated in 2019 (note 3-A).
(2) Fully consolidated in 2019.

In application of regulation 2016-09 of December 2, 2016 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*), the Group makes the following information available to third parties on its website group.renault.com, in the "Documents & Presentations" section of the "Finance" pages (1) from the date of publication of the 2019 Universal Registration Document:

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