

# **GROUPE RENAULT**

## **CONSOLIDATED FINANCIAL STATEMENTS 2015**

## 4.2 Notes to the consolidated financial statements

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## 4.2.1 Consolidated income statement

(€ million)	Notes	2015	2014
<b>Revenues</b>	4	<b>45,327</b>	<b>41,055</b>
Cost of goods and services sold		(36,113)	(33,310)
Research and development expenses	10-A	(2,075)	(1,721)
Selling, general and administrative expenses		(4,819)	(4,415)
<b>Operating margin <sup>(1)</sup></b>	5	<b>2,320</b>	<b>1,609</b>
Other operating income and expenses	6	(199)	(504)
<i>Other operating income</i>	6	77	102
<i>Other operating expenses</i>	6	(276)	(606)
<b>Operating income (loss)</b>		<b>2,121</b>	<b>1,105</b>
Cost of net financial indebtedness <sup>(2)</sup>	7	(225)	(245)
<i>Cost of gross financial indebtedness</i>	7	(387)	(386)
<i>Income on cash and financial assets</i>	7	162	141
Other financial income and expenses <sup>(2)</sup>	7	4	(88)
<b>Financial income (expenses) <sup>(2)</sup></b>	7	<b>(221)</b>	<b>(333)</b>
<b>Share in net income (loss) of associates and joint ventures</b>		<b>1,371</b>	<b>1,362</b>
<i>Nissan</i>	12	1,976	1,559
<i>Other associates and joint ventures</i>	13	(605)	(197)
<b>Pre-tax income</b>		<b>3,271</b>	<b>2,134</b>
Current and deferred taxes	8	(311)	(136)
<b>Net income <sup>(1)</sup></b>		<b>2,960</b>	<b>1,998</b>
Net income – non-controlling interests' share		137	108
Net income – parent-company shareholders' share		2,823	1,890
Basic earnings per share <sup>(3)</sup> (in €)		10.35	6.92
Diluted earnings per share <sup>(3)</sup> (in €)		10.29	6.90
Number of shares outstanding (in thousands)			
<i>For basic earnings per share</i>	9	272,708	273,049
<i>For diluted earnings per share</i>	9	274,314	273,946

(1) The restatements resulting from retrospective application of IFRIC 21 "Levies" are presented in note 2.

(2) The new breakdown of financial income and expenses is presented in note 7.

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

## 4.2.2 Consolidated comprehensive income

(€ million)	2015			2014		
	Gross	Tax effect <sup>(1)</sup>	Net	Gross	Tax effect <sup>(1)</sup>	Net
<b>NET INCOME</b>	<b>3,271</b>	<b>(311)</b>	<b>2,960</b>	<b>2,134</b>	<b>(136)</b>	<b>1,998</b>
<b>Other components of comprehensive income from parent company and subsidiaries</b>						
Items that will not be reclassified subsequently to profit or loss	52	(43)	9	(276)	18	(258)
<i>Actuarial gains and losses on defined-benefit pension plans</i>	52	(43)	9	(161)	18	(143)
<i>Fair value adjustments on financial liabilities <sup>(2)</sup></i>	-	-	-	(115)	-	(115)
Items that have been or will be reclassified subsequently to profit or loss	(193)	78	(115)	(2)	38	36
<i>Translation adjustments on foreign activities <sup>(3)</sup></i>	(299)	-	(299)	(100)	-	(100)
<i>Partial hedge of the investment in Nissan <sup>(3)</sup></i>	(103)	85	(18)	8	55	63
<i>Fair value adjustments on cash flow hedging instruments <sup>(4)</sup></i>	56	(24)	32	(4)	2	(2)
<i>Fair value adjustments on available-for-sale financial assets <sup>(5)</sup></i>	153	17	170	94	(19)	75
<b>Total other components of comprehensive income from parent company and subsidiaries (a)</b>	<b>(141)</b>	<b>35</b>	<b>(106)</b>	<b>(278)</b>	<b>56</b>	<b>(222)</b>
<b>Share of associates and joint ventures in other components of comprehensive income</b>						
Items that will not be reclassified subsequently to profit or loss	(89)	-	(89)	(73)	-	(73)
<i>Actuarial gains and losses on defined-benefit pension plans</i>	(89)	-	(89)	(73)	-	(73)
Items that have been or will be reclassified subsequently to profit or loss <sup>(6)</sup>	1,450	-	1,450	507	-	507
<i>Translation adjustments on foreign activities</i>	1,462	-	1,462	448	-	448
<i>Fair value adjustments on cash flow hedging instruments</i>	(6)	-	(6)	22	-	22
<i>Fair value adjustments on available-for-sale financial assets</i>	(6)	-	(6)	37	-	37
<b>Total share of associates and joint ventures in other components of comprehensive income (b)</b>	<b>1,361</b>	<b>-</b>	<b>1,361</b>	<b>434</b>	<b>-</b>	<b>434</b>
<b>Other components of comprehensive income (a) + (b)</b>	<b>1,220</b>	<b>35</b>	<b>1,255</b>	<b>156</b>	<b>56</b>	<b>212</b>
<b>COMPREHENSIVE INCOME</b>	<b>4,491</b>	<b>(276)</b>	<b>4,215</b>	<b>2,290</b>	<b>(80)</b>	<b>2,210</b>
Parent-company shareholders' share	-	-	4,070	-	-	2,090
Non-controlling interests' share	-	-	145	-	-	120

(1) The tax effect includes income of €239 million in 2015 (€262 million in 2014) resulting from recognition of net deferred tax assets of the French tax consolidation group, comprising €188 million related to net income and €51 million relating to other components of comprehensive income (respectively €210 million and €52 million in 2014) (note 8-B).

(2) Correction to the fair value of financial liabilities at January 1, 2014.

(3) There were no reclassification to profit or loss for this item in 2015 (or 2014).

(4) Including €8 million reclassified to profit or loss in 2015 (€11 million in 2014).

(5) Including €7 million reclassified to profit or loss in 2015 (no such reclassifications in 2014).

(6) Including (€19) million reclassified to profit or loss in 2015 (no such reclassifications in 2014).

## 4.2.3 Consolidated financial position

ASSETS (€ million)	Notes	December 31, 2015	December 31, 2014
<b>NON-CURRENT ASSETS</b>			
Intangible assets and goodwill	10-A	3,570	3,443
Property, plant and equipment	10-B	11,171	10,801
Investments in associates and joint ventures		19,356	16,720
<i>Nissan</i>	12	18,571	15,833
<i>Other associates and joint ventures</i>	13	785	887
Non-current financial assets	22	1,478	1,681
Deferred tax assets	8	881	716
Other non-current assets	17	1,131	1,152
<b>Total non-current assets</b>		<b>37,587</b>	<b>34,513</b>
<b>CURRENT ASSETS</b>			
Inventories	14	4,128	3,391
Sales financing receivables	15	28,605	25,733
Automotive receivables	16	1,262	1,242
Current financial assets	22	1,760	1,530
Current tax assets	17	62	38
Other current assets	17	3,068	2,607
Cash and cash equivalents	22	14,133	12,497
<b>Total current assets</b>		<b>53,018</b>	<b>47,038</b>
<b>TOTAL ASSETS</b>		<b>90,605</b>	<b>81,551</b>

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Notes	December 31, 2015	December 31, 2014
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(227)	(134)
Revaluation of financial instruments		890	703
Translation adjustment		(2,059)	(3,276)
Reserves		21,653	20,381
Net income – parent-company shareholders' share		2,823	1,890
<b>Shareholders' equity – parent-company shareholders' share</b>		<b>27,992</b>	<b>24,476</b>
Shareholders' equity – non-controlling interests' share		482	422
<b>Total shareholders' equity</b>	18	<b>28,474</b>	<b>24,898</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	8	122	141
Provisions for pension and other long-term employee benefit obligations – long-term	19	1,550	1,683
Other provisions – long-term	20	1,178	1,240
Non-current financial liabilities	23	5,707	7,537
Other non-current liabilities	21	1,285	1,204
<b>Total non-current liabilities</b>		<b>9,842</b>	<b>11,805</b>
<b>CURRENT LIABILITIES</b>			
Provisions for pension and other long-term employee benefit obligations – short-term	19	50	67
Other provisions – short-term	20	997	1,088
Current financial liabilities	23	4,143	3,216
Sales financing debts	23	30,740	25,828
Trade payables		8,295	7,094
Current tax liabilities	21	219	162
Other current liabilities	21	7,845	7,393
<b>Total current liabilities</b>		<b>52,289</b>	<b>44,848</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>90,605</b>	<b>81,551</b>

## 4.2.4 Changes in shareholders' equity

(€ million)	Number of shares (thousand)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income (parent-company shareholders' share)	Shareholders' equity (parent-company shareholders' share)	Shareholders' equity (non-controlling entities' share)	Total shareholders' equity
<b>Restated balance at December 31, 2013</b>	<b>295,722</b>	<b>1,127</b>	<b>3,785</b>	<b>(187)</b>	<b>571</b>	<b>(3,674)</b>	<b>20,629</b>	<b>586</b>	<b>22,837</b>	<b>377</b>	<b>23,214</b>
2014 net income								1,890	1,890	108	1,998
Other components of comprehensive income <sup>(1)</sup>					132	398	(330)		200	12	212
<b>2014 comprehensive income</b>					<b>132</b>	<b>398</b>	<b>(330)</b>	<b>1,890</b>	<b>2,090</b>	<b>120</b>	<b>2,210</b>
Allocation of 2013 net income							586	(586)			
Dividends							(469)		(469)	(52)	(521)
(Acquisitions) / disposals of treasury shares and impact of capital increases				53					53		53
Changes in ownership interests <sup>(2)</sup>							10		10	(23)	(13)
Cost of share-based payments							(45)		(45)		(45)
<b>Balance at December 31, 2014 as published</b>	<b>295,722</b>	<b>1,127</b>	<b>3,785</b>	<b>(134)</b>	<b>703</b>	<b>(3,276)</b>	<b>20,381</b>	<b>1,890</b>	<b>24,476</b>	<b>422</b>	<b>24,898</b>
Restatement for application of IFRIC 21 <sup>(3)</sup>							39		39		39
AVTOVAZ restatement <sup>(4)</sup>						2	(27)	15	(10)		(10)
<b>Restated balance at December 31, 2014</b>	<b>295,722</b>	<b>1,127</b>	<b>3,785</b>	<b>(134)</b>	<b>703</b>	<b>(3,274)</b>	<b>20,393</b>	<b>1,905</b>	<b>24,505</b>	<b>422</b>	<b>24,927</b>
2015 net income								2,823	2,823	137	2,960
Other components of comprehensive income <sup>(1)</sup>					187	1,138	(78)		1,247	8	1,255
<b>2015 comprehensive income</b>					<b>187</b>	<b>1,138</b>	<b>(78)</b>	<b>2,823</b>	<b>4,070</b>	<b>145</b>	<b>4,215</b>
Allocation of 2014 net income							1,905	(1,905)			
Dividends							(518)		(518)	(65)	(583)
(Acquisitions) / disposals of treasury shares and impact of capital increases				(93)					(93)		(93)
Changes in ownership interests <sup>(2)</sup>						77	(80)		(3)	(20)	(23)
Cost of share-based payments							31		31		31
<b>Balance at December 31, 2015</b>	<b>295,722</b>	<b>1,127</b>	<b>3,785</b>	<b>(227)</b>	<b>890</b>	<b>(2,059)</b>	<b>21,653</b>	<b>2,823</b>	<b>27,992</b>	<b>482</b>	<b>28,474</b>

- (1) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans during the period. In 2014, they also include an amount of (€115) million corresponding to a correction to the fair value of financial liabilities at January 1, 2014.
- (2) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2015, they include a €79 million reclassification between translation adjustments and reserves concerning the foreign exchange effect of transactions undertaken in previous years.
- (3) The restatement resulting from retrospective application of IFRIC 21 "Leases" is presented in note 2.
- (4) For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the AVTOVAZ accounts were previously consolidated with a 3-month time-lag. This no longer applies as of December 31, 2015 (note 13-A).

Details of changes in consolidated shareholders' equity in 2015 are given in note 18.

## 4.2.5 Consolidated cash flows

(€ million)	NOTES	2015	2014
<b>NET INCOME</b>		<b>2,960</b>	<b>1,998</b>
Cancellation of dividends received from unconsolidated listed investments <sup>(1)</sup>		(34)	(31)
Cancellation of income and expenses with no impact on cash			
Depreciation, amortization and impairment		2,728	2,711
Share in net (income) loss of associates and joint ventures		(1,371)	(1,362)
Other income and expenses with no impact on cash	26-A	(375)	92
Dividends received from unlisted associates and joint ventures		-	-
<b>Cash flow <sup>(2)</sup></b>		<b>3,908</b>	<b>3,408</b>
<b>Dividends received from listed companies <sup>(3)</sup></b>		<b>581</b>	<b>463</b>
Net change in financing for final customers		(3,136)	(1,618)
Net change in renewable dealer financing		(233)	(202)
<b>Decrease (increase) in sales financing receivables</b>		<b>(3,369)</b>	<b>(1,820)</b>
Bond issuance by the Sales Financing segment	23-A	3,814	3,469
Bond redemption by the Sales Financing segment	23-A	(2,640)	(3,396)
Net change in other sales financing debts		3,729	1,682
Net change in other securities and loans of the Sales Financing segment		59	(314)
<b>Net change in financial assets and debts of the Sales Financing segment</b>		<b>4,962</b>	<b>1,441</b>
<b>Change in capitalized leased assets</b>		<b>(522)</b>	<b>(291)</b>
<b>Decrease (increase) in working capital</b>	26-B	<b>457</b>	<b>771</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES <sup>(4) (5)</sup></b>		<b>6,017</b>	<b>3,972</b>
Capital expenditure	26-C	(2,801)	(2,511)
Disposals of property, plant and equipment and intangibles		66	90
Acquisitions of investments involving gain of control, net of cash acquired		(3)	(11)
Acquisitions of other investments, net of cash acquired		(25)	(415)
Disposals of other investments, net of cash transferred and other		13	-
Net decrease (increase) in other securities and loans of the Automotive segment		(299)	62
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(3,049)</b>	<b>(2,785)</b>
Dividends paid to parent-company shareholders	18-D	(555)	(503)
Dividends paid to non-controlling interests		(65)	(56)
(Acquisitions) sales of treasury shares		(102)	(26)
<b>Cash flows with shareholders</b>		<b>(722)</b>	<b>(585)</b>
Bond issuance by the Automotive segment	23-A	533	1,680
Bond redemption by the Automotive segment	23-A	(1,403)	(1,513)
Net increase (decrease) in other financial liabilities of the Automotive segment		558	(52)
<b>Net change in financial liabilities of the Automotive segment</b>		<b>(312)</b>	<b>115</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(1,034)</b>	<b>(470)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS <sup>(6)</sup></b>		<b>1,934</b>	<b>717</b>

(1) Dividends received from Daimler.

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

(3) Dividends from Daimler (€34 million) and Nissan (€547 million) in 2015.

Dividends from Daimler (€31 million) and Nissan (€432 million) in 2014.

(4) Current taxes paid in 2015 amount to €384 million (€268 million in 2014).

(5) Net interest paid in 2015 amounts to €253 million (€259 million in 2014). Details are given in note 26.

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



<i>(€ million)</i>	<b>2015</b>	<b>2014</b>
<b>Cash and cash equivalents: opening balance</b>	<b>12,497</b>	<b>11,661</b>
Increase (decrease) in cash and cash equivalents	1,934	717
Effect of changes in exchange rate and other changes	(298)	119
<b>Cash and cash equivalents: closing balance <sup>(1)</sup></b>	<b>14,133</b>	<b>12,497</b>

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

## 4.2.6 Notes to the consolidated financial statement

### 4.2.6.1 Information on operating segments and regions

The operating segments used by Renault are:

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

## A – Information by operating segment

### A1 – CONSOLIDATED INCOME STATEMENT BY OPERATING SEGMENT

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>2015</b>				
Sales of goods	41,180	31	-	41,211
Sales of services	1,928	2,188	-	4,116
<b>External sales</b>	<b>43,108</b>	<b>2,219</b>	<b>-</b>	<b>45,327</b>
Intersegment sales	(364)	412	(48)	-
<b>Sales by segment</b>	<b>42,744</b>	<b>2,631</b>	<b>(48)</b>	<b>45,327</b>
<b>Operating margin <sup>(1)</sup></b>	<b>1,485</b>	<b>824</b>	<b>11</b>	<b>2,320</b>
<b>Operating income (loss)</b>	<b>1,288</b>	<b>822</b>	<b>11</b>	<b>2,121</b>
<b>Financial income (expenses) <sup>(2)</sup></b>	<b>(72)</b>	<b>-</b>	<b>(149)</b>	<b>(221)</b>
<b>Share in net income (loss) of associates and joint ventures</b>	<b>1,367</b>	<b>4</b>	<b>-</b>	<b>1,371</b>
<b>Pre-tax income</b>	<b>2,583</b>	<b>826</b>	<b>(138)</b>	<b>3,271</b>
Current and deferred taxes	(35)	(272)	(4)	(311)
<b>Net income</b>	<b>2,548</b>	<b>554</b>	<b>(142)</b>	<b>2,960</b>
<b>2014</b>				
Sales of goods	37,176	31	-	37,207
Sales of services	1,698	2,150	-	3,848
<b>External sales</b>	<b>38,874</b>	<b>2,181</b>	<b>-</b>	<b>41,055</b>
Intersegment sales	(356)	413	(57)	-
<b>Sales by segment</b>	<b>38,518</b>	<b>2,594</b>	<b>(57)</b>	<b>41,055</b>
<b>Operating margin <sup>(1)</sup></b>	<b>861</b>	<b>751</b>	<b>(3)</b>	<b>1,609</b>
<b>Operating income (loss)</b>	<b>409</b>	<b>699</b>	<b>(3)</b>	<b>1,105</b>
<b>Financial income (expenses) <sup>(2)</sup></b>	<b>(108)</b>	<b>(15)</b>	<b>(210)</b>	<b>(333)</b>
<b>Share in net income (loss) of associates and joint ventures</b>	<b>1,366</b>	<b>(4)</b>	<b>-</b>	<b>1,362</b>
<b>Pre-tax income</b>	<b>1,667</b>	<b>680</b>	<b>(213)</b>	<b>2,134</b>
Current and deferred taxes	88	(225)	1	(136)
<b>Net income</b>	<b>1,755</b>	<b>455</b>	<b>(212)</b>	<b>1,998</b>

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

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

## A2 – CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT

### Consolidated financial position by operating segment – December 31, 2015

ASSETS (€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment and intangible assets	14,415	336	(10)	14,741
Investments in associates and joint ventures	19,284	72	-	19,356
Non-current financial assets – investments in non-controlled entities	4,830	2	(3,460)	1,372
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	119	-	(13)	106
Deferred tax assets and other non-current assets	1,745	300	(33)	2,012
<b>Total non-current assets</b>	<b>40,393</b>	<b>710</b>	<b>(3,516)</b>	<b>37,587</b>
<b>CURRENT ASSETS</b>				
Inventories	4,087	49	(8)	4,128
Customer receivables	1,455	29,094	(682)	29,867
Current financial assets	1,475	1,007	(722)	1,760
Current tax assets and other current assets	2,132	3,505	(2,507)	3,130
Cash and cash equivalents	11,571	2,672	(110)	14,133
<b>Total current assets</b>	<b>20,720</b>	<b>36,327</b>	<b>(4,029)</b>	<b>53,018</b>
<b>TOTAL ASSETS</b>	<b>61,113</b>	<b>37,037</b>	<b>(7,545)</b>	<b>90,605</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)</b>	<b>Automotive</b>	<b>Sales Financing</b>	<b>Intersegment transactions</b>	<b>Consolidated total</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>28,389</b>	<b>3,461</b>	<b>(3,376)</b>	<b>28,474</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term provisions	2,355	373	-	2,728
Non-current financial liabilities	5,693	14	-	5,707
Deferred tax liabilities and other non-current liabilities	868	539	-	1,407
<b>Total non-current liabilities</b>	<b>8,916</b>	<b>926</b>	<b>-</b>	<b>9,842</b>
<b>CURRENT LIABILITIES</b>				
Short-term provisions	1,023	24	-	1,047
Current financial liabilities	4,811	-	(668)	4,143
Trade payables and sales financing debts	8,389	31,474	(828)	39,035
Current tax liabilities and other current liabilities	9,585	1,152	(2,673)	8,064
<b>Total current liabilities</b>	<b>23,808</b>	<b>32,650</b>	<b>(4,169)</b>	<b>52,289</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>61,113</b>	<b>37,037</b>	<b>(7,545)</b>	<b>90,605</b>

**Consolidated financial position by operating segment – December 31, 2014**

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

### A3 – CONSOLIDATED CASH FLOW BY OPERATING SEGMENT

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>2015</b>				
<b>Net income</b>	<b>2,548</b>	<b>554</b>	<b>(142)</b>	<b>2,960</b>
Cancellation of dividends received from unconsolidated listed investments <sup>(1)</sup>	(34)	-	-	(34)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment	2,689	39	-	2,728
Share in net (income) loss of associates and joint ventures	(1,367)	(4)	-	(1,371)
Other income and expenses with no impact on cash	(385)	6	4	(375)
Dividends received from unlisted associates and joint ventures	-	-	-	-
<b>Cash flow <sup>(2)</sup></b>	<b>3,451</b>	<b>595</b>	<b>(138)</b>	<b>3,908</b>
<b>Dividends received from listed companies <sup>(3)</sup></b>	<b>581</b>	<b>-</b>	<b>-</b>	<b>581</b>
Decrease (increase) in sales financing receivables	--	(3,357)	(12)	(3,369)
Net change in financial assets and sales financing debts	-	4,941	21	4,962
Change in capitalized leased assets	(352)	(170)	-	(522)
Decrease (increase) in working capital	663	(233)	27	457
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,343</b>	<b>1,776</b>	<b>(102)</b>	<b>6,017</b>
Purchases of intangible assets	(955)	(1)	-	(956)
Purchases of property, plant and equipment	(1,840)	(5)	-	(1,845)
Disposals of property, plant and equipment and intangibles	66	-	-	66
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	-	(3)	-	(3)
Acquisitions and disposals of other investments and other assets	1	(13)	-	(12)
Net decrease (increase) in other securities and loans of the Automotive segment	(289)	-	(10)	(299)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(3,017)</b>	<b>(22)</b>	<b>(10)</b>	<b>(3,049)</b>
Cash flows with shareholders	(701)	(171)	150	(722)
Net change in financial liabilities of the Automotive segment	(328)	-	16	(312)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(1,029)</b>	<b>(171)</b>	<b>166</b>	<b>(1,034)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS <sup>(4)</sup></b>	<b>297</b>	<b>1,583</b>	<b>54</b>	<b>1,934</b>

(1) Dividends received from Daimler.

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

(3) Dividends received from Daimler (€34 million) and Nissan (€547 million).

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

(€ million)	Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>2015</b>				
<b>Cash and cash equivalents: opening balance</b>	<b>11,591</b>	<b>1,102</b>	<b>(196)</b>	<b>12,497</b>
Increase (decrease) in cash and cash equivalents	297	1,583	54	1,934
Effect of changes in exchange rate and other changes	(317)	(13)	32	(298)
<b>Cash and cash equivalents: closing balance</b>	<b>11,571</b>	<b>2,672</b>	<b>(110)</b>	<b>14,133</b>

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

(1) Dividends received from Daimler.

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

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

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

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

#### A4 – OTHER INFORMATION: NET LIQUIDITY POSITION (NET FINANCIAL INDEBTNESS) OF THE AUTOMOTIVE SEGMENT

(€ million)	December 31, 2015	December 31, 2014
Non-current financial liabilities	(5,693)	(7,272)
Current financial liabilities	(4,811)	(3,872)
Non-current financial assets – other securities, loans and derivatives on financing operations	119	514
Current financial assets	1,475	1,143
Cash and cash equivalents	11,571	11,591
<b>Net liquidity position of the Automotive segment</b>	<b>2,661</b>	<b>2,104</b>

#### B – Information by region

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

Consolidated revenues are presented by location of customers.

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

(€ million)	Europe <sup>(1)</sup>	Americas	Asia-Pacific	Africa-Middle East - India	Eurasia	Consolidated total
<b>2015</b>						
Revenues	28,976	4,173	4,351	3,782	4,045	<b>45,327</b>
Property, plant and equipment and intangibles	11,116	711	554	721	1,639	<b>14,741</b>
<b>2014</b>						
Revenues	25,711	4,827	2,685	3,391	4,441	<b>41,055</b>
Property, plant and equipment and intangibles	10,524	707	477	791	1,745	<b>14,244</b>

(1) Including the following for France:

(€ million)	2015	2014
Revenues	10,154	9,836
Property, plant and equipment and intangibles	9,108	8,799

## 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 2015 were finalized at the Board of Directors' meeting of February 11, 2016 and will be submitted for approval by the shareholders at the General Shareholders' Meeting.

### NOTE 2 – ACCOUNTING POLICIES

In application of European regulations, Renault's consolidated financial statements for 2015 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2015 and adopted by the European Union at the year-end.

#### A - Changes in accounting policies

At December 31, 2015 the Group applies the new amendments to accounting standards shown below, which were published in the Official Journal of the European Union and mandatory.

New amendments that became mandatory on January 1, 2015	
IFRIC 21	Levies
Annual improvements – 2011–2013 cycle	Improvements to several standards

The only standard with an impact on the financial statements at December 31, 2015 is interpretation IFRIC 21 "Levies", which concerns the date of recognition of a liability related to payment of taxes other than income taxes. Such tax liabilities are now recognized immediately in full when the triggering event defined by tax legislation occurs. As a result of this change it is no longer possible to spread annual taxes for which the fiscal triggering event is a specified date (this mainly concerns property tax, the "C3S" social solidarity contribution due by companies, and taxes specific to the Sales financing activity in France), and the liability must now be recorded in the period when the fiscal triggering event arises rather than in the year the income that forms the basis for the tax is generated (as was the case for the C3S in France).

This interpretation is applied retrospectively. Its impact is not significant at Group level, as the following restated information for 2014 shows:

- Restated shareholders' equity at December 31, 2014 is increased by €39 million,
- Implementation of IFRIC 21 has no significant impact on the full-year net income.

The Group has not undertaken early application of the following interpretation, standards and amendments, which have been published in the Official Journal of the European Union and are mandatory as of January 1, 2016 or subsequently. The Group does not expect application to have any significant impact on the consolidated accounts.

New standards and amendments not applied early by the Group	
Amendments to IAS 1	Disclosure initiative
Amendments to IAS 19	Defined-benefit plans – Employee contributions
Amendments to IAS 27	Equity method in separate financial statements
Amendments to IAS 16 and 38	Clarification of acceptable methods of depreciation and amortization
Amendments to IAS 16 and 41	Agriculture: bearer plants
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
Annual improvements – 2010-2012 cycle	Improvements to several standards
Annual improvements – 2012-2014 cycle	Improvements to several standards

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

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

IFRS 9, Financial Instruments, will replace IAS 39. The new standard introduces a new classification of financial instruments and an impairment model for financial assets based on expected loss, replacing the current model which is based on incurred losses. The Group is currently examining the practical implementation of this new standard and its impact on the financial statements, which will essentially concern the Sales Financing segment.



IFRS 15, Revenue from contracts with customers, will replace IAS 11 and IAS 18. Analysis is currently in process, but at this stage the Group does not anticipate any significant changes.

The Group does not intend to apply these standards early.

## **B – Estimates and judgments**

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

The main items in the consolidated financial statements that are sensitive to estimates and judgments at December 31, 2015 are the following:

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

## **C – Consolidation principles**

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

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

Significant intercompany transactions and unrealized internal profits are eliminated.

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

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

- revenues €20 million
- inventories €20 million

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

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

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

## **D – Presentation of the consolidated financial statements**

### ***Valuation basis***

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

### ***Operating income and operating margin***

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

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

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

### **Reporting by operating segment**

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

The indicator used to evaluate segment performance is the operating margin.

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

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

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

### **Current and non-current assets and liabilities**

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

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

## **E– Translation of the financial statements of foreign companies**

The Group's presentation currency is the Euro.

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

To determine whether a country is in hyperinflation, the Group refers to the list published by the AICPA (American Institute of Certified Public Accountants) Task Force. None of the countries where Renault has significant business activity was on this list in 2015.

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

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

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

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

## **F – Translation of foreign currency transactions**

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

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

The following impacts are therefore recorded in net income:

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

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

## **G – Revenues and margin**

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

### ***Sales of goods and services and margin recognition***

- Sales and margin recognition

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

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

- Sales incentive programmes

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

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

- Warranty

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

- Services related to sales of automotive products

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

### ***Sales financing revenues and margin recognition***

- Sales financing revenues

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

- Sales financing costs

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

- Commissions payable to business intermediaries

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

- Receivables showing evidence of impairment

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

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

## **H – Financial income (expenses)**

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 segment. The cost of gross financial indebtedness consists of income and expenses generated by the Automotive segment's 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 changes in the fair value of Renault SA redeemable shares, the net interest on provisions for pensions, and dividends and impairment of companies that are neither controlled nor under significant influence by the Group.

## **I – Income tax**

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

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

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

## **J - Goodwill**

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

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

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

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

## **K - Research and development expenses**

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

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

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

## **L – Property, plant and equipment**

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

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

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

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

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

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

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

### **Depreciation**

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

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

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

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

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

## **M – Impairment**

### **Impairment of fixed assets (other than leased assets)**

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

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

- At the level of vehicle-specific and component-specific assets  
Vehicle-specific and component-specific assets 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 or component.
- At the level of other cash-generating units  
A cash-generating unit is defined as a coherent subset that generates largely independent cash flows. Other cash-generating units may represent an economic entity (plant or subsidiary) or the whole Automotive segment. 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 segment; these dividends represent, in cash form, the Sales Financing segment's contribution as taken into consideration in internal assessments of project profitability. The assumptions underlying the business plan include estimates of market developments in countries in which the Group operates and its share of those markets, changes in the sale price of products and the prices of purchased components and commodities. The pre-tax discount rate used is the weighted average cost of capital as determined by the company.

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

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

### ***Impairment of investments in associates***

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

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate with the 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. If the associate 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.

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

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

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

### **O – Inventories**

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

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

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

### **P – Assignment of receivables**

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

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

### **Q – Treasury shares**

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

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

### **R – Stock option plans / Performance share attribution plans**

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

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

### **S - Pensions and other long-term employee benefit obligations**

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

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

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

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

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

## **T – Workforce adjustment measures**

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

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

## **U – Financial assets**

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

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

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

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

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

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

### ***Marketable securities and negotiable debt instruments***

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

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

### ***Loans***

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

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

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

## **V – Cash and cash equivalents**

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

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

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

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

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

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

#### ***Redeemable shares***

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

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

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

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

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

### **X – Derivatives and hedge accounting**

#### ***Measurement and presentation***

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

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

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

#### ***Hedge accounting***

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

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

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

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

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

#### ***Derivatives not designated as hedges***

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



### NOTE 3 – CHANGES IN THE SCOPE OF CONSOLIDATION

	Automotive	Sales Financing	Total
<b>Number of companies consolidated at December 31, 2014</b>	<b>118</b>	<b>36</b>	<b>154</b>
Newly consolidated companies (acquisitions, formations, etc)	0	1	1
Deconsolidated companies (disposals, mergers, liquidations, etc)	4	0	4
<b>Number of companies consolidated at December 31, 2015</b>	<b>114</b>	<b>37</b>	<b>151</b>

Nissan Renault Financial Services India Private Limited, a company set up by the Alliance to provide sales financing for customers and dealers in India, was included in the scope of consolidation for the first time in 2015. The Group exercises significant influence over this entity, which is accounted for under the equity method.

## 4.2.6.3 Income statement and comprehensive income

### NOTE 4 – REVENUES

(€ million)	2015	2014
<b>Sales of goods - Automotive segment</b>	<b>41,180</b>	<b>37,176</b>
Rental income on leased assets <sup>(1)</sup>	390	361
Sales of other services	1,538	1,337
<b>Sales of services - Automotive segment</b>	<b>1,928</b>	<b>1,698</b>
<b>Sales of goods - Sales Financing segment</b>	<b>31</b>	<b>31</b>
Rental income on leased assets <sup>(1)</sup>	64	25
Interest income on sales financing receivables	1,416	1,480
Sales of other services <sup>(2)</sup>	708	645
<b>Sales of services - Sales Financing segment</b>	<b>2,188</b>	<b>2,150</b>
<b>TOTAL REVENUES</b>	<b>45,327</b>	<b>41,055</b>

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

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

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

#### A – Personnel expenses

	2015	2014
Personnel expenses (€ million)	5,408	5,248
Workforce at December 31	120,136	117,395

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

The income recorded in respect of the French “CICE” Tax Credit for Competitiveness and Employment amounted to €51 million in 2015 and 2014.

Share-based payments concern stock options and performance shares granted to personnel, and amounted to a personnel expense of €42 million for 2015 (€32 million in 2014).

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

#### B – Rental expenses

Rents amount to €225 million in 2015 (€232 million in 2014).

#### C – Foreign exchange gains/losses

In 2015, the operating margin includes a net foreign exchange loss of €96 million, partly related to movements in the Argentinian peso and Russian rouble against the Euro (compared to a net foreign exchange loss of €144 million in 2014, essentially related to the same currencies).

## NOTE 6 – OTHER OPERATING INCOME AND EXPENSES

(€ million)	2015	2014
Restructuring and workforce adjustment costs	(157)	(305)
Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation	(13)	-
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	23	7
Impairment of fixed assets	(53)	(153)
Reversal of impairment related to operations in Iran	14	14
Other unusual items	(13)	(67)
<b>Total</b>	<b>(199)</b>	<b>(504)</b>

### A – Restructuring and workforce adjustment costs

Restructuring and workforce adjustment costs for 2015 include €79 million (€223 million in 2014) related to a French career-end work exemption plan introduced in 2013. Employees can sign up to this plan until December 31, 2016. Under IAS 19 (revised), this is considered as an employee benefit and the cost must be covered by a provision established over the residual forecast working life of the employees concerned.

Other restructuring and workforce adjustment costs in 2015 and 2014 mainly concern the Americas, Eurasia and Europe regions.

### B – Impairment of fixed assets

Impairment amounting to €53 million was recorded in 2015 (€153 million in 2014), comprising €21 million for intangible assets and €32 million for property, plant and equipment (€44 million and €92 million respectively in 2014). Most of this impairment was booked following impairment tests on vehicles and components (notes 10 and 11).

In 2014 impairment also included an amount of €15 million reflecting the effect of unwinding the discount on future cash flows concerning a provision for indemnities payable for failure to meet stipulated minimum purchase volumes.

### C – Impairment related to operations in Iran

Operations with Iran remained limited during 2015 due to the economic sanctions governing business with Iran. The reduction in impairment in 2015 essentially relates to payments received during the period.

The Group's exposure to risks on business with Iran, materialized by securities, a shareholder loan and sales receivables, was fully written off in 2013. This situation changed little over 2015. The gross exposure in the assets at December 31, 2015 was €809 million, including €701 million of receivables (€828 million including €724 million of receivables at December 31, 2014).

### D – Other unusual items

In 2014, other unusual items included an amount of €45 million to cover risks in Germany, essentially relating to reimbursement of administrative fees for the financing activity that a German Supreme court decision ruled were excessive.

## NOTE 7 – FINANCIAL INCOME

(€ million)	2015	2014 restated <sup>(1)</sup>
Cost of gross financial indebtedness	(387)	(386)
Income on cash and financial assets	162	141
<b>Cost of net financial indebtedness</b>	<b>(225)</b>	<b>(245)</b>
Change in fair value of redeemable shares	(80)	(37)
Foreign exchange gains and losses on financial operations	129	28
Net interest expenses on the net defined-benefit liability (asset) corresponding to pension and other long-term employee benefit obligations	(35)	(45)
Other	(10)	(34)
<b>Other financial income and expenses</b>	<b>4</b>	<b>(88)</b>
<b>Financial income (expenses)</b>	<b>(221)</b>	<b>(333)</b>

(1) The Group now uses the subtotal "cost of net financial indebtedness" in the income statement instead of "net interest income (expenses)". The cost of net financial indebtedness comprises all financial income and expenses associated with cash and cash equivalents, financial assets, and liabilities of the Automotive segment (excluding the fair value of redeemable shares). This change has led to non-material reclassifications in the periods presented, for better coherence between financial income statement items and financial position items. Also, interest on financial derivatives has been grouped together and are now included at net value in the cost of gross financial indebtedness.

Item "Other" of other financial income and expenses includes dividends received from Daimler at the gross value of €40 million in 2015 (€37 million in 2014).

Net liquidity position (net financial indebtedness) of the Automotive segment is presented in the information by operating segment (note 4.2.6.1 – A).

## NOTE 8 – CURRENT AND DEFERRED TAXES

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

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

### A – Current and deferred tax charge

(€ million)	2015	2014
Current tax charge	(472)	(396)
Deferred tax income (charge)	161	260
<b>Current and deferred taxes</b>	<b>(311)</b>	<b>(136)</b>

The current tax charge for entities included in the French tax consolidation group amounts to €61 million in 2015 (€53 million in 2014).

€411 million of the current tax charge comes from foreign entities in 2015 (€343 million in 2014).

Current income taxes paid by the Group during 2015 amount to €384 million (€268 million in 2014).

## B – Breakdown of the tax charge

(€ million)	2015	2014
<b>Income before taxes and share in net income of associates and joint ventures</b>	<b>1,900</b>	<b>772</b>
Statutory income tax rate in France, including the additional contribution <sup>(1)</sup>	38.0%	38.0%
<b>Theoretical tax income (charge)</b>	<b>(722)</b>	<b>(293)</b>
Effect of differences between local rates and the French rate <sup>(2)</sup>	233	180
Tax credits	30	28
Distribution taxes	(55)	(84)
Change in unrecognized deferred tax assets	217	(51)
Other impacts <sup>(3)</sup>	(14)	84
<b>Current and deferred tax income (charge)</b>	<b>(311)</b>	<b>(136)</b>

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

(2) The main countries contributing to the tax rate differential in 2015 and 2014 are Korea, Morocco, Romania, Switzerland and Turkey.

(3) Other impacts are primarily permanent differences, income subject to reduced tax rates, the cost of tax reassessments, and prior year adjustments. They also include the effect of the differential between the 38% French income tax rate including the exceptional contribution, and the 34.43% tax rate used to calculate deferred taxes for the French tax consolidation group (unfavourable effect of €9 million for 2015 and €25 million for 2014).

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

At the end of 2014 and in 2015, in view of forecast results, the Group recognized some of these net deferred tax assets, partly via profit and loss (€188 million in 2015 and €210 million in 2014) and partly via other components of comprehensive income (€51 million in 2015 and €52 million in 2014), due to the origins of the taxes concerned (4.2.2. and note 8 C-1).

The effective tax rate across all foreign entities is 27% at December 31, 2015 (26% at December 31, 2014).

## C – Breakdown of net deferred taxes

### C1 – Change in deferred tax assets and liabilities

(€ million)	2015	2014
Deferred tax assets	716	396
Deferred tax liabilities	(141)	(121)
<b>Net deferred tax assets (liabilities) at January 1</b>	<b>575</b>	<b>275</b>
Deferred tax income (charge) for the period	161	260
Deferred tax income (charge) included in shareholders' equity	30	56
Translation adjustments	(7)	(16)
Change in scope of consolidation and other	-	-
<b>Net deferred tax assets (liabilities) at December 31</b>	<b>759</b>	<b>575</b>
- deferred tax assets	881	716
- deferred tax liabilities	(122)	(141)

## C2 – Breakdown of net deferred tax assets by nature

(€ million)	December 31, 2015	December 31, 2014
<b>Deferred taxes on:</b>		
Investments in associates and joint ventures <sup>(1)</sup>	(195)	(157)
Fixed assets	(1,615)	(1,623)
Provisions and other expenses or valuation allowances deductible upon utilization	1,003	937
Loss carryforwards <sup>(2)</sup>	4,402	4,457
Other	372	413
<b>Net deferred tax assets (liabilities)</b>	<b>3,967</b>	<b>4,027</b>
Unrecognized deferred tax assets related to tax losses (note 8-C3)	(3,208)	(3,452)
<b>Net deferred tax assets (liabilities) reported</b>	<b>759</b>	<b>(575)</b>

(1) Including tax on future dividend distributions

(2) Including €3,837 million for the French tax consolidation entities and €565 million for other entities at December 31, 2015 (respectively €3,836 million and €621 million December 31, 2014).

The residual unrecognized net deferred tax assets of entities included in the French tax consolidation group amounted to €2,607 million at December 31, 2015 (€2,816 million at December 31, 2014). €684 million of these unrecognized assets were generated by items booked through shareholders' equity (mainly the effects of the partial hedge of the investment in Nissan, actuarial gains and losses, and revaluation of financial instruments), and €1,923 million were generated by items affecting the income statement (respectively €547 million and €2,269 million at December 31, 2014).

Excluding the French tax consolidation group, unrecognized deferred tax assets totalled €601 million (€636 million in 2014), and essentially related to tax loss carryforwards generated by the Group in Brazil, and to a lesser extent in India.

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

(€ million)	December 31, 2015	December 31, 2014
Net deferred tax assets that can be carried forward indefinitely <sup>(1)</sup>	2,912	3,262
Other net deferred tax assets expiring in more than 5 years	161	58
Other net deferred tax assets expiring between 1 and 5 years	129	103
Other net deferred tax assets expiring within 1 year	6	29
<b>Total unrecognized net deferred tax assets</b>	<b>3,208</b>	<b>3,452</b>

(1) Including €2,607 million at December 31, 2015 (€2,816 million at December 31, 2014) corresponding to unrecognized net deferred tax assets of entities included in the French tax consolidation group (note 8-C2), mainly corresponding to tax loss carryforwards.

## NOTE 9 – BASIC AND DILUTED EARNINGS PER SHARE

(In thousands of shares)	2015	2014
Shares in circulation	295,722	295,722
Treasury shares	(3,633)	(3,289)
Shares held by Nissan x Renault's share in Nissan	(19,381)	(19,384)
<b>Number of shares used to calculate basic earnings per share</b>	<b>272,708</b>	<b>273,049</b>

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 of the portion of Renault shares held by Nissan.

(In thousands of shares)	2015	2014
Number of shares used to calculate basic earnings per share	272,708	273,049
Dilutive effect of stock options, performance share rights and other share-based payments	1,606	897
<b>Number of shares used to calculate diluted earnings per share</b>	<b>274,314</b>	<b>273,946</b>

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of stock options and rights to performance shares awarded under the relevant plans, and rights to shares as part of the Chairman and CEO's performance-related remuneration, that have a dilutive effect and fulfil the performance conditions at the year-end 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

#### A - Intangible assets and goodwill

##### A1 – Changes in intangible assets

Changes during 2015 in intangible assets were as follows:

(€ million)	December 31, 2014	Acquisitions / (amortization and impairment)	(Disposals) / reversals	Translation adjustment	Change in scope of translation and other	December 31, 2015
Capitalized development expenses	9,096	876	(1,389)	5	-	8,588
Goodwill	216	(4)	-	(2)	-	210
Other intangible assets	690	84	(38)	(9)	2	729
<b>Intangible assets, gross</b>	<b>10,002</b>	<b>956</b>	<b>(1,427)</b>	<b>(6)</b>	<b>2</b>	<b>9,527</b>
Capitalized development expenses	(6,080)	(726)	1,389	(5)	-	(5,422)
Other intangible assets	(479)	(86)	26	6	(2)	(535)
<b>Amortization and impairment</b>	<b>(6,559)</b>	<b>(812)</b>	<b>1,415</b>	<b>1</b>	<b>(2)</b>	<b>(5,957)</b>
Capitalized development expenses	3,016	150	-	-	-	3,166
Goodwill	216	(4)	-	(2)	-	210
Other intangible assets	211	(2)	(12)	(3)	-	194
<b>Intangible assets, net</b>	<b>3,443</b>	<b>144</b>	<b>(12)</b>	<b>(5)</b>	<b>-</b>	<b>3,570</b>

Most of the goodwill is located in Europe.

Acquisitions of intangible assets in 2015 comprise €876 million of self-produced assets and €84 million of purchased assets (respectively €845 million and €122 million in 2014).

In 2015, amortization and impairment of intangible assets include €21 million of impairment relating to vehicles and components (note 6-B), compared to €44 million of impairment in 2014.

Changes during 2014 in intangible assets were as follows:

(€ million)	Gross value	Amortization and impairment	Net value
<b>Value at December 31, 2013</b>	<b>9,475</b>	<b>(6,193)</b>	<b>3,282</b>
Acquisitions (note 26-C)/(amortization)	967	(797)	170
(Disposals)/reversals	(448)	444	(4)
Translation adjustment	5	(13)	(8)
Change in scope of consolidation and other	3	-	3
<b>Value at December 31, 2014</b>	<b>10,002</b>	<b>(6,559)</b>	<b>3,443</b>

##### A2 - Research and development expenses included in income

(€ million)	2015	2014
Research and development expenses	(2,243)	(1,890)
Capitalized development expenses	874	842
Amortization of capitalized development expenses	(706)	(673)
<b>Total reported included in income</b>	<b>(2,075)</b>	<b>(1,721)</b>

## B – Property, plant and equipment

Changes during 2015 in property, plant and equipment were as follows:

(€ million)	December 31, 2014	Acquisitions / (depreciation and impairment)	(Disposals)/ reversals	Translation adjustments	Change in scope of consolidation and other	December 31, 2015
Land	568	4	(7)	(2)	-	563
Buildings	6,064	116	(35)	(84)	16	6,077
Specific tools	14,146	1,196	(360)	(180)	137	14,939
Machinery and other tools	10,394	583	(263)	(184)	96	10,626
Fixed assets leased to customers	2,032	915	(671)	10	18	2,304
Other tangibles	777	60	(37)	(9)	(2)	789
Construction in progress <sup>(1)</sup>	1,514	2	20	(31)	(251)	1,254
<b>Gross values</b>	<b>35,495</b>	<b>2,876</b>	<b>(1,353)</b>	<b>(480)</b>	<b>14</b>	<b>36,552</b>
Land	-	-	-	-	-	-
Buildings	(3,509)	(233)	31	33	(1)	(3,679)
Specific tools	(11,920)	(870)	326	117	2	(12,345)
Machinery and other tools	(7,914)	(537)	262	109	(9)	(8,089)
Fixed assets leased to customers <sup>(2)</sup>	(664)	(255)	279	(4)	37	(607)
Other tangibles	(687)	(21)	35	6	6	(661)
Construction in progress	-	-	-	-	-	-
<b>Depreciation and impairment <sup>(3)</sup></b>	<b>(24,694)</b>	<b>(1,916)</b>	<b>933</b>	<b>261</b>	<b>35</b>	<b>(25,381)</b>
Land	568	4	(7)	(2)	-	563
Buildings	2,555	(117)	(4)	(51)	15	2,398
Specific tools	2,226	326	(34)	(63)	139	2,594
Machinery and other tools	2,480	46	(1)	(75)	87	2,537
Fixed assets leased to customers	1,368	660	(392)	6	55	1,697
Other tangibles	90	39	(2)	(3)	4	128
Construction in progress <sup>(1)</sup>	1,514	2	20	(31)	(251)	1,254
<b>Net values</b>	<b>10,801</b>	<b>960</b>	<b>(420)</b>	<b>(219)</b>	<b>49</b>	<b>11,171</b>

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

(2) Depreciation and impairment of assets leased to customers (vehicles and batteries) amounts to €245 million at December 31, 2015 (€232 million at December 31, 2014).

(3) Depreciation and impairment in 2015 include impairment of €32 million mainly on vehicles and components (note 6-B), compared to €92 million of impairment in 2014.

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

(€ million)	Gross value	Depreciation and impairment	Net value
<b>Value at December 31, 2013</b>	<b>34,630</b>	<b>(23,657)</b>	<b>10,973</b>
Acquisitions/(depreciation and impairment)	2,396	(1,918)	478
(Disposals)/reversals	(1,323)	914	(409)
Translation adjustments	(199)	1	(198)
Change in scope of consolidation and other	(9)	(34)	(43)
<b>Value at December 31, 2014</b>	<b>35,495</b>	<b>(24,694)</b>	<b>10,801</b>

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

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

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

Following impairment tests of assets dedicated to specific vehicles or components, impairment of €51 million was booked during 2015 (€138 million at December 31, 2014), primarily against capitalized development expenses.

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

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

In 2015, no cash-generating unit representing an economic entity (plant or subsidiary) was subjected to an impairment test, as there were no indications of impairment in the various combined economic units that make up the Group.

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

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

	2015	2014
Business plan duration	3 years	3 years
Forecast sales volumes over the projected horizon (units)	3,703,000	3,520,000
Growth rate to infinity	1.8%	1.8%
After-tax discount rate	8.3%	8.8%

In 2015 as in 2014, no impairment was recognized on assets included in the Automotive segment as a result of the impairment test.

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

- The volume reduction over the projected horizon must not exceed 400,000 units (325,000 units in 2014);
- The after-tax discount rate must not exceed 18% (16.4% in 2014).

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

## NOTE 12 – INVESTMENT IN NISSAN

### A – Nissan consolidation method

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

Consequently:

- Renault is not assured of holding the majority of voting rights in Nissan's Shareholders' Meeting.
- The terms of the Renault-Nissan agreements do not entitle Renault to appoint the majority of Nissan directors, nor to hold the majority of voting rights at meetings of Nissan's Board of Directors; Renault cannot unilaterally appoint the President of Nissan; at December 31, 2015, Renault occupied two of the nine seats on Nissan's Board of Directors (unchanged since December 31, 2014).
- Renault-Nissan b.v., owned 50% by Renault and 50% by Nissan, is the Alliance's joint decision-making body for strategic issues concerning either group individually. Its decisions are applicable to both Renault and Nissan. This decision-making power was conferred on Renault-Nissan b.v. to generate synergies and bring both automakers worldwide economies of scale. This entity does not enable Renault to direct Nissan's financial and operating strategies, which are governed by Nissan's Board of Directors and cannot therefore be considered to represent contractual control by Renault over Nissan. The matters examined by Renault-Nissan b.v. since it was formed have remained strictly within this contractual framework, and are not an indication that Renault exercises control over Nissan.
- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets.
- Renault provides no guarantees in respect of Nissan's debt.

In view of this situation, Renault is considered to exercise significant influence over Nissan, and therefore uses the equity method to include its investment in Nissan in the consolidation.

### 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, 2015. Consequently, Renault's percentage interest in Nissan is 43.7% and Renault holds 43.4% of voting rights in Nissan (unchanged since December 31, 2014).

### 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 <sup>(1)</sup>	Net		
<b>At December 31, 2014</b>	<b>16,170</b>	<b>(974)</b>	<b>15,196</b>	<b>637</b>	<b>15,833</b>
2015 net income	1,976	-	1,976	-	1,976
Dividend distributed	(547)	-	(547)	-	(547)
Translation adjustment	1,313	-	1,313	70	1,383
Other changes <sup>(2)</sup>	(74)	-	(74)	-	(74)
<b>At December 31, 2015</b>	<b>18,838</b>	<b>(974)</b>	<b>17,864</b>	<b>707</b>	<b>18,571</b>

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

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

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

	December 31, 2014	2014 net income	Dividends	Translation adjustment	Other changes <sup>(1)</sup>	December 31, 2015
(¥ billion)						
<b>Shareholders' equity – Parent company shareholders' share under Japanese GAAP</b>	<b>4,710</b>	<b>572</b>	<b>(157)</b>	<b>(160)</b>	<b>(30)</b>	<b>4,935</b>
<b>Restatements for compliance with IFRS:</b>						
Provision for pension and other long-term employee benefit obligations	2	(26)	-	-	(4)	(28)
Capitalization of development expenses	603	24	-	-	1	628
Deferred taxes and other restatements	(139)	33	-	12	(9)	(103)
<b>Net assets restated for compliance with IFRS</b>	<b>5,176</b>	<b>603</b>	<b>(157)</b>	<b>(148)</b>	<b>(42)</b>	<b>5,432</b>
Restatements for Renault group requirements <sup>(2)</sup>	198	3	(11)	16	13	219
<b>Net assets restated for Renault group requirements</b>	<b>5,374</b>	<b>606</b>	<b>(168)</b>	<b>(132)</b>	<b>(29)</b>	<b>5,651</b>
(€ million)						
<b>Net assets restated for Renault group requirements</b>	<b>37,002</b>	<b>4,522</b>	<b>(1,251)</b>	<b>3,008</b>	<b>(164)</b>	<b>43,117</b>
Renault's percentage interest	43.7%	-	-	-	-	43.7%
Renault's share (before neutralization effect described below)	16,170	1,976	(547)	1,313	(74)	18,838
Neutralization of Nissan's investment in Renault <sup>(3)</sup>	(974)	-	-	-	-	(974)
<b>Renault's share in the net assets of Nissan</b>	<b>15,196</b>	<b>1,976</b>	<b>(547)</b>	<b>1,313</b>	<b>(74)</b>	<b>17,864</b>

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

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

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

## E – Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2015 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2014 financial year and the first three quarters of its 2015 financial year.

	January to March 2015		April to June 2015		July to September 2015		October to December 2015		January to December 2015	
	Fourth quarter of Nissan's 2014 financial year		First quarter of Nissan's 2015 financial year		Second quarter of Nissan's 2015 financial year		Third quarter of Nissan's 2015 financial year		Reference period for Renault's 2015 consolidated financial statements	
	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(1)</sup>
Net income – Parent company shareholders' share	119	887	153	1,141	173	1,272	127	957	572	4,256

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

## F – Nissan financial information under IFRS

The table below presents Nissan financial information, restated under IFRS for the purposes of the Renault consolidation, for the period January 1 – December 31 of 2015 and 2014. 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.

	2015		2014	
	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(2)</sup>
Revenues	12,066	89,808	11,189	79,705
Net income				
Parent company shareholders' share	603	4,488	502	3,569
Non-controlling interests' share	28	212	22	164
Other components of comprehensive income				
Parent company shareholders' share	(188)	(1,396)	238	1,703
Non-controlling interests' share	(7)	(54)	22	149
Comprehensive income				
Parent company shareholders' share	415	3,092	740	5,272
Non-controlling interests' share	21	158	44	313
Dividends received from Nissan	73	547	62	432
	December 31, 2015		December 31, 2014	
	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(2)</sup>
Non-current assets	7,494	57,175	7,481	51,511
Current assets	10,928	83,375	9,863	67,913
<b>TOTAL ASSETS</b>	<b>18,422</b>	<b>140,550</b>	<b>17,344</b>	<b>119,424</b>
Shareholders' equity				
Parent company shareholders' share	5,432	41,455	5,176	35,626
Non-controlling interests' share	407	3,094	395	2,734
Non-current liabilities	5,303	40,462	5,783	39,819
Current liabilities	7,280	55,539	5,990	41,245
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>18,422</b>	<b>141,550</b>	<b>17,344</b>	<b>119,424</b>

(1) Converted at the average exchange rate for 2015 i.e. 134.4 JPY = 1 EUR for income statement items, and at the December 31, 2015 rate i.e. 131.1 JPY = 1 EUR for financial position items.

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

## G – Hedging of the investment in Nissan

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

At December 31, 2015, the corresponding hedging operations totalled ¥146 billion (€1,114 million), comprising ¥21 billion (€160 million) of private placements on the EMTN market and ¥125 billion (€954 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2015, these operations generated unfavourable foreign exchange differences of €103 million (favourable difference of €8 million in 2014). The net unfavourable effect of €18 million after deferred taxes is recorded in the Group's translation adjustment reserve (note 18-E).

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

Based on the quoted price at December 31, 2015 of ¥1,279.5 per share, Renault's investment in Nissan is valued at €19,153 million (€14,280 million at December 31, 2014 based on the price of ¥1,057 per share).

## I – Operations between the Renault group and the Nissan group

Renault and Nissan follow joint strategies for vehicle and component development, purchasing, production and distribution resources. On April 1, 2014 the two companies also launched a project to converge 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 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 2015 totalled approximately €3,650 million (€2,500 million in 2014), comprising around €2,100 million for vehicles (€800 million in 2014), €1,500 million for components (€1,500 million in 2014), and €50 million for services (€200 million in 2014). The increase is mainly driven by sales of vehicles made by Renault Samsung Motors for Nissan North America.
  - Purchases by the Renault group from the Nissan group in 2015 totalled approximately €1,300 million (€1,900 million in 2014), comprising around €750 million of vehicles (€1,500 million in 2014), €450 million of components (€350 million in 2014), and €100 million of services (€50 million in 2014).
  - The balance of Renault group receivables on the Nissan group is €344 million at December 31, 2015 (€263 million at December 31, 2014) and the balance of Renault group liabilities to the Nissan group is €512 million at December 31, 2015 (€342 million at December 31, 2014).
- 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, interest rate and commodity risks. Renault Finance undertook approximately €19.7 billion of forex transactions on the foreign exchange market for Nissan in 2015 (€20.4 billion in 2014). Operations undertaken with Nissan on foreign exchange, interest rate and commodity 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 €225 million at December 31, 2015 (€364 million at December 31, 2014) and derivative liabilities amount to €76 million at December 31, 2015 (€16 million at December 31, 2014).

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 2015, RCI Banque recorded €147 million of service revenues in the form of commission and interest received from Nissan (€156 million at December 31, 2014). The balance of Sales financing receivables on the Nissan group is €69 million at December 31, 2015 (€37 million at December 31, 2014) and the balance of liabilities is €193 million at December 31, 2015 (€207 million at December 31, 2014).

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.

## 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:

- Consolidated income statement

(€ million)	2015	2014
<b>Share in net income (loss) of other associates and joint ventures</b>	<b>(605)</b>	<b>(197)</b>
AVTOVAZ	(620)	(182)
Other associates accounted for under the equity method	9	(25)
Joint ventures accounted for under the equity method	6	10

- Consolidated statement of financial position

(€ million)	December 31, 2015	December 31, 2014
<b>Investments in other associates and joint ventures</b>	<b>785</b>	<b>887</b>
AVTOVAZ	91	249
Other associates accounted for under the equity method	373	340
Joint ventures accounted for under the equity method	321	298

**A – AVTOVAZ consolidated financial statements included under the equity method in the Renault consolidation**

The Russian automaker AVTOVAZ's financial year-end is December 31. For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the accounts of AVTOVAZ were previously consolidated with a 3-month time-lag. This no longer applies as of December 31, 2015. In application of paragraph 34 of IAS 28, Investments in associates and joint ventures, this change is analyzed as a change in accounting policies that entails restatement of prior year results, in order to include the AVTOVAZ net income from January 1 to December 31 in each year. The impacts on the financial statements as published for 2014 are as follows:

(€ million)	Financial statements as published in 2014	2014 financial statements modified following the end of 3-month time lag	Consequences of the end of the 3-month time lag on the 2014 financial statements
<b>Renault group consolidated income statement and comprehensive income</b>			
Share in net income of associates - AVTOVAZ	(182)	(167)	15
Share of associates in other components of comprehensive income - AVTOVAZ			
Items that will be reclassified subsequently to profit or loss – translation adjustment	(187)	(185)	2
Comprehensive income - AVTOVAZ	(369)	(352)	17
<b>Renault group consolidated statement of financial position</b>			
Investment in associates – AVTOVAZ	249	239	(10)
Translation adjustments	(295)	(293)	2
Reserves	(307)	(334)	(27)
Net income – parent company shareholders' share	(182)	(167)	15
Equity – parent company shareholders' share	(784)	(794)	(10)

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

In accordance with the partnership agreement signed in December 2012, a joint venture named Alliance Rostec Auto B.V. was created to group all the interests in AVTOVAZ owned by Renault, Nissan and Russian Technologies. Alliance Rostec Auto B.V. has held 74.51% of the capital and voting rights at the Shareholders' Meetings of AVTOVAZ since March 2013.

Since June 2014, Renault has held 50%, less one share, of the capital and the voting rights at Shareholders' Meetings and Board of Directors' Meetings of Alliance Rostec Auto B.V..

Renault's percentage interest in AVTOVAZ, through the entity Alliance Rostec Auto B.V., is therefore 37.25 % as of December 31, 2015, the same as at December 31, 2014.

AVTOVAZ's Board of Directors consists of 8 members nominated for appointment by Renault and Nissan (4 members nominated by Renault, 2 nominated by Nissan and 2 nominated jointly by Renault and Nissan) and 7 members nominated by Russian Technologies. On June 27, 2013, the Chairman and CEO of Renault and President of Nissan was elected Chairman of the Board of AVTOVAZ. As of December 31, 2015, Renault occupies 4 seats on the Board (unchanged since December 31, 2014).

The Renault group does not control Alliance Rostec Auto B.V. or AVTOVAZ, because it does not hold the majority of voting rights in the governing bodies of Alliance Rostec Auto B.V. or the Board of Directors of AVTOVAZ. Strategic and operating decisions must be approved by a majority shareholder vote.

In 2015 and 2014, the Russian economy was confronted with a certain number of obstacles. Following the conflict in Ukraine, the economy was affected by international sanctions, declining oil and gas prices, a significant drop in exchange rates in the final quarters of 2014 and 2015, and rising interest rates. This situation had a negative impact on the automobile market, reflected in a marked downturn in demand and shrinkage of the Russian market by more than 35% in 2015 (42% in the final quarter of 2015 alone), despite the government support measures introduced in the fourth quarter of 2014, which have continued and were reinforced in early 2016.

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

(€ million)	Share in net assets & other long-term interests	Goodwill	Impairment	Total
<b>At December 31, 2014 restated <sup>(1)</sup></b>	<b>194</b>	<b>45</b>	<b>-</b>	<b>239</b>
Net loss 2015 <sup>(2)</sup>	(395)	-	(225)	(620)
Translation adjustment	28	(5)	34	57
Loans and receivables included in the long-term net investment <sup>(3)</sup>	415	-	-	415
<b>At December 31, 2015 <sup>(4)</sup></b>	<b>242</b>	<b>40</b>	<b>(191)</b>	<b>91</b>

- (1) The closing figures in roubles at December 31, 2014 were converted into euros using the exchange rate of December 31, 2014, i.e. 72.337 RUB = 1 EUR. As the AVTOVAZ accounts are now included in the Group's financial statements without any three-month time lag, the December 31, 2014 figures previously published for AVTOVAZ have been restated so that the 2015 financial year covers the dates January 1 – December 31. The impacts of this change of accounting policies are presented in the introduction to this note.
- (2) The share in net income of AVTOVAZ has been calculated by applying a 37.25% interest to the net income of 2015.
- (3) The loans by Renault in 2012 and 2013, with book value of €100 million at December 31, 2015, do not benefit from any specific guarantee. Renault also has trade receivables amounting to €315 million at December 31, 2015 (€38 million of receivables in Euros, and €277 million in roubles, or 22,370 million roubles). In view of AVTOVAZ's financial position, Renault has decided to leave the corresponding funds at the disposal of AVTOVAZ for an indeterminate period, and intends to use them in a future capital restructuring of the AVTOVAZ Group. Settlement of these financial assets is therefore neither planned nor likely to occur, and as a result they are considered substantially as an extension of the net investment in the AVTOVAZ group, in compliance with IAS 28, Investments in associates and joint ventures, and thus reclassified as investments accounted for under the equity method.
- (4) The closing figures in roubles at December 31, 2015 were converted using the exchange rate of December 31, 2015, i.e. 80.6736 RUB = 1 EUR. Negative accumulated translation adjustments amount to (€235) million. They would be transferred to net income notably in the event of a future takeover.

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

(€ million)	January 1, 2015 restated <sup>(1)</sup>	Net loss for 2015	Translation adjustment and other changes	December 31, 2015 <sup>(2)</sup>
Shareholders' equity of AVTOVAZ – parent company	477	(1,037)	74	(486)
Restatements for Renault group requirements <sup>(3)</sup>	44	(24)	1	21
<b>Net assets of AVTOVAZ restated for Renault group</b>	<b>521</b>	<b>(1,061)</b>	<b>75</b>	<b>(465)</b>
Share in AVTOVAZ held by Alliance Auto Rostec B.V. (74.51%)	388	(791)	56	(347)
Restated net assets of Alliance Auto Rostec B.V.	388	(791)	56	(347)
<b>Share in Alliance Rostec Auto B.V. held by Renault</b>				
Renault's percentage interest	50% -1 share			50% -1 share
Renault's share	194	(395)	28	(173)
Goodwill on acquisitions of shares in AVTOVAZ and Alliance Rostec Auto B.V.	45	-	(5)	40
Impairment loss on AVTOVAZ shares	-	(225)	34	(191)
Reclassification of loans and receivables as investments accounted for under the equity method <sup>(4)</sup>	-	-	415	415
<b>Renault's share in the net assets of AVTOVAZ and goodwill</b>	<b>239</b>	<b>(620)</b>	<b>472</b>	<b>91</b>

- (1) As the AVTOVAZ accounts are now included in the Group's financial statements without any three-month time lag, the January 1, 2015 figures previously published for AVTOVAZ have been restated so that the 2015 financial year covers the dates January 1 – December 31. The impacts of this change of accounting policies are presented in the introduction to this note.
- (2) The closing figures in roubles at December 31, 2015 were converted using the exchange rate of December 31, 2015, i.e. 80.6736 RUB = 1 EUR.
- (3) Restatements for Renault group requirements mainly correspond to valuation of intangible assets (the Lada brand).
- (4) The loans by Renault in 2012 and 2013, with book value of €100 million at December 31, 2015, do not benefit from any specific guarantee. Renault also has trade receivables amounting to €315 million at December 31, 2015 (€38 million of receivables in euros, and €277 million in roubles, or 22,370 million roubles). In view of AVTOVAZ's financial position, Renault has decided to leave the corresponding funds at the disposal of AVTOVAZ for an indeterminate period, and intends to use them in a future capital restructuring of the AVTOVAZ Group. Settlement of these financial assets is therefore neither planned nor likely to occur, and as a result they are considered substantially as an extension of the net investment in the AVTOVAZ group, in compliance with IAS 28, Investments in associates and joint ventures, and thus reclassified as investments accounted for under the equity method.

### A3 – AVTOVAZ financial information under IFRS

AVTOVAZ's published financial information under IFRS for 2015 and 2014 (year ended December 31), is summarized below:

	2015		2014	
	(in millions of roubles)	(€ million) <sup>(1)</sup>	(in millions of roubles)	(€ million) <sup>(2)</sup>
Revenues	176,482	2,595	191,728	3,759
<b>Operating margin</b>	<b>(24,828)</b>	<b>(365)</b>	<b>(10,040)</b>	<b>(197)</b>
Other operating income and expenses	(41,990)	(618)	(4,686)	(92)
<b>Operating income (loss)</b>	<b>(66,818)</b>	<b>(983)</b>	<b>(14,726)</b>	<b>(289)</b>
Net income	(73,851)	(1,086)	(25,050)	(491)
Parent company shareholders' share	(73,940)	(1,087)	(25,111)	(492)
Non-controlling interests' share	89	1	61	1
Other components of comprehensive income	203	3	211	4
Parent company shareholders' share	203	3	211	4
Non-controlling interests' share	-	-	-	-
Comprehensive income	(73,648)	(1,083)	(24,839)	(487)
Parent company shareholders' share	(73,754)	(1,085)	(24,900)	(488)
Non-controlling interests' share	106	2	61	1
Dividends received from AVTOVAZ	-	-	-	-
	December 31, 2015		December 31, 2014	
	(in millions of roubles)	(€ million) <sup>(1)</sup>	(in millions of roubles)	(€ million) <sup>(2)</sup>
Non-current assets	87,744	1,088	109,667	1,516
Cash & cash equivalents	4,987	62	8,798	122
Other current assets (including assets held for sale)	42,542	527	46,231	639
<b>TOTAL ASSETS</b>	<b>135,273</b>	<b>1,677</b>	<b>164,696</b>	<b>2,277</b>
Shareholders' equity				
Parent company shareholders' share	(39,202)	(486)	34,552	477
Non-controlling interests' share	475	6	369	5
Non-current financial liabilities	48,893	606	29,116	402
Other non-current liabilities	9,798	121	9,033	125
Current financial liabilities <sup>(3)</sup>	44,864	556	39,482	546
Other current liabilities (including liabilities related to assets held for sale)	70,445	874	52,144	722
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>135,273</b>	<b>1,677</b>	<b>164,696</b>	<b>2,277</b>
	December 31, 2015		December 31, 2014	
	(in millions of roubles)	(€ million) <sup>(1)</sup>	(in millions of roubles)	(€ million) <sup>(2)</sup>
Cash flows from operating activities	(1,846)	(27)	10,716	210
Cash flows from investing activities	(26,084)	(384)	(19,410)	(380)
Including: acquisitions/disposals of property, plant and equipment, and intangibles	(25,426)	(374)	(18,528)	(363)
Cash flows from financing activities and translation adjustment	24,119	355	14,108	276
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(3,811)</b>	<b>(56)</b>	<b>5,414</b>	<b>106</b>

- (1) Converted at the average exchange rate for January to December 2015, i.e. 68.005 RUB = 1 EUR for income statement items and the exchange rate at December 31, 2015, i.e. 80.6736 RUB = 1 EUR for balance sheet items. The AVTOVAZ income statement used for equity method accounting of the AVTOVAZ group in the Renault group's financial statements is converted at the average exchange rate for each quarter, applied to the income statements for the corresponding quarters.
- (2) Converted at the average exchange rate for 2014 i.e. 51.0112 RUB = 1 EUR for income statement items and the exchange rate at December 31, 2014 i.e. 72.337 RUB = 1 EUR for balance sheet items.
- (3) Including 24,394 million roubles at December 31, 2015 of long-term financial debts reclassified as short-term debts due to non-compliance with the associated covenants (22,347 million roubles at December 31, 2014).

#### ***A4 – Impairment test of the investment in AVTOVAZ***

Following the impairment test carried out on December 31, 2015, it was determined that the recoverable value at that date of the Group's investment in AVTOVAZ, a listed company held through the joint venture Alliance Rostec Auto B.V., corresponded to its fair value indicated by its stock market price. This is a level 1 fair value (unadjusted stock market value). In accordance with IAS 28, Investments in associates and joint ventures, and IAS 36, Impairment, the Group took the higher of the fair value net of selling costs, and value in use, which was substantially affected in the second half of 2015 by the lower forecasts of net income (loss) and cash flows in future years.

#### ***A5 – Valuation of Renault's investment in AVTOVAZ at stock market prices***

Based on AVTOVAZ's stock market share price at December 31, 2015, Renault's 37.25% investment in AVTOVAZ is valued at €91 million or 7,315 million roubles converted at the year-end rate of 80.6736 RUB = 1 EUR (€90 million for 37.25% of the capital at December 31, 2014).

At December 31, 2015, the stock market value is equal to AVTOVAZ's value in the assets of Renault's financial position (it was 64% lower at December 31, 2014).

#### ***A6 – Operations between the Renault group and the AVTOVAZ group***

The Renault group continued to provide technical assistance to AVTOVAZ for several vehicle, engine and gearbox projects implemented by the Renault-Nissan Alliance and AVTOVAZ, and for assembly of the B0 platform shared by AVTOVAZ, Renault and Nissan. Consulting services are also provided by Renault in areas such as purchasing, quality and IT. In 2015, the Renault group invoiced €45 million to AVTOVAZ for this technical assistance (€56 million in 2014).

Following the start of vehicle production on the B0 platform, Renault supplied AVTOVAZ with parts required for assembly for a total amount of €426 million in 2015 (€529 million in 2014).

Production of Renault vehicles began on this platform in March 2014. AVTOVAZ delivered vehicles worth a total of €356 million to Renault in 2015 (€360 million in 2014).

Renault's investment in the B0 platform is recorded in property, plant and equipment for an amount of €150 million in 2015 (12,086 million roubles), including €58 million for production of a new engine (€161 million or 11,616 million roubles at December 31, 2014).

The amount of Renault's trade receivables on AVTOVAZ at December 31, 2015 is €315 million. As stated in notes 13-A1 and 13-A2, these receivables are now considered as an extension of the net investment in AVTOVAZ, and this amount has therefore been reclassified as investments accounted for under the equity method at December 31, 2015.

The total amount of loans by the Group to AVTOVAZ is €100 million at December 31, 2015 (€111 million at December 31, 2014). These loans are now considered as an extension of the net investment in AVTOVAZ, and have therefore been reclassified as investments accounted for under the equity method at December 31, 2015.



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

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

Name	Country of location	Main activity	Percentage ownership and voting rights held by the Group	
			December 31, 2015	December 31, 2014
Entities under significant influence				
Automotive				
Boone Comenor	France	Metal trading	33	33
Motorlu Araclar Imal ve Satis A.S (MAIS)	Turkey	Automotive sales	49	49
Renault Nissan Automotive India Private Limited (RNAIPL)	India	Vehicle manufacturing	30	30
Renault South Africa	South Africa	Automotive import	40	40
Sales financing				
RN Bank	Russia	Automotive sales financing	30	30
BARN B.V.	Netherlands	Holding company	30	30
Nissan Renault Financial Services India Private Limited	India	Automotive sales financing	30 <sup>(1)</sup>	-
Joint ventures				
Automotive				
Renault Algérie Production	Algeria	Vehicle manufacturing	49	49
Dongfeng Renault Automotive Company	China	Automaker	50	50
Indra Investissements	France	Dismantling of end-of-life vehicles	50	50
Sales financing				
Renault Credit Car	Belgium	Automotive sales financing	50	50
RN SF B.V.	Netherlands	Holding company	50	50
Orfin Finansman Anonim Sirketi	Turkey	Automotive sales financing	50	50

(1) First consolidated in 2015.

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

(€ million)	December 31, 2015	December 31, 2014
Investments in associates	373	339
Share in income (loss) of associates	9	(25)
Share of associates in other components of comprehensive income	3	(14)
Share of associates in comprehensive income	12	(39)

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

(€ million)	December 31, 2015	December 31, 2014
Investments in joint ventures	321	298
Share in income (loss) of joint ventures	6	10
Share of joint ventures in other components of comprehensive income	17	23
Share of joint ventures in comprehensive income	23	33

## NOTE 14 – INVENTORIES

(€ million)	December 31, 2015			December 31, 2014		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	1,254	(227)	1,027	1,028	(207)	821
Work in progress	234	(1)	233	171	(1)	170
Used vehicles	1,090	(95)	995	912	(79)	833
Finished products and spare parts	2,026	(153)	1,873	1,696	(129)	1,567
<b>TOTAL</b>	<b>4,604</b>	<b>(476)</b>	<b>4,128</b>	<b>3,807</b>	<b>(416)</b>	<b>3,391</b>

## NOTE 15 – SALES FINANCING RECEIVABLES

### A – Sales financing receivables by nature

(€ million)	December 31, 2015	December 31, 2014
Dealership receivables	7,627	7,489
Financing for end-customers	16,723	14,478
Leasing and similar operations	4,915	4,458
<b>Gross value</b>	<b>29,265</b>	<b>26,425</b>
Impairment	(660)	(692)
<b>Net value</b>	<b>28,605</b>	<b>25,733</b>

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

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

#### B1 – Assignments of sales financing assets

(€ million)	December 31, 2015		December 31, 2014	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Assigned receivables carried in the balance sheet	8,835	8,793	7,724	7,901
Associated liabilities	2,776	2,793	3,635	3,670

The Sales Financing segment has undertaken several public securitization operations and several conduit financing operations (in Germany, Brazil, France, Italy and the United Kingdom) 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, recognized in other debts represented by a certificate.

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

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

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

For management of its liquidity reserve, Sales financing had provided guarantees to the Banque de France (under France's central collateral management system 3G (*Gestion Globale des Garanties*) in the form of assets with book value of €4,655 million at December 31, 2015 (€2,850 million at December 31, 2014). These guarantees comprise €4,028 million in the form of shares in securitization vehicles and €627 million in sales financing receivables (€2,452 million of shares in securitization vehicles and €398 million in sales financing receivables at December 31, 2014). The funding provided by the Banque de France against these guarantees amounts to €1,500 million at 31 December 2015 (€550 million at December 31, 2014). All the assets provided as guarantees to the Banque de France remain in the balance sheet.

## C – Sales financing receivables by maturity

(€ million)	December 31, 2015	December 31, 2014
- 1 year	15,710	15,058
1 to 5 years	12,678	10,546
+ 5 years	217	129
<b>Total sales financing receivables, net</b>	<b>28,605</b>	<b>25,733</b>

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

(€ million)	December 31, 2015	December 31, 2014
<b>Receivables for which impairment has been recognized <sup>(1)</sup>: overdue by</b>	<b>386</b>	<b>424</b>
- 0 to 90 days	32	39
- 90 to 180 days	44	44
- More than 180 days	310	341
<b>Receivables for which no impairment has been recognized: overdue by</b>	<b>202</b>	<b>169</b>
- 0 to 90 days	202	169
- More than 90 days	-	-

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

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

This risk is reduced by guarantees provided by customers, as reported in off-balance sheet commitments received (note 28-B). In particular, guarantees held in connection with overdue or impaired sales financing receivables amounted to €523 million at December 31, 2015 (€469 million at December 31, 2014).

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

## E – Changes in impairment of sales financing receivables

(€ million)	
<b>Impairment at December 31, 2014</b>	<b>(692)</b>
Impairment recorded during the year	(341)
Reversals for use of impairment	235
Reversals of unused residual amounts	126
Translation adjustment and other	12
<b>Impairment at December 31, 2015</b>	<b>(660)</b>

Net credit losses amounted to €90 million in 2015 (€99 million in 2014).

## NOTE 16 – AUTOMOTIVE RECEIVABLES

(€ million)	December 31, 2015	December 31, 2014
Gross value	2,009	2,007
Impairment	(747) <sup>(1)</sup>	(765) <sup>(1)</sup>
<b>Automotive receivables, net</b>	<b>1,262</b>	<b>1,242</b>

(1) Including (€701) million related to Iran at December 31, 2015 and (€724) million at December 31, 2014 (note 6-C).

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

When substantially all the risks and benefits are not transferred, although from a legal standpoint receivables have been assigned to Group sales financing companies or other non-Group entities, they remain in Automotive receivables and a corresponding financial liability is recorded (in other interest-bearing borrowings). The amount of assigned Automotive receivables that remain in the balance sheet because the Group retains the credit risk or risk of late settlement is not significant at December 31, 2015.

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

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

## NOTE 17 – OTHER CURRENT AND NON-CURRENT ASSETS

(€ million)	December 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	143	263	406	134	266	400
Tax receivables (excluding current taxes due)	400	1,284	1,684	410	1,008	1,418
Taxes due <sup>(1)</sup>	-	62	62	-	38	38
Other receivables	543	1,107	1,650	538	1,031	1,569
Investments in controlled unconsolidated entities	45	-	45	70	-	70
Derivatives on operating transactions of the Automotive segment	-	39	39	-	4	4
Derivatives on financing transactions of the Sales Financing segment	-	375	375	-	298	298
<b>TOTAL</b>	<b>1,131</b>	<b>3,130</b>	<b>4,261</b>	<b>1,152</b>	<b>2,645</b>	<b>3,797</b>
Gross value	1,221	3,242	4,463	1,247	2,761	4,008
Impairment	(90)	(112)	(202)	(95)	(116)	(211)

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

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

The total amount of tax receivables assigned and derecognized at December 31, 2015 is €148 million, comprising €99 million in CIR receivables and €49 million in CICE receivables (€239 million at December 31, 2014, comprising €203 million in CIR receivables and €36 million in CICE receivables). The total amount of tax receivables assigned that remain in the balance sheet at December 31, 2015 is €32 million (€75 million at December 31, 2014).

On December 18, 2015 the Renault Group announced that it had acquired a majority investment in the British company Lotus F1 Team Limited from Gravity Motorsports S.a.r.l., a subsidiary of Genii Capital.

This investment, representing 90% of the capital and 100% of the voting rights, was purchased for 1 pound sterling, and the net worth at the acquisition date under UK GAAP was estimated at around £(13) million. The company is included in investments in controlled unconsolidated entities at December 31, 2015. Consolidation of Lotus F1 Team Limited would have had a non-material impact on the Renault Group's consolidated income statement and financial position at December 31, 2015.

## NOTE 18 – SHAREHOLDERS' EQUITY

### A – Share capital

The total number of ordinary shares issued and fully paid-up at December 31, 2015 is 295,722 thousand, with par value of €3.81 per share (unchanged compared to December 31, 2014).

Treasury shares do not bear dividends. They account for 1,21% of Renault's share capital at December 31, 2015 (0.86% at December 31, 2014).

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

### B – Capital management

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

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

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

The Group manages the Automotive segment's capital by reference to a ratio equal to the segment's net indebtedness divided by the amount of shareholders' equity. Net 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. Shareholders' equity is as reported in the Group's financial position. The Automotive segment presents a net liquidity position at December 31, 2015 and December 31, 2014 (note 4.2.6.1-A4).

The Sales Financing segment must comply with regulatory ratios specific to banking operations. The minimum solvency ratio (shareholders' equity including subordinated loans to total weighted risks) is 8%. RCI Banque's Core Tier 1 solvency ratio (excluding the Basel I floor effect) is 15.64% at December 31, 2015 (14.90% at December 31, 2014).

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

## C – Renault treasury shares

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

	December 31, 2015	December 31, 2014
Total value of treasury shares (€ million)	227	134
Total number of treasury shares	3,573,737	2,555,993

## D – Distributions

At the General and Extraordinary Shareholders' Meeting of April 30, 2015, it was decided to distribute a dividend of €1.90 per share representing a total amount of €555 million (€1.72 per share or a total of €503 million in 2014). This dividend was paid during May.

## E – Translation adjustment

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

(€ million)	2015	2014
Change in translation adjustment on the value of the investment in Nissan	1,383	619
Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G)	(18)	63
<b>Total change in translation adjustment related to Nissan</b>	<b>1,365</b>	<b>682</b>
Other changes in translation adjustment	(220)	(271)
<b>Total change in translation adjustment</b>	<b>1,145</b>	<b>411</b>

In 2015 and 2014, other changes in the translation adjustment mostly resulted from movements in the Russian rouble and the Korean won.

## F – Financial instrument revaluation reserve

### F1 – Change in the financial instrument revaluation reserve

The figures below are reported net of tax effects.

(€ million)	Cash flow hedges	Available-for-sale financial assets	Total
<b>At December 31, 2014 <sup>(1)</sup></b>	<b>(59)</b>	<b>762 <sup>(2)</sup></b>	<b>703</b>
Changes in fair value recorded in shareholders' equity	14	177	191
Transfer from shareholders' equity to profit and loss <sup>(3)</sup>	8	(12)	(4)
<b>At December 31, 2015 <sup>(1)</sup></b>	<b>(37)</b>	<b>927 <sup>(2)</sup></b>	<b>890</b>

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

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

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

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

(€ million)	2015	2014
Operating margin	16	3
Other operating income and expenses	-	-
Net financial income (expense)	-	-
Share in net income of associates and joint ventures	-	8
Current and deferred taxes	(8)	-
<b>Total transferred to the income statement for cash flow hedges</b>	<b>8</b>	<b>11</b>

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

(€ million)	December 31, 2015	December 31, 2014
Within one year	(9)	(1)
After one year	7	(32)
<b>Revaluation reserve for cash flow hedges excluding associates and joint ventures</b>	<b>(2)</b>	<b>(33)</b>
Revaluation reserve for cash flow hedges – associates and joint ventures	(35)	(26)
<b>Total revaluation reserve for cash flow hedges</b>	<b>(37)</b>	<b>(59)</b>

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

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

The Board of Directors periodically awards performance shares to Group executives and managers, with prices and exercise periods specific to each plan. Until 2012, it also periodically granted stock options, each with their own vesting and required holding periods. All plans include performance conditions which determine the number of options or performance shares granted to beneficiaries. Loss of the benefit of stock options or performance shares follows the applicable regulations: all options and rights are forfeited in the event of resignation or termination, and a decision is made for each individual case when an employee leaves at the company's instigation.

The Board of Directors also decided that some of the Chairman and CEO's variable remuneration for a given year would be converted into shares that will vest subject to conditions of performance and continued employment at Renault. The first application is for the variable remuneration based on 2013 results.

**G1 – Changes in the number of stock options and share rights held by personnel**

	Stock options			Share rights
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	
<b>Options outstanding and rights not yet vested at January 1, 2015</b>	<b>1,024,830</b>	<b>37</b>	<b>-</b>	<b>1,504,362</b>
Granted	-	-	-	1,450,625
Options exercised or vested rights	(308,038) <sup>(1)</sup>	-	49 <sup>(2)</sup>	(115,095) <sup>(3)</sup>
Options and rights expired and other adjustments	-	-	N/A	(8,642)
<b>Options outstanding and rights not yet vested at December 31, 2015</b>	<b>716,792</b>	<b>37</b>	<b>-</b>	<b>2,831,250</b>

(1) Stock options exercised in 2015 were granted under plans 18 and 19 in 2011.

(2) Price at which the shares were acquired by the Group to cover future options.

(3) Performance shares vested were awarded under plans 18 bis and 19 bis in 2011.

## G2 – Stock options

For plans current in 2015, options attributed vest after a period of 4 years, and the exercise period then covers the 4 following years.

Plan	Type of plan	Grant date	Exercise price (€)	Outstanding at December 31, 2015	Exercise period
Plan 18	Stock purchase options	April 29, 2011	38.80	183,574	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	137,000	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	396,218	December 13, 2016 – December 12, 2020
<b>TOTAL</b>				<b>716,792</b>	

## G3 – Performance share plans and other share-based payments

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

The vesting period for performance shares awarded to French tax residents is 3 years followed by a minimum holding period of 2 years.

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

Plan	Type of plan	Grant date	Share rights awarded at December 31, 2015	Vesting date	Holding period
Plan 18 bis	Performance shares	April 29, 2011	-	April 30, 2015 <sup>(1)</sup>	None
Plan 19 bis	Performance shares	December 8, 2011	-	December 8, 2015 <sup>(1)</sup>	None
Plan 20 bis	Performance shares	December 13, 2012	74,966	December 13, 2016	None
Plan 21 <sup>(2)</sup>	Performance shares	February 12, 2014	976,485	February 12, 2017	February 12, 2017– February 12, 2019
			332,559	February 12, 2018	None
Plan 22 <sup>(2)</sup>	Performance shares	February 11, 2015	1,050,265	February 11, 2018	February 11, 2018– February 11, 2020
			396,975	February 11, 2019	None
TOTAL			2,831,250		

(1) The performance shares concerned by these plans were issued to beneficiaries in 2015.

(2) These figures include shares awarded as part of the Chairman and CEO's performance-related remuneration.

## H – Share-based payments

Share-based payments exclusively concern stock options and performance shares awarded to personnel, and shares awarded as part of the Chairman and CEO's performance related remuneration.

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

Plan	Initial value (thousands of €)	Unit fair value	Expense for 2015 (€ million)	Expense for 2014 (€ million)	Share price at grant date (€)	Volatility	Interest rate	Exercise price (€)	Duration of option	Dividend per share (€)
Plan 18	3,422	9.31	(1)	(1)	36.70	37.28%	2.28%	38.80	4-8 years	0.30 – 1.16
Plan 18 bis	28,711	31.04	-	(6)	36.70	N/A	2.28%	N/A	3-5 years	0.30 – 1.16
Plan 19	1,608	5.36	-	-	27.50	42.24%	1.99%	26.87	4-8 years	1.19 – 1.72
Plan 19 bis	15,966	26.18	-	(1)	34.18	N/A	1.68%	N/A	2-4 years	1.17 – 1.73
Plan 20	2,708	6.87	(1)	(1)	40.39	35%	0.71%	37.43	4-8 years	1.57- 2.19
Plan 20 bis	21,767	36.38	(1)	(10)	43.15	N/A	0.87%	N/A	2-4 years	1.57 -1.97
Plan 21 <sup>(1)</sup>	38,702	53.63	(16)	(10)	65.76	N/A	0.20%	N/A	3-5 years	1.72 – 1.97
	13,653	55.03	(4)	(3)	65.61	N/A	0.19%	N/A	4 years	1.72 – 1.97
Plan 22 <sup>(1)</sup>	51,509	66.51	(15)	-	78.75	N/A	(0.10)%	N/A	3-5 years	1.90 – 2.22
	19,138	65.19	(4)	-	76.58	N/A	(0.03)%	N/A	4 years	1.90 – 2.22
<b>TOTAL</b>			<b>(42)</b>	<b>(32)</b>						

(1) For these plans, free shares were awarded at different dates within the stated period. The figures also include shares awarded as part of the Chairman and CEO's performance-related remuneration. The information reported may correspond to weighted averages based on quantities awarded per grant date.



## I – Share of non-controlling interests

Entity	Country of location	Percentage of ownership and voting rights held by non-controlling interests		Net income – non-controlling interests' share (€ million)		Shareholders' equity – non-controlling interests' share (€ million)		Dividends paid to non-controlling interests (minority shareholders) (€ million)	
		December 31, 2015	December 31, 2014	2015	2014	December 31, 2015	December 31, 2014	2015	2014
Automotive									
Renault Samsung Motors	Korea	20%	20%	41	35	179	149	(13)	-
Oyak Renault Otomobil Fabrikalari	Turkey	49%	49%	55	32	253	229	(32)	(32)
Other	N/A	N/A	N/A	6	5	37	30	(1)	(3)
Total Automotive		-	-	102	72	469	408	(46)	(35)
Sales financing									
Companhia de Arrendamento Mercantil RCI do Brasil <sup>(1)</sup>	Brazil	40%	40%	10	11	-	-	-	-
Companhia de Credito, Financiamento e Investimento RCI do Brasil <sup>(1)</sup>	Brazil	40%	40%	12	15	-	-	(16)	(13)
Rombo Compania Financiera <sup>(1)</sup>	Argentina	40%	40%	10	8	-	-	-	-
Other	N/A	N/A	N/A	3	2	13	14	(3)	(4)
Total – Sales financing		-	-	35	36	13	14	(19)	(17)
TOTAL		-	-	137	108	482	422	(65)	(52)

(1) The Group has granted minority shareholders in these companies put options to sell their investments. A liability corresponding to these put options is included in other liabilities, amounting to €143 million for the two Brazilian subsidiaries and €29 million for the Argentinian subsidiary at December 31, 2015 (€175 million and €28 million respectively at December 31, 2014). A corresponding charge is made to shareholders' equity, allocated in priority to the non-controlling interests' share with any residual amount allocated to the parent-company shareholders' share. The liability is stated at fair value. Fair value is determined by estimating the potential purchase price, taking into account future results of the financing portfolio as it exists at the closing date and the provisions of the partnership contracts. This is a level 3 fair value, as it uses recognized models but their significant data are not based on observable market data.

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

## J – Joint operations

Entity	Country of location	Main activity	Percentage of ownership held by the Group	
			December 31, 2015	December 31, 2014
Automotive				
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI) <sup>(1)</sup>	India	Shared service centre	67	67

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

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

### A – Pension and benefit plans

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

- Defined-contribution plans

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

The total expense for defined-contribution plans was €588 million in 2015 (€566 million in 2014).

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

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

In Korea, due to a coming change in pension regulations, the defined-benefit retirement indemnity plan has been converted to a defined-contribution plan and outsourced for external management. This change and payment of the corresponding amounts took place in late 2015, and concerns approximately 4,070 people.

- Principal defined-benefit plans of the Group

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

The Group's most significant supplementary pension plan is in the United Kingdom, where two defined-benefit pension plans are managed as part of a dedicated pension fund comprising two compartments: one concerns Automotive subsidiaries, the other RCI Financial Services Ltd. This plan has been closed to new beneficiaries since 2004, and concerns approximately 1,850 people.

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

The fund compartment dedicated to the Automotive segment is underfunded and the Group has made a commitment to cover the shortfall by 2022 through payments amounting to £3 million maximum per year. The deficit is valued at £32 million at April 5, 2015 (£18 million at September 30, 2014).

### 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, 2015	
	Renault s.a.s.	Others
Retirement age	60 to 65 years	52 to 67 years
Discount rate <sup>(1)</sup>	1.91%	1.15% to 2.24%
Salary increase rate	2.70%	1.00% to 3.00%
Duration of plan	13 years	9 to 20 years
Gross obligation	€1,044 million	€156 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, 2015	
	Automotive	Sales financing
Financial discount rate <sup>(1)</sup>	3.90%	3.95%
Salary increase rate	2.00%	3.05%
Duration of plan	20 years	24 years
Actual return on fund assets	1.00%	0.40%
Gross obligation	€298 million	€27 million
Fair value of assets invested via pension funds	€280 million	€25 million

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

### C – Net expense for the year

(€ million)	2015	2014
Current service cost	105	100
Past service cost and (gain)/loss on settlement	(12)	8
Net interest on the net liability (asset)	34	45
Effects of workforce adjustment measures	(1)	-
<b>Net expense (income) for the year recorded in the income statement</b>	<b>126</b>	<b>153</b>

### D – Detail of balance sheet provision

#### D1 – Breakdown of the balance sheet provision

(€ million)	December 31, 2015		
	Present value of the obligation	Fair value of fund assets	Net defined-benefit liability (asset)
<b>Retirement and termination indemnities</b>			
France	1,200	-	1,200
Europe (excluding France)	15	-	15
Americas	2	-	2
Eurasia <sup>(1)</sup>	51	-	51
Asia - Pacific	2	-	2
Africa - Middle East - India	1	-	1
<b>Total retirement and termination indemnities</b>	<b>1,271</b>	<b>-</b>	<b>1,271</b>
<b>Supplementary pensions</b>			
France	93	(45)	48
United Kingdom	326	(305)	21
Europe (excluding France and the UK) <sup>(2)</sup>	240	(160)	80
Asia - Pacific	2	-	2
Americas	5	-	5
<b>Total supplementary pensions</b>	<b>666</b>	<b>(510)</b>	<b>156</b>
<b>Other long-term benefits</b>			
France <sup>(3)</sup>	167	-	167
Americas	4	-	4
Europe (excluding France)	2	-	2
<b>Total other long-term benefits</b>	<b>173</b>	<b>-</b>	<b>173</b>
<b>TOTAL <sup>(4)</sup></b>	<b>2,110</b>	<b>(510)</b>	<b>1,600</b>

(1) Essentially Romania and Turkey.

(2) Essentially Germany, the Netherlands and Switzerland.

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

(4) Total net liability due within one year: €50 million; total net liability due after one year: €1,550 million.

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

(€ million)	December 31, 2015				
	- 1 year	1 to 5 years	5 to 10 years	+ 10 years	Total
Present value of obligation	60	344	463	1,243	2,110
Fair value of plan assets	(10)	(57)	(69)	(374)	(510)
Net defined benefit liability (asset)	50	287	394	869	1,600

The weighted average duration of plans is 14 years at December 31, 2015 (13 years at December 31, 2014).

**E – Changes in obligations, fund assets and the provision**

(€ million)	Present value of the obligation (A)	Fair value of fund assets (B)	Net defined-benefit liability (asset) (A)+(B)
<b>Balance at December 31, 2014</b>	<b>2,268</b>	<b>(518)</b>	<b>1,750</b>
Current service cost	105	-	105
Past service cost and gain/loss on liquidation	(12)	-	(12)
Net interest on the net liability (asset)	51	(17)	34
Effects of workforce adjustment measures	(1)	-	(1)
<b>Net expense (income) for 2015 recorded in the income statement (note 19-C)</b>	<b>143</b>	<b>(17)</b>	<b>126</b>
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	(17)	-	(17)
Actuarial gains and losses on the obligation resulting from changes in financial assumptions	(48)	-	(48)
Actuarial gains and losses on the obligation resulting from experience effects	8	-	8
Net return on fund assets (not included in net interest above)	-	7	7
<b>Net expense (income) for 2015 recorded in other components of comprehensive income</b>	<b>(57)</b>	<b>7</b>	<b>(50)</b>
Employer's contributions to funds	-	(11)	(11)
Employees' contributions to funds	-	(3)	(3)
Benefits paid under the plan	(152)	26	(126)
Benefits paid upon liquidation of a plan <sup>(1)</sup>	(112)	17	(95)
Effect of changes in exchange rates	31	(25)	6
Effect of changes in scope of consolidation	(11)	14	3
<b>Balance at December 31, 2015</b>	<b>2,110</b>	<b>(510)</b>	<b>1,600</b>

(1) Due to a coming change in regulations, Korea has ended its defined-benefit retirement indemnity plan, which was essentially self-funded (note 19-A).

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €615 million at December 31, 2015 (an expense of €624 million at December 31, 2014).

A 50 base point decrease in discount rates used for each plan would result in a €155 million increase in the amount of obligations at December 31, 2015 (€155 million increase at December 31, 2014).

## F – Fair value of fund assets

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

(€ million)	December 31, 2015		
	Assets listed on active markets	Unlisted assets	Total
<b>Pension funds</b>			
Cash and cash equivalents	1	-	1
Shares	80	-	80
Bonds	194	-	194
Shares in mutual funds and other	32	3	35
<b>Total - Pension funds</b>	<b>307</b>	<b>3</b>	<b>310</b>
<b>Insurance companies</b>			
Cash and cash equivalents	16	1	17
Shares	5	-	5
Bonds	143	19	162
Real estate property	12	2	14
Shares in mutual funds and other	-	2	2
<b>Total – Insurance companies</b>	<b>176</b>	<b>24</b>	<b>200</b>
<b>TOTAL</b>	<b>483</b>	<b>27</b>	<b>510</b>

Pension fund assets mainly relate to plans located in the United Kingdom (59.8%). Insurance contracts principally concern Germany (5.0%), France (8.9%), the Netherlands (18.6%) and Switzerland (6.6%). The actual returns on plan assets in the United Kingdom are shown in note 19-B.

The weighted average actual rate of return on the Group's main funds was 1.57% in 2015 (7.82% in 2014).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2016 is approximately €13 million.

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

## NOTE 20 – CHANGE IN PROVISIONS

(€ million)	Restructuring provisions	Warranty provisions	Tax risks and litigation provisions	Insurance activities <sup>(1)</sup>	Other provisions	Total
<b>At December 31, 2014</b>	<b>491</b>	<b>807</b>	<b>425</b>	<b>233</b>	<b>372</b>	<b>2,328</b>
Increases	117	446	86	95	78	822
Reversals of provisions for application	(205)	(446)	(76)	(22)	(65)	(814)
Reversals of unused balance of provisions	(17)	(31)	(43)	-	(32)	(123)
Changes in scope of consolidation	-	-	-	-	-	-
Translation adjustments and other changes	-	(8)	(37)	-	7	(38)
<b>At December 31, 2015 <sup>(2)</sup></b>	<b>386</b>	<b>768</b>	<b>355</b>	<b>306</b>	<b>360</b>	<b>2,175</b>

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

(2) Short-term portion of provisions: €997 million; long-term portion provisions: €1,178 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. The Group was not involved in any significant new litigation in 2015.

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

At December 31, 2015, the "other provisions" item includes €16 million of provisions established in application of environmental regulations (€15 million at December 31, 2014). They include provisions to cover recycling obligations for end-of-life vehicles and used batteries (note 28-A2), and environmental compliance costs for industrial land that the Group intends to sell (particularly on the Boulogne-Billancourt site). They also include €5 million for depollution of a commercial land belonging to Renault Retail Group (€4 million at December 31, 2014).

## NOTE 21 – OTHER CURRENT AND NON-CURRENT LIABILITIES

(€ million)	December 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Tax liabilities (excluding current taxes due)	56	954	1,010	109	1,015	1,124
Current taxes due	-	219	219	-	162	162
Social liabilities	21	1,313	1,334	19	1,358	1,377
Other liabilities	219	4,693	4,912	257	4,264	4,521
Deferred income	989	879	1,868	819	754	1,573
Derivatives on operating transactions of the Automotive segment	-	6	6	-	2	2
<b>Total</b>	<b>1,285</b>	<b>8,064</b>	<b>9,349</b>	<b>1,204</b>	<b>7,555</b>	<b>8,759</b>

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment (€418 million at December 31, 2015 and €512 million at December 31, 2014).

The Group is subject to a greenhouse gas emission quota system in the European Union and Korea. In 2015, greenhouse gas emissions were higher than the quotas allocated in Europe and Korea, and the Group recorded a corresponding expense of €0.7 million in 2015.

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

### NOTE 22 – FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

#### A – Current/non-current breakdown

(€ million)	December 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	1,372	-	1,372	1,233	-	1,233
Marketable securities and negotiable debt instruments	-	614	614	-	785	785
Loans	31	658	689	139	280	419
Derivatives on financing operations by the Automotive segment	75	488	563	309	465	774
<b>Total financial assets</b>	<b>1,478</b>	<b>1,760</b>	<b>3,238</b>	<b>1,681</b>	<b>1,530</b>	<b>3,211</b>
<i>Gross value</i>	<i>1,479</i>	<i>1,762</i>	<i>3,241</i>	<i>1,682</i>	<i>1,535</i>	<i>3,217</i>
<i>Impairment</i>	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(1)</i>	<i>(5)</i>	<i>(6)</i>
Cash equivalents	-	5,153	5,153	-	4,385	4,385
Cash on hand and bank deposits	-	8,980	8,980	-	8,112	8,112
<b>Total cash and cash equivalents</b>	<b>-</b>	<b>14,133</b>	<b>14,133</b>	<b>-</b>	<b>12,497</b>	<b>12,497</b>

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

#### B – Investments in non-controlled entities

Investments in non-controlled entities include €1,276 million (€1,134 million at December 31, 2014) for the Daimler shares purchased under the strategic partnership agreement. These shares are classified as available-for-sale financial assets and their fair value is determined by reference to the market price. At December 31, 2015, the stock market price (€77.58 per share) was higher than the acquisition price (€35.52 per share). The corresponding increase in fair value over the year, amounting to €142 million, is recorded in other components of comprehensive income for 2015 (€99 million in 2014).

Investments in non-controlled entities also include €62 million at December 31, 2015 (€57 million at December 31, 2014) paid to the Fund for the Future of the Automobile (*Fonds Avenir Automobile – FAA*), previously named the Modernization Fund for Automotive Equipment Manufacturers (*Fonds de Modernisation des Equipementiers Automobiles – FMEA*). Under the support

plan for these suppliers introduced by the French authorities and automakers, Renault has made a commitment to pay a total of €200 million as funds are called. The outstanding amount for Renault at December 31, 2015 is €71 million.

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

### C – Cash not available to the Group's parent company

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

Limited access to the US Dollar restricted the level of international payments by Group subsidiaries located in Argentina until mid-December 2015, when a partial lifting of exchange controls was promulgated. The cash held by these entities amounts to €167 million at December 31, 2015 (€292 million at December 31, 2014).

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 €446 million at December 31, 2015 (€479 million at December 31, 2014).

## NOTE 23 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

### A – Current/non-current breakdown

(€ million)	December 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	431	-	431	350	-	350
Bonds	4,038	1,617	5,655	4,870	1,417	6,287
Other debts represented by a certificate	-	567	567	-	223	223
Borrowings from credit institutions (at amortized cost)	753	1,459	2,212	1,344	1,052	2,396
Other interest-bearing borrowings	411	97	508	426	70	496
<b>Financial liabilities of the Automotive segment (excluding derivatives)</b>	<b>5,633</b>	<b>3,740</b>	<b>9,373</b>	<b>6,990</b>	<b>2,762</b>	<b>9,752</b>
Derivatives on financing operations of the Automotive segment	62	403	465	282	454	736
<b>Total financial liabilities of the Automotive segment</b>	<b>5,695</b>	<b>4,143</b>	<b>9,838</b>	<b>7,272</b>	<b>3,216</b>	<b>10,488</b>
DIAC redeemable shares	12	-	12	11	-	11
Bonds	-	13,025	13,025	-	11,935	11,935
Other debts represented by a certificate	-	4,353	4,353	254	4,490	4,744
Borrowings from credit institutions	-	2,934	2,934	-	2,660	2,660
Other interest-bearing borrowings	-	10,360	10,360	-	6,654	6,654
<b>Total financial liabilities and debts of the Sales Financing segment (excluding derivatives)</b>	<b>12</b>	<b>30,672</b>	<b>30,684</b>	<b>265</b>	<b>25,739</b>	<b>26,004</b>
Derivatives on financing operations of the Sales Financing segment	-	68	68	-	89	89
<b>Total financial liabilities of the Sales Financing segment including derivatives</b>	<b>12</b>	<b>30,740</b>	<b>30,752</b>	<b>265</b>	<b>25,828</b>	<b>26,093</b>
<b>Total financial liabilities and debts of the Sales Financing segment</b>	<b>5,707</b>	<b>34,883</b>	<b>40,590</b>	<b>7,537</b>	<b>29,044</b>	<b>36,581</b>

### Redeemable shares

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares. They earn a minimum annual return of 9% comprising a 6.75% fixed portion and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods. The return on redeemable shares, amounting to €17 million for 2015 (€17 million for 2014), is included in interest expenses. These shares are listed on the Paris Stock Exchange. They traded for €540 at December 31, 2015 and €439 million at December 31, 2014 for par value of €153, leading to a corresponding €80 million adjustment (€37 million in 2014) to the fair value of redeemable shares recorded in other financial expenses (note 7).

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

### **Changes in bonds of the Automotive segment**

In 2015, Renault SA redeemed bonds for a total amount of €1,403 million, and undertook a private placement under its EMTN programme (7 billion yen and 4-year maturity), and a public bond issue as part of the "Shelf Registration" programme (70 billion yen and 3-year maturity).

### **Changes in debts of the Sales Financing segment**

In 2015, RCI Banque group redeemed bonds for a total of €2,640 million, and issued new bonds totalling €3,814 million and maturing between 2016 and 2022.

New savings collected rose by €3,700 million in 2015 (including €1,470 million of term deposits) to reach €10,234 million classified as other interest-bearing borrowings. After France, Germany and Austria, in May 2015 RCI Banque launched savings products in the United Kingdom.

### **Credit lines**

At December 31, 2015, Renault SA had confirmed credit lines opened with banks worth €3,305 million (€3,210 million at December 31, 2014). These credit lines were unused at December 31, 2015 (and at December 31, 2014).

Also, at December 31, 2015, the Sales Financing segment's confirmed credit lines opened in several currencies with banks amounted to €4,482 million (€4,803 at December 31, 2014). The short-term portion amounted to €439 million at December 31, 2015 (€1,005 million at December 31, 2014). These credit lines were unused at December 31, 2015 and 2014.

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

## **B – Breakdown by 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, 2015.

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

### **B1 – Financial liabilities of the Automotive segment**

(€ million)	December 31, 2015							
	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
<b>Bonds issued by Renault SA (by issue date)</b>								
2007	10	10	-	10	-	-	-	-
2010	500	500	-	500	-	-	-	-
2011	506	500	500	-	-	-	-	-
2012	1,101	1,098	249	849	-	-	-	-
2013	1,046	1,005	106	-	899	-	-	-
2014	1,739	1,732	541	691	-	-	-	500
2015	684	682	96	-	533	53	-	-
Accrued interest, expenses and premiums	69	60	60	-	-	-	-	-
<b>Total bonds</b>	<b>5,655</b>	<b>5,587</b>	<b>1,552</b>	<b>2,050</b>	<b>1,432</b>	<b>53</b>	<b>-</b>	<b>500</b>
Other debts represented by a certificate	567	567	567	-	-	-	-	-
Borrowings from credit institutions	2,212	2,195	1,441	255	257	130	112	-
Other interest-bearing borrowings	508	600	94	28	36	35	34	373
<b>Total other financial liabilities</b>	<b>3,287</b>	<b>3,362</b>	<b>2,102</b>	<b>283</b>	<b>293</b>	<b>165</b>	<b>146</b>	<b>373</b>
<b>Future interest on bonds and other financial liabilities</b>	<b>-</b>	<b>493</b>	<b>123</b>	<b>160</b>	<b>64</b>	<b>24</b>	<b>21</b>	<b>101</b>
<b>Redeemable shares</b>	<b>431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Derivatives on financing operations</b>	<b>465</b>	<b>465</b>	<b>403</b>	<b>22</b>	<b>19</b>	<b>14</b>	<b>7</b>	<b>-</b>
<b>Total financial liabilities of the Automotive segment</b>	<b>9,838</b>	<b>9,907</b>	<b>4,180</b>	<b>2,515</b>	<b>1,808</b>	<b>256</b>	<b>174</b>	<b>974</b>



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

(€ million)	December 31, 2015			
	Contractual flows maturing within 1 year	- 1 month	1-3 months	3 months – 1 year
Bonds	1,552	1	3	1,548
Other financial liabilities	2,102	553	384	1,165
Future interest on bonds and other financial liabilities	123	3	52	68
Derivatives on financing operations	403	72	53	278
<b>Total financial liabilities maturing within 1 year</b>	<b>4,180</b>	<b>629</b>	<b>492</b>	<b>3,059</b>

**B2 – Financial liabilities and debts of the Sales Financing segment**

(€ million)	December 31, 2015							
	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
<b>Bonds issued by RCI Banque (year of issue)</b>								
2010	701	700	700	-	-	-	-	-
2011	1,226	1,109	1,109	-	-	-	-	-
2012	939	947	219	728	-	-	-	-
2013	2,788	2,701	994	116	1,591	-	-	-
2014	3,431	3,405	160	1,763	16	948	-	518
2015	3,772	3,766	235	752	994	31	1,000	754
Accrued interest, expenses and premiums	168	198	198	-	-	-	-	-
<b>Total bonds</b>	<b>13,025</b>	<b>12,826</b>	<b>3,615</b>	<b>3,359</b>	<b>2,601</b>	<b>979</b>	<b>1,000</b>	<b>1,272</b>
Other debts represented by a certificate	4,353	4,359	2,012	780	1,504	60	3	-
Borrowings from credit institutions	2,934	2,933	956	221	1,641	50	65	-
Other interest-bearing borrowings	10,360	10,360	8,596	979	475	223	87	-
<b>Total other financial liabilities</b>	<b>17,647</b>	<b>17,652</b>	<b>11,564</b>	<b>1,980</b>	<b>3,620</b>	<b>333</b>	<b>155</b>	<b>-</b>
<b>Future interest on bonds and other financial liabilities</b>	<b>-</b>	<b>944</b>	<b>235</b>	<b>316</b>	<b>175</b>	<b>66</b>	<b>38</b>	<b>114</b>
<b>Redeemable shares</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Derivative liabilities on financing</b>	<b>68</b>	<b>33</b>	<b>25</b>	<b>7</b>	<b>(3)</b>	<b>1</b>	<b>3</b>	<b>-</b>
<b>Total Financial liabilities and debts of the Sales Financing segment</b>	<b>30,752</b>	<b>31,455</b>	<b>15,439</b>	<b>5,662</b>	<b>6,393</b>	<b>1,379</b>	<b>1,196</b>	<b>1,386</b>

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

(€ million)	December 31, 2015			
	Contractual flows maturing within 1 year	-1 month	1-3 months	3 months – 1 year
Bonds	3,615	785	902	1,928
Other financial liabilities	11,564	8,158	1,065	2,341
Future interest on bonds and other financial liabilities	235	18	24	193
Derivative liabilities on financing operations	25	-	-	25
<b>Total financial liabilities maturing within 1 year</b>	<b>15,439</b>	<b>8,961</b>	<b>1,991</b>	<b>4,487</b>

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

### **A – Financial instruments by category and fair value by level**

IAS 39 standard defines 4 categories of financial instrument:

- Financial assets at fair value through profit or loss, comprising assets held for trading and assets designated from the outset as carried at fair value through profit or loss,
- Held-to-maturity investments,
- Loans and receivables carried at amortized cost,
- Available-for-sale financial assets, comprising all financial instruments not included in any of the above categories.

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;
- 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.

Estimated fair values are based on information available on the markets and arrived at using valuation methods appropriate to the types of instrument in question.

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

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

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

In 2015, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

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

(€ million)	Notes	December 31, 2015								
FINANCIAL ASSETS AS DEFINED BY IAS 39		Balance sheet value					Fair value of financial assets at amortized cost	Fair value level of financial assets at fair value		
		Held for trading	Initially designated as measured at fair value through profit and loss	Hedging derivatives	Available for sale	Loans and receivables		Level 1	Level 2	Level 3
Loans	22	-	-	-	-	689	(1)			
Sales financing receivables	15	-	-	-	-	28,605	28,633 (2)			
Automotive customer receivables	16	-	-	-	-	1,262	(1)			
Tax receivables (including current taxes due)	17	-	-	-	-	1,746	(1)			
Other receivables and prepaid expenses	17	-	-	-	-	2,056	(1)			
Cash equivalents	22	-	-	-	-	4,965	(1)			
Cash	22	-	-	-	-	8,980	(1)			
Total financial assets recorded at amortized cost		-	-	-	-	48,303				
Marketable securities and negotiable debt instruments	22	-	-	-	614	-		614	-	-
Investments in non-controlled entities	22	-	-	-	1,372	-		1,276	-	96
Investments in unconsolidated controlled entities	17	-	-	-	45	-		-	-	45
Derivatives on financing operations of the Automotive segment	22	-	-	-	-	-		-	-	-
Derivatives on operating transactions of the Automotive segment	17	-	-	38	-	-		-	38	-
Derivatives on financing operations of the Sales Financing segment	17	-	-	88	-	-		-	88	-
Financial assets at fair value through equity		-	-	126	2,031	-		1,890	126	141
Derivatives on financing operations of the Automotive segment	22	524	-	39	-	-		-	563	-
Derivatives on operating transactions of the Automotive segment	17	1	-	-	-	-		-	1	-
Derivatives on financing operations of the Sales Financing segment	17	45	-	242	-	-		-	287	-
Cash equivalents	22	18	-	-	170	-		188	-	-
Financial assets at fair value through profit and loss		588	-	281	170	-	188	851	-	
Total financial assets recorded at fair value		588	-	407	2,201	-	2,078	977	141	

(1) The Group does not report the fair value of financial assets such as trade receivables of the Automotive segment, because their book value is a reasonable approximation of their fair value.

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

(€ million)	Notes	December 31, 2014								
FINANCIAL ASSETS AS DEFINED BY IAS 39		Balance sheet value					Fair value of financial assets at amortized cost	Fair value level of financial assets at fair value		
		Held for trading	Initially designated as measured at fair value through profit and loss	Hedging derivatives	Available for sale	Loans and receivables		Level 1	Level 2	Level 3
Loans	22	-	-	-	-	419	(1)			
Sales financing receivables	15	-	-	-	-	25,733	25,864 (2)			
Automotive customer receivables	16	-	-	-	-	1,242	(1)			
Tax receivables (including current taxes due)	17	-	-	-	-	1,456	(1)			
Other receivables and prepaid expenses	17	-	-	-	-	1,969	(1)			
Cash equivalents	22	-	-	-	-	4,256	(1)			
Cash	22	-	-	-	-	8,112	(1)			
Total financial assets recorded at amortized cost		-	-	-	-	43,187				
Marketable securities and negotiable debt instruments	22	-	-	-	785	-		785	-	-
Investments in non-controlled entities	22	-	-	-	1,233	-		1,134	-	99
Investments in unconsolidated controlled entities	17	-	-	-	70	-		-	-	70
Derivatives on financing operations of the Automotive segment	22	-	-	1	-	-		-	1	-
Derivatives on operating transactions of the Automotive segment	17	-	-	3	-	-		-	3	-
Derivatives on financing operations of the Sales Financing segment	17	-	-	74	-	-		-	74	-
Financial assets at fair value through equity		-	-	78	2,088	-		1,919	78	169
Derivatives on financing operations of the Automotive segment	22	701	-	72	-	-		-	773	-
Derivatives on operating transactions of the Automotive segment	17	-	-	1	-	-		-	1	-
Derivatives on financing operations of the Sales Financing segment	17	36	-	188	-	-		-	224	-
Cash equivalents	22	-	-	-	129	-		129	-	-
Financial assets at fair value through profit and loss		737	-	261	129	-		129	998	-
Total financial assets recorded at fair value		737	-	339	2,217	-		2,048	1,076	169

(1) The Group does not report the fair value of financial assets such as trade receivables of the Automotive segment, because their book value is a reasonable approximation of their fair value.

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

(€ million)		December 31, 2015							
FINANCIAL LIABILITIES AS DEFINED BY IAS 39	Notes	Balance sheet value				Fair value of financial liabilities 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	-	-	-	1,229	(1)			
Social liabilities	21	-	-	-	1,334	(1)			
Other liabilities and deferred income	21	-	-	-	6,780	(1)			
Trade payables	21	-	-	-	8,296	(1)			
Bonds (*)	23	-	-	-	18,680	18,734 (2)			
Other debts represented by a certificate (*)	23	-	-	-	4,920	4,936 (2)			
Borrowings from credit institutions (*)	23	-	-	-	5,146	5,139 (2)			
Other interest-bearing borrowings (*)	23	-	-	-	10,868	10,863 (2)			
<b>Total financial liabilities recorded at amortized cost</b>		-	-	-	<b>57,253</b>	<b>39,672</b>			
(*) Financial liabilities and debts of the Automotive segment					8,942	8,938			
Financial liabilities and debts of the Sales Financing segment					30,672	30,734			
Derivatives on financing operations of the Automotive segment	23	-	-	4	-		-	4	-
Derivatives on financing operations of the Sales Financing segment	23	-	-	20	-		-	20	-
Derivatives on operating transactions of the Automotive segment	21	-	-	6	-		-	6	-
<b>Financial liabilities at fair value through equity</b>		-	-	<b>30</b>	-		-	<b>30</b>	-
Redeemable shares (Renault & DIAC)	23	-	443	-	-		443	-	-
Derivatives on financing operations of the Automotive segment	23	461	-	-	-		-	461	-
Derivatives on financing operations of the Sales Financing segment	23	28	-	20	-		-	48	-
<b>Financial liabilities at fair value through profit and loss</b>		<b>489</b>	<b>443</b>	<b>20</b>	-		<b>443</b>	<b>509</b>	-
<b>Total financial liabilities recorded at fair value</b>		<b>489</b>	<b>443</b>	<b>50</b>	-		<b>443</b>	<b>539</b>	-

(1) The Group does not report the fair value of financial liabilities such as trade payables, tax liabilities and social liabilities, because their book value is a reasonable approximation of their fair value

(2) The fair value of 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, 2015 and 2014 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.

(€ million)	Notes	December 31, 2014							
FINANCIAL LIABILITIES AS DEFINED BY IAS 39		Balance sheet value				Fair value of financial liabilities 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	-	-	-	1,286	(1)			
Social liabilities	21	-	-	-	1,377	(1)			
Other liabilities and deferred income	21	-	-	-	6,094	(1)			
Trade payables	21	-	-	-	7,094	(1)			
Bonds (*)	23	-	-	-	18,222	18,877 (2)			
Other debts represented by a certificate (*)	23	-	-	-	4,967	5,001 (2)			
Borrowings from credit institutions (*)	23	-	-	-	5,056	5,108 (2)			
Other interest-bearing borrowings (*)	23	-	-	-	7,150	7,169 (2)			
Total financial liabilities recorded at amortized cost		-	-	-	51,246	36,155			
(*) Financial liabilities and debts of the Automotive segment					9,402	9,838			
Financial liabilities and debts of the Sales Financing segment					25,993	26,317			
Derivatives on financing operations of the Automotive segment	23	-	-	4	-		-	4	-
Derivatives on financing operations of the Sales Financing segment	23	-	-	15	-		-	15	-
Derivatives on operating transactions of the Automotive segment	21	-	-	2	-		-	2	-
Financial liabilities at fair value through equity		-	-	21	-		-	21	-
Redeemable shares (Renault & DIAC)	23	-	361	-	-		361	-	-
Derivatives on financing operations of the Automotive segment	23	732	-	-	-		-	732	-
Derivatives on financing operations of the Sales Financing segment	23	39	-	35	-		-	74	-
Financial liabilities at fair value through profit and loss		771	361	35	-		361	806	-
Total financial liabilities recorded at fair value		771	361	56	-		361	827	-

(1) The Group does not report the fair value of financial liabilities such as trade payables, tax liabilities and social liabilities, because their book value is a reasonable approximation of their fair value

(2) The fair value of 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, 2015 and 2014 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.

## B – Changes in Level 3 financial instruments

Level 3 financial instruments amounted to €141 million at December 31, 2015 (€169 million at December 31, 2014). They decreased by €28 million over the year, principally due to the first consolidation under the equity method of Nissan Renault Financial Services India Ltd, the bank's holding company that carries the Alliance's sales financing business in India, and the sale of a minority shareholding.

## C – Impact of financial instruments on net income

(€ million)	Financial assets other than derivatives			Financial liabilities other than derivatives		Derivatives	Total impact on net income
	Instruments held for trading	Available- for-sale instruments	Loans and receivables	Instruments designated as measured at fair value through profit and loss	Instruments measured at amortized cost <sup>(1)</sup>		
2015							
Operating margin	2	1	88	(1)	(168)	(3)	(81)
Net financial income	43	52	208	(99)	(472)	47	(221)
<b>Impact on net income - Automotive segment</b>	<b>45</b>	<b>53</b>	<b>296</b>	<b>(100)</b>	<b>(640)</b>	<b>44</b>	<b>(302)</b>
Operating margin	-	8	1,300	(2)	(955)	182	533
<b>Impact on net income - Sales Financing segment</b>	<b>-</b>	<b>8</b>	<b>1,300</b>	<b>(2)</b>	<b>(955)</b>	<b>182</b>	<b>533</b>
<b>Total gains (losses) with impact on net income</b>	<b>45</b>	<b>61</b>	<b>1,596</b>	<b>(102)</b>	<b>(1,595)</b>	<b>226</b>	<b>231</b>

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

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

## D – Fair value hedges

(€ million)	2015	2014
Change in fair value of the hedging instrument	46	(109)
Change in fair value of the hedged item	(42)	100
<b>Net impact on net income of fair value hedges</b>	<b>4</b>	<b>(9)</b>

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

## NOTE 25 – DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

### A – Derivatives and netting agreements

#### A1 – Fair value of derivatives

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

(€ million)	Financial assets		Other assets	Financial liabilities and sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
<b>December 31, 2015</b>						
Cash flow hedges	-	-	38	-	-	-
Fair value hedges	-	-	191	-	19	-
Net investment hedge in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	36	444	46	34	403	-
<b>Total foreign exchange risk</b>	<b>36</b>	<b>444</b>	<b>275</b>	<b>34</b>	<b>422</b>	<b>-</b>
Cash flow hedges	-	-	88	4	20	-
Fair value hedges	7	32	51	-	1	-
Derivatives not classified as hedges and derivatives held for trading	32	12	-	24	28	-
<b>Total interest rate risk</b>	<b>39</b>	<b>44</b>	<b>139</b>	<b>28</b>	<b>49</b>	<b>-</b>
Cash flow hedges	-	-	-	-	-	6
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	-
<b>Total commodity risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Total</b>	<b>75</b>	<b>488</b>	<b>414</b>	<b>62</b>	<b>471</b>	<b>6</b>

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

## A2 – Netting agreements and other similar commitments

### Framework agreements for operations on financial futures and similar agreements

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

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

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

### Netting of financial assets and liabilities: summary

(€ million)	Amounts in the statement of financial position eligible for netting	Amounts not netted in the statement of financial position		Net amounts
December 31, 2015		Financial instruments Assets/liabilities	Guarantees included in liabilities	
ASSETS				
Derivatives on financing operations of the Automotive segment	563	(175)	-	388
Derivatives on financing operations of the Sales Financing segment	375	(49)	-	326
Sales financing receivables on dealers <sup>(1)</sup>	904	-	(681)	223
TOTAL ASSETS	1 842	(224)	(681)	937
LIABILITIES				
Derivatives on financing operations of the Automotive segment	465	(175)	-	290
Derivatives on financing operations of the Sales Financing segment	68	(49)	-	19
TOTAL LIABILITIES	533	(224)	-	309

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



## B – Management of financial risks

The Group is exposed to the following financial risks:

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

### ***B1 – Liquidity risks***

The Group is financed via the capital markets, through:

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

The **Automotive** segment needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its gross debt and guarantee liquidity for the Automotive segment, and this exposes it to liquidity 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 segment through long-term resources via the capital markets (bond issues and private placements), short-term financing such as treasury notes, or project financing via the banking sector or public or semi-public bodies.

Medium-term refinancing for the Automotive segment in 2015 was mostly provided by bond issues totalling 7 billion yen in a private placement with 4-year maturity as part of Renault SA's EMTN programme, and an issue on the Japanese market as part of Renault SA's "Shelf registration" programme, amounting to 70 billion yen with 3-year maturity.

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

The Automotive segment also has confirmed credit lines opened with banks worth €3,305 million, maturing at various times up to 2020. None of these credit lines was used in 2015. These confirmed credit facilities form a liquidity reserve for the Automotive segment.

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

Given its available cash reserves (€11.6 billion) and confirmed credit lines unused at year-end (€3.3 billion), the Automotive segment has sufficient financial resources to cover its commitments over a 12-month horizon.

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

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

In 2015 the Sales financing segment issued four public bonds: two for €500 million with 5-year maturity, one for €750 million with 7-year maturity, and one of €750 million with maturity of 3 years and 3 months. Many other private placements were undertaken, totalling €925 million with an average duration of 1.6 years.

On the structured financing segment, Sales financing undertook a £600 million private securitization operation backed by customer credit in the United Kingdom. This replaces an operation currently being terminated. Meanwhile, the Brazilian subsidiary launched its first securitization backed by automotive segment customer loans, for a total of 466 million Brazilian reals.

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

After France, Germany and Austria, in 2015 RCI Banque launched a savings business in the United Kingdom. Savings collected increased by more than 50% over 12 months to reach €10.2 billion at December 31, 2015.

In addition to these resources, the Sales Financing segment has €4.5 billion in undrawn confirmed credit lines (€4.1 billion for RCI Banque), €2.4 billion of available liquid receivables that can be redeemed at the European Central Bank (this amount is after application of discounts and excludes receivables already redeemed at the year-end), and €2.2 billion of highly liquid assets. RCI Banque, which also has available cash of €0.2 billion, is thus able to fund ongoing commercial business for nearly 11 months assuming a total lack of external resources.

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

## B2 – Foreign exchange risks

- Management of foreign exchange risks

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

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

In contrast, the Automotive segment's general policy is to minimize the foreign exchange risks affecting financing and investment flows in foreign currencies, to avoid any exchange-related distortion of the financial result. All the Group's exposures to foreign exchange 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 146 billion yen at December 31, 2015 (note 12-G).

The subsidiary Renault Finance can undertake foreign exchange operations on its own behalf, within strictly defined risk limits. Its foreign exchange positions are monitored and valued in real time. This activity is chiefly intended to maintain the Group's expertise on the financial markets. It generates very short exposures and does not exceed some tens of millions of euros, and cannot therefore have a significant impact on Renault's consolidated results.

The **Sales Financing** segment has low exposure to foreign exchange risks due to the management principles applied. No position can be taken under the central management framework for refinancing; the trading room hedges all flows concerned. Residual, temporal positions in foreign currencies related to the time differences in cash flow inherent to multi-currency cash management may still remain. They are monitored daily and the same hedging policy applies. The sales financing subsidiaries are obliged to obtain refinancing in their own currency and as a result are not exposed. In exceptional circumstances, limits are assigned to subsidiaries where sales financing activities or refinancing take place in several different currencies, and to subsidiaries authorized to invest some of their cash surpluses in a currency other than their local currency.

At 31 December 2015, RCI Banque's consolidated foreign exchange position reached €17.5 million.

The Group made no major changes to its foreign exchange risks management policy in 2015.

- Analysis of financial instruments' sensitivity to foreign exchange risks

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

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

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

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

For the Automotive segment, the impact on shareholders' equity (before taxes) of a 1% rise in the Euro against the principal currencies, applied to financial instruments exposed to foreign exchange risks, would have a favourable effect of €9 million at December 31, 2015, chiefly resulting from yen bond issues associated with the partial hedge of the investment in Nissan. The estimated impact on net income at December 31, 2015 is expected to be unfavourable and amount to €5 million.

- Currency derivatives

(€ million)	December 31, 2015				December 31, 2014			
	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs
Currency swaps – purchases	7,923	5,317	2,606	-	6,427	1,475	4,952	-
Currency swaps - sales	8,033	5,334	2,699	-	6,385	1,334	5,051	-
Forward purchases	23,509	23,063	446	-	234,138	234,135	3	-
Forward sales	23,520	23,074	446	-	233,265	233,262	3	-

### B3 – Interest rate risks

- Interest rate risks management

The Renault group's exposure to interest rate risks mainly concerns the sales financing business of **Sales financing** and its subsidiaries. The overall interest rate risks represent 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 result of the checks are reported monthly to the Sales Financing segment's finance committee, which checks that the positions comply with the Group's financial strategy and current procedural instructions.

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

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

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

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

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

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

The Group made no major changes to its interest rate risk management policy in 2015.

- Analysis of financial instruments' sensitivity to interest rate risks

The Group is exposed to the following interest rate risks:

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

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

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

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

For the Automotive segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a positive €87 million and €5 million respectively at December 31, 2015.

For the Sales Financing segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a negative €40 million and a positive €65 million respectively at December 31, 2015. The impact on equity results mainly from the change in the fair value of swaps undertaken to hedge future cash flows.

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

(€ million)	December 31, 2015
Financial liabilities before hedging: fixed rate (a)	23,242
Financial liabilities before hedging: floating rate (a')	16,372
<b>Financial liabilities before hedging (without redeemable shares)</b>	<b>39,614</b>
Hedges: floating rate / fixed (b)	5,931
Hedges: fixed rate / floating (b')	7,755
<b>Hedgings</b>	<b>13,686</b>
Financial liabilities after hedging: fixed rate (a+b-b')	21,418
Financial liabilities after hedging: floating rate (a'+b'-b)	18,196
<b>Financial liabilities after hedging (without redeemable shares)</b>	<b>39,614</b>

- Interest rate derivatives

(€ million)	December 31, 2015				December 31, 2014			
	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs
Interest rate swaps	15,447	5,100	9,447	900	16,880	6,624	9,775	481
Other interest rate hedging instruments	-	-	-	-	-	-	-	-

#### B4 – Equity risks

- Management of equity risks

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

The Group made no major changes to its equity risks management policy in 2015.

- 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 €129 million on shareholders' equity. The impact on net income is not significant at December 31, 2015.

#### B5 – Commodity risks

- Management of commodity risks

Renault's Purchases department may hedge part of its commodity risks using financial instruments. These hedges are subject to volume, duration and price limits.

Commodity hedging transactions in progress at December 31, 2015 include forward purchases of aluminium, copper, palladium, platinum and lead. These transactions are classified for accounting purposes as cash flow hedges, and accordingly changes in their fair value are included in shareholders' equity.

- 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 €11 million on shareholders' equity at December 31, 2015.

- Commodity derivatives

(€ million)	December 31, 2015				December 31, 2014			
	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 to 5 yrs	+ 5 yrs
Purchases of swaps	111	111	-	-	99	99	-	-

#### B6 – Counterparty risk

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

The 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, term and type, as well as a list of the main exposures.

Most deposits are with large network banks, as this allows a good spread of the risk and lowers the systemic risk. None of these deposits are for terms longer than 90 days.

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 2015.

## 4.2.6.6 Cash flows and other information

### NOTE 26 – CASH FLOWS

#### A – Other income and expenses with no impact on cash

(€ million)	2015	2014
Net allocation to provisions	(301)	355
Net effects of sales financing credit losses	(20)	(43)
Net (gain) loss on asset disposals	(10)	(22)
Change in fair value of redeemable shares	82	38
Change in fair value of other financial instruments	(18)	(5)
Deferred taxes	(161)	(260)
Other	53	29
<b>Other income and expenses with no impact on cash</b>	<b>(375)</b>	<b>92</b>

#### B – Change in working capital

(€ million)	2015	2014
Decrease (increase) in net inventories	(813)	(272)
Decrease (increase) in Automotive net receivables	(348)	(275)
Decrease (increase) in other assets	(499)	(318)
Increase (decrease) in trade payables	1,219	886
Increase (decrease) in other liabilities	898	750
<b>Increase (decrease) in working capital</b>	<b>457</b>	<b>771</b>

#### C – Capital expenditure

(€ million)	2015	2014
Purchases of intangible assets	(956)	(967)
Purchases of property, plant and equipment (other than assets leased to customers)	(1,962)	(1,736)
<b>Total purchases for the period</b>	<b>(2,918)</b>	<b>(2,703)</b>
Deferred payments	117	192
<b>Total capital expenditure</b>	<b>(2,801)</b>	<b>(2,511)</b>

#### D – Interest received and paid by the Automotive segment

(€ million)	2015	2014
Interest received	233	283
Interest paid	(486)	(542)
<b>Interest received and paid</b>	<b>(253)</b>	<b>(259)</b>

## NOTE 27 – RELATED PARTIES

### A – Remuneration of Directors and Executives and Executive Committee members

The tables below report the remuneration included in expenses in 2015, paid pro rata to the periods in which the functions were occupied.

#### A1 – Remuneration of Directors and Executives

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

(€ million)	2015	2014
Basic salary	1.2	1.2
Performance-related salary	2.7	2.2
Employer's social security charges	1.7	2.1
Complementary pension	1.5	1.0
Other components of remuneration	0.3	0.2
<b>Total remuneration excluding stock options and performance shares <sup>(1)</sup></b>	<b>7.4</b>	<b>6.7</b>
Stock options and performance shares	3.3	1.6
<b>Total stock options and performance shares</b>	<b>3.3</b>	<b>1.6</b>
<b>Chairman and Chief Executive Officer</b>	<b>10.7</b>	<b>8.3</b>

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

Directors' fees amounted to €1,155,300 in 2015 (€1,074,699 in 2014), of which €48,000 were paid for the Chairman's functions (€48,000 in 2014).

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

(€ million)	2015	2014
Basic salary	4.3	3.8
Retirement indemnities	-	-
Performance-related salary	4.7	4.3
Employer's social security charges	5.1	3.9
Complementary pension	3.9	2.3
Other	1.1	0.7
<b>Total remuneration excluding stock options and performance shares <sup>(1)</sup></b>	<b>19.1</b>	<b>15.0</b>
Stock options and performance shares	5.4	3.2
<b>Total stock options and performance shares</b>	<b>5.4</b>	<b>3.2</b>
<b>Executive Committee members (other than the Chairman and CEO)</b>	<b>24.5</b>	<b>18.2</b>

### B – Renault's investments in associates

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

### C – Transactions with the French State and public companies

In the course of its business the Group undertakes transactions with the State and public companies such as UGAP, EDF, and La Poste. These transactions, which take place under normal market conditions, represent sales of €250 million in 2015 (€212 million in 2014) and a receivable of €70 million at December 31, 2015 (€44 million in 2014).

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

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

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

## A – Off-balance sheet commitments given and contingent liabilities

### A1 – Ordinary operations

The Group is committed for the following amounts:

(€ million)	December 31, 2015	December 31, 2014
Sureties, endorsements and guarantees given	214	214
Financing commitments in favour of customers <sup>(1)</sup>	1,984	1,675
Firm investment orders	568	518
Lease commitments	247	310
Assets pledged, provided as guarantees or mortgaged, and other commitments <sup>(2)</sup>	70	127

(1) Commitments in favour of customers by the Sales Financing segment will lead to outflows of liquidities during the three months following the year-end in the maximum amount of €1,881 million at December 31, 2015.

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

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

(€ million)	December 31, 2015	December 31, 2014
Less than 1 year	42	33
Between 1 and 5 years	149	172
More than 5 years	56	105
<b>TOTAL</b>	<b>247</b>	<b>310</b>

### A2 – Specific operations

- End-of-life vehicles

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

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

- Other commitments

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2015, the Group had not identified any significant risk in connection with these operations.

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

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

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 in progress at December 31, 2015 were the following: an investigation by the competition authorities in Korea, and inquiries in France and Germany concerning the level of vehicle emissions.

## B – Off-balance sheet commitments received and contingent assets

(€ million)	December 31, 2015	December 31, 2014
Sureties, endorsements and guarantees received	2,039	2,102
Assets pledged or mortgaged <sup>(1)</sup>	2,672	2,631
Buy-back commitments <sup>(2)</sup>	1,656	1,371
Other commitments	4	5

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €2,397 million at December 31, 2015 (€2,505 million at December 31, 2014).

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

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

## NOTE 29 – FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

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

(€ million)	EY network				KPMG network			
	Amount		%		Amount		%	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Audit</b>								
<b>Statutory audit, certification, review of individual and consolidated accounts</b>	<b>5.93</b>	<b>5.93</b>	<b>92.5%</b>	<b>91.7%</b>	<b>5.21</b>	<b>5.99</b>	<b>84.0%</b>	<b>84.9%</b>
<i>Renault SA and Renault s.a.s.</i>	<i>3.13</i>	<i>3.01</i>	<i>48.8%</i>	<i>46.5%</i>	<i>2.22</i>	<i>2.15</i>	<i>35.8%</i>	<i>30.4%</i>
<i>Fully consolidated subsidiaries</i>	<i>2.80</i>	<i>2.92</i>	<i>43.7%</i>	<i>45.2%</i>	<i>2.99</i>	<i>3.84</i>	<i>48.2%</i>	<i>54.5%</i>
<b>Other work and services directly linked to the statutory auditor's mission</b>	<b>0.26</b>	<b>0.20</b>	<b>4.1%</b>	<b>3.0%</b>	<b>0.03</b>	<b>0.01</b>	<b>0.5%</b>	<b>0.2%</b>
<i>Renault SA and Renault s.a.s.</i>	<i>0.22</i>	<i>0.05</i>	<i>3.5%</i>	<i>0.7%</i>	<i>0.01</i>	<i>0.00</i>	<i>0.2%</i>	<i>0.0%</i>
<i>Fully consolidated subsidiaries</i>	<i>0.04</i>	<i>0.15</i>	<i>0.6%</i>	<i>2.3%</i>	<i>0.02</i>	<i>0.01</i>	<i>0.3%</i>	<i>0.2%</i>
<b>Audit subtotal</b>	<b>6.19</b>	<b>6.13</b>	<b>96.6%</b>	<b>94.7%</b>	<b>5.24</b>	<b>6.00</b>	<b>84.5%</b>	<b>85.1%</b>
<b>Other services</b>								
Legal, tax, labour-related	0.17	0.29	2.6%	4.5%	0.88	0.89	14.2%	12.6%
Other	0.05	0.05	0.8%	0.8%	0.08	0.17	1.3%	2.3%
<b>Other services subtotal</b>	<b>0.22</b>	<b>0.34</b>	<b>3.4%</b>	<b>5.3%</b>	<b>0.96</b>	<b>1.06</b>	<b>15.5%</b>	<b>14.9%</b>
<b>TOTAL</b>	<b>6.41</b>	<b>6.47</b>	<b>100%</b>	<b>100%</b>	<b>6.20</b>	<b>7.06</b>	<b>100%</b>	<b>100%</b>

## NOTE 30 – SUBSEQUENT EVENTS

No significant events have occurred since the year-end.

## NOTE 31 – CONSOLIDATED COMPANIES

### A – Fully consolidated companies (subsidiaries)

Renault Group's interest (%)	Country	December 31, 2015	December 31, 2014
Renault SA	France	Consolidating company	Consolidating company
<b>AUTOMOTIVE</b>			
<b>FRANCE</b>			
Renault s.a.s	France	100	100
Arkanéo	France	100	100
Auto Châssis International (ACI) Le Mans	France	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100
Fonderie de Bretagne	France	100	100
IDVU	France	100	100
IDVE	France	100	100
Maubeuge Construction Automobile (MCA)	France	100	100
Renault Environnement	France	100	100
Renault Développement Industriel et Commercial (RDIC)	France	100	100
Renault Retail Group SA and subsidiaries	France	100	100
Renault Samara	France	100	100
RDREAM	France	100	100
SCI Plateau de Guyancourt	France	100	100
SNC Renault Cléon	France	100	100
SNC Renault Douai	France	100	100
SNC Renault Flins	France	100	100



Renault Group's interest (%)	Country	December 31, 2015	December 31, 2014
SNC Renault Sandouville	France	100	100
Société des Automobiles Alpine	France	100	100
Sofrastock International	France	100	100
Société de Transmissions Automatiques	France	100	100
Société de Véhicules Automobiles de Batilly (SOVAB)	France	100	100
Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) and subsidiaries	France	100	100
Société Immobilière Renault Habitation (SIRHA)	France	100	100
Société Immobilière d'Epone	France	100	100
Société Immobilière pour l'Automobile (SCIA)	France	100	100
SODICAM 2	France	100	100
Technologie et Exploitation Informatique (TEI)	France	100	100
<b>EUROPE</b>			
Renault Deutschland AG and subsidiaries	Germany	100	100
Renault Österreich and subsidiaries	Austria	100	100
Renault Belgique Luxembourg and subsidiaries	Belgium	100	100
Renault Industrie Belgique (RIB)	Belgium	100	100
Renault Croatia	Croatia	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100
Renault Espana SA and subsidiaries	Spain	100	100
Renault Hungaria and subsidiaries	Hungary	100	100
Renault Irlande	Ireland	100	100
Renault Italia and subsidiaries	Italy	100	100
Motor Reinsurance Company	Luxembourg	100	100
Renault Group B.V.	Netherlands	100	100
Renault Nederland	Netherlands	100	100
Renault Polska	Poland	100	100
Cacia	Portugal	100	100
Renault Portuguesa and subsidiaries	Portugal	100	100
Renault Ceska Republika	Czech Republic	100	100
Grigny Ltd.	United Kingdom	100	100
Renault Retail Group U.K. Ltd.	United Kingdom	100	100
Renault U.K.	United Kingdom	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenija d.o.o.	Slovenia	100	100
Revoz	Slovenia	100	100
Renault Nordic	Sweden	100	100
Renault Finance	Switzerland	100	100
Renault Suisse SA and subsidiaries	Switzerland	100	100
<b>AFRICA – MIDDLE EAST – INDIA</b>			
Renault Algérie	Algeria	100	100
Renault India Private Ltd	India	100	100
Renault Maroc	Morocco	80	80
Renault Maroc Service	Morocco	100	100
Renault Tanger Exploitation	Morocco	100	100
Renault Tanger Méditerranée	Morocco	100	100
Société marocaine de construction automobile (SOMACA)	Morocco	77	77

Renault Group's interest (%)	Country	December 31, 2015	December 31, 2014
<b>AMERICAS</b>			
Groupe Renault Argentina	Argentina	100	100
Renault do Brasil LTDA	Brazil	100	100
Renault do Brasil SA	Brazil	100	100
Sociedad de Fabricacion de Automotores (SOFASA) and subsidiaries	Colombia	100	100
Renault Corporativo SA de C.V.	Mexico	100	100
Renault Mexico	Mexico	100	100
<b>ASIA – PACIFIC</b>			
Renault Beijing Automotive Company	China	100	100
Renault Samsung Motors	South Korea	80	80
<b>EURASIA</b>			
Renault Nissan Bulgaria	Bulgaria	100	100
Dacia and subsidiaries	Romania	99	99
Renault Mécanique Romania	Romania	100	100
Renault Commercial Romania	Romania	100	100
Renault Technologie Romania	Romania	100	100
AFM Industrie <sup>(1)</sup>	Russia	-	100
CJSC Renault Russia	Russia	100	100
Remosprom <sup>(1)</sup>	Russia	-	100
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52
Renault Ukraine	Ukraine	100	100
<b>SALES FINANCING</b>			
<b>FRANCE</b>			
Diac	France	100	100
Diac Location	France	100	100
RCI Banque and branches	France	100	100
<b>EUROPE</b>			
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 Hongrie	Hungary	100	100
ES Mobility SRL	Italy	100	100
RCI Insurance Ltd	Malta	100	100
RCI Life Ltd	Malta	100	100
RCI Services Ltd	Malta	100	100
RCI Financial Services B.V.	Netherlands	100	100
Renault Credit Polska Sp. Z.o.o.	Poland	100	100
RCI Gest Instituição Financiara de Credito	Portugal	100	100
RCI Gest Seguros – Mediadores de Seguros	Portugal	100	100
RCI Finance CZ s.r.o.	Czech Republic	100	100
RCI Financial Services s.r.o.	Czech Republic	50	50
RCI Financial Services Ltd	United Kingdom	100	100
RCI Finance S.A.	Switzerland	100	100
<b>AFRICA – MIDDLE EAST – INDIA</b>			
RCI Finance Maroc	Morocco	100	100
RDFM	Morocco	100	100

Renault Group's interest (%)	Country	December 31, 2015	December 31, 2014
<b>AMERICAS</b>			
Courtage S.A.	Argentina	100	100
Rombo Compania Financiera	Argentina	60	60
Companhia de Arrendamento Mercantil RCI do Brasil	Brazil	60	60
Companhia de Crédito, Financiamento e Investimento RCI do Brasil	Brazil	60	60
Administradora de Consorcio Renault do Brasil	Brazil	100	100
Corretora de Seguros RCI do Brasil	Brazil	100	100
<b>ASIA – PACIFIC</b>			
RCI Financial Services Korea	South Korea	100	100
<b>EURASIE</b>			
RCI Broker De Asigurare	Romania	100	100
RCI Finantare Romania	Romania	100	100
RCI Leasing Romania IFN	Romania	100	100
OOO RN FINANCE RUS	Russia	100	100

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

Renault Group's interest (%)	Country	December 31, 2015	December 31, 2014
<b>AUTOMOTIVE</b>			
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI)	India	67	67

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

Renault Group's interest (%)	Country	December 31, 2015	December 31, 2014
<b>AUTOMOTIVE</b>			
Boone Comenor	France	33	33
Indra Investissements	France	50	50
Renault South Africa	South Africa	40	40
Renault Algérie Production	Algeria	49	49
Dongfeng Renault Automotive Company	China	50	50
Renault Nissan Automotive India Private Limited	India	30	30
Nissan Group	Japan	43.7	43.7
Alliance Rostec Auto B.V.	Netherlands	50	50
AVTOVAZ Group	Russia	37.3	37.3
Motorlu Araclar Imal ve Satis A.S	Turkey	49	49
<b>SALES FINANCING</b>			
Renault Credit Car	Belgium	50	50
Nissan Renault Financial Services India Private Limited	India	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

(1) The subsidiaries AFM Industrie and Remosprom were absorbed in 2015 by a fully consolidated company.