GROUPE RENAULT

# CONSOLIDATED FINANCIAL STATEMENTS 2017

# 4.2 Notes to the consolidated financial statements

## 4.2.1 Consolidated income statement

| *(€ million)* | Notes | 2017 [(1)] | 2016 |
|---|---|---|---|
| **Revenues** | 4 | **58,770** | **51,243** |
| Cost of goods and services sold | | (46,477) | (40,256) |
| Research and development expenses | 10-A | (2,590) | (2,370) |
| Selling, general and administrative expenses | | (5,849) | (5,335) |
| **Operating margin** | 5 | **3,854** | **3,282** |
| Other operating income and expenses | 6 | (48) | 1 |
| *Other operating income* | 6 | *214* | *727* |
| *Other operating expenses* | 6 | *(262)* | *(726)* |
| **Operating income (loss)** | | **3,806** | **3,283** |
| Cost of net financial indebtedness | 7 | (369) | (284) |
| *Cost of gross financial indebtedness* | 7 | *(441)* | *(385)* |
| *Income on cash and financial assets* | 7 | *72* | *101* |
| Other financial income and expenses | 7 | (135) | (39) |
| **Financial income (expenses)** | 7 | **(504)** | **(323)** |
| **Share in net income (loss) of associates and joint ventures** | | **2,799** | **1,638** |
| *Nissan* | 12 | *2,791* | *1,741* |
| *Other associates and joint ventures* | 13 | *8* | *(103)* |
| **Pre-tax income** | | **6,101** | **4,598** |
| Current and deferred taxes | 8 | (891) | (1,055) |
| **Net income** | | **5,210** | **3,543** |
| Net income – non-controlling interests' share | | 96 | 124 |
| Net income – parent-company shareholders' share | | 5,114 | 3,419 |
| Basic earnings per share [(2)] (in €) | | 18.87 | 12.57 |
| Diluted earnings per share [(2)] (in €) | | 18.68 | 12.46 |
| Number of shares outstanding (in thousands) | | | |
| *For basic earnings per share* | 9 | *271,080* | *271,968* |
| *For diluted earnings per share* | 9 | *273,749* | *274,331* |

(1) *The revenues of the joint venture Alliance Rostec Auto B.V. and the AVTOVAZ Group,* which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A).

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

# 4.2.2 Consolidated comprehensive income

| *(€ million)* | 2017 [(1)] | | | 2016 | | |
|---|---|---|---|---|---|---|
| | **Gross** | **Tax effect** [(2)] | **Net** | **Gross** | **Tax effect** [(2)] | **Net** |
| **NET INCOME** | **6,101** | **(891)** | **5,210** | **4,598** | **(1,055)** | **3,543** |
| **Other components of comprehensive income from parent-company and subsidiaries** | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | 13 | (25) | (12) | (176) | 159 | (17) |
| *Actuarial gains and losses on defined-benefit pension plans* | *13* | *(25)* | *(12)* | *(176)* | *159* | *(17)* |
| Items that have been or will be reclassified subsequently to profit or loss | (142) | (16) | (158) | (213) | 240 | 27 |
| *Translation adjustments on foreign activities* [(3)] | *(272)* | - | *(272)* | *38* | - | *38* |
| *Partial hedge of the investment in Nissan* | *113* | *(17)* | *96* | *(70)* | *204* | *134* |
| *Fair value adjustments on cash flow hedging instruments* [(4)] | *5* | - | *5* | *(68)* | *59* | *(9)* |
| *Fair value adjustments on available-for-sale financial assets* [(5)] | *12* | *1* | *13* | *(113)* | *(23)* | *(136)* |
| **Total other components of comprehensive income from parent-company and subsidiaries (a)** | **(129)** | **(41)** | **(170)** | **(389)** | **399** | **10** |
| **Share of associates and joint ventures in other components of comprehensive income** | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | 130 | - | 130 | (225) | - | (225) |
| *Actuarial gains and losses on defined-benefit pension plans* | *130* | - | *130* | *(225)* | - | *(225)* |
| Items that have been or will be reclassified subsequently to profit or loss [(6)] | (1,488) | - | (1,488) | 230 | - | 230 |
| *Translation adjustments on foreign activities* | *(1,519)* | - | *(1,519)* | *229* | - | *229* |
| *Other adjustments* | *31* | - | *31* | *1* | - | *1* |
| **Total share of associates and joint ventures in other components of comprehensive income (b)** | **(1,358)** | **-** | **(1,358)** | **5** | **-** | **5** |
| **Other components of comprehensive income (a) + (b)** | **(1,487)** | **(41)** | **(1,528)** | **(384)** | **399** | **15** |
| **COMPREHENSIVE INCOME** | **4,614** | **(932)** | **3,682** | **4,214** | **(656)** | **3,558** |
| Parent-company shareholders' share | | | 3,575 | | | 3,435 |
| Non-controlling interests' share | | | 107 | | | 123 |

*(1) The revenues of Alliance Rostec Auto B.V. and the AVTOVAZ Group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A).*

*(2) In 2017, the tax effect includes an expense of €(255) million (income of €44 million in 2016) resulting from recognition of net deferred tax assets of the French tax consolidation group, comprising €(236) million related to the net income and €(19) million related to other components of comprehensive income (in 2016, €(301) million expenses and €345 million income respectively) (note 8-B).*

*(3) None were reclassified to profit or loss in 2017 (€23 million in 2016).*

*(4) Including €(12) million reclassified to profit or loss in 2017(€(4) million in 2016).*

*(5) Including €3 million reclassified to profit or loss in 2017 (€1 million in 2016).*

*(6) None were reclassified to profit or loss in 2017 (€349 million in 2016).*

## 4.2.3 Consolidated financial position

| **ASSETS** *(€ million)* | **Notes** | **December 31, 2017** | **December 31, 2016** [(1)] |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible assets and goodwill | 10-A | 5,240 | 4,989 |
| Property, plant and equipment | 10-B | 13,582 | 12,988 |
| Investments in associates and joint ventures | | 19,811 | 19,026 |
| *Nissan* | 12 | *19,135* | *18,304* |
| *Other associates and joint ventures* | 13 | *676* | *722* |
| Non-current financial assets | 22 | 1,395 | 1,379 |
| Deferred tax assets | 8 | 971 | 1,217 |
| Other non-current assets | 17 | 1,435 | 1,366 |
| **Total non-current assets** | | **42,434** | **40,965** |
| **CURRENT ASSETS** | | | |
| Inventories | 14 | 6,328 | 5,813 |
| Sales financing receivables | 15 | 39,334 | 34,358 |
| Automotive receivables | 16 | 1,753 | 1,900 |
| Current financial assets | 22 | 1,932 | 1,908 |
| Current tax assets | 17 | 91 | 44 |
| Other current assets | 17 | 4,014 | 3,611 |
| Cash and cash equivalents | 22 | 14,057 | 13,853 |
| **Total current assets** | | **67,509** | **61,487** |
| **TOTAL ASSETS** | | **109,943** | **102,452** |

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

| SHAREHOLDERS' EQUITY AND LIABILITES *(€ million)* | Notes | December 31, 2017 | December 31, 2016 [(1)] |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | | 1,127 | 1,127 |
| Share premium | | 3,785 | 3,785 |
| Treasury shares | | (494) | (321) |
| Revaluation of financial instruments | | 809 | 758 |
| Translation adjustment | | (3,376) | (1,668) |
| Reserves | | 26,183 | 23,643 |
| Net income – parent-company shareholders' share | | 5,114 | 3,419 |
| **Shareholders' equity – parent-company shareholders' share** | | **33,148** | **30,743** |
| Shareholders' equity – non-controlling interests' share | | 294 | 181 |
| **Total shareholders' equity** | 18 | **33,442** | **30,924** |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | 8 | 180 | 124 |
| Provisions for pension and other long-term employee benefit obligations – long-term | 19 | 1,584 | 1,717 |
| Other provisions – long-term | 20 | 1,514 | 1,460 |
| Non-current financial liabilities | 23 | 5,401 | 4,943 |
| Other non-current liabilities | 21 | 1,579 | 1,530 |
| **Total non-current liabilities** | | **10,258** | **9,774** |
| **CURRENT LIABILITIES** | | | |
| Provisions for pension and other long-term employee benefit obligations – short-term | 19 | 51 | 54 |
| Other provisions – short-term | 20 | 915 | 1,106 |
| Current financial liabilities | 23 | 3,792 | 5,248 |
| Sales financing debts | 23 | 41,395 | 36,041 |
| Trade payables | | 9,904 | 9,533 |
| Current tax liabilities | 21 | 246 | 321 |
| Other current liabilities | 21 | 9,940 | 9,451 |
| **Total current liabilities** | | **66,243** | **61,754** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **109, 943** | **102,452** |

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

## 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2015** | **295,722** | **1,127** | **3,785** | **(227)** | **890** | **(2,059)** | **21,653** | **2,823** | **27,992** | **482** | **28,474** |
| 2016 net income | | | | | | | | 3,419 | **3,419** | 124 | **3,543** |
| Other components of comprehensive income (1) | | | | | (132) | 391 | (243) | | **16** | (1) | **15** |
| ***2016 comprehensive income*** | | | | | ***(132)*** | ***391*** | ***(243)*** | ***3,419*** | ***3,435*** | ***123*** | ***3,558*** |
| Allocation of 2015 net income | | | | | | | 2,823 | (2,823) | | | |
| Dividends | | | | | | | (655) | | **(655)** | (109) | **(764)** |
| (Acquisitions) disposals of treasury shares and impact of capital increases | | | | (94) | | | | | **(94)** | | **(94)** |
| Changes in ownership interests (2) (3) | | | | | | | 9 | | **9** | (315) | **(306)** |
| Cost of share-based payments and other | | | | | | | 56 | | **56** | | **56** |
| **Balance at December 31, 2016 (3)** | **295,722** | **1,127** | **3,785** | **(321)** | **758** | **(1,668)** | **23,643** | **3,419** | **30,743** | **181** | **30,924** |
| 2017 net income | | | | | | | | 5,114 | **5,114** | 96 | **5,210** |
| Other components of comprehensive income (1) | | | | | 51 | (1,708) | 118 | | **(1,539)** | 11 | **(1,528)** |
| ***2017 comprehensive income*** | | | | | ***51*** | ***(1,708)*** | ***118*** | ***5,114*** | ***3,575*** | ***107*** | ***3,682*** |
| Allocation of 2016 net income | | | | | | | 3,419 | (3,419) | | | |
| Dividends | | | | | | | (855) | | **(855)** | (133) | **(988)** |
| (Acquisitions) disposals of treasury shares and impact of capital increases | | | | (173) | | | | | **(173)** | | **(173)** |
| Changes in ownership interests (2) | | | | | | 3 | (155) | | **(152)** | 139 | **(13)** |
| Cost of share-based payments and other | | | | | | (3) | 13 | | **10** | | **10** |
| **Balance at December 31, 2017** | **295,772** | **1,127** | **3,785** | **(494)** | **809** | **(3,376)** | **26,183** | **5,114** | **33,148** | **294** | **33,442** |

*(1) Changes in reserves correspond to actuarial gains and losses net of tax on defined-benefit pension plans during the period.*
*(2) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2017, they include Renault's acquisition of the shares of Alliance Rostec Auto B.V. previously held by Nissan, which took place in September 2017, and a put option for AVTOVAZ shares subscribed with a third party, giving rise to recognition of €(139) million in Shareholders' equity (parent-company shareholders' share) and €87 million in Shareholders' equity (non-controlling interests' share) (note 3-B).*
*(3) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B) , and are thus different from the previously published figures.*

Details of changes in consolidated shareholders' equity in 2017 are given in note 18.

## 4.2.5 Consolidated cash flows

| *(€ million)* | Notes | 2017 [1] | 2016 |
|---|---|---|---|
| **NET INCOME** | | **5,210** | **3,543** |
| Cancellation of dividends received from unconsolidated listed investments | | (51) | (44) |
| Cancellation of income and expenses with no impact on cash | | | |
| Depreciation, amortization and impairment | | 3,046 | 2,840 |
| Share in net (income) loss of associates and joint ventures | | (2,799) | (1,638) |
| Other income and expenses with no impact on cash, before interest and tax | 26-A | 1,130 | 1,405 |
| Dividends received from unlisted associates and joint ventures | | 3 | 1 |
| **Cash flows before interest and tax [2]** | | **6,539** | **6,107** |
| **Dividends received from listed companies [3]** | | **761** | **772** |
| Net change in financing for final customers | | (4,617) | (3,934) |
| Net change in renewable dealer financing | | (888) | (1,981) |
| **Decrease (increase) in sales financing receivables** | | **(5,505)** | **(5,915)** |
| Bond issuance by the Sales Financing segment | 23-C | 7,409 | 5,353 |
| Bond redemption by the Sales Financing segment | 23-C | (3,797) | (3,673) |
| Net change in other sales financing debts | | 2,353 | 4,030 |
| Net change in other securities and loans of the Sales Financing segment | | (227) | (412) |
| **Net change in financial assets and debts of the Sales Financing segment** | | **5,738** | **5,298** |
| **Change in capitalized leased assets** | | **(622)** | **(705)** |
| **Decrease (increase) in working capital before tax** | 26-B | **(112)** | **(239)** |
| **CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX** | | **6,799** | **5,318** |
| Interest received | | 70 | 90 |
| Interest paid | | (451) | (416) |
| Current taxes (paid) / received | | (716) | (603) |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | **5,702** | **4,389** |
| Capital expenditure | 26-C | (3,601) | (3,097) |
| Disposals of property, plant and equipment and intangibles | | 153 | 44 |
| Acquisitions of investments involving gain of control, net of cash acquired [4] | | (31) | (133) |
| Acquisitions of other investments, net of cash acquired | | (37) | (48) |
| Disposals of other investments, net of cash transferred and other [5] | | 1 | 1,120 |
| Net decrease (increase) in other securities and loans of the Automotive segments | | (117) | 207 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | **(3,632)** | **(1,907)** |
| Dividends paid to parent-company shareholders | 18-D | (916) | (701) |
| Transactions with non-controlling interests [6] | | (41) | - |
| Dividends paid to non-controlling interests | 18-I | (133) | (108) |
| (Acquisitions) sales of treasury shares [7] | | (226) | (102) |
| **Cash flows with shareholders** | | **(1,316)** | **(911)** |
| Bond issuance by the Automotive segments | 23-C | 2,259 | 616 |
| Bond redemption by the Automotive segments | 23-C | (2,134) | (1,510) |
| Net increase (decrease) in other financial liabilities of the Automotive segments | | (516) | (1,040) |
| **Net change in financial liabilities of the Automotive segments** | 23-B | **(391)** | **(1,934)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | **(1 707)** | **(2,845)** |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **363** | **(363)** |

*(1) The cash flows of Alliance Rostec Auto B.V. and the AVTOVAZ Group, which together from the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A3).*
*(2) The operational cash flow before interests and tax is presented excluding dividends received from listed companies.*
*(3) Dividends received from Daimler (€51 million in 2017 and €44 million in 2016) and Nissan (€710 million in 2017 and €728 million in 2016).*
*(4) The effect of acquisition of control, as defined by IFRS 10, over the AVTOVAZ Group and its parent company amounted to €(104) million in 2016, including €282 million of cash acquired.*
*(5) Renault SA sold Nissan shares for an amount of € 1,119 million in 2016, in connection with Nissan's share repurchase operation between March and December 2016 (note 12-B to 2016 consolidated financial statements).*
*(6) Principally including Renault's acquisition of the shares of Alliance Rostec Auto B.V. previously held by Nissan, which took place in September 2017 (note 3-B).*
*(7) In compliance with current regulations, Renault acquired Renault shares sold by the French State in November 2017 for the amount of €121 million, for a share offering reserved for current and former employees to be launched within one year (note 18-C).*

| (€ million) | 2017 (1) | 2016 |
|---|---|---|
| **Cash and cash equivalents: opening balance** | **13,853** | **14,133** |
| Increase (decrease) in cash and cash equivalents | 363 | (363) |
| Effect of changes in exchange rate and other changes | (159) | 83 |
| **Cash and cash equivalents: closing balance (2)** | **14,057** | **13,853** |

*(1) The cash flows of Alliance Rostec Auto B.V. and the AVTOVAZ Group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A3).*

*(2) 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 number of Renault operating segments increased from two to three in late 2016 following the acquisition of control, as defined by IFRS 10, over the joint venture Alliance Rostec Auto B.V. and the AVTOVAZ Group, which took place in late December 2016 and is described in notes 3-B and 13-A to the consolidated financial statements for 2016, and note 3-B below:

- The segment comprising the Group's automotive activities, as they existed until Renault acquired control of the AVTOVAZ Group under IFRS 10, is now called "Automotive (excluding AVTOVAZ)". This segment comprises the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries for the Renault, Dacia and Samsung brands, and the subsidiaries in charge of the segment's cash management. It also includes investments in automotive-sector associates and joint ventures, mainly Nissan, and AVTOVTAZ (until December 28, 2016).
- The Sales Financing segment, which the Group considers as an operating activity in its own right, carried out for the distribution network and final customers by RCI Banque, its subsidiaries and its investments in associates and joint ventures, is unchanged.
- From the date of acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto B.V. and the AVTOVAZ Group in December 2016, the Group has a third operating segment called "AVTOVAZ", which consists of the Russian automotive subgroup and its parent company.

As the acquisition of control, as defined by IFRS 10, took place on December 28, 2016, these entities have been fully consolidated since December 31, 2016. The figures for the Automotive (excluding AVTOVAZ) segment and the AVTOVAZ segment for 2017 and 2016 are therefore established as follows:

- The net income and changes in cash of Alliance Rostec Auto B.V. and the AVTOVAZ Group are fully consolidated in the AVTOVAZ segment for the first time from January 1, 2017, while the consolidated financial position of the AVTOVAZ segment has included the assets and liabilities of the AVTOVAZ Group and its parent company since December 31, 2016.
- The AVTOVAZ segment includes adjustment of certain assets and liabilities to fair value in application of IFRS 3, and its consequences for determination of net income, as explained in note 3-B. The AVTOVAZ segment figures at December 31, 2016 as reported in the 2017 consolidated financial statements include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B), and are thus different from the previously published figures.
- The net income of Alliance Rostec Auto B.V. and the AVTOVAZ Group for 2016 are still included by the equity method in the Automotive (excluding AVTOVAZ) segment.
- The income generated by the acquisition of control as defined by IFRS 10 is included in the 2016 net income of the Automotive (excluding AVTOVAZ) segment (note 6-B).

Details of the AVTOVAZ Group's financial information (excluding items included in the consolidated financial position) for the year ended December 31, 2016, as prepared under IFRS and published by AVTOVAZ, are provided in note 13-A.

## A – Information by operating segment

### A1 – CONSOLIDATED INCOME STATEMENT BY OPERATING SEGMENT

| *(€ million)* | Automotive (excluding AVTOVAZ) [1] | AVTOVAZ [1] | Intra Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Intersegment transactions | Consolidated total |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| Sales of goods | 51,284 | 2,694 | - | 53,978 | 29 | - | 54,007 |
| Sales of services | 2,246 | 33 | - | 2,279 | 2,484 | - | 4,763 |
| **External sales** | **53,530** | **2,727** | **-** | **56,257** | **2,513** | **-** | **58,770** |
| Intersegment sales | (379) | 765 | (765) | (379) | 532 | (153) | - |
| **Sales by segment** | **53,151** | **3,492** | **(765)** | **55,878** | **3,045** | **(153)** | **58,770** |
| **Operating margin** [2] | **2,630** | **57** | **(2)** | **2,685** | **1,050** | **119** | **3,854** |
| **Operating income** | **2,617** | **23** | **(2)** | **2,638** | **1,049** | **119** | **3,806** |
| **Financial income (expenses)** | **(392)** | **(112)** | **-** | **(504)** | **-** | **-** | **(504)** |
| **Share in net income (loss) of associates and joint ventures** | **2,808** | **(24)** | **-** | **2,784** | **15** | **-** | **2,799** |
| **Pre-tax income** | **5,033** | **(113)** | **(2)** | **4,918** | **1,064** | **119** | **6,101** |
| Current and deferred taxes | (528) | (2) | - | (530) | (325) | (36) | (891) |
| **Net income** | **4,505** | **(115)** | **(2)** | **4,388** | **739** | **83** | **5,210** |

*(1) For reasons of comparability with previous periods, 2017 external sales by the Automotive (excluding AVTOVAZ) segment still include sales to the AVTOVAZ Group, which amount to €276 million in 2017, and these sales are thus included in the AVTOVAZ segment's intersegment sales.*
*(2) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.*

| *(€ million)* | **Automotive (excluding AVTOVAZ)** [1] | **Sales Financing** | **Intersegment transactions** | **Consolidated total** |
|---|---|---|---|---|
| **2016** | | | | |
| Sales of goods | 46,993 | 28 | - | 47,021 |
| Sales of services | 2,002 | 2,220 | - | 4,222 |
| **External sales** | **48,995** | **2,248** | **-** | **51,243** |
| Intersegment sales | (430) | 464 | (34) | - |
| **Sales by segment** | **48,565** | **2,712** | **(34)** | **51,243** |
| **Operating margin** [2] | **2,327** | **896** | **59** | **3,282** |
| **Operating income** | **2,326** | **898** | **59** | **3,283** |
| **Financial income (expenses)** | **(323)** | **-** | **-** | **(323)** |
| **Share in net income (loss) of associates and joint ventures** | **1,631** | **7** | **-** | **1,638** |
| **Pre-tax income** | **3,634** | **905** | **59** | **4,598** |
| Current and deferred taxes | (754) | (285) | (16) | (1,055) |
| **Net income** | **2,880** | **620** | **43** | **3,543** |

*(1) In 2016, the Automotive excluding AVTOVAZ segment includes transactions between the Automotive (excluding AVTOVAZ) segment and the AVTOVAZ segment, and the net income of the AVTOVAZ Group and its parent company, accounted for by the equity method. As the impact of the AVTOVAZ Group and its parent company on the net income between December 28, 2016 and December 31, 2016 was judged non-significant, full consolidation was applied from December 31, 2016 (see 4.2.6.1).*

*(2) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.*

## A2 – CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT

| *(€ million)* | **Automotive (excluding AVTOVAZ)** | **AVTOVAZ** | **Intra-Automotive Transactions** | **TOTAL AUTOMOTIVE** | **Sales Financing** | **Intersegment transactions** | **CONSOLIDATED TOTAL** |
|---|---|---|---|---|---|---|---|
| **December 31, 2017** | | | | | | | |
| **ASSETS** | | | | | | | |
| **NON-CURRENT ASSETS** | | | | | | | |
| Property, plant and equipment and intangible assets, and goodwill | 16,818 | 1,616 | - | 18,434 | 388 | - | 18,822 |
| Investments in associates and joint ventures | 19,694 | 15 | - | 19,709 | 102 | - | 19,811 |
| Non-current financial assets – investments in companies | 6,241 | - | (303) | 5,938 | 2 | (4,634) | 1,306 |
| Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments | 139 | - | (50) | 89 | - | - | 89 |
| Deferred tax assets and other non-current assets | 1,753 | 477 | (146) | 2,084 | 411 | (89) | 2,406 |
| **Total non-current assets** | **44,645** | **2,108** | **(499)** | **46,254** | **903** | **(4,723)** | **42,434** |
| **CURRENT ASSETS** | | | | | | | |
| Inventories | 5,939 | 344 | - | 6,283 | 45 | - | 6,328 |
| Customer receivables | 2,238 | 214 | (435) | 2,017 | 39,972 | (902) | 41,087 |
| Current financial assets | 1,181 | - | (38) | 1,143 | 1,610 | (821) | 1,932 |
| Current tax assets and other current assets | 2,853 | 139 | (6) | 2,986 | 4,761 | (3,642) | 4,105 |
| Cash and cash equivalents | 11,718 | 130 | (3) | 11,845 | 2,354 | (142) | 14,057 |
| **Total current assets** | **23,929** | **827** | **(482)** | **24,274** | **48,742** | **(5,507)** | **67,509** |
| **TOTAL ASSETS** | **68,574** | **2,935** | **(981)** | **70,528** | **49,645** | **(10,230)** | **109,943** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | | | |
| **SHAREHOLDERS' EQUITY** | **33,447** | **(99)** | **(138)** | **33,210** | **4,672** | **(4,440)** | **33,442** |
| **NON-CURRENT LIABILITIES** | | | | | | | |
| Long-term provisions | 2,549 | 18 | - | 2,567 | 531 | - | 3,098 |
| Non-current financial liabilities | 4,392 | 1,211 | (215) | 5,388 | 13 | - | 5,401 |
| Deferred tax liabilities and other non-current liabilities | 1,147 | 83 | (146) | 1,084 | 675 | - | 1,759 |
| **Total non-current liabilities** | **8,088** | **1,312** | **(361)** | **9,039** | **1,219** | **-** | **10,258** |
| **CURRENT LIABILITIES** | | | | | | | |
| Short-term provisions | 868 | 87 | - | 955 | 11 | - | 966 |
| Current financial liabilities | 4,270 | 532 | (41) | 4,761 | - | (969) | 3,792 |
| Trade payables and sales financing debts | 9,595 | 824 | (400) | 10,019 | 42,248 | (968) | 51,299 |
| Current tax liabilities and other current liabilities | 12,306 | 279 | (41) | 12,544 | 1,495 | (3,853) | 10,186 |
| **Total current liabilities** | **27,039** | **1,722** | **(482)** | **28,279** | **43,754** | **(5,790)** | **66,243** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **68,574** | **2,935** | **(981)** | **70,528** | **49,645** | **(10,230)** | **109,943** |

| *(€ million)* | **Automotive (excluding AVTOVAZ)** | **AVTOVAZ** | **Intra-Automotive Transactions** | **TOTAL AUTOMOTIVE** | **Sales Financing** | **Intersegment transactions** | **CONSOLIDATED TOTAL** |
|---|---|---|---|---|---|---|---|
| **December 31, 2016 (1)** | | | | | | | |
| **ASSETS** | | | | | | | |
| **NON-CURRENT ASSETS** | | | | | | | |
| Property, plant and equipment and intangible assets, and goodwill | 15,843 | 1,755 | - | 17,598 | 388 | (9) | 17,977 |
| Investments in associates and joint ventures | 18,888 | 41 | - | 18,929 | 97 | - | 19,026 |
| Non-current financial assets – investments in companies | 5,790 | - | (509) | 5,281 | 1 | (4,012) | 1,270 |
| Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments | 166 | - | (57) | 109 | - | - | 109 |
| Deferred tax assets and other non-current assets | 1,897 | 366 | - | 2,263 | 376 | (56) | 2,583 |
| **Total non-current assets** | **42,584** | **2,162** | **(566)** | **44,180** | **862** | **(4,077)** | **40,965** |
| **CURRENT ASSETS** | | | | | | | |
| Inventories | 5,456 | 312 | - | 5,768 | 54 | (9) | 5,813 |
| Customer receivables | 2,377 | 251 | (451) | 2,177 | 34,923 | (842) | 36,258 |
| Current financial assets | 1,228 | - | (40) | 1,188 | 1,383 | (663) | 1,908 |
| Current tax assets and other current assets | 2,417 | 304 | (178) | 2,543 | 4,171 | (3,059) | 3,655 |
| Cash and cash equivalents | 11,820 | 277 | - | 12,097 | 1,894 | (138) | 13,853 |
| **Total current assets** | **23,298** | **1,144** | **(669)** | **23,773** | **42,425** | **(4,711)** | **61,487** |
| **TOTAL ASSETS** | **65,882** | **3,306** | **(1,235)** | **67,953** | **43,287** | **(8,788)** | **102,452** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | | | |
| **SHAREHOLDERS' EQUITY** | **31,098** | **18** | **(330)** | **30,786** | **4,028** | **(3,890)** | **30,924** |
| **NON-CURRENT LIABILITIES** | | | | | | | |
| Long-term provisions | 2,700 | 13 | - | 2,713 | 464 | - | 3,177 |
| Non-current financial liabilities | 3,851 | 1,315 | (235) | 4,931 | 12 | - | 4,643 |
| Deferred tax liabilities and other non-current liabilities | 945 | 95 | - | 1,040 | 614 | - | 1,654 |
| **Total non-current liabilities** | **7,496** | **1,423** | **(235)** | **8,684** | **1,090** | **-** | **9,774** |
| **CURRENT LIABILITIES** | | | | | | | |
| Short-term provisions | 1,055 | 79 | - | 1,134 | 26 | - | 1,160 |
| Current financial liabilities | 5,343 | 746 | (40) | 6,049 | - | (801) | 5,248 |
| Trade payables and sales financing debts | 9,260 | 754 | (416) | 9,598 | 36,760 | (784) | 45,574 |
| Current tax liabilities and other current liabilities | 11,630 | 286 | (214) | 11,702 | 1,383 | (3,313) | 9,772 |
| **Total current liabilities** | **27,288** | **1,865** | **(670)** | **28,483** | **38,169** | **(4,898)** | **61,754** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **65,882** | **3,306** | **(1,235)** | **67,953** | **43,287** | **(8,788)** | **102,452** |

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

## A3 – CONSOLIDATED CASH FLOWS BY OPERATING SEGMENT

| *(€ million)* | **Automotive (excluding AVTOVAZ)** | **AVTOVAZ** | **Intra Automotive Transactions** | **TOTAL AUTOMOTIVE** | **Sales Financing** | **Intersegment transactions** | **Consolidated total** |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| **Net income** | **4,505** | **(115)** | **(2)** | **4,388** | **739** | **83** | **5,210** |
| Cancellation of dividends received from unconsolidated listed investments | (51) | - | - | (51) | - | - | (51) |
| Cancellation of income and expenses with no impact on cash | | | | | | | |
| Depreciation, amortization and impairment | 2,852 | 109 | - | 2,961 | 85 | - | 3,046 |
| Share in net (income) loss of associates and joint ventures | (2,808) | 24 | - | (2,784) | (15) | - | (2,799) |
| Other income and expenses with no impact on cash, before interest and tax | 597 | 139 | - | 736 | 372 | 22 | 1,130 |
| Dividends received from unlisted associates and joint ventures | 3 | - | - | 3 | - | - | 3 |
| **Cash flows before interest and tax** (1) | **5,098** | **157** | **(2)** | **5,253** | **1,181** | **105** | **6,539** |
| **Dividends received from listed companies** (2) | **761** | **-** | **-** | **761** | **-** | **-** | **761** |
| Decrease (increase) in sales financing receivables | - | - | - | - | (5,568) | 63 | (5,505) |
| Net change in financial assets and sales financing debts | - | - | - | - | 5,871 | (133) | 5,738 |
| Change in capitalized leased assets | (529) | - | - | (529) | (93) | - | (622) |
| Change in working capital before tax | 447 | 98 | 5 | 550 | (613) | (49) | (112) |
| **CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX** | **5,777** | **255** | **3** | **6,035** | **778** | **(14)** | **6,799** |
| Interest received | 68 | 17 | (4) | 81 | 1 | (12) | 70 |
| Interest paid | (352) | (128) | 4 | (476) | - | 25 | (451) |
| Current taxes (paid)/received | (487) | (6) | - | (493) | (220) | (3) | (716) |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | **5,006** | **138** | **3** | **5,147** | **559** | **(4)** | **5,702** |

*(1) Cash flows before interest and tax do not include dividends received from listed companies.*
*(2) Dividends received from Daimler (€51 million) and Nissan (€710 million).*

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

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

*(1) Including the acquisitions of the shares of Alliance Rostec Auto B.V. previously held by Nissan (note 3-B) and the Renault shares sold by the French State, for a share offering reserved for current and former employees (note 18-C).*

| (€ million) | Automotive (excluding AVTOVAZ) (1) | Sales Financing | Intersegment transactions | Consolidated total |
|---|---|---|---|---|
| **2016** | | | | |
| **Net income** | **2,880** | **620** | **43** | **3,543** |
| Cancellation of dividends received from unconsolidated listed investments | (44) | - | - | (44) |
| Cancellation of income and expenses with no impact on cash | | | | |
| Depreciation, amortization and impairment | 2,779 | 61 | - | 2,840 |
| Share in net (income) loss of associates and joint ventures | (1,631) | (7) | - | (1,638) |
| Other income and expenses with no impact on cash, before interest and tax | 1,059 | 330 | 16 | 1,405 |
| Dividends received from associate companies and non-listed co-companies | - | 1 | - | 1 |
| **Cash flows before interest and tax (2)** | **5,043** | **1,005** | **59** | **6,107** |
| **Dividends received from listed companies (3)** | **772** | **-** | **-** | **772** |
| Decrease (increase) in sales financing receivables | - | (6,007) | 92 | (5,915) |
| Net change in financial assets and sales financing assets | - | 5,276 | 22 | 5,298 |
| Change in capitalized leased assets | (564) | (141) | - | (705) |
| Change in working capital before tax | 356 | (615) | 20 | (239) |
| **CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX** | **5,607** | **(482)** | **193** | **5,318** |
| Interest received | 114 | - | (24) | 90 |
| Interest paid | (441) | - | 25 | (416) |
| Current taxes (paid) / received | (354) | (254) | 5 | (603) |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | **4,926** | **(736)** | **199** | **4,389** |
| Purchases of intangible assets | (1,054) | (4) | - | (1,058) |
| Purchases of property, plant and equipment | (2,037) | (2) | - | (2,039) |
| Disposals of property, plant and equipment and intangibles | 44 | - | - | 44 |
| Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired (4) | (397) | (18) | 282 | (133) |
| Acquisitions and disposals of other investments and other (5) | 1,087 | (15) | - | 1,072 |
| Net decrease (increase) in other securities and loans of the Automotive segments | 268 | - | (61) | 207 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | **(2,089)** | **(39)** | **221** | **(1,907)** |
| Cash flows with shareholders | (896) | (15) | - | (911) |
| Net change in financial liabilities of the Automotive segments | (1,788) | - | (146) | (1,934) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | **(2,684)** | **(15)** | **(146)** | **(2,845)** |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **153** | **(790)** | **274** | **(363)** |

| (€ million) | Automotive (excluding AVTOVAZ) (1) | Sales Financing | Intersegment transactions | Consolidated total |
|---|---|---|---|---|
| **2016** | | | | |
| **Cash and cash equivalents: opening balance** | **11,571** | **2,672** | **(110)** | **14,133** |
| Increase (decrease) in cash and cash equivalents | 153 | (790) | 274 | (363) |
| Effect of changes in exchange rate and other changes | 96 | 12 | (25) | 83 |
| **Cash and cash equivalents: closing balance** | **11,820** | **1,894** | **139** | **13,853** |

*(1) In 2016 the Automotive (excluding AVTOVAZ) segment includes the net income of the AVTOVAZ Group and its parent company, accounted for by the equity method. As the impact of the AVTOVAZ Group and its parent company on the net income and changes in cash between December 28, 2016 and December 31, 2016 was judged non-significant, full consolidation was applied from December 31, 2016 (see 4.2.6.1).*

*(2) Cash flows before interest and tax do not include dividends received from listed companies.*

*(3) Dividends received from Daimler (€44 million) and Nissan (€728 million).*

*(4) The effect of acquisition of control, as defined by IFRS 10, over the AVTOVAZ Group and its parent company amounted to €(104) million in 2016, including €282 million of cash acquired.*

*(5) Renault SA sold Nissan shares for an amount of €1,119 million in 2016, in connection with Nissan's share repurchase operation between March and December 2016 (note 12-B to the consolidated financial statements for 2016).*

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

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

**Net cash position (net financial indebtedness)**

| *(€ million)* | December 31, 2017 | | | |
|---|---|---|---|---|
| | **Automotive (excluding AVTOVAZ)** | **AVTOVAZ** | **Intra-Automotive transactions** | **TOTAL AUTOMOTIVE** |
| Non-current financial liabilities | (4,392) | (1,211) | 215 | (5,388) |
| Current financial liabilities | (4,270) | (532) | 41 | (4,761) |
| Non-current financial assets – other securities, loans and derivatives on financing operations | 139 | - | (50) | 89 |
| Current financial assets | 1,181 | - | (38) | 1,143 |
| Cash and cash equivalents | 11,718 | 130 | (3) | 11,845 |
| Capitalizable loans from Renault s.a.s. to AVTOVAZ | (87) | - | 87 | - |
| **Net cash position (net financial indebtedness) of the Automotive segments** | **4,289** | **(1,613)** | **252** | **2,928** |

| *(€ million)* | December 31, 2016 (1) | | | |
|---|---|---|---|---|
| | **Automotive (excluding AVTOVAZ)** | **AVTOVAZ** | **Intra-Automotive transactions** | **TOTAL AUTOMOTIVE** |
| Non-current financial liabilities | (3,849) | (1,315) | 235 | (4,929) |
| Current financial liabilities | (5,343) | (746) | 40 | (6,049) |
| Non-current financial assets – other securities, loans and derivatives on financing operations | 166 | - | (57) | 109 |
| Current financial assets | 1,228 | - | (40) | 1,188 |
| Cash and cash equivalents | 11,820 | 277 | - | 12,097 |
| Capitalizable loans from Renault s.a.s. to AVTOVAZ | (97) | - | 97 | - |
| **Net cash position (net financial indebtedness) of the Automotive segments** | **3,925** | **(1,784)** | **275** | **2,416** |

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

## Operational free cash flow

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

| (€ million) | 2016 |
|---|---|
| **Automotive (excluding AVTOVAZ)** | |
| Cash flows (excluding dividends from listed companies) before interest and tax | 5,043 |
| Changes in working capital before tax | 356 |
| Interest received by the Automotive (excluding AVTOVAZ) segment | 114 |
| Interest paid by the Automotive (excluding AVTOVAZ) segment | (441) |
| Current taxes (paid)/received | (354) |
| Acquisitions of property, plant and equipment, and intangible assets net of disposals | (3,047) |
| Capitalized leased vehicles and batteries | (564) |
| **Operational free cash flow of the Automotive (excluding AVTOVAZ) segment** | **1,107** |

## B – Information by region

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

Consolidated revenues are presented by location of customers.

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

| *(€ million)* | **Europe** [1] | **Americas** | **Asia-Pacific** | **Africa – Middle East-India** | **Eurasia** | **Consolidated total** |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| Revenues | 36,249 | 6,773 | 3,638 | 4,512 | 7,598 | **58,770** |
| *Including AVTOVAZ* [2] | 44 | 5 | - | 2 | 2,951 | 3,002 |
| Property, plant and equipment and intangibles | 12,956 | 1,073 | 522 | 706 | 3,565 | **18,822** |
| *Including AVTOVAZ* [2] | - | - | - | - | 1,533 | **1,533** |
| **2016** | | | | | | |
| Revenues | 33,195 | 4,194 | 5,434 | 4,212 | 4,208 | **51,243** |
| Property, plant and equipment and intangibles | 12,038 | 1,054 | 589 | 714 | 3,582 | **17,977** |
| *Including AVTOVAZ* [2] | - | - | - | - | 1,755 | **1,755** |

*(1) Including the following for France :*

| *(€ million)* | **2017** | **2016** |
|---|---|---|
| *Revenues* | *12,670* | *11,968* |
| *Property, plant and equipment and intangibles* | *10,325* | *9,680* |

*(2) The results of the joint venture Alliance Rostec Auto B.V. and the AVTOVAZ Group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017.*

## 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 2017 were examined at the Board of Directors' meeting of February 15, 2018 and will be submitted for approval by the shareholders at the General Shareholders' Meeting.

### NOTE 2 – ACCOUNTING POLICIES

In application of European regulations, the Renault Group's consolidated financial statements for 2017 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2017 and adopted by the European Union at the year-end.

### A – CHANGES IN ACCOUNTING POLICIES

#### A1 – Changes in 2017

At December 31, 2017 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, 2017** | |
|---|---|
| Amendments to IAS 7 | Disclosure Initiative |
| Amendments to IAS 12 | Recognition of deferred tax assets for unrealised losses |

The Group presents the new disclosures on changes in financial liabilities required by the amendment to IAS 7 in note 23-B.

The amendment to IAS 12 concerns recognition methods for a deferred tax asset and its requirements have been incorporated into the approach described in note 8.

The Group has not opted for early application of the new standards listed below, which have been published in the European Union's Official Journal and will be mandatory from January 1, 2018 or later.

| **New standards and amendments not applied early by the Group** | | **Mandatory application date** |
|---|---|---|
| IFRS 9 | Financial Instruments | January 1, 2018 |
| IFRS 15 | Revenue from contracts with Customers | January 1, 2018 |
| IFRS 16 | Leases | January 1, 2019 |

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

This new standard will not have any major impact on the Group's financial statements. The Group has reviewed its sales contracts and concluded that there is no need to modify the trigger event for revenue recognition, or the current accounting treatment of warranties which makes a distinction between insurance-type warranties (to be covered by provisions) and service-type warranties (for which revenues are spread over the duration of the warranty extension). Treatment of incentives granted in the form of reduced interest on the sale of a vehicle with associated financing will be modified such that the effect of the interest reduction will always be included in profit and loss at the time of the vehicle sale, instead of being recognized progressively as is currently the case. The impact of this change, amounting to approximately €200 million net of deferred taxes, will be recognized in opening shareholders' equity. The Group has not identified any significant financing component at the transition date, but will apply the principle of recognising its effects in the financial statements as soon as they become significant. The Group also intends to disclose the amount of sales revenues with its partners in the notes to the financial statements.

The Group will apply IFRS 15 from January 1, 2018 under the simplified retrospective approach (cumulative effect method): the 2018 financial statements will apply the principles of IFRS 15, while the comparative figures for 2017 will continue to be reported under the previous standards. The effects of the changes will be recorded in shareholders' equity at January 1, 2018, and detailed information will be disclosed in the notes to show the impacts of first application of IFRS 15 and report sales revenues under the accounting policies previously used.

On November 29, 2016 the European Union published in the Official Journal IFRS 9, "Financial instruments". This standard introduces changes including:

- a new approach to classification and measurement of financial assets, based on the business model and contractual cash flows: loans and debt securities that are not considered "basic" as defined by the standard (Solely Payments of Principal and Interest) will be carried at fair value through profit and loss, while "basic" loans and debt securities will be carried at amortized cost or at fair value through Other Comprehensive Income ; equity instruments will be carried at fair value through profit and loss or, under an irrevocable option, at fair value through Other Components of Comprehensive Income ;

- a single impairment model based on credit risk: IFRS 9 introduces a shift from an “incurred” loss model to an “expected” loss model ;
- a substantially reformed approach to hedge accounting, to better reflect risk management, particularly by broadening the range of eligible hedging instruments. Until a future standard is released for macro-hedging, IFRS 9 allows continuation of the existing hedge accounting treatments under IAS 39 for all hedging, or solely for macro-hedging.

The Group has reviewed all of its financial asset portfolios to determine their accounting classification according to the categories set out by IFRS 9. In particular, the Group intends to classify the Daimler shares held as part of the strategic partnership as “at fair value though Other Components of Comprehensive Income”. In accordance with the standard, shares in investment funds will be carried at fair value through profit and loss.

The Group has also developed a new impairment model on receivables, based on prospective assessment of the credit risk at the inception of the receivable and its deterioration over time. A simplified approach will be used for short-term Automotive receivables, leading to recognition of additional provisions on healthy receivables based on a transition matrix. The expected impacts of this new impairment model are not significant.

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

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

As IFRS 9 does not change the definition of the risk of default given by IAS 39, the Group will continue to use the same definitions of doubtful and compromised doubtful receivables. It is important to note that the accounting concept of “doubtful” used in the Sales Financing segment is very similar to the Basel accords’ concept of “default”.

The new impairment model covers assets carried at amortized cost or at fair value through Other Components of Comprehensive Income, and must reflect the observed deterioration in the credit risk.

To ensure coherence between its prudential risk management policy and its accounting method for establishing provisions, the Sales Financing segment, in compliance with the recommendations of the Basel Committee and the European Banking Authority, will use the existing Basel rules as far as possible to generate the IFRS 9 parameters required for its calculations. However, to comply with IFRS 9, adjustments must be made to the parameters used for portfolios concerned by the AIRB (advanced internal ratings-based) approach, in order to incorporate economic conditions and forecasts and recent developments that are not adequately reflected at the closing date (as opposed to using the prudential environment’s “bottom of cycle” assessment or long-term historical average).

An approach based on Basel credit risk models will thus be implemented for customer and dealer loans and financing, finance leases, and irrevocable financing commitments and financial guarantees given. These assets account for more than 85% of the financial assets covered by IFRS 9. For other assets, a standard approach based on a simplified methodology will be applied, since these portfolios are non-significant.

Measurement of the impacts of application of these new methods on the Group’s financial statements is currently being finalized, and should lead to an increase in impairment, although with low materiality.

For hedge accounting, the Group will apply IFRS 9 for documentation of its micro-hedging operations, and the accounting principles laid down in IAS 39 will continue to be used for documentation of macro-hedging operations until there is a further change in the IFRS.

IFRS 9 is mandatory from January 1, 2018 and can be applied early. The changes in accounting policies resulting from adoption of IFRS 9 will be applied retrospectively in the financial statements for the year ending December 31, 2018, with application of the following simplifications:

- the 2017 consolidated financial statements presented for comparative information will not be restated for application of IFRS 9, and will thus be identical to the figures published for N-1 under the accounting principles laid down in IAS 39 “Financial Instruments – Recognition and Measurement”;
- differences in book value on financial assets at the date of first application of IFRS 9 will be recorded in Shareholders’ Equity, under Reserves and Revaluation of financial instruments.

Measurement of the impacts of IFRS 15 and IFRS 9 for the Nissan Group is currently being finalized.

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

The Group is currently working to identify its leases that come under the scope of IFRS 16, and is examining their valuation under the new standard. At this stage, real estate leases make up the Group’s main lease commitments and will account for most of the restated agreements.

No valuation is yet available of the impacts of application of this standard, but due to the specificities in lease contracts allowing penalty-free withdrawal before the end of the contract, the irrevocable lease commitments reported in note 28-A1 to the 2017 financial statements are still not fully representative of the financial liability that should be recognized in application of IFRS 16. The negative impact of this standard's application on the financial liability, and the positive effects on the operating margin and cash flows from operating activities, are currently being analysed.

Application of IFRS is mandatory from January 1, 2019 The Group does not intend to apply the standard early. The modalities of first application of IFRS 16 have not yet been fixed.

### A2 – Accounting policies applied by the AVTOVAZ Group

The AVTOVAZ Group's financial statements, which are fully consolidated by Renault from December 31, 2016, are prepared under IFRS as issued by the IASB. The accounting policies applied are the same as those used by the Renault Group described in note 2, apart from a few exceptions which are specifically indicated in the relevant sections of note 2.

These exceptions concern useful lives for property, plant and equipment (note 2-L), the definition of cash-generating units (note 2-M) and the valuation method for the cost of outgoing inventories (note 2-O).

### 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.

For the purposes of allocation of the purchase price of AVTOVAZ, the fair value of the assets and liabilities transferred at December 31, 2016 was determined (note 3-B). These valuations, which are dependent on estimates and judgments, affected the following items: property, plant and equipment and intangible assets, financial assets and other assets, deferred taxes, customer receivables, financial liabilities, other liabilities and provisions.

In general, the main items in the Group's consolidated financial statements that are dependent on estimates and judgments at December 31, 2017 are:

- Capitalization of research and development expenses and their amortization period (notes 2-K and 10-A),
- Any impairment on fixed assets (notes 2-M and 11), and operating receivables (notes 16 and 17),
- The recoverable value of leased vehicles classified as property, plant and equipment or in inventories (notes 2-G, 10-B and 14),
- Investments in associates, notably Nissan (notes 2-M, 12 and 13);
- Sales financing receivables (notes 2-G and 15);
- Recognition of deferred taxes (notes 2-I and 8);
- Provisions, particularly vehicle and battery warranty provisions (note 2-G), provisions for pensions and other long-term employee benefit obligations (notes 2-S and 19) and provisions for workforce adjustment measures (notes 2-T and 6-A) and provisions for legal and tax risks (note 20);
- The value of assets in Iran, mainly comprising shares, a shareholder loan and commercial receivables (note 6-D) and in general the value of Group assets located in all areas concerned by country risks.

### C – Consolidation principles

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

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

Significant intercompany transactions and unrealized internal profits are eliminated.

Investments in non-significant companies that are not included in the scope of consolidation, even though they fulfil the above criteria, are recorded as other non-current assets.

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

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

Put options on non-controlling interests are carried at fair value and classified in other non-current 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 are by nature unusual or significant and could affect comparability of the margin. Other operating income and expenses cover:

- restructuring costs relating to discontinued activities and workforce adjustment costs;
- gains or losses on partial or total disposal of businesses or operating entities, gains or losses on total or partial disposals of investments in associates and joint ventures, other gains and losses relating to changes in the scope of consolidation such as acquisitions of control, as defined by IFRS 10, over entities previously accounted for under the equity method, and direct acquisition costs for entities that are fully consolidated or consolidated on a line-by-line percentage of interest basis;
- gains or losses on disposal of property, plant and equipment or intangible assets (except leased assets sales);
- impairment on property, plant and equipment or intangible assets and goodwill (excluding goodwill of associates or joint ventures);
- unusual items, i.e. income and charges that are unusual in their frequency, nature or amount, relating to significant litigation or impairment of operating receivables.

***Share in net income of associates and joint ventures***

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

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

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

Goodwill relating to associates and joint ventures is included in the value of the relevant entities as stated in the assets in the consolidated statement of financial position. In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates and joint ventures (note 2-J).

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

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

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

***Reporting by operating segment***

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

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

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

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

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

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

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

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

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

The Group's presentation currency is the Euro.

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

To determine whether a country is in hyperinflation, the Group refers to the list published by the AICPA (American Institute of Certified Public Accountants) International Task Force. None of the countries where Renault has significant business activity was on this list in 2017.

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

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

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

When a foreign company is sold, the accumulated translation adjustments on its assets and liabilities are transferred to other operating income and expenses in the income statement.

## F – Translation of foreign currency transactions

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

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

The following impacts are therefore recorded in net income:

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

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

## G – Revenues and margin

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

***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 segments, 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 operating margin recognition***

- Sales financing revenues

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

- Sales financing costs

The costs of sales financing are considered as operating expenses and included in the operating margin. They mainly comprise interest incurred by Sales financing companies to refinance their customer loan transactions, other costs and revenues directly related to administration of this type of refinancing (temporary investments, hedging and management of exchange and interest rate risks), and the cost of risks unrelated to refinancing of receivables. Refinancing comes from diversified sources: public and private bond issues, public and private securitization backed by Automotive segments loans, negotiable debt instruments, savings collected and financing from credit institutions and assimilates.

- Commissions payable to business intermediaries

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

- Impairment of receivables

Impairment for incurred losses is recognized to cover the risk of non-recovery of receivables. This impairment is determined on an individual basis for customer sales financing receivables (using a case-by-case or statistical approach). For dealer financing, it is determined on an individual basis under a case-by-case approach in the case of doubtful receivables and on a collective basis for healthy receivables (using a statistical approach or internal expert assessment). Any receivable with an incurred risk of partial or total non-recovery is classified as a doubtful receivable no later than once it is overdue by more than three months, and as a compromised doubtful receivable if the debtor's financial position has significantly deteriorated and no later than one year after classification as doubtful. Impairment is recognized accordingly.

Impairment for country risk is also recognized, depending on the credit risk to which debtors are exposed when there is a long-term continuous decline in a country's economic environment. This impairment is recognized for non-Euro-zone countries rated lower than BBB+ by Standard & Poor's. In the current RCI Banque portfolio, the countries concerned are Argentina, Brazil, Morocco and Romania. The impairment is calculated by applying a forecast default rate (probability of default) and a rate of loss caused by default to outstanding Sales Financing customer receivables that have not already been subject to impairment on an individual basis, grouped by country. Dealer financing assets are already covered by dealer network impairment, which uses a similar calculation basis.

## H – Financial income (expenses)

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

Other financial income and expenses mainly include 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 and joint ventures is included in the value of the entities concerned as reported in the assets in the statement of financial position. In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates and joint ventures.

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

### K – Research and development expenses

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

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

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

### L – Property, plant and equipment

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

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

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

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

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

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

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

***Depreciation***

In the **Automotive (excluding AVTOVAZ)** segment and the **Sales Financing segment**, depreciation is calculated on a straight-line basis over the following estimated useful lives:

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

*(1) Buildings in use before 1987 are depreciated over a period of up to 40 years.*
*(2) Except for leased batteries, which are depreciated over periods of 8 to 10 years depending on the models.*

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

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

## M – Impairment

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

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

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

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

  Vehicle-specific assets (including components) consist of capitalized development expenses and tools. Impairment tests are carried out by comparing the net book value of the assets with the recoverable value, calculated based on discounted future cash flows related to the vehicle and its components.

- At the level of other cash-generating units

  A cash-generating unit is defined as a coherent subset that generates largely independent cash flows. Other cash-generating units may represent an economic entity (plant or subsidiary) or the whole Automotive (excluding AVTOVAZ) segment. Net fixed assets related to cash-generating units notably include goodwill, specific assets and capacity assets, and components of working capital.

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

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

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

For the **Sales Financing segment**, an impairment test is carried out at least once a year or whenever there is an indication of loss of value, by comparing the book value and recoverable value of assets. Recoverable value is defined as the higher of fair value (less selling costs) and value in use. The value in use is based on a market approach, determined by using multiples for each group of cash-generating units made up of legal entities or groups of legal entities in the same country. The same discount rate is used for all cash-generating units tested: a risk-free 10-year rate increased by the average risk premium for the sector in which the cash-generating units operate. The forecast horizon for income and losses is 1 year.

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

***Impairment of investments in associates and joint ventures***

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

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate or joint venture with the recoverable value, which is the higher of value in use and fair value, less selling costs. The value in use is equal to the share of the present value of future estimated cash flows expected by the associate or joint venture. If the associate or joint venture is listed, the fair value is its stock market value.

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

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

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

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

### O – Inventories

Inventories are stated at the lower of cost or net realizable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses, 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 of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment are valued under the FIFO (First In First Out) method. Inventories of AVTOVAZ are valued at weighted average cost.

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

### P – Assignment of receivables

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

The same treatment applies to assignments between the Automotive (excluding AVTOVAZ) and Sales Financing segments.

### Q – Treasury shares

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

They are recorded at acquisition cost and deducted from Group shareholders' equity until the date of sale.

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

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

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

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

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

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

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

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

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

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

### T – Workforce adjustment measures

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

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

### U – Financial assets

The 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 segments and sales financing debts

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

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

***Redeemable shares***

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 (excluding AVTOVAZ) 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 segments' derivatives are reported in the financial position as current if they mature within 12 months and non-current otherwise. All Sales Financing segment derivatives are reported in the financial position as current.

***Hedge accounting***

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

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

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

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

- Fair value hedges: the hedged item is adjusted to fair value 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 borrowings in yen used to hedge the investment in Nissan is considered as the ineffective portion, and is therefore recorded directly in financial income and expenses.

***Derivatives not designated as hedges***

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

## NOTE 3 – CHANGES IN THE SCOPE OF CONSOLIDATION

| | Automotive (excluding AVTOVAZ) | AVTOVAZ | Sales Financing | Total |
|---|---|---|---|---|
| **Number of companies consolidated at December 31, 2016** | **115** | **74** | **36** | **225** |
| Newly consolidated companies (acquisitions, formations, etc) | 1 | - | 1 | 2 |
| Deconsolidated companies (disposals, mergers, liquidations, etc) | - | 9 | - | 9 |
| **Number of companies consolidated at December 31, 2017** | **116** | **65** | **37** | **218** |

### A – Main change in the scope of consolidation in 2017

RCI Colombia SA, a customer and dealer sales financing company in Colombia formed by the Group in partnership with BBVA, joined the scope of consolidation in 2017. The Group has exclusive control over this entity, which is fully consolidated.

On 15 December 2017, the Renault Group announced the formation of a new joint venture named Renault-Brillance-Jinbei Automotive Company, which will produce and sell light commercial vehicles in China under the Jinbei, Renault and Huasong brands. Renault owns 49% of this joint venture and its investment was purchased for 2 yuan. The new entity will be accounted for by the equity method from January 1, 2018.

### B – AVTOVAZ Group

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

The joint venture Alliance Rostec Auto B.V. and the AVTOVAZ Group, consisting of the parent company PJSC AVTOVAZ and its subsidiaries, which were accounted for by the equity method until late December 2016, are fully consolidated from the date of the Alliance Rostec Auto B.V capital increase subscribed by Renault s.a.s. in December 2016, which took place after the capital increase by AVTOVAZ subscribed by Alliance Rostec Auto B.V.

The acquisition of control, as defined by IFRS 10, took place on December 28, 2016. Since the impact of these entities on net income and changes in cash between December 28 and December 31, 2016 was judged non-significant, full consolidation was applied from December 31, 2016.

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

Alliance Rostec Auto B.V. also invested in a financial instrument with a value of €180 million, substantially conferring economic interests in AVTOVAZ even though this financial instrument does not make Alliance Rostec Auto B.V the legal owner of any shares in AVTOVAZ. Alliance Rostec Auto B.V contracted a loan from Renault to finance this operation.

Following these capital increases, at December 31, 2016 Renault owned 73.30% of the capital (57.30% of voting rights) of Alliance Rostec Auto B.V. which held 64.60% of the capital of AVTOVAZ, such that the indirect investment in AVTOVAZ was 47.35%. Including the financial instrument held by Alliance Rostec Auto B.V., 88.69% of the capital of AVTOVAZ was held by Alliance Rostec Auto B.V., and therefore in substance the indirect percentage ownership of AVTOVAZ was 65.01% at December 31, 2016.

The fair value of the total consideration transferred at the acquisition date breaks down as follows:

- €113 million (€7,106 million roubles) for the investment previously held via Alliance Rostec Auto B.V., translated at the rate of the date of the December 2016 AVTOVAZ capital increase for ordinary shares, and valued at the AVTOVAZ stock market price at the date of acquisition of control under IFRS 10 for preference shares, i.e. 9 roubles per ordinary share and 3.92 roubles per preference share. This valuation resulted in recognition in other operating income of a €113 million gain on sale of the shares owned prior to the acquisition of control;
- €217 million in cash;
- €132 million corresponding to 73.3% of the €180 million paid by Alliance Rostec Auto B.V. to acquire a financial instrument analysed in substance as economic interests in AVTOVAZ.

The costs associated with the acquisition of control amount to €4 million (of which €3 million were already recognized at December 31, 2016), and are recorded in other operating expenses.

As the control over AVTOVAZ was acquired at the very end of 2016, it was not possible to determine the fair values of the assets and liabilities transferred by the year-end. They were therefore recorded at the value stated in the consolidated financial statements under IFRS published by AVTOVAZ at December 31, 2016, except for certain debts to Renault. The fair values of the assets and liabilities transferred were finalized in 2017. The net liabilities acquired break down as follows:

| | Notes | **Fair value at December 31, 2016 of the net liabilities acquired** (using the exchange rate of December 28, 2016) | | **Book value at December 31, 2016 in the financial statements of AVTOVAZ and Alliance Rostec Auto B.V.** (using the exchange rate of December 31, 2016) | | **Adjustments for allocation of the purchase price** |
|---|---|---|---|---|---|---|
| | | *€ million* | *in millions of roubles* | *€ million* | *in millions of roubles* | *in millions of roubles* |
| ***AVTOVAZ Group net liabilities*** | | | | | | |
| Property, plant and equipment and intangible assets | (1) | 821 | 51,723 | 661 | 42,475 | 9,248 |
| Investments in associates and joint ventures | | 41 | 2,606 | 41 | 2,606 | - |
| Financial assets and other non-current assets | | 233 | 14,696 | 241 | 15,525 | (829) |
| Deferred tax assets | (2) | 266 | 16,784 | 21 | 1,339 | 15,445 |
| Inventories | | 319 | 20,059 | 320 | 20,600 | (541) |
| Customer receivables | (3) | 256 | 16,156 | 248 | 15,884 | 272 |
| Current financial assets and other current assets | | 129 | 8,134 | 127 | 8,181 | (47) |
| Cash and cash equivalents | | 280 | 17,610 | 274 | 17,610 | - |
| Long-term provisions | | (13) | (818) | (10) | (628) | (190) |
| Non-current financial liabilities | (3) | (1,159) | (73,036) | (874) | (56,194) | (16,842) |
| Deferred tax liabilities | (4) | - | - | (51) | (3,311) | 3,311 |
| Other non-current liabilities | | (40) | (2,540) | (28) | (1,788) | (752) |
| Short-term provisions | | (80) | (5,082) | (78) | (4,989) | (93) |
| Current financial liabilities | | (762) | (47,986) | (746) | (47,986) | - |
| Trade payables | | (744) | (46,882) | (729) | (46,882) | - |
| Current tax liabilities and other current liabilities | | (318) | (20,021) | (311) | (20,021) | - |
| Non-controlling interests | | (11) | (662) | (10) | (662) | - |
| **Net liabilities acquired from the AVTOVAZ Group** | | **(782)** | **(49,259)** | **(904)** | **(58,241)** | **8,982** |
| **Net assets of Alliance Rostec Auto B.V.** | | | | | | |
| Cash and cash equivalents | | 3 | 176 | 3 | 176 | - |
| Other operating assets and liabilities | | - | (15) | - | (15) | - |
| **Net assets acquired from Alliance Rostec Auto B.V.** | | **3** | **161** | **3** | **161** | **-** |

*(1) The Lada brand, which is valued at 9,248 million roubles, has an indefinite useful life and is thus unamortized.*
*(2) Mainly corresponds to recognition of deferred tax assets on tax loss carryforwards amounting to 16,967 million roubles and deferred taxes on other adjustments.*
*(3) Corresponds to an adjustment of debts to Russian Technologies, Renault s.a.s. (2,679 million roubles already recorded in the consolidated financial statements at December 31, 2016) and Vnesheconombank (VEB).*
*(4) Including €(233) million roubles already recognized at December 31, 2016 reclassified as a deduction from deferred tax assets.*

**Final determination of goodwill:**

| | **Amounts at December 31, 2017** | | **Amounts at December 31, 2016** | |
|---|---|---|---|---|
| | € million (1) | in millions of roubles | € million (1) | in millions of roubles |
| Fair value of the consideration transferred (A) | 462 | 30,300 | 462 | 30,300 |
| Net liabilities of AVTOVAZ Group transferred - 100% (B) | (782) | (49,259) | (868) | (54,630) |
| Net assets acquired from Alliance Rostec Auto B.V. (C) | 3 | 161 | 3 | 161 |
| Share acquired (D) = (B) x 65.01% + (C) x 73.3% | (506) | (31,905) | (563) | (35,397) |
| **Goodwill (A) - (D)** | **968** | **62,205** | **1,025** | **65,697** |

*(5) Translated at the Euro-rouble rate of the date of acquisition of control: 62.9938 RUB = 1 EUR, or the rate of the payment date in the case of the fair value of the consideration transferred*

**Corrections to the consolidated financial position at December 31, 2016 following the final allocation of the purchase price for AVTOVAZ**

The finalized fair values of the AVTOVAZ assets and liabilities transferred and the amount of goodwill on this business combination were determined in 2017 and are reported in the statement of financial position at December 31, 2016 presented in these financial statements. Details of the adjustments made to the figures published in the 2016 Registration Document are provided below:

| Renault Group consolidated financial position | Amounts at December 31, 2016 | | Difference |
|---|---|---|---|
| € million | As published at December 31, 2016 | As published at December 31, 2017 | |
| Property, plant and equipment and intangible assets | 17,887 | 17,977 | 90 |
| Investments in associates and joint ventures | 19,026 | 19,026 | - |
| Non-current financial assets | 1,392 | 1,379 | (13) |
| Deferred tax assets and other non-current assets | 2,288 | 2,583 | 295 |
| Inventories | 5,821 | 5,813 | (8) |
| Customer receivables | 36,272 | 36,258 | (14) |
| Current financial assets and other current assets | 5,564 | 5,563 | (1) |
| Cash and cash equivalents | 13,853 | 13,853 | - |
| **TOTAL ASSETS** | **102,103** | **102,452** | **349** |
| SHAREHOLDERS' EQUITY | 30,895 | 30,924 | 29 |
| Long-term provisions | 3,174 | 3,177 | 3 |
| Non-current financial liabilities | 4,639 | 4,943 | 304 |
| Deferred tax liabilities | 124 | 124 | - |
| Other non-current liabilities | 1,518 | 1,530 | 12 |
| Short-term provisions | 1,159 | 1,160 | 1 |
| Current financial liabilities | 41,289 | 41,289 | - |
| Trade payables | 9,533 | 9,533 | - |
| Current tax liabilities and other current liabilities | 9,772 | 9,772 | - |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **102,103** | **102,452** | **349** |

**Changes in Renault's investment in AVTOVAZ in 2017 and non-controlling interests**

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

At December 31, 2017 Renault held 82.45% of the capital (and 66.45% of the voting rights) of Alliance Rostec Auto B.V., which held 64.60% of AVTOVAZ, such that the indirect investment in AVTOVAZ is 53.26%. Including the financial instrument held by Alliance Rostec Auto B.V., and the put option taken on AVTOVAZ shares in 2017, 89.42% of the capital of AVTOVAZ is held by Alliance Rostec Auto B.V., and therefore in substance the indirect percentage ownership of AVTOVAZ at December 31, 2017 is 73.73%.

The non-controlling interests amounted to €(334) million at December 31, 2016, valued as the share of provisional identifiable net liabilities recognized by the entities acquired corresponding to the investments held by the non-controlling entities. The Group did not opt to state these non-controlling interests at fair value. Following finalization of the purchase price allocation, the non-controlling interests at December 31, 2016 now amount to €(305) million.

**Intragroup accounts between Renault and AVTOVAZ and the 2016 AVTOVAZ income statement**

At December 31, 2015, as stated in note 13-A to the 2015 consolidated financial statements "AVTOVAZ consolidated financial statements included under the equity method in the Renault consolidation", the loans made by Renault in 2012 and 2013 (book value €100 million each at December 31, 2015) were not covered by any specific guarantee.

Renault also had customer receivables amounting to €315 million at December 31, 2015 (€38 million of receivables in euros, and €277 million of receivables in roubles, corresponding to a total amount of 22,370 million roubles).

In view of AVTOVAZ's financial position, Renault decided to leave the funds corresponding to these loans and receivables at the disposal of AVTOVAZ for an indeterminate period, and intended to use them in the AVTOVAZ Group's capital restructuring to be organized from the second half-year of 2016. Settlement of these financial assets was therefore neither planned nor likely to occur, and as a result they were treated as part of the net investment in the AVTOVAZ Group in application of IAS 28 "Investments in associates and joint ventures", and reclassified as investments accounted for under the equity method.

The gross value of these loans and receivables reclassified as investments accounted for under the equity method was €519 million at December 31, 2016. The Renault Group's share of the 2016 losses of AVTOVAZ was charged to the net investment including these loans and receivables until the date of full consolidation, up to the total amount of the net investment. As a result the value of the loans and receivables was reduced to nil.

At the date of full consolidation, in application of IFRS 3, these loans and receivables were reclassified as financial assets and stated at fair value. They will be capitalized for the same amount in a later phase. This revaluation led the Group to recognize a gain of €487 million in other operating income. At December 31, 2017, it is still intended to capitalize these loans and receivables via a reserved capital increase of AVTOVAZ.

No revenues or net income of the entities acquired were recognized in 2016 as they were non-significant between the date of acquisition of control and first full consolidation at December 31, 2016. The amount of revenues and net income from these entities in 2016, that would have been included in Renault's net income if AVTOVAZ had been fully consolidated from January 1, 2016 is detailed in note 13-A to the 2016 consolidated financial statements, "Investment in AVTOVAZ".

## 4.2.6.3 Consolidated income statement

### NOTE 4 – REVENUES

### A – Breakdown of revenues

| *(€ million)* | **2017** | **2016** |
|---|---|---|
| **Sales of goods - Automotive segments (including AVTOVAZ)** | **53,978** | **46,993** |
| Rental income on leased assets (1) | 504 | 401 |
| Sales of other services | 1,775 | 1,601 |
| **Sales of services - Automotive segments (including AVTOVAZ)** | **2,279** | **2,002** |
| **Sales of goods - Sales Financing segment** | **29** | **28** |
| Rental income on leased assets (1) | 116 | 97 |
| Interest income on sales financing receivables | 1,478 | 1,371 |
| Sales of other services (2) | 890 | 752 |
| **Sales of services - Sales Financing segment** | **2,484** | **2,220** |
| **TOTAL REVENUES** | **58,770** | **51,243** |

*(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.*

### B – 2016 revenues applying 2017 scope and methods

| *(€ million)* | **Automobile (including AVTOVAZ)** | **Sales financing** | **Total** |
|---|---|---|---|
| **2016 revenues** | **48,995** | **2,248** | **51,243** |
| Changes in scope of consolidation | 1,794 | - | **1,794** |
| **2016 revenues applying 2017 scope and methods** | **50,789** | **2,248** | **53,037** |
| **2017 revenues** | **56,257** | **2,513** | **58,770** |

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

### A – Personnel expenses

Personnel expenses amount to €6,502 million in 2017 (€5,747 million in 2016).

The average workforce during the year for consolidated entities is presented in section 2.4- Human Capital of the 2017 Registration Document.

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

The income recorded in respect of the French "CICE" Tax Credit for Competitivity and Employment amount to €61 million in 2017 and €50 million in 2016. It is allocated between income statement items by purpose.

Share-based payments concern stock options, performance shares and other share-based payments granted to personnel, and amounted to a personnel expense of €77 million for 2017 (€65 million in 2016).

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

### B – Rental expenses

Rents amount to €252 million in 2017 (€224 million in 2016).

### C – Foreign exchange gains/losses

In 2017, the operating margin includes a net foreign exchange loss of €113 million, related to movements in the Argentinian peso, Russian rouble and Turkish lira (compared to a net foreign exchange gain of €62 million in 2016 related to the same currencies).

## NOTE 6 – OTHER OPERATING INCOME AND EXPENSES

| *(€ million)* | **2017 (1)** | **2016** |
|---|---|---|
| Restructuring and workforce adjustment costs | (56) | (283) |
| 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 | - | (23) |
| Income generated by acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto B.V. and the AVTOVAZ Group | - | 325 |
| Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales) | 96 | 19 |
| Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint ventures) | (52) | (38) |
| Reversal of impairment related to operations in Iran | 4 | 2 |
| Other unusual items | (40) | (1) |
| **Total** | **(48)** | **1** |

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

### A – Restructuring and workforce adjustments costs

Restructuring and workforce adjustment costs mainly concern the Americas, Eurasia and Europe regions in 2017 and 2016.

In 2016 these costs included €98 million related to a French career-end work exemption plan introduced in 2013. Employees could sign up to this plan until December 31, 2016. In application of 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.

Restructuring and workforce adjustment costs in 2016 also included €106 million for the specific career work exemption arrangements included in the agreement signed on January 13, 2017 named "*Renault France CAP 2020 – Contrat d'Activité pour une Performance durable*" (activity contract for sustainable performance). The terms of these arrangements were negotiated with representative unions between September 2016 and early January 2017. Since they include a clause that restricts the system to employees having done 15 years of shift work in and outside the Renault Group, the charge recognized in 2016 covered the total cost for employees who had earned the full entitlements at December 31, 2016 and a share of the cost for employees who could sign up for the system between January 1, 2017 and December 31, 2019.

### B – Income generated by acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto B.V and the AVTOVAZ Group

The acquisition of control over Alliance Rostec Auto B.V. and AVTOVAZ, which took place on December 28, 2016 (note 3-B), was treated as a sale of the shares held in Alliance Rostec Auto B.V. and AVTOVAZ at the date control was acquired, at their fair value (€113 million, corresponding to the price set for the December 2016 AVTOVAZ capital increase for ordinary shares and the AVTOVAZ stock market price at the transaction date for preference shares), in compliance with IFRS 3 "Business combinations".

The loans and receivables that are analysed under IAS 28 as an extension of the investment had a book value of nil at the date of acquisition of control, and were stated at fair value in compliance with IFRS 3, resulting in a gain of €487 million. The accumulated translation adjustments, amounting to €(272) million at the date of acquisition of control, were transferred to other operating income and expenses.

The net impact of acquisition of control of the AVTOVAZ Group recognized in other operating income and expenses in 2016 is thus a net gain of €325 million including €3 million of share purchase expenses.

### C – Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint ventures)

At December 31, 2017, impairment amounting to €52 million was recorded (€37 million in 2016). This impairment mainly results from impairment tests of vehicles (notes 10 and 11).

### D – Impairment related to operations in Iran

The Group's exposure to risks on business with Iran has been fully written off since 2013 and consists of securities, a shareholder loan and commercial receivables. This situation changed little in 2017. The gross amount in the assets at December 31, 2017 was €784 million, including €680 million of customer receivables (€803 million and €699 million respectively at December 31, 2016).

The level of operations with Iran rose in 2017 compared to 2016, with sales of CKD amounting to €743 million (€513 million at December 31, 2016). Sales are only recognized once the cash is received, and payments related to the totally written-off receivables dating from before mid-2013 remain very limited, as the €4 million of impairment recovered in 2017 indicates (€2 million at December 31, 2016).

In August 2017 a new agreement was signed between Renault, IDRO, an investment and industry renewal fund in Iran, and PARTO NEGIN NASEH Co (Negin Holding), the current importer of Renault products to Iran, to form a future joint venture in which Renault will be the majority shareholder. This followed a strategic agreement signed in September 2016.

Effective finalization of this operation remains subject to a number of suspensive conditions, including regulatory approvals, formation of the new company and preparation of the industrial assets for the project. The company was not yet in existence at December 31, 2017 as the conditions were not fulfilled.

As the market is gradually reopening, in view of the future execution of this agreement signed with the Iranian State in August 2017 and forthcoming discussions with local partners, the possibility of reconsolidating Renault Pars is still under consideration.

### E. Other unusual items

Other unusual items mainly comprise the costs on vacant leased premises in Korea which Renault was obliged to leave, estimated at €23 million until the end of the lease contracts.

## NOTE 7 – FINANCIAL INCOME (EXPENSES)

| *(€ million)* | **2017 (1)** | **2016** |
|---|---|---|
| Cost of gross financial indebtedness | (441) | (385) |
| Income on cash and financial assets | 72 | 101 |
| **Cost of net financial indebtedness** | **(369)** | **(284)** |
| Change in fair value of redeemable shares | (120) | (3) |
| Foreign exchange gains and losses on financial operations | 20 | 38 |
| Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations | (25) | (32) |
| Other | (10) | (42) |
| **Other financial income and expenses** | **(135)** | **(39)** |
| **Financial income (expenses)** | **(504)** | **(323)** |

*(1) Including for the AVTOVAZ Group: €(119) million in the cost of net financial indebtedness and €7 million in other financial income and expenses in 2017.*

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

## NOTE 8 – CURRENT AND DEFERRED TAXES

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

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

### A – Current and deferred tax charge

| *(€ million)* | **2017 (1)** | **2016** |
|---|---|---|
| Current tax charge | (634) | (728) |
| Deferred tax income (charge) | (257) | (327) |
| **Current and deferred taxes** | **(891)** | **(1,055)** |

*(1)Including for the AVTOVAZ Group :€(5) million in current tax charge and €3 million in deferred taxes in 2017.*

The current tax charge for entities included in the French tax consolidation group amounts to €148 million in 2017 (€182 million in 2016).

€486 million of the current tax charge comes from foreign entities including AVTOVAZ in 2017 (€546 million in 2016).

### B – Breakdown of the tax charge

| *(€ million)* | **2017 [1]** | **2016** |
|---|---|---|
| **Income before taxes and share in net income of associates and joint ventures** | **3,302** | **2,960** |
| Statutory income tax rate in France, excluding the exceptional contribution | 34.43% | 34.43% |
| **Theoretical tax income (charge)** | **(1,137)** | **(1,019)** |
| Effect of differences between local rates and the French rate [2] | 201 | 161 |
| Tax credits | 68 | 73 |
| Distribution taxes | (84) | (78) |
| Change in unrecognized deferred tax assets [3] | (72) | (310) |
| Other impacts [4] | 232 | 225 |
| **Current and deferred tax income (charge) excluding taxes based on intermediate net results** | **(792)** | **(948)** |
| Taxes based on intermediate net results [5] | **(99)** | **(107)** |
| **Current and deferred tax income (charge)** | **(891)** | **(1,055)** |

*(1) Including for the AVTOVAZ Group: €(89) million of income before taxes and share in net income of associates and joint ventures and €(2) million in current and deferred tax charges in 2017.*
*(2) The main contributors to the tax rate differential are Korea, Spain, Morocco, Romania, Switzerland, Turkey and since 2017 AVTOVAZ.*
*(3) The main contributors to the change in unrecognized deferred tax assets are AVTOVAZ, Argentina, France and India in 2017 (Brazil, France and India in 2016).*
*(4) Other impacts mainly include the effect of permanent differences, reduced-rate taxations, tax reassessments, prior year adjustments and changes in future year tax rates adopted before the year-end. In 2017, they also include the exceptional contribution levied on 2017 net income in France. In 2016, they also include the effect of permanent differences concerning impacts recorded in other income and expenses following the full consolidation of AVTOVAZ (see note 6-B).*
*(5) The Group's taxes based on intermediate net results are primarily the CVAE in France and the IRAP in Italy.*

#### French tax consolidation group

At December 31, 2017, the effective tax rate in the French tax consolidation group is 31.5% (41.6% in 2016).

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

The amount of net deferred tax assets recognized in the consolidated financial position totalled €202 million at December 31, 2017, compared to €457 million at the start of the year, comprising €(37) million recognized in income (€200 million at December 31, 2016) and €239 million included in other components of comprehensive income (€257 million at December 31, 2016), due to the respective origins of the taxes concerned.

At December 31, 2017, the amount of deferred tax assets recognized decreased by €(255) million, incorporating the effect of the gradual reduction in the French income tax rate from 34.43% to 25.83% between 2019 and 2022, in application of the French finance law for 2018. The corresponding charge was recognized in income (€(236) million) and other components of comprehensive income (€(19) million). The impact of the gradual French income tax rate decrease between 2019 and 2022 is included in other impacts in the breakdown of the tax charge for 2017 and 2016.

The amount of deferred tax assets recognized in 2016 was calculated at the tax rate of 34.43% applicable at December 31, 2016 and totalled €44 million, comprising €(301) million recognized in income and €345 million included in other components of comprehensive income. The impact of the French income tax rate reduction from 34.43% to 28.92% starting in 2020 introduced by France's finance law for 2017 was included in "Other impacts" in the breakdown of the tax charge for 2016.

#### Entities not in the French tax consolidation group

The effective tax rate across all foreign entities (excluding AVTOVAZ) is 23.2% at December 31, 2017 (30% for 2016). The effective tax rate for AVTOVAZ is (2.1)% as few deferred taxes were recognized via profit and loss in 2017. The decrease in the effective tax rate is mainly explained by the higher share of taxable profits in low-tax rate countries, and the use of tax losses.

## C – Breakdown of net deferred taxes

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

| *(€ million)* | **2017** | **2016** [(1)] |
|---|---|---|
| Deferred tax assets | 1,217 | 881 |
| Deferred tax liabilities | (124) | (122) |
| **Net deferred tax assets (liabilities) at January 1** | **1,093** | **759** |
| Deferred tax income (charge) for the period | (257) | (327) |
| Deferred tax income (charge) included in other comprehensive income | (41) | 401 |
| Translation adjustments | (7) | (2) |
| Change in scope of consolidation and other | 3 | 262 |
| **Net deferred tax assets (liabilities) at December 31** | **791** | **1,093** |
| *Including: - deferred tax assets* | *971* | *1,217* |
| *- deferred tax liabilities* | *(180)* | *(124)* |

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

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

| *(€ million)* | **2017** | **2016** [(1)] |
|---|---|---|
| **Deferred taxes on:** | | |
| Investments in associates and joint ventures excluding AVTOVAZ [(2)] | (161) | (179) |
| Fixed assets excluding AVTOVAZ | (1,745) | (1,597) |
| Provisions and other expenses or valuation allowances deductible upon utilization excluding AVTOVAZ | 814 | 1,018 |
| Loss carryforwards excluding AVTOVAZ [(3)] | 4,353 | 4,403 |
| Other items excluding AVTOVAZ | 645 | 571 |
| **Net deferred tax assets (liabilities) excluding AVTOVAZ** | **3,906** | **4,216** |
| Fixed assets of AVTOVAZ | 1 | 23 |
| Provisions and other expenses or valuation allowances deductible upon utilization of AVTOVAZ | 38 | 18 |
| Loss carryforwards of AVTOVAZ | 334 | 342 |
| Non-interest bearing financial liabilities in roubles of AVTOVAZ | (60) | (66) |
| Other items of AVTOVAZ | 21 | 23 |
| **Net deferred tax assets (liabilities) of AVTOVAZ** | **334** | **340** |
| Unrecognized deferred tax assets related to tax losses (note 8-C3) | (3,280) | (3,240) |
| Other unrecognized deferred tax assets | (169) | (223) |
| **Net deferred tax assets (liabilities) reported** | **791** | **1,093** |

*(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B) , and are thus different from the previously published figures.*
*(2) Including tax on future dividend distributions.*
*(3) Including €3,739 million for the French tax consolidation entities and €614 million for other entities at December 31, 2017 (€3,745 million and €658 million respectively at December 31, 2016).*

The residual unrecognized deferred tax assets of entities included in the French tax consolidation group amounted to €2,637 million (€2,585 million at December 31, 2016). They are tax losses that can be carried forward indefinitely to set against future taxable income up to a limit of 50% of that income. €309 million of these unrecognized assets were generated by items booked through shareholders' equity (effects of the partial hedge of the investment in Nissan), and €2,328 million were generated by items affecting the income statement (respectively €331 million and €2,254 million at December 31, 2016).

For entities not in the French tax consolidation group, unrecognized deferred tax assets totalled €813 million at December 31, 2017 (€89 million for AVTOVAZ and €724 million for the Group excluding AVTOVAZ) essentially tax loss carryforwards generated by the Group in Brazil, and to a lesser extent in India. They initially amounted to €1,141 million at December 31, 2016 (€342 million generated by AVTOVAZ, and €799 million generated by the Group excluding AVTOVAZ). After recognition in 2017 of adjustments following the final allocation of the purchase price for the AVTOVAZ Group (note 3-B) and recognition of deferred tax assets on tax loss carryforwards amounting to €263 million, unrecognized deferred tax assets at December 31, 2016 now amount to €878 million, including €79 million relating to AVTOVAZ.

### *C3 – Breakdown of tax losses by expiry date*

Unrecognized loss carryforwards represent a potential tax saving of €3,280 million at December 31, 2017.

| *(€ million)* | December 31, 2017 | | | December 31, 2016 [1] | | |
|---|---|---|---|---|---|---|
| | Recognized | Unrecognized | Total | Recognized | Unrecognized | Total |
| Tax losses that can be carried forward indefinitely [2] | 1,160 | 3,079 | 4,239 | 1,237 | 3,090 | 4,327 |
| Tax losses expiring in more than 5 years | 2 | 90 | 92 | 4 | 54 | 58 |
| Tax losses expiring in between 1 and 5 years | - | 22 | 22 | 1 | 17 | 18 |
| Tax losses expiring within 1 year | - | - | - | - | - | - |
| **Total tax losses excluding AVTOVAZ** | **1,162** | **3,191** | **4,353** | **1,242** | **3,161** | **4,403** |
| Tax losses of AVTOVAZ that can be carried forward indefinitely [3] | 245 | 89 | 334 | 263 | 79 | 342 |
| **Total tax losses of AVTOVAZ** | **245** | **89** | **334** | **263** | **79** | **342** |
| **Total tax losses of the Group** | **1,407** | **3,280** | **4,687** | **1,505** | **3,240** | **4,745** |

(1) *The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B) , and are thus different from the previously published figures.*
(2) *Including recognized and unrecognized net deferred tax assets corresponding to tax loss carryforwards of entities included in the French tax consolidation group, which amount to €1,102 million and €2,637 million respectively at December 31, 2017 and €1,160 million and €2,585 million respectively at December 31, 2016 (note 8-C2).*
(3) *Following adoption of Russian federal law 401-FZ of November 30, 2016, tax losses can be carried forward indefinitely.*

## NOTE 9 – BASIC AND DILUTED EARNINGS PER SHARE

| *(In thousands of shares)* | 2017 | 2016 |
|---|---|---|
| Shares in circulation | 295,722 | 295,722 |
| Treasury shares | (5,254) | (4,368) |
| Shares held by Nissan x Renault's share in Nissan | (19,388) | (19,386) |
| **Number of shares used to calculate basic earnings per share** | **271,080** | **271,968** |

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

| *(In thousands of shares)* | 2017 | 2016 |
|---|---|---|
| Number of shares used to calculate basic earnings per share | 271,080 | 271,968 |
| Dilutive effect of stock options, performance share rights and other share-based payments | 2,665 | 2,363 |
| **Number of shares used to calculate diluted earnings per share** | 273,745 | **274,331** |

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 and goodwill***

Changes in 2017 in intangible assets were as follows:

| *(€ million)* | **December 31, 2016 (1)** | **Acquisitions / (amortization and impairment)** | **(Disposals) / reversals** | **Translation adjustment** | **Change in scope of consolidation and other (2)** | **December 31, 2017** |
|---|---|---|---|---|---|---|
| Capitalized development expenses (2) | 8,618 | 1,209 | (1,272) | (8) | 16 | 8,563 |
| Goodwill | 1,191 | - | - | (77) | - | 1,114 |
| Other intangible assets | 989 | 101 | (34) | (21) | 9 | 1,044 |
| **Intangible assets, gross** | **10,798** | **1,310** | **(1,306)** | **(106)** | **25** | **10,721** |
| Capitalized development expenses | (5,257) | (847) | 1,272 | 2 | (16) | (4,846) |
| Other intangible assets | (552) | (114) | 30 | 5 | (4) | (635) |
| **Amortization and impairment** | **(5,809)** | **(961)** | **1,302** | **7** | **(20)** | **(5,481)** |
| Capitalized development expenses | 3,361 | 362 | - | (6) | - | 3,717 |
| Goodwill | 1,191 | - | - | (77) | - | 1,114 |
| Other intangible assets | 437 | (13) | (4) | (16) | 5 | 409 |
| **Intangible assets, net** | **4,989** | **349** | **(4)** | **(99)** | **5** | **5,240** |

*(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to the purchase price paid for the AVTOVAZ Group (note 3-B), and are thus different from the previously published figures.*
*(2) Including impairment relating to capitalized development expenses and other intangible assets: €31 million, see note 6-C.*

Most of the goodwill is located in Europe and in Eurasia.

Acquisitions of intangible assets in 2017 comprise €1,209 million of self-produced assets and €101 million of purchased assets (respectively €903 million and €155 million in 2016).

In 2017, amortization and impairment of intangible assets include €31 million of impairment concerning vehicles (including components), compared to €37 million of impairment in 2016 (note 6-C).

Changes in 2016 in intangible assets are as follows:

| *(€ million)* | **Gross value** | **Amortization and impairment** | **Net value** |
|---|---|---|---|
| **Value at December 31, 2015** | **9,527** | **(5,957)** | **3,570** |
| Acquisitions (note 26-C) / (amortization) | 1,058 | (877) | 181 |
| (Disposals) / reversals | (1,038) | 1,032 | (6) |
| Translation adjustment | (22) | (7) | (29) |
| Change in scope of consolidation and other (1) (2) | 1,273 | - | 1,273 |
| **Value at December 31, 2016 (2)** | **10,798** | **(5,809)** | **4,989** |

*(1) The impact of full consolidation of the AVTOVAZ Group and the two Renault Sport Racing entities in 2016 is reflected in the "Change in scope of consolidation".*
*(2) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B) , and are thus different from the previously published figures.*

*A2 – Research and development expenses included in income*

| *(€ million)* | 2017 (1) | 2016 |
|---|---|---|
| Research and development expenses | (2,983) | (2,530) |
| Capitalized development expenses | 1,209 | 903 |
| Amortization of capitalized development expenses | (816) | (743) |
| **TOTAL INCLUDED IN INCOME** | **(2,590)** | **(2,370)** |

*(1) Including for the AVTOVAZ Group: €16 million of capitalized development expenses and €(26) million of research and development expenses reported in the income statement in 2017.*

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

## B – Property, plant and equipment

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

| *(€ million)* | December 31, 2016 | Acquisitions / (depreciation and impairment) | (Disposals) / reversals | Translation adjustments | Change in scope of consolidation and other | December 31, 2017 |
|---|---|---|---|---|---|---|
| Land | 601 | 12 | (46) | (8) | 10 | 569 |
| Buildings | 6,539 | 232 | (75) | (109) | 115 | 6,702 |
| Specific tools | 16,170 | 793 | (388) | (209) | 65 | 16,431 |
| Machinery and other tools | 11,404 | 948 | (298) | (198) | 378 | 12,234 |
| Fixed assets leased to customers | 2,778 | 817 | (259) | (20) | (1) | 3,315 |
| Other tangibles | 846 | 73 | (52) | (14) | 7 | 860 |
| Construction in progress (1) | 1,395 | 362 | (15) | (27) | (483) | 1,232 |
| **Gross value** | **39,733** | **3,237** | **(1,133)** | **(585)** | **91** | **41,343** |
| Land | | | | | | |
| Buildings | (3,913) | (250) | 75 | 35 | (13) | (4,066) |
| Specific tools | (13,073) | (968) | 385 | 126 | (5) | (13,535) |
| Machinery and other tools | (8,449) | (618) | 275 | 98 | (62) | (8,756) |
| Fixed assets leased to customers | (657) | (178) | 64 | 7 | (2) | (766) |
| Other tangibles | (653) | (47) | 49 | 9 | 4 | (638) |
| Construction in progress | - | - | - | - | - | - |
| **Depreciation and impairment** (2) | **(26,745)** | **(2,061)** | **848** | **275** | **(78)** | **(27,761)** |
| Land | 601 | 12 | (46) | (8) | 10 | 569 |
| Buildings | 2,626 | (18) | - | (74) | 102 | 2,636 |
| Specific tools | 3,097 | (175) | (3) | (83) | 60 | 2,896 |
| Machinery and other tools | 2,955 | 330 | (23) | (100) | 316 | 3,478 |
| Fixed assets leased to customers | 2,121 | 639 | (195) | (13) | (3) | 2,549 |
| Other tangible | 193 | 26 | (3) | (5) | 11 | 222 |
| Construction in progress (1) | 1,395 | 362 | (15) | (27) | (483) | 1,232 |
| **Net value** | **12,988** | **1,176** | **(285)** | **(310)** | **13** | **13,582** |

*(1) Items classified as "construction in progress" are transferred to completed asset categories via the "acquisitions / (depreciation and impairment)" column.*
*(2) Depreciation and impairment in 2017 include impairment of €25 million, mainly concerning vehicles (including components) (see note 6-C).*

Changes in property, plant and equipment in 2016 were as follows:

| *(€ million)* | **Gross value** | **Depreciation and impairment** | **Net value** |
|---|---|---|---|
| **Value at December 31, 2015** | **36,552** | **(25,381)** | **11,171** |
| Acquisitions / (depreciation and impairment) | 3,273 | (1,963) | 1,310 |
| (Disposals) / reversals | (1,229) | 844 | (385) |
| Translation adjustments | 417 | (234) | 183 |
| Change in scope of consolidation and other (1) | 720 | (11) | 709 |
| **Value at December 31, 2016** | **39,733** | **(26,745)** | **12,988** |

*(1) The impact of full consolidation of the AVTOVAZ Group and the two Renault Sport Racing entities in 2016 is reflected in the "Change in scope of consolidation".*

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

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

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

Following impairment tests of specific assets dedicated to vehicles (including components), impairment of €56 million was booked during 2017 (€35 million at December 31, 2016). This impairment concerns intangible assets (€31 million) and property, plant and equipment (€25 million). In 2016, it only concerned intangible assets and was primarily allocated to capitalized development expenses.

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

In 2017, 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 (excluding AVTOVAZ) segment, as it is the case every year.

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

| | **2017** | **2016** |
|---|---|---|
| Business plan duration | 6 years | 3 years |
| Forecast sales volumes over the projected horizon (units) | 4,407,000 | 3,830,000 |
| Growth rate to infinity | 1.9% | 1.9% |
| After-tax discount rate | 8.6% | 8.7% |

In 2017 as in 2016, no impairment was recognized on assets included in the Automotive (excluding AVTOVAZ) segment as a result of the impairment test.

The assumptions used for impairment testing at December 31, 2017 are taken from the six-year strategic plan, Drive the Future 2017-2022, which was announced in October 2017. The assumptions used for impairment testing at December 31, 2016 were the best estimates available at that date, since data from the new medium-term plan for 2017-2022 was still being validated.

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

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

**Impairment tests of the AVTOVAZ cash-generating unit**

The market capitalization of AVTOVAZ, which amounts to €750 million at December 31, 2017 (€739 million at December 31, 2016), is higher than the book value of AVTOVAZ net assets (including goodwill) at that date.

The value in use of AVTOVAZ was not determined, since the fair value is higher than the value of the assets tested.

**Impairment tests of the Lada brand**

For the purpose of allocation of the purchase price of AVTOVAZ (see note 3-B), the Lada brand was recognized at its fair value at the date control was acquired, i.e. 9,248 million roubles (€144 million) at December 31, 2016. Since this brand is an intangible asset with an indefinite useful life, an impairment test was carried out at December 31, 2017 based on a discount rate of 16.3% and a growth rate to infinity of 4%. No impairment was booked in 2017, as the recoverable value was higher than the book value.

A 2% increase in the discount rate would lead to recognition of impairment of 698 million roubles (€11 million before deferred taxes and €9 million after deferred taxes).

Using a 0% growth rate to infinity would lead to recognition of impairment of 319 million roubles (€5 million before deferred taxes and €4 million after deferred taxes).

## 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, 2017, Renault occupied two of the nine seats on Nissan's Board of Directors (unchanged since December 31, 2016).
- Renault-Nissan b.v., owned 50% by Renault and 50% by Nissan, is a joint entity formed by the Alliance, with decision-making power restricted to certain strategic issues concerning either group. As it coordinates common activities at the worldwide level, it can make decisions that respect each partner's independence. This decision-making power was conferred on Renault-Nissan b.v. to generate synergies and bring both automakers worldwide economies of scale. This entity does not enable Renault to direct Nissan's financial and operating strategies, which are governed by Nissan's Board of Directors and cannot therefore be considered to represent contractual control by Renault over Nissan. The matters examined by Renault-Nissan b.v. since it was formed have remained strictly within this contractual framework, and are not an indication that Renault exercises control over Nissan.
- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets.
- Renault provides no guarantees in respect of Nissan's debt.

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

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

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

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

Nissan held 0.7% of its own treasury shares at December 31, 2017. Consequently, Renault's percentage interest in Nissan is 43.7% and Renault holds 43.4% of voting rights in Nissan (unchanged since December 31, 2016).

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

| *(€ million)* | Share in net assets | | | Goodwill | Total |
|---|---|---|---|---|---|
| | **Before neutralization** | **Neutralization proportional to Nissan's investment in Renault** (1) | **Net** | | |
| **At December 31, 2016** | **18,528** | **(974)** | **17,554** | **750** | **18,304** |
| 2017 net income (2) | 2,791 | | 2,791 | | 2,791 |
| Dividend distributed | (710) | | (710) | | (710) |
| Translation adjustment | (1,403) | | (1,403) | (64) | (1,467) |
| Other changes (3) | 217 | | 217 | | 217 |
| **At December 31, 2017** | **19,423** | **(974)** | **18,449** | **686** | **19,135** |

*(1) Nissan has held 44,358,000 Renault shares since 2002, corresponding to an investment of around 15%.*
*(2) Including a positive €284 million impact of the disposal of Calsonic Kansei in the first quarter of 2017, and a positive €737 million impact of the US tax reform in the fourth quarter of 2017, giving a total impact of €1,021 million in 2017.*
*(3) 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, 2016 | 2017 net income | Dividends | Translation adjustment | Other changes [(1)] | December 31, 2017 |
|---|---|---|---|---|---|---|
| *(¥ billion)* | | | | | | |
| **Shareholders' equity – Parent-company shareholders' share under Japanese GAAP** | **4,479** | **827** | **(198)** | **130** | **74** | **5,312** |
| **Restatements for compliance with IFRS:** | | | | | | |
| Provision for pension and other long-term employee benefit obligations | 26 | (19) | | 1 | (14) | (6) |
| Capitalization of development expenses | 668 | (5) | | - | | 663 |
| Deferred taxes and other restatements | (146) | 44 | | 14 | (14) | (102) |
| **Net assets restated for compliance with IFRS** | **5,027** | **847** | **(198)** | **145** | **46** | **5,867** |
| Restatements for Renault Group requirements [(2)] | 204 | (35) | (14) | (41) | 19 | 133 |
| **Net assets restated for Renault Group requirements** | **5,231** | **812** | **(212)** | **104** | **65** | **6,000** |
| *(€ million)* | | | | | | |
| **Net assets restated for Renault Group requirements** | **42,388** | **6,387** | **(1,625)** | **(3,211)** | **503** | **44,442** |
| Renault's percentage interest | 43.7% | | | | | 43.7% |
| Renault's share (before neutralization effect described below) | 18,528 | 2,791 | (710) | (1,403) | 217 | 19,423 |
| Neutralization of Nissan's investment in Renault [(3)] | (974) | | | | | (974) |
| **Renault's share in the net assets of Nissan** | **17,554** | **2,791** | **(710)** | **(1,403)** | **217** | **18,449** |

*(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 2017 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2016 financial year and the first three quarters of its 2017 financial year.

| | **January to March 2017** | | **April to June 2017** | | **July to September 2017** | | **October to December 2017** | | **January to December 2017** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Fourth quarter of Nissan's 2016 financial year** | | **First quarter of Nissan's 2017 financial year** | | **Second quarter of Nissan's 2017 financial year** | | **Third quarter of Nissan's 2017 financial year** | | **Reference period for Renault's 2017 consolidated financial statements** | |
| | *(¥ billion)* | *(€ million)[(1)]* | *(¥ billion)* | *(€ million)[(1)]* | *(¥ billion)* | *(€ million)[(1)]* | *(¥ billion)* | *(€ million)[(1)]* | *(¥ billion)* | *(€ million)[(1)]* |
| Net income – Parent-company shareholders' share | 249 | 2,060 | 135 | 1,103 | 142 | 1,086 | 301 | 2,269 | 827 | 6,518 |

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

## F – Nissan financial information under IFRS

The table below presents Nissan financial information, restated under IFRS for the purposes of the Renault consolidation, for the years 2017 and 2016. 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.

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | *(¥ billion)* | *(€ million)* (1) | *(¥ billion)* | *(€ million)* (2) |
| Revenues | 11,869 | 93,711 | 11,383 | 94,611 |
| **Net income** | | | | |
| Parent-company shareholders' share | 813 | 6,415 | 507 | 4,214 |
| Non-controlling interests' share | 22 | 173 | 31 | 259 |
| **Other components of comprehensive income** | | | | |
| Parent-company shareholders' share | 198 | 1,567 | (444) | (3,694) |
| Non-controlling interests' share | 7 | 57 | (18) | (151) |
| **Comprehensive income** | | | | |
| Parent-company shareholders' share | 1,011 | 7,982 | 63 | 520 |
| Non-controlling interests' share | 29 | 230 | 13 | 108 |
| Dividends received from Nissan | 93 | 710 | 86 | 728 |
| | **December 31, 2017** | | **December 31, 2016** | |
| | *(¥ billion)* | *(€ million)* (1) | *(¥ billion)* | *(€ million)* (2) |
| Non-current assets | 7,978 | 59,095 | 7,596 | 61,556 |
| Current assets | 12,314 | 91,206 | 11,493 | 93,136 |
| **TOTAL ASSETS** | **20,292** | **150,301** | **19,089** | **154,692** |
| Shareholders' equity | | | | |
| Parent-company shareholders' share | 5,868 | 43,462 | 5,028 | 40,746 |
| Non-controlling interests' share | 288 | 2,133 | 425 | 3,444 |
| Non-current liabilities | 6,951 | 51,484 | 6,553 | 53,104 |
| Current liabilities | 7,185 | 53,222 | 7,083 | 57,398 |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **20,292** | **150,301** | **19,089** | **154,692** |

*(1) Converted at the average exchange rate for 2017 i.e. 126.7 JPY = 1 EUR for income statement items, and at the December 31, 2017 rate i.e. 135.0 JPY = 1 EUR for financial position items.*
*(2) Converted at the average exchange rate for 2016 i.e. 120.3 JPY = 1 EUR for income statement items, and at the December 31, 2016 rate i.e. 123.4 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, 2017, the corresponding hedging operations totalled ¥181 billion (€1,341 million), comprising ¥24 billion (€178 million) of private placements on the EMTN market and ¥157 billion (€1,163 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2017, these operations generated favourable foreign exchange differences of €113 million (unfavourable difference of €70 million in 2016). The net favourable effect of €96 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, 2017 of ¥1,123.5 per share, Renault's investment in Nissan is valued at €15,244 million (€17,450 million at December 31, 2016 based on the price of ¥1,175.5 per share).

## I – Impairment test of the investment in Nissan

At December 31, 2017, the stock market value of the investment was 20.3% lower than the value of Nissan in Renault's statement of financial position (4.7% lower at December 31, 2016).

In application of the approach presented in the note on accounting policies (note 2-M), an impairment test was carried out at December 31, 2017. An after-tax discount rate of 8.1% and a growth rate to infinity (including the effect of inflation) of 4.2% were used to calculate value in use. The terminal value was calculated under profitability assumptions consistent with Nissan's past data and balanced medium-term prospects.

The test results did not lead to recognition of any impairment on the investment in Nissan at December 31, 2017.

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

## J – Operations between the Renault Group and the Nissan Group

### *J1 – Automotive (excluding AVTOVAZ) and Sales Financing*

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

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

- Industrial production: cross-over production of vehicles and components in the Alliance's manufacturing plants:
    - Sales by the Renault Group to the Nissan group in 2017 totalled approximately €4,961 million (€4,105 million in 2016), comprising around €3,362 million for vehicles (€2,465 million in 2016), €1,501 million for components (€1,580 million in 2016), and €98 million for services (€60 million in 2016). The increase is mainly driven by sales of vehicles made by Renault Samsung Motors for Nissan North America, and the Nissan Micra made in Flins, France.
    - Purchases by the Renault Group from the Nissan group in 2017 totalled approximately €2,400 million (€2,115 million in 2016), comprising around €1,240 million of vehicles (€1,170 million in 2016), €1,028 million of components (€795 million in 2016), and €132 million of services (€150 million in 2016).
    - The balance of Renault Group receivables on the Nissan group is €853 million at December 31, 2017 (€430 million at December 31, 2016) and the balance of Renault Group liabilities to the Nissan group is €795 million at December 31, 2017 (€647 million at December 31, 2016).

- Finance: In addition to its activity for Renault, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange and interest rate. Renault Finance undertook approximately €20.9 billion of forex transactions on the foreign exchange market for Nissan in 2017 (€19.7 billion in 2016). 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 €63 million at December 31, 2017 (€70 million at December 31, 2016) and derivative liabilities amount to €41 million at December 31, 2017 (€74 million at December 31, 2016).

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 2017, RCI Banque recorded €137 million of service revenues in the form of commission and interest received from Nissan (€134 million at December 31, 2016). The balance of Sales financing receivables on the Nissan group is €107 million at December 31, 2017 (€78 million at December 31, 2016) and the balance of liabilities is €191 million at December 31, 2017 (€210 million at December 31, 2016).

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

***J2 – AVTOVAZ***

In 2017, total sales by AVTOVAZ to Nissan and purchases by AVTOVAZ from Nissan amounted to an estimated €233 million and €30 million respectively.

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

- a non-current receivable for jointly controlled assets amounting to €38 million (€50 million at December 31, 2016),
- operating receivables and payables amounting respectively to €25 million and €69 million (€68 million and €118 million at December 31, 2016).

## 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)* | **2017** | **2016** |
|---|---|---|
| **Share in net income (loss) of other associates and joint ventures** | **8** | **(103)** |
| AVTOVAZ [(1)] | - | (89) |
| Other associates accounted for under the equity method | 10 | 17 |
| Joint ventures accounted for under the equity method | (2) | (31) |

*(1) AVTOVAZ has been fully consolidated since December 31, 2016 following acquisition of control on December 28, 2016 (4.2.6.1 and note 3-B).*

- Consolidated statement of financial position

| *(€ million)* | **December 31,2017** | **December 31, 2016** |
|---|---|---|
| **Investments in other associates and joint ventures** | **676** | **722** |
| Associates accounted for under the equity method | 380 | 398 |
| Joint ventures accounted for under the equity method | 296 | **324** |

### A – Investment in AVTOVAZ

As a result of AVTOVAZ's 26.14 billion rouble cash capital increase in late December 2016, corresponding to 2,904,524,987 new ordinary shares, of which 14.85 billion roubles (1,650,000 shares) were subscribed by Alliance Rostec Auto B.V., and Renault's subscription to the cash capital increase by Alliance Rostec Auto B.V on December 28, 2016, Renault acquired control over AVTOVAZ and Alliance Rostec Auto B.V. on December 28, 2016. Consequently Alliance Rostec Auto B.V. and AVTOVTAZ are fully consolidated from December 31, 2016 and accounted for by the equity method until that date.

The AVTOVAZ Group's published financial information under IFRS for the year ended December 31, 2016 (excluding items included in the consolidated financial position) is summarized below:

| | 2016 | |
|---|---|---|
| | *(in millions of roubles)* | *(€ million [(1)])* |
| Revenues | 184,931 | 2,492 |
| **Operating margin** | **(16,233)** | **(219)** |
| Other operating income and expenses | (24,377) | (328) |
| **Operating income (loss)** | **(40,610)** | **(547)** |
| **Net income** | **(44,779)** | **(603)** |
| Parent-company shareholders' share | (45,008) | (606) |
| Non-controlling interests' share | 229 | 3 |
| **Other components of comprehensive** | **(214)** | **(3)** |
| Parent-company shareholders' share | (172) | (3) |
| Non-controlling interests' share | (42) | - |
| **Comprehensive income** | **(44,993)** | **(606)** |
| Parent-company shareholders' share | (45,180) | (609) |
| Non-controlling interests' share | 187 | 3 |
| Dividends received from AVTOVAZ | - | - |
| | **2016** | |
| | *(in millions of roubles)* | *(€ million [(1)])* |
| Cash flows from operating activities | (11,259) | (152) |
| Cash flows from investing activities | (13,553) | (183) |
| *including: acquisitions/disposals of property, plant and equipment, and intangible assets* | *(13,708)* | *(185)* |
| Cash flows from investing activities and translation adjustment | 37,435 | 504 |
| *including: cash flows from the December 2016 capital increase* | *26,141* | *352* |
| **Increase (decrease) in cash and cash equivalents** | **12,623** | **170** |

*(1) Converted at the average exchange rate for January to December 2016, i.e. 74.2236 RUB = 1 EUR for income statement and cash flow items. Balance sheet figures at December 31, 2016 are included in the information by operating segment in section 4.2.6.1-A. The AVTOVAZ income statement used for its inclusion by the equity method in the Renault Group financial statements is converted by applying the average exchange rate for each quarter to the financial statements for the corresponding quarter.*

## 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, 2017 | December 31, 2016 |
| **Entities under significant influence** | | | | |
| ***Automotive (excluding AVTOVAZ)*** | | | | |
| 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 |
| ***AVTOVAZ*** | | | | |
| Ferro VAZ GmbH *(1)* | Germany | Export and import of machinery, equipment and spare parts | 50 | 50 |
| ***Sales Financing*** | | | | |
| RN Bank | Russia | Automotive sales financing | 30 | 30 |
| BARN B.V. | Netherlands | Holding | 30 | 30 |
| Nissan Renault Financial Services India Private Limited | India | Automotive sales financing | 30 | 30 |
| **Joint ventures** | | | | |
| ***Automotive (excluding AVTOVAZ)*** | | | | |
| 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 |
| ***AVTOVAZ*** | | | | |
| ZAO GM-AVTOVAZ *(1)* | Russia | Vehicle manufacturing and automotive sales | 50 | 50 |
| ***Sales Financing*** | | | | |
| Renault Credit Car | Belgium | Automotive sales financing | 50 | 50 |
| RN SF B.V. | Netherlands | Holding | 50 | 50 |
| Orfin Finansman Anonim Sirketi | Turkey | Automotive sales financing | 50 | 50 |

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

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Investments in associates | 380 | 398 |
| Share in income (loss) of associates | 10 | 17 |
| Share of associates in other components of comprehensive income | (28) | - |
| Share of associates in comprehensive income | (18) | 17 |

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

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Investments in joint ventures | 296 | 324 |
| Share in income (loss) of joint ventures | (2) | (31) |
| Share of joint ventures in other components of comprehensive income | (23) | (13) |
| Share of joint ventures in comprehensive income | (25) | (44) |

## NOTE 14 – INVENTORIES

| *(€ million)* | December 31, 2017 | | | December 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Gross value | Impairment | Net value | Gross value | Impairment | Net value |
| Raw materials and supplies | 1,845 | (328) | 1,517 | 1,789 | (309) | 1,480 |
| Work in progress | 390 | (1) | 389 | 308 | (4) | 304 |
| Used vehicles | 1,589 | (91) | 1,498 | 1,456 | (77) | 1,379 |
| Finished products and spare parts | 3,076 | (152) | 2,924 | 2,804 | (154) | 2,650 |
| **TOTAL** | **6,900** | **(572)** | **6,328** | **6,357** | **(544)** | **5,813** |

## NOTE 15 – SALES FINANCING RECEIVABLES

### A – Sales financing receivables by nature

| *(€ million)* | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Dealership receivables | 10,210 | 9,550 |
| Financing for end-customers | 22,085 | 19,219 |
| Leasing and similar operations | 7,649 | 6,241 |
| **Gross value** | **39,944** | **35,010** |
| Impairment | (610) | (652) |
| **Net value** | **39,334** | **34,358** |

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

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

***B1 – Assignment of sales financing assets***

| *(€ million)* | December 31, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| | Balance sheet value | Fair value | Balance sheet value | Fair value |
| Assigned receivables carried in the balance sheet | 10,391 | 10,344 | 9,768 | 9,730 |
| Associated liabilities | 2,272 | 2,326 | 3,064 | 3,091 |

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 trough 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, the Sales Financing segment has provided guarantees to the Banque de France (under France's central collateral management system 3G (*Gestion Globale des Garanties)* in the form of assets with book value of €6,949 million at December 31, 2017 (€ 5,453 million at December 31, 2016). These guarantees comprise €5,676 million in the form of shares in securitization vehicles, €168 million in euro bonds and €1,106 million in sales financing receivables (€4,504 million of shares in securitization vehicles, €168 million in euro bonds and €781 million in sales financing receivables at December 31, 2016). The funding provided by the Banque de France against these guarantees amounts to €2,500 million at December 2017 (€2,000 million at December 2016). All assets provided as guarantees to the Banque de France remain in the balance sheet.

### C – Sales financing receivables by maturity

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| - 1 year | 20,067 | 18,456 |
| 1 to 5 years | 18,819 | 15,565 |
| + 5 years | 448 | 337 |
| **Total sales financing receivables – net** | **39,334** | **34,358** |

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

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| **Receivables for which impairment has been recognized: overdue by** [(1)] | **375** | **373** |
| *0 to 90 days* | *52* | *46* |
| *90 to 180 days* | *51* | *45* |
| *More than 180 days* | *272* | *282* |
| **Receivables for which no impairment has been recognized: overdue by** | **271** | **224** |
| *0 to 90 days* | *271* | *224* |

*(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 €660 million at December 31, 2017 (€593 million at December 31, 2016).

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)* | |
|---|---|
| **Value at December 31, 2016** | **(652)** |
| Impairment recorded during the year | (296) |
| Reversals for use of impairment | 164 |
| Reversals of unused residual amounts | 161 |
| Translation adjustments and other | 13 |
| **Value at December 31, 2017** | **(610)** |

Net credit losses amounted to €67 million in 2017 (€104 million in 2016).

## NOTE 16 – AUTOMOTIVE RECEIVABLES

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Gross value | 2,572 | 2,747 |
| Impairment [(1)] | (819) | (847) |
| **AUTOMOTIVE RECEIVABLES – NET** | **1,753** | **1,900** |

*(1) Including €(677) million related to Iran at December 31, 2017 and €(699) million at December 31, 2017.*

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

When substantially all the risks and benefits are not transferred, although from a legal standpoint receivables have been assigned to Group sales financing companies or other non-Group entities, they remain in Automotive receivables and a corresponding financial liability is recorded (in other interest-bearing borrowings). The amount of assigned receivables of the Automotive (excluding AVTOVAZ) segment that remain in the balance sheet because the Group retains the credit risk or risk of late settlement is not significant at December 31, 2017.

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

There are no significant concentrations of credit risk in the AVTOVAZ segment.

At December 31, 2017, the maturity status of receivables for which no impairment has been recognized is as follows:

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Not yet due and not impaired | 1,560 | 1,725 |
| Overdue by up to 30 days | 78 | 63 |
| Overdue by 31 to 90 days | 62 | 63 |
| Overdue by more than 90 days | 53 | 49 |
| **GROSS VALUE** | **1,753** | **1,900** |

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

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

| *(€ million)* | **December 31, 2017** | | | **December 31, 2016** | | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Total | Non-current | Current | Total |
| Prepaid expenses | 249 | 307 | 556 | 193 | 283 | **476** |
| Tax receivables (excluding current taxes due) | 527 | 1,846 | 2,373 | 517 | 1,737 | **2,254** |
| Taxes due (1) | 4 | 91 | 95 | - | 44 | **44** |
| Other receivables | 555 | 1,728 | 2,283 | 574 | 1,349 | **1,923** |
| Investments in controlled unconsolidated entities | 100 | - | 100 | 82 | - | **82** |
| Derivatives on operating transactions of the Automotive segments | - | 10 | 10 | - | 4 | **4** |
| Derivatives on financing transactions of the Sales Financing segment | - | 123 | 123 | - | 238 | **238** |
| **TOTAL** | **1,435** | **4,105** | **5,440** | **1,366** | **3,655** | **5,021** |
| *Gross value* | *1,470* | *4,307* | *5,777* | *1,394* | *3,860* | ***5,254*** |
| *Impairment* | *(35)* | *(202)* | *(237)* | *(28)* | *(205)* | ***(233)*** |

*(1) Current taxes due are reported separately in the consolidated financial position (section 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” Tax Credit For Competitivity and Employment), when substantially all the risks and benefits associated with ownership of the receivables are transferred. In the case of tax receivables, assignment only gives rise to recognition if the risk of dilution is deemed to be non-existent, notably when the assigned receivables have already been subject to a tax inspection or preliminary audit.

The total amount of tax receivables assigned and derecognized in 2017 is €194 million, comprising €144 million of CIR receivables and €50 million of CICE receivables (€50 million of CICE receivables in 2016). No assigned tax receivables remained in the balance sheets at December 31, 2017 and 2016.

## NOTE 18 – SHAREHOLDERS' EQUITY

### A – Share capital

The total number of ordinary shares issued and fully paid at December 31, 2017 is 295,722 thousand, with par value of €3.81 per share (unchanged compared to December 31, 2016).

Treasury shares do not bear dividends. They account for 2.17% of Renault's share capital at December 31, 2017 (1.57% at December 31, 2016).

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 (excluding AVTOVAZ) 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 (excluding AVTOVAZ) segment presents a net liquidity position at December 31, 2017 and December 31, 2016 (section 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 is 15.01% at December 31, 2017 (15.74% at December 31, 2016).

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

### C – Renault treasury shares

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

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Total value of treasury plans *(€ million)* | 494 | 321 |
| Total number of treasury shares | 6,414,355 | 4,649,545 |

On November 3, 2017, the French government announced the closing of its sale of 4.73% of the share capital of Renault (i.e. 14 million shares) through an institutional placement with accelerated book building.

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

This employee offering will be made within one year, on terms to be decided by the Board of Directors.

### D – Distributions

At the General and Extraordinary Shareholders' Meeting of June 15, 2017, it was decided to distribute a dividend of €3.15 per share representing a total amount of €916 million (€2.40 per share or a total of €701 million in 2016). This dividend was paid in June, 2017.

## E – Translation adjustment

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

| *(€ million)* | 2017 | 2016 |
|---|---|---|
| Change in translation adjustment on the value of the investment in Nissan | (1,467) | 12 |
| Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G) | 96 | 134 |
| **TOTAL CHANGE IN TRANSLATION ADJUSTMENT RELATED TO NISSAN** | **(1,371)** | **146** |
| Effect of the acquisition of control, as defined by IFRS 10, over AVTOVAZ | - | 349 |
| Other changes in translation adjustment | (324) | (94) |
| **TOTAL CHANGE IN TRANSLATION ADJUSTMENT** | **(1,695)** | **401** |

The effects of the acquisition of control, as defined by IFRS 10, over AVTOVAZ on the translation adjustment are presented on notes 3 and 13-A to the consolidated financial statements for 2016.

In 2016 and 2017, other changes in the translation adjustment mostly resulted from movements in the Russian rouble, the Brazilian real and the Argentinian peso.

## F – Financial instrument revaluation reserve

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

The figures below are reported net of tax effects.

| *(€ million)* | Cash flow hedges | Available-for-sale financial assets | Total |
|---|---|---|---|
| **At December 31, 2016** (1) | **8** | **738** (2) | **746** |
| Changes in fair value recorded in shareholders' equity | (4) | 63 | 59 |
| Transfer from shareholders' equity to profit loss (3) | (12) | 3 | (9) |
| **At December 31, 2017** (1) | **(8)** | **804** (2) | **796** |

*(1) For the schedule of amounts related to cash flow hedges transferred from shareholder's 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)* | 2017 | 2016 |
|---|---|---|
| Operating Margin | (22) | 5 |
| Other operating income and expenses | - | - |
| Net financial income (expense) | - | - |
| Share in net income of associates and joint ventures | - | - |
| Current and deferred taxes | 10 | (9) |
| **Total transferred to the income statement for cash flow hedges** | **(12)** | **(4)** |

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

| *(€ million)* | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Within one year | (3) | 3 |
| After one year | (2) | (12) |
| **Revaluation reserve for cash flow hedges excluding associates and joint ventures** | **(5)** | **(9)** |
| Revaluation reserve for cash flow hedges – associates and joint ventures | (3) | 17 |
| **Total revaluation reserve for cash flow hedges** | **(8)** | **8** |

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 compensation for a given year would be converted into shares that will vest subject to conditions of performance and continued employment at Renault from 2013 onwards, while the continued employment condition only applies from 2016 onwards.

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

| | Stock options | | | Share rights (1) |
|---|---|---|---|---|
| | Quantity | Weighted average exercise price (€) | Weighted average share price at grant and exercise dates (€) | |
| **Options outstanding and rights not yet vested at January 1, 2017** | **430,049** | **37** | **-** | **4,165,297** |
| Granted | - | - | - | 1,450,328 |
| Options exercised or vested rights | (130,710) (2) | - | 50 (3) | (890,480)(4) |
| Options and rights expired and other adjustments | - | - | - | (139,296) |
| **Options outstanding and rights not yet vested at December 31, 2017** | **299,339** | **37** | **-** | **4,585,849** |

*(1) The figures include stock options awarded as part of the Chairman and CEO's performance-related remuneration.*
*(2) Stock options exercised in 2017 were granted under plans 18 and 19 in 2011 and plan 20 in 2012.*
*(3) Price at which the shares were acquired by the Group to cover future options.*
*(4) Performance shares vested mainly relate to plan 21 introduced in 2014*

***G2 – Stock options***

For plans current in 2017, options attributed vest after a period of 4 years, and the exercise period then covers the 4 following years:

| Plan | Type of plan | Grant date | Exercise price *(€)* | Options outstanding at December 31, 2017 | Exercise period |
|---|---|---|---|---|---|
| Plan 18 | Stock purchase options | April 29, 2011 | 38.80 | 133,018 | April 30, 2015 – April 28, 2019 |
| Plan 19 | Stock purchase options | December 8, 2011 | 26.87 | 38,800 | December 9, 2015 – December 7, 2019 |
| Plan 20 | Stock purchase options | December 13, 2012 | 37.43 | 127,521 | December 13, 2016 – December 12, 2020 |
| | | | **TOTAL** | **299,339** | |

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

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

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

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

| Plan | Type of plan | Grant date | Share rights awarded at December 31, 2017 | Vesting date | Holding period |
|---|---|---|---|---|---|
| Plan 21 [(1)] | Performance shares | February 12, 2014 | -<br>303,590 | February 12, 2017 [(2)]<br>February 12, 2018 | February 12, 2017– February 12, 2019<br>None |
| Plan 22 [(1)] | Performance shares | February 11, 2015 | 1,017,730<br>383,801 | February 11, 2018<br>February 11, 2019 | February 11, 2018 – February 11, 2020<br>None |
| Plan 23 [(1)] | Performance shares | April 29, 2016 | 983,600<br>360,800 | April 29, 2019<br>April 29, 2020 | April 29, 2019 – April 29, 2020<br>None |
| Plan 23 bis | Performance shares | July 27, 2016 | 100,000 | July 27, 2020 | None |
| Plan 24 [(1)] | Performance shares | February 9, 2017 | 1,002,310<br>434,018 | February 9, 2020<br>February 9, 2021 | February 9, 2020 – February 9, 2021<br>None |
| | | **TOTAL** | **4,585,849** | | |

*(1) These figures include shares awarded as part of the Chairman and CEO's performance-related remuneration.*
*(2) The performance shares concerned by these plans were issued to beneficiaries in 2017.*

### 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 2017 *(€ million)* | Expense for 2016 *(€ million)* | Share price at grant date *(€)* | Volatility | Interest rate | Exercise price *(€)* | Duration of option | Dividend per share *(€)* |
|---|---|---|---|---|---|---|---|---|---|---|
| Plan 18 | 3,422 | 9.31 | | - | 36.70 | 37.28 % | 2.28 % | 38.80 | 4-8 years | 0.30 – 1.16 |
| Plan 19 | 1,608 | 5.36 | | - | 27.50 | 42.24 % | 1.99 % | 26.87 | 4-8 years | 1.19 – 1.72 |
| Plan 20 | 2,708 | 6.87 | | (1) | 40.39 | 35% | 0.71% | 37.43 | 4-8 years | 1.57- 2.19 |
| Plan 20 bis | 21,767 | 36.38 | | (1) | 43.15 | N/A | 0.87% | N/A | 2-4 years | 1.57 -1.97 |
| Plan 21 [(1)] | 38,702<br>13,653 | 53.69<br>54.97 | (3)<br>(4) | (15)<br>(4) | 65.76<br>65.61 | N/A<br>N/A | 0.20%<br>0.19% | N/A<br>N/A | 3-5 years<br>4 years | 1.72 – 1.97<br>1.72 – 1.97 |
| Plan 22 [(1)] | 51,509<br>19,138 | 66.51<br>65.19 | (20)<br>(5) | (22)<br>(6) | 78.75<br>76.58 | N/A<br>N/A | (0.10)%<br>(0.03)% | N/A<br>N/A | 3-5 years<br>4 years | 1.90 – 2.22<br>1.90 – 2.22 |
| Plan 23 [(1)] | 53,728<br>19,929 | 66.38<br>65.72 | (18)<br>(5) | (12)<br>(3) | 80.25<br>76.16 | N/A<br>N/A | (0.48)%<br>(0.48)% | N/A<br>N/A | 3-4 years<br>4 years | 2.40 – 2.88<br>2.40 – 2.88 |
| Plan 23 bis | 5,348 | 65.34 | (1) | (1) | 76.99 | N/A | (0.48)% | N/A | 4 years | 2.40 – 2.88 |
| Plan 24 [(1)] | 53,646<br>22,167 | 66.18<br>66.16 | (16)<br>(5) | -<br>- | 82.79 | N/A<br>N/A | (0.56)%<br>(0.57)% | N/A<br>N/A | 3-4 years<br>4 years | 3.15 – 3.34<br>3.15 – 3.34 |
| | | **TOTAL** | **(77)** | **(65)** | | | | | | |

*(1) For these plans, performance shares were awarded at different dates within the stated period. The figures also include shares awarded as part of the Chairman and CEO's performance-related compensation. 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, 2017 | December 31, 2016 | 2017 | 2016 | December 31, 2017 | December 31, 2016 (1) | 2017 | 2016 |
| **Automotive (excl. AVTOVAZ)** | | | | | | | | | |
| Renault Samsung Motors | Korea | 20% | 20% | 45 | 49 | 210 | 198 | (32) | (31) |
| Oyak Renault Otomobil Fabrikalari | Turkey | 48% | 48% | 51 | 43 | 257 | 243 | (38) | (53) |
| Other | N/A | N/A | N/A | 7 | 8 | 29 | 32 | (10) | (9) |
| **Total - Automotive (excluding AVTOVAZ)** | | | | **103** | **100** | **496** | **473** | **(80)** | **(93)** |
| **Sales Financing** | | | | | | | | | |
| Banco RCI Brasil (2) | Brazil | 40% | 40% | 20 | 17 | - | - | (51) | (6) |
| Rombo Compania Financiera (2) | Argentina | 40% | 40% | 4 | 5 | - | - | - | (6) |
| RCI Colombia S.A. Compania de Financiamiento (3) | Colombia | 49% | - | 1 | - | 20 | - | - | - |
| Other | N/A | N/A | N/A | 2 | 2 | 14 | 13 | (2) | (3) |
| **Total – Sales financing** | | | | **27** | **24** | **34** | **13** | **(53)** | **(15)** |
| **AVTOVAZ** | | | | | | | | | |
| Alliance Rostec Auto B.V. (4) | Netherlands | 18% | 27% | - | - | 211 | 346 | - | - |
| AVTOVAZ (4) | Russia | 26% | 35% | (33) | - | (430) | (603) | - | - |
| LLC United Automobile Group (4) | Russia | 26% | 35% | 1 | - | (24) | (35) | - | - |
| Other | N/A | N/A | N/A | (2) | - | 7 | (13) | - | - |
| **Total AVTOVAZ** | | | | **(34)** | **-** | **(236)** | **(305)** | **-** | **-** |
| **TOTAL** | | | | **96** | **124** | **294** | **181** | **(133)** | **(108)** |

(1) *The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B) , and are thus different from the previously published figures.*
(2) *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 €129 million for the Brazilian subsidiary and €25 million for the Argentinian subsidiary at December 31, 2017 (€178 million and €25 million respectively at December 31, 2016). 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.*
(3) *Entity that was fully consolidated for the first time in 2017.*
(4) *The percentages of voting rights held by non-controlling interests under the legal analysis (see note 3-B) are 34% in ARA B.V. and 35% in the AVTOVAZ Group at December 31, 2017 (43% and 35% respectively at December 31, 2016).*

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, 2017 | December 31, 2016 |
| ***Automotive (excluding AVTOVAZ)*** | | | | |
| Renault Nissan Technology and Business Centre India Private Limited (RNTBCI) (1) | India | Shared service centre | 67 | 67 |

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

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

### A – Pension and benefit plans

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

- Defined-contribution plans

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

The total expense for defined-contribution plans was €619 million in 2017 (€592 million in 2016).

- Defined-benefit plans

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

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

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

- Principal defined-benefit plans of the Group

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

The Group's most significant supplementary pension plan is in the United Kingdom, where two defined-benefit pension plans are managed as part of a dedicated pension fund comprising two compartments: one concerns Automotive subsidiaries (excluding AVTOVAZ), the other RCI Financial Services Ltd. This plan has been closed to new beneficiaries since 2004, and concerns 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 (excluding AVTOVAZ) segment is underfunded and the Group has made a commitment to cover the shortfall by 2026 through payments amounting to £5 million maximum per year. In application of IAS 19, the deficit for this fund compartment is valued at £71 million at December 31, 2017. The deficit for the fund compartment dedicated to RCI Financial Services Ltd is valued at £10 million at December 31, 2017 under IAS 19.

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

| Main actuarial assumptions and actual data for the Group's retirement indemnities in France | December 31, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| | Renault s.a.s. | Others | Renault s.a.s. | Others |
| Retirement age | 60 to 65 years | 60 to 65 years | 60 to 65 years | 60 to 65 years |
| Discount rate (1) | 1.43% | 0.58% to 2% | 1.44% | 1% to 2% |
| Salary increase rate | 2.5% | 1% to 2.7% | 2.7% | 1% to 2.7% |
| Duration of plan | 13 years | 7 to 20 years | 13 years | 7 to 20 years |
| Gross obligation | €1,062 million | €175 million | €1,093 million | €172 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, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| | Automotive excl. AVTOVAZ | Sales financing | Automotive excl. AVTOVAZ | Sales financing |
| Financial discount rate (1) | 2.5% | 2.5% | 2.7% | 2.7% |
| Salary increase rate | 2% | 3.1% | 2% | 3.15% |
| Duration of plan | 20 years | 25 years | 21 years | 26 years |
| Actual return on fund assets | 7.4% | 8.8% | 13% | 16.3% |
| Gross obligation | €363 million | €37 million | €340 million | €34 million |
| Fair value of assets invested via pension funds | €284 million | €27 million | €271 million | €25 million |

*(1) In 2017, the discount rate was determined by reference to the interest rate curve established by Deloitte based on the iBoxx £ index for AA-rated corporate bonds (DTRB £ AA corporate bond yield curve). In 2016, the discount rate was determined on the basis of the Mercer Yield Curve.*

### C – Net expense for the year

| *(€ million)* | 2017 | 2016 |
|---|---|---|
| Current service cost | 94 | 96 |
| Past service cost and (gain) / loss on settlement (1) | (92) | (3) |
| Net interest on the net liability (asset) | 25 | 31 |
| Effects of workforce adjustment measures | - | (1) |
| **Net expense (income) for the year recorded in the income statement** | **27** | **123** |

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

## D – Detail of balance sheet provision

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

| *(€ million)* | December 31, 2017 | | |
|---|---|---|---|
| | **Present value of the obligation** | **Fair value of fund assets** | **Net defined-benefit liability (asset)** |
| **Retirement and termination indemnities** | | | |
| France | 1,237 | - | 1,237 |
| Europe (excluding France) | 15 | - | 15 |
| Americas | 2 | - | 2 |
| Asia - Pacific | - | - | - |
| Africa – Middle East - India | 2 | - | 2 |
| Eurasia (1) | 43 | - | 43 |
| **Total retirement and termination indemnities** | **1,299** | **-** | **1,299** |
| **Supplementary pensions** | | | |
| France | 125 | (60) | 65 |
| United Kingdom | 400 | (311) | 89 |
| Europe (excluding France and United Kingdom) (2) | 255 | (166) | 89 |
| Americas | 5 | - | 5 |
| Asia - Pacific | 2 | - | 2 |
| **Total supplementary pensions** | **787** | **(537)** | **250** |
| **Other long-term benefits** | | | |
| France (3) | 82 | - | 82 |
| Europe (excluding France) | 2 | - | 2 |
| Americas | 2 | - | 2 |
| **Total other long-term benefits** | **86** | **-** | **86** |
| **TOTAL (4)** | **2,172** | **(537)** | **1,635** |

*(1) Essentially Romania and Turkey.*
*(2) Essentially Germany, the Netherlands and Switzerland.*
*(3) Flexible holiday entitlements and long-service awards.*
*(4) Total net liability due within one year: €51 million; total net liability due after one year: €1,584 million.*

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

| *(€ million)* | December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | **- 1 year** | **1 to 5 years** | **5 to 10 years** | **+ 10 years** | **Total** |
| Present value of obligation | 61 | 285 | 401 | 1,425 | 2,172 |
| Fair value of plan assets | (10) | (45) | (63) | (419) | (537) |
| **Net defined benefit liability (asset)** | **51** | **240** | **338** | **1,006** | **1,635** |

The weighted average duration of plans is 15 years at December 31, 2017 (as at December 31, 2016).

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

| *(€ million)* | **Present value of the obligation (A)** | **Fair value of the fund assets (B)** | **Net defined-benefit liability (A) +(B)** |
|---|---|---|---|
| **Balance at December 31, 2016** | **2,295** | **(524)** | **1,771** |
| Current service cost | 94 | - | 94 |
| Past service cost and gain/loss on liquidation | (92) | - | (92) |
| Net interest on the net liability (asset) | 36 | (11) | 25 |
| Effects of workforce adjustment measures | - | - | - |
| **Net expense (income) for 2017 recorded in the income statement (19-C)** | **38** | **(11)** | **27** |
| Actuarial gains and losses on the obligation resulting from changes in demographic assumptions | 16 | - | 16 |
| Actuarial gains and losses on the obligation resulting from changes in financial effects | (35) | - | (35) |
| Actuarial gains and losses on the obligation resulting from experience effects | 8 | - | 8 |
| Net return on fund assets (not included in net interest above) | - | (2) | (2) |
| **Net expense (income) for 2017 recorded in other components of comprehensive income** | **(11)** | **(2)** | **(13)** |
| Employer's contributions to funds | - | (31) | (31) |
| Employee's contributions to funds | - | (6) | (6) |
| Benefits paid under the plan | (129) | 24 | (105) |
| Benefits paid upon liquidation of a plan | - | - | - |
| Effect of changes in exchange rate | (21) | 13 | (8) |
| Effect of changes in scope of consolidation | - | - | - |
| **Balance at December 31, 2017** | **2,172** | **(537)** | **1,635** |

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €634 million at December 31, 2017 (an expense of €620 million at December 31, 2016).

A 100 base point decrease in discount rates used for each plan would result in a €286 million increase in the amount of obligations at December 31, 2017 (€316 million at December 31, 2016), and a 100 base point increase in discount rates used for each plan would result in a €230 million decrease in the amount of obligations at December 31, 2017 (€254 million at December 31, 2016).

### F – Fair value of fund assets

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

| *(€ million)* | December 31, 2017 | | |
|---|---|---|---|
| | **Assets listed on active markets** | **Unlisted assets** | **Total** |
| **Pension funds** | | | |
| Cash and cash equivalents | - | - | - |
| Shares | 85 | - | 85 |
| Bonds | 197 | - | 197 |
| Shares in mutual funds and other | 31 | 4 | 35 |
| **Total – Pension funds** | **313** | **4** | **317** |
| **Insurance companies** | | | |
| Cash and cash equivalents | 5 | - | 5 |
| Shares | 5 | 2 | 7 |
| Bonds | 180 | 3 | 183 |
| Real estate property | 16 | - | 16 |
| Shares in mutual funds and other | - | 9 | 9 |
| **Total insurance companies** | **206** | **14** | **220** |
| **TOTAL** | **519** | **18** | **537** |

Pension fund assets mainly relate to plans located in the United Kingdom (57.9%). Insurance contracts principally concern France (11.1%), Germany (4.8%), the Netherlands (19.3%) and Switzerland (5.7%). 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 5.17% in 2017 (8.45% in 2016).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2017 is approximately €15 million.

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

## NOTE 20 – CHANGE IN PROVISIONS

| *(€ million)* | **Restructuring provisions** | **Warranty provisions** | **Tax risks and litigation provisions** | **Insurance activities [(1)]** | **Other provisions** | **Total** |
|---|---|---|---|---|---|---|
| **At December 31, 2016 [(2)]** | **431** | **965** | **440** | **369** | **361** | **2,566** |
| Increases | 106 | 557 | 95 | 96 | 105 | 959 |
| Reversals of provisions for application | (193) | (525) | (153) | (33) | (51) | (955) |
| Reversals of unused balance of provisions | (7) | (6) | (39) | - | (25) | (77) |
| Changes in scope of consolidation | - | - | 5 | - | - | 5 |
| Translation adjustments and other changes | (18) | (18) | (28) | - | (5) | (69) |
| **At December 31, 2017 [(3)]** | **319** | **973** | **320** | **432** | **385** | **2,429** |

*(1) Mainly technical reserves established by the sales financing activity's insurance companies.*
*(2) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B) , and are thus different from the previously published figures.*
*(3) Short-term portion of provisions: €915 million; long-term portion provisions: €1,514 million.*

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk. During 2017, the Group recorded no significant new litigation in provisions. Information on contingent liabilities is provided in note 28-A2.

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

At December 31, 2017, “Other provisions” include €70 million of provisions established in application of environmental regulations (€61 million at December 31, 2016). These include provisions to cover expenses relating to end-of-life vehicles and used batteries, and environmental compliance costs for industrial land that the Group intends to sell in the Europe region and industrial sites in the Americas region. They also include €3 million for depollution of commercial land belonging to Renault Retail Group (€7 million at December 31, 2016), and a provision of €3 million for water pollution in the AVTOVAZ Group’s financial statements (€9 million at December 31, 2016).

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

| *(€ million)* | **December 31, 2017** | | | **December 31, 2016** | | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Total | Non-current | Current | Total |
| Tax liabilities (excluding current taxes due) | 55 | 1,278 | 1,333 | 70 | 1,323 | 1,393 |
| Current taxes due | - | 246 | 246 | - | 321 | 321 |
| Social liabilities | 22 | 1,434 | 1,456 | 21 | 1,405 | 1,426 |
| Other liabilities | 189 | 5,918 | 6,107 | 247 | 5,695 | 5,942 |
| Deferred income | 1,313 | 1,308 | 2,621 | 1,192 | 1,018 | 2,210 |
| Derivatives on operating transactions of the Automotive segments | - | 2 | 2 | - | 10 | 10 |
| **Total** | **1,579** | **10,186** | **11,765** | **1,530** | **9,772** | **11,302** |

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment (€518 million at December 31, 2017 and €631 million at December 31, 2016).

The Group is subject to a greenhouse gas emission quota system in the European Union and Korea. In 2017, greenhouse gas emissions were higher than the quotas allocated in Europe and Korea, and the Group recorded a corresponding expense of less than €1 million in 2017.

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

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

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

| *(€ million)* | December 31, 2017 | | | December 31, 2016 [(1)] | | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Total | Non-current | Current | Total |
| Investments in non-controlled entities | 1,306 | - | 1,306 | 1,269 | - | 1,269 |
| Marketable securities and negotiable debt instruments | - | 1,184 | 1,184 | - | 952 | 952 |
| Loans | 27 | 485 | 512 | 28 | 417 | 445 |
| Derivatives on financing operations by the Automotive segments | 62 | 263 | 325 | 82 | 539 | 621 |
| **Total financial assets** | **1,395** | **1,932** | **3,327** | **1,379** | **1,908** | **3,287** |
| *Gross value (excluding AVTOVAZ)* | *1,396* | *1,933* | *3,329* | *1,380* | *1,910* | *3,290* |
| *Impairment (excluding AVTOVAZ)* | *(1)* | *(2)* | *(3)* | *(1)* | *(2)* | *(3)* |
| *Gross value - AVTOVAZ* | *4* | *3* | *7* | *13* | - | *13* |
| *Impairment - AVTOVAZ* | *(4)* | *(2)* | *(6)* | - | - | - |
| Cash equivalents | - | 6,640 | 6,640 | - | 6,822 | 6,822 |
| Equivalents | - | 7,417 | 7,417 | - | 7,031 | 7,031 |
| **Total cash and cash equivalents** | **-** | **14,057** | **14,057** | **-** | **13,853** | **13,853** |
| *Cash equivalents (excluding AVTOVAZ)* | - | *6,542* | *6,542* | - | *6,575* | 6,575 |
| *Cash (excluding AVTOVAZ)* | - | *7,387* | *7,387* | - | *7,002* | *7,002* |
| *Cash equivalents - AVTOVAZ* | - | *101* | *101* | - | *247* | 247 |
| *Cash - AVTOVAZ* | - | *27* | *27* | - | *29* | 29 |

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

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

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

At December 31, 2017, investments in non-controlled entities include €1,165 million (€1,163 million at December 31, 2016) 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, 2017, the stock market price (€70.80 per share) was higher than the acquisition price (€35.52 per share). The corresponding decline in fair value over the year, amounting to €2 million (compared to a €113 million increase in 2016), is recorded in other components of comprehensive income for 2017.

Investments in non-controlled entities also include €67 million at December 31, 2017 (€58 million at December 31, 2016) paid to the Fund for the Future of the Automobile (*Fonds Avenir Automobile* – FAA). Under the support plan for these suppliers introduced by the French authorities and automaker, Renault has made a commitment to pay a total of €200 million as funds are called. The outstanding amount for Renault at December 31, 2017 is €58 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

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 €506 million at December 31, 2017 (€477 million at December 31, 2016).

## NOTE 23 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

### A – Current / non – current breakdown

| (€ million) | December 31, 2017 | | | December 31, 2016 [1] | | |
|---|---|---|---|---|---|---|
| | Non - current | Current | Total | Non – current | Current | Total |
| Renault SA redeemable shares | 554 | - | 554 | 434 | - | 434 |
| Bonds | 3,233 | 1,471 | 4,704 | 2,572 | 2,176 | 4,748 |
| Other debts represented by a certificate | - | 609 | 609 | - | 554 | 554 |
| Borrowings from credit institutions (at amortized cost) | 329 | 806 | 1,135 | 533 | 1,122 | 1,655 |
| Other interest-bearing borrowings [2] | 212 | 181 | 393 | 230 | 146 | 376 |
| **Financial liabilities of the Automotive (excluding AVTOVAZ) segment** | **4,328** | **3,067** | **7,395** | **3,769** | **3,998** | **7,767** |
| Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment | 64 | 234 | 298 | 82 | 544 | 626 |
| **Total financial liabilities of the Automotive (excluding AVTOVAZ) segment** | **4,392** | **3,301** | **7,693** | **3,851** | **4,542** | **8,393** |
| Borrowings from credit institutions (at amortized cost) | 531 | 490 | 1,021 | 585 | 705 | 1,290 |
| Other interest – bearing borrowings | 2 | 1 | 3 | 5 | 1 | 6 |
| Other non – interest – bearing borrowings | 463 | - | 463 | 490 | - | 490 |
| **Financial liabilities of AVTOVAZ (excluding derivatives)** [3] | **996** | **491** | **1,487** | **1,080** | **706** | **1,786** |
| **Total Automotive financial liabilities including AVTOVAZ** | **5,388** | **3,792** | **9,180** | **4,931** | **5,248** | **10,179** |
| DIAC redeemable shares | 13 | - | 13 | 12 | - | 12 |
| Bonds | - | 17,885 | 17,885 | - | 14,638 | 14,638 |
| Other debts represented by a certificate | - | 3,363 | 3,363 | - | 4,771 | 4,771 |
| Borrowings from credit institutions | - | 4,944 | 4,944 | - | 3,845 | 3,845 |
| Other interest – bearing borrowings | - | 15,085 | 15,085 | - | 12,690 | 12,690 |
| **Financial liabilities and debts of the sales financing segment (excluding derivatives)** | **13** | **41,277** | **41,290** | **12** | **35,944** | **35,956** |
| Derivatives on financing operations of the Sales Financing segment | **-** | **118** | **118** | - | 97 | 97 |
| **Financial liabilities and debts of the Sales Financing segment** | 13 | 41,395 | 41,408 | **12** | **36,041** | **36,053** |
| **Total Automotive financial liabilities including AVTOVAZ and financial liabilities and debts of the Sales Financing segment** | **5,401** | **45,187** | **50,588** | **4,943** | **41,289** | **46,232** |

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

(2) *The Automotive (excluding AVTOVAZ) segment's financial lease liability amounts to €79 million at December 31, 2017 (€83 million at December 31, 2016)*

(3) *Figures are represented excluding intragroup transactions. Intragroup transactions between the Automotive (excluding AVTOVAZ) and AVTOVAZ segments are presented in the consolidated financial position by segment in section 4.2.6.1.A2. The AVTOVAZ financial lease liability amounts to €5 million at December 31, 2017 (€6 million at December 31, 2016).*

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

| *(€ million)* | **December 31, 2016 [(1)]** | **Change in cash flows** | **Change resulting from acquisition or loss of control over subsidiaries and other operating units** | **Foreign exchange changes with no effect on cash flows** | **Other changes with no effect on cash flows** | **December 31, 2017** |
|---|---|---|---|---|---|---|
| Renault SA redeemable shares | 434 | - | - | - | 120 | 554 |
| Bonds | 4,748 | 125 | - | (123) | (46) | 4,704 |
| Other debts represented by a certificate | 554 | 55 | - | - | - | 609 |
| Borrowings from credit institutions (at amortized cost) | 1,655 | (479) | - | (100) | 59 | 1,135 |
| Other interest – bearing borrowings | 376 | 151 | - | (139) | 5 | 393 |
| **Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)** | **7,767** | **(148)** | - | **(362)** | **138** | **7,395** |
| Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment | 626 | (312) | - | (5) | (11) | 298 |
| **Total financial liabilities of the Automotive (excluding AVTOVAZ) segment** | **8,393** | **(460)** | - | **(367)** | **127** | **7,693** |
| Borrowings from credit institutions (at amortized cost) | 1,290 | (196) | - | (161) | 88 | 1,021 |
| Other interest-bearing borrowings | 6 | (1) | - | 78 | (80) | 3 |
| Other non-interest-bearing borrowings | 490 | - | - | (38) | 11 | 463 |
| **Financial liabilities of AVTOVAZ (excluding derivatives) [(2)]** | **1,786** | **(197)** | - | **(121)** | **19** | **1,487** |
| **TOTAL AUTOMOTIVE FINANCIAL LIABILITIES INCLUDING AVTOVAZ** (a) | **10,179** | **(657)** | - | **(488)** | **146** | **9,180** |
| Derivative assets on Automotive financing operations (excluding AVTOVAZ) (b) | 621 | (266) | - | (28) | (2) | 325 |
| **Net change in Automotive financial liabilities in consolidated cash flows (section 4.2.5)** (a) – (b) | | **(391)** | | | | |

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

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

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

***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 €19 million for 2017 (€18 million for 2016), is included in interest expenses. These shares are listed on the Paris Stock Exchange. They traded for €695 at December 31, 2017 and €543.9 at December 31, 2016 for par value of €153, leading to a corresponding €120 million adjustment (€3 million in 2016) 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 (excluding AVTOVAZ) segment*

Renault SA issued three bonds under its EMTN programme: two Eurobonds with nominal value of €750 million and a 1% coupon each, the first with 6-year maturity issued on March 8, 2017 and the second with 8-year maturity issued on November 28, 2017; and an EMTN-format private placement of ¥7 billion with 3-year maturity.

Also, as part of its “Shelf Registration” programme, Renault SA issued a ¥90 billion Samurai bond on the Japanese market on July 6, 2017. This new Samurai bond has two tranches, one with nominal value of ¥63.4 billion, 3-year maturity and a coupon of 0.36%, and the other with nominal value of ¥26.6 billion, 5-year maturity and a coupon of 0.5%.

At December 31, 2017, the total amount of bonds issued by Renault SA is €2,259 million and total bond redemptions amount to €2,106 million.

Renault do Brasil redeemed €28 million of the bond issued in March 2016.

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

In 2017, RCI Banque group issued new bonds totalling €7,409 million and maturing between 2018 and 2025, and redeemed bonds for a total of €3,811 million, of which €14 million redeemed to the Automotive (excluding AVTOVAZ) segment.

New savings collected rose by €2,359 million in 2017 (€2,445 million of sight deposits and €(86) million of term deposits) to €14,934 million (€11,470 million of sight deposits and €3,464 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, France and the United Kingdom.

#### *Credit lines*

At December 31, 2017, Renault SA had confirmed credit lines opened with banks worth €3,405 million (€3,305 million at December 31, 2016). These credit lines were unused at December 31, 2017 and 2016.

Also, at December 31, 2017, the Sales Financing segment’s confirmed credit lines opened in several currencies with banks amounted to €4,934 million (€4,637 at December 31, 2016). These credit lines were drawn to the extent of €23 million at December 31, 2017 (unused at December 31, 2016)

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

#### *Breakdown by maturity*

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

For floating-rate financial instruments, interest is calculated using interest rates as at December 31, 2017.

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

*Financial liabilities of the Automotive (excluding AVTOVAZ) segment*

| *(€ million)* | December 31, 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Balance sheet value** | **Total contractual flows** | - 1 yr | 1 to 2 yrs | 2 to 3 yrs | 3 to 4 yrs | 4 to 5 yrs | + 5 yrs |
| **Bonds by issued by Renault SA (by issue date)** | | | | | | | | |
| 2013 | 900 | 900 | 900 | - | - | - | - | - |
| 2014 | 500 | 500 | - | - | - | 500 | - | - |
| 2015 | 570 | 570 | 518 | 52 | - | - | - | - |
| 2016 | 444 | 444 | - | 444 | - | - | - | - |
| 2017 | 2,219 | 2,219 | - | - | 522 | - | 197 | 1,500 |
| **Bonds issued by Renault do Brasil (by issue date)** | | | | | | | | |
| 2016 | 57 | 57 | 26 | 25 | 6 | - | - | - |
| Accrued interest, expenses and premiums | 14 | 31 | 31 | - | - | - | - | - |
| **Total bonds** | **4,704** | **4,721** | **1,475** | **521** | **528** | **500** | **197** | **1,500** |
| Other debts represented by a certificate | 609 | 609 | 609 | - | - | - | - | - |
| Borrowings from credit institutions | 1,135 | 1,133 | 797 | 126 | 109 | 81 | 6 | 14 |
| Other interest-bearing borrowings | 393 | 365 | 185 | 23 | 27 | 20 | 24 | 86 |
| **Total other financial liabilities** | **2,137** | **2,107** | **1,591** | **149** | **136** | **101** | **30** | **100** |
| **Future interest on bonds and other financial liabilities** | **-** | **191** | **42** | **40** | **32** | **31** | **16** | **30** |
| **Redeemable shares** | **554** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Derivatives on financing operations** | **298** | **297** | **233** | **39** | **17** | **4** | **4** | **-** |
| **Total financial liabilities of the Automotive (excluding AVTOVAZ) segment** | **7,693** | **7,316** | **3,341** | **749** | **713** | **636** | **247** | **1,630** |

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

| *(€ million)* | December 31, 2017 | | | |
|---|---|---|---|---|
| | **Contractual flows maturing within 1 yr** | - 1 month | 1 – 3 months | 3 months – 1 year |
| Bonds | 1,475 | 2 | 7 | 1,466 |
| Other financial liabilities | 1,591 | 292 | 377 | 922 |
| Future interest on bonds and other financial liabilities | 42 | - | 18 | 24 |
| Derivatives on financing operations | 233 | 45 | 56 | 132 |
| **Total financial liabilities maturing within 1 year** | **3,341** | **339** | **458** | **2,544** |

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

| *(€ million)* | December 31, 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Balance sheet value** | **Total contractual flows** | - 1 yr | 1 to 2 yrs | 2 to 3 yrs | 3 to 4 yrs | 4 to 5 yrs | + 5 yrs |
| **Bonds issued by RCI Banque (by issue date)** | | | | | | | | |
| 2013 | 1,468 | 1,434 | 1,434 | - | - | - | - | - |
| 2014 | 1,415 | 1,397 | - | 884 | - | 513 | - | - |
| 2015 | 2,793 | 2,777 | 985 | 29 | 1,005 | - | 758 | - |
| 2016 | 4,829 | 4,858 | 444 | 2,359 | - | 733 | - | 1,322 |
| 2017 | 7,314 | 7,330 | 25 | 550 | 1,528 | 765 | 2,722 | 1,740 |
| Accrued interest, expenses and premiums | 66 | 114 | 112 | 2 | - | - | - | - |
| **Total bonds** | **17,885** | **17,910** | **3,000** | **3,824** | **2,533** | **2,011** | **3,480** | **3,062** |
| Other debts represented by a certificate | 3,363 | 3,366 | 1,936 | 849 | 545 | 36 | - | - |
| Borrowings from credit institutions (1) | 4,944 | 4,944 | 1,416 | 583 | 2,350 | 514 | 81 | - |
| Other interest-bearing borrowings | 15,085 | 15,086 | 13,755 | 912 | 254 | 112 | 53 | - |
| **Total other financial liabilities** | **23,392** | **23,396** | **17,107** | **2,344** | **3,149** | **662** | **134** | **-** |
| **Future interest on bonds and other financial liabilities** | **-** | **897** | **171** | **273** | **192** | **104** | **79** | **78** |
| **Redeemable shares** | **13** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Derivative liabilities on financing operations** | **118** | **108** | **18** | **31** | **1** | **7** | **22** | **29** |
| **Total Financial liabilities and debts of the Sales Financing segment** | **41,408** | **42,311** | **20,296** | **6,472** | **5,875** | **2,784** | **3,715** | **3,169** |

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

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

| *(€ million)* | December 31, 2017 | | | |
|---|---|---|---|---|
| | **Contractual flows maturing within 1 year** | -1 month | 1-3 months | 3 months – 1 year |
| Bond | 3,000 | 701 | 106 | 2,193 |
| Other financial liabilities | 17,107 | 12,757 | 965 | 3,385 |
| Future interest on bonds and other financial liabilities | 171 | 5 | 18 | 148 |
| Derivative liabilities on financing operations | 18 | 2 | 4 | 12 |
| **Total financial liabilities maturing within 1 year** | **20,296** | **13,465** | **1,093** | **5,738** |

## D – Financial liabilities of the AVTOVAZ segment

The AVTOVAZ segment's short-term loans and borrowings consisted of the following:

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Rouble-denominated bank loans | 494 | 696 |
| Foreign currency denominated bank loans | 1 | 9 |
| Other Rouble-denominated interest-bearing loans | 37 | 41 |
| **Total short-term loans and borrowings of the AVTOVAZ Group** | **532** | **746** |
| Less short-term loans and borrowings from Renault s.a.s. | (41) | (40) |
| **Total current financial liabilities of the AVTOVAZ segment** | **491** | **706** |

The AVTOVAZ segment's long-term loans and borrowings consisted of the following:

| *(€ million)* | **December 31, 2017** | **December 31, 2016(1)** |
|---|---|---|
| Rouble-denominated bank loans (2) | 531 | 585 |
| Rouble-denominated interest-free loans (3) | 442 | 477 |
| Rouble-denominated interest-free promissory notes | 14 | 13 |
| Other interest-bearing Rouble-denominated loans | - | 5 |
| Other foreign currency denominated interest-bearing loans and borrowings (4) | 51 | 57 |
| **Total long-term loans and borrowings of the AVTOVAZ Group** | **1,038** | **1,137** |
| Total long-term loans and borrowings of Alliance Rostec Auto B.V. | 173 | 178 |
| **Total long-term loans and borrowings of the AVTOVAZ segment** | **1,211** | **1 315** |
| Less long-term loans and borrowings from Renault s.a.s. | (215) | (235) |
| **Non-current financial liabilities of the AVTOVAZ segment** | **996** | **1 080** |

(1) *The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B), and are thus different from the previously published figures.*
(2) *These figures include a €(38) million adjustment at December 31, 2017 (€(45) million at December 31, 2016) relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B).*
(3) *These figures include a €308 million adjustment at December 31, 2017 (€349 million at December 31, 2016) relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B).*
(4) *These figures include a €(48) million adjustment at December 31, 2017 (€(42) million at December 31, 2016) relating to allocation of the purchase price paid for the AVTOVAZ Group (note 3-B).*

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

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

In 2017, the AVTOVAZ Group repaid financial liabilities totalling €402 million and contracted new financial liabilities totalling €210 million.

At December 31, 2017, the AVTOVAZ Group's average interest rate was 11.15% for outstanding rouble-denominated bank loans and 3.00% for foreign currency-denominated bank loans (12.25% and 4.97% respectively at December 31, 2016). Foreign currency-denominated bank loans are in Euro. The AVTOVAZ Group has €193 million of floating-rate bank loans at December 31, 2017 (€51 million at December 31, 2016).

At December 31, 2017, the AVTOVAZ Group has confirmed credit lines opened with banks in the amount of €1,304 million (€1,601 million at December 31, 2016). As at December 31, 2017, the AVTOVAZ Group has €262 million (€312 million at December 31, 2016) of undrawn available confirmed borrowing facilities, of which €2 million were available for future operating activities and €260 million were available for investment activities (€2 million and €310 million respectively at December 31, 2016).

As at December 31, 2017, the AVTOVAZ Group was not in compliance with covenants set by loan agreements with banks, which include gearing, EBITDA, profitability and liquidity ratios and cross-default, as well as maximum amount of all claims, for which

AVTOVAZ is a defendant. As at December 31, 2017, the AVTOVAZ Group had €405 million (€601 million at December 31, 2016) of bank loans with breached covenants. Credit institutions are able to demand early repayment of these debts with breached covenants, which comprise €16 million of long-term debt (€246 million at December 31, 2016) and €389 million of short-term debt (€355 million respectively at December 31, 2016).

At December 31, 2017 the AVTOVAZ Group had received waivers of early repayment demands due to breached covenants for all loan agreements in default, covering grace periods extending more than twelve months after the year-end date.

At December 31, 2016 the AVTOVAZ Group had received waivers of early repayment demands for loan agreements with breached covenants in the amount of €282 million, including €124 million of long-term debt. Since these waivers covered a maximum period of twelve months from the year-end date, all long-term loans with breached covenants (totalling €246 million) were reclassified as short-term debt.

At December 31, 2017 the AVTOVAZ Group had an overdue borrowing due to Renault s.a.s. in the amount of €37 million (€40 million at December 31, 2016).

Non-current financial liabilities are repayable as follows:

| *(€ million)* | **December 31, 2017** | **December 31, 2016 (1)** |
|---|---|---|
| Current portion of loans and borrowings | 403 | 349 |
| 1 to 5 years | 491 | 711 |
| > 5 years | 936 | 1,048 |
| **Total long-term loans and borrowings** | **1,830** | **2,108** |
| Less current portion of loans and borrowings | (403) | (349) |
| Less loans with breached covenants | - | (246) |
| Less adjustment for discounting interest-free rouble-denominated liabilities | (389) | (376) |
| **Long-term portion of loans and borrowings of the AVTOVAZ Group** | **1,038** | **1,137** |
| 1 to 5 years | 173 | 178 |
| **Long-term loans and borrowings of Alliance Rostec Auto B.V.** | **173** | **178** |
| **Non-current loans and borrowings of the AVTOVAZ segment** | **1,211** | **1,315** |
| Less long-term portion of loans and borrowings from Renault s.a.s. | (215) | (235) |
| **Total non-current loans and borrowings of the AVTOVAZ segment** | **996** | **1,080** |

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

At December 31, 2017, the AVTOVAZ Group's loans and borrowings of €719 million were guaranteed by property, plant and equipment in the amount of €164 million, by finished goods in the amount of €19 million and by 100% shares of AO Lada-Servis and AO ZAK (at December 31, 2016, €952 million of loans and borrowings were guaranteed by €238 million of property, plant and equipment and by €39 million of finished goods).

## 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 determined 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.
- Level 3: the fair value of investments in non-controlled companies is based on the share of net assets.

In 2017, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

| *(€ million)* | Notes | **December 31, 2017** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS AND OTHER ASSETS** | | **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 | - | - | - | - | 512 | (1) | | | |
| Sales financing receivables | 15 | - | - | - | - | 39,334 | 39,194 (2) | | | |
| Automotive customer receivables | 16 | - | - | - | - | 1,753 | (1) | | | |
| Tax receivables (including current taxes due) | 17 | - | - | - | - | 2,468 | (1) | | | |
| Other receivables and prepaid expenses | 17 | - | - | - | - | 2,824 | (1) | | | |
| Cash equivalents | 22 | - | - | - | - | 2,757 | (1) | | | |
| Cash | 22 | - | - | - | - | 7,417 | (1) | | | |
| **Total financial assets recorded at amortized cost** | | **-** | **-** | **-** | **-** | 57,065 | | | | |
| Marketable securities and negotiable debt instruments | 22 | - | - | - | 1,184 | - | | 1,184 | - | - |
| Investments in non-controlled entities | 22 | - | - | - | 1,306 | - | | 1,165 | - | 141 |
| Investments in unconsolidated controlled entities | 17 | - | - | - | 100 | - | | - | - | 100 |
| Derivatives on financing operations of the Automotive segments | 22 | - | - | 1 | - | - | | 1 | - | - |
| Derivatives on operating transactions of the Automotive segments | 17 | - | - | 6 | - | - | | - | 6 | - |
| Derivatives on financing operations of the Sales Financing segment | 17 | - | - | 36 | - | - | | - | 36 | - |
| **Financial assets at fair value through equity** | | **-** | **-** | **43** | **2,590** | **-** | | **2,350** | **42** | **241** |
| Other receivables (3) | 17 | - | 15 | - | - | - | | - | 15 | - |
| Derivatives on financing operations of the Automotive segments | 22 | 321 | - | 3 | - | - | | - | 324 | - |
| Derivatives on operating transactions of the Automotive segments | 17 | - | - | 4 | - | - | | - | 4 | - |
| Derivatives on financing operations of the Sales Financing segment | 17 | 28 | - | 59 | - | - | | - | 87 | - |
| Cash equivalents | 22 | 3,686 | - | - | 197 | - | | 3,883 | - | - |
| **Financial assets at fair value through profit and loss** | | **4,035** | **15** | **66** | **197** | **-** | | **3,883** | **430** | **-** |
| **Total financial assets recorded at fair value** | | **4,035** | **15** | **109** | **2,787** | **57,065** | | **6,233** | **472** | **241** |

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

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

*(3) Short-term assets of the AVTOVAZ pension fund at fair value through profit or loss.*

| (€ million) | | December 31, 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Balance sheet value | | | | | Fair value level of financial liabilities at fair value | | |
| **FINANCIAL LIABILITIES AND OTHER LIABILITIES** | Notes | Held for trading | Initially designated as measured at fair value through profit and loss | Hedging derivatives | Other financial liabilities | **Fair value of financial liabilities at amortized cost** | **Level 1** | **Level 2** | **Level 3** |
| Tax liabilities (including current taxes due) | 21 | - | - | - | 1,579 | (1) | | | |
| Social liabilities | 21 | - | - | - | 1,456 | (1) | | | |
| Other liabilities and deferred income | 21 | - | - | - | 8,728 | (1) | | | |
| Trade payables | | - | - | - | 9,904 | (1) | | | |
| Bonds (*) | 23 | - | - | - | 22,589 | 22,782 (2) | | | |
| Other debts represented by a certificate (*) | 23 | - | - | - | 3,972 | 4,026 (2) | | | |
| Borrowings from credit institutions (*) | 23 | - | - | - | 7,100 | 7,100 (2) | | | |
| Other interest-bearing and non-interest-bearing borrowings (*) | 23 | - | - | - | 15,944 | 16,010 (2) | | | |
| **Total financial liabilities recorded at amortized cost** | | - | - | - | 71,272 | | | | |
| *(*) Financial liabilities and debts of the Automotive (excluding AVTOVAZ) segment* | | | | | *6,841* | *6,876* | | | |
| *Financial liabilities and debts of AVTOVAZ* | | | | | *1,487* | *1,516* | | | |
| *Financial liabilities and debts of the Sales Financing segment* | | | | | *41,277* | *41,526* | | | |
| Derivatives on financing operations of the Automotive segments | 23 | - | - | 3 | - | | - | 3 | - |
| Derivatives on financing operations of the Sales Financing segment | 23 | - | - | 67 | - | | - | 67 | - |
| Derivatives on operating transactions of the Automotive segments | 21 | - | - | 2 | - | | - | 2 | - |
| **Financial liabilities at fair value through equity** | | **-** | **-** | **72** | **-** | | **-** | **72** | **-** |
| Redeemable shares (Renault & DIAC) | 23 | - | 567 | - | - | | 567 | - | - |
| Derivatives on financing operations of the Automotive segments | 23 | 295 | - | - | - | | - | 295 | - |
| Derivatives on financing operations of the Sales Financing segment | 23 | 23 | - | 28 | - | | - | 51 | - |
| Derivatives on operating transactions of the Automotive segments | 21 | - | - | - | - | | - | - | - |
| **Financial liabilities at fair value through profit and loss** | | **318** | **567** | **28** | **-** | | **567** | **346** | **-** |
| **Total financial liabilities recorded at fair value** | | **318** | **567** | **100** | **-** | | **567** | **418** | **-** |

*(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 the Automotive (excluding AVTOVAZ) segment's financial liabilities and sales financing debts measured at amortized cost is essentially determined by discounting future cash flows at rates offered to Renault at December 31, 2017 for loans with similar conditions and maturities. The rates offered to Renault result from observable market data such as zero-coupon interest rate curves and secondary market prices for bonds issued by the Group, and consequently this is a level 2 fair value. The fair value of AVTOVAZ financial liabilities measured at amortized cost is determined by discounting future cash flows using rates currently available for borrowings with similar terms, credit risk and remaining maturities. The discount rate used to estimate the fair value of AVTOVAZ long term borrowings was 11% at December 31, 2017.*

### B – Changes in Level 3 financial instruments

Level 3 financial instruments amounted to €241 million at December 31, 2017 (€188 million at December 31, 2016). They increased by €53 million over the year.

### C – Impact of financial instruments on net income

| *(€ million)* 2017 | Financial assets other than derivatives | | | Financial liabilities other than derivatives | | Derivatives | Total impact on net income |
|---|---|---|---|---|---|---|---|
| | Instruments held for trading | Available-for-sale instruments | Loans and receivables | Instruments designated as measured at fair value through profit and loss | Instruments measured at amortized cost [1] | | |
| Operating margin | 8 | 1 | 17 | - | (162) | 6 | (130) |
| Net financial income (expenses) | (1) | 60 | (124) | (140) | (336) | 150 | (391) |
| **Impact on net income – Automotive (excluding AVTOVAZ) segment** | **7** | **61** | **(107)** | **(140)** | **(498)** | **156** | **(521)** |
| Operating margin | - | - | (12) | - | - | - | (12) |
| Net financial income (expenses) | - | - | 30 | (134) | (2) | - | (106) |
| **Impact on net income – AVTOVAZ segment** | **-** | **-** | **18** | **(134)** | **(2)** | **-** | **(118)** |
| Operating margin | - | 1 | 1,412 | (1) | (673) | (111) | 628 |
| **Impact on net income – Sales Financing segment** | **-** | **1** | **1,412** | **(1)** | **(673)** | **(111)** | **628** |
| **Total gains (losses) with impact on net income** | **7** | **62** | **1,323** | **(275)** | **(1,173)** | **45** | **(11)** |

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

For the Automotive (excluding AVTOVAZ) segment and AVTOVAZ 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)* | 2017 | 2016 |
|---|---|---|
| Change in fair value of the hedging instrument | (113) | (89) |
| Change in fair value of the hedged item | 128 | 89 |
| **Net impact on net income of fair value hedges** | **15** [1] | **-** |

*(1) Including Sales financing segment for € 14 million in 2017.*

Hedge accounting methods are described in note 2-X.

## NOTE 25 – DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

### A – Derivatives and netting agreements

#### *A1 – Fair value of derivatives*

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

| *(€ million)* | **Financial assets** | | **Other assets** | **Financial liabilities and sales financing debts** | | **Other liabilities** |
|---|---|---|---|---|---|---|
| **December 31, 2017** | Non-current | Current | Current | Non-current | Current | Current |
| Cash flow hedges | - | 1 | - | - | - | - |
| Fair value hedges | - | - | 37 | - | - | - |
| Net investment hedge in Nissan | - | - | - | - | - | - |
| Derivatives not classified as hedges and derivatives held for trading | 44 | 254 | 26 | 39 | 251 | - |
| **Total foreign exchange risk** | **44** | **255** | **63** | **39** | **251** | **-** |
| Cash flow hedges | - | - | 36 | 3 | 67 | - |
| Fair value hedges | 2 | 1 | 27 | - | 28 | - |
| Derivatives not classified as hedges and derivatives held for trading | 16 | 7 | 1 | 22 | 6 | - |
| **Total interest rate risk** | **18** | **8** | **64** | **25** | **101** | **-** |
| Cash flow hedges | - | - | 6 | - | - | 2 |
| Fair value hedges | - | - | - | - | - | - |
| Derivatives not classified as hedges and derivatives held for trading | - | - | - | - | - | - |
| **Total commodity risk** | **-** | **-** | **6** | **-** | **-** | **2** |
| **Total** | **62** | **263** | **133** | **64** | **352** | **2** |

#### *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)*<br>**December 31, 2017** | **Amounts in the statement of financial position eligible for netting** | **Amounts not netted in the statement of financial position** | | | **Net amounts** |
|---|---|---|---|---|---|
| | | *Financial instruments Assets/liabilities* | *Guarantees included in liabilities* | *Off balance sheet guarantees* | |
| **ASSETS** | | | | | |
| Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment | 325 | (183) | - | - | 142 |
| Derivatives on financing operations of the Sales Financing segment | 123 | (41) | - | - | 82 |
| Cash and cash equivalents [(1)] | (250) | - | - | (250) | - |
| Sales financing receivables on dealers [(2)] | 393 | - | (169) | - | 224 |
| **TOTAL ASSETS** | **1,091** | **(224)** | **(169)** | (250) | **448** |
| **LIABILITIES** | | | | | |
| Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment | 297 | (183) | - | - | 114 |
| Derivatives on financing operations of the Sales Financing segment | 118 | (41) | - | - | 77 |
| **TOTAL LIABILITIES** | 415 | **(224)** | **-** | **-** | **191** |

*(1) This concerns a loan guaranteed by securities (reverse repo) The securities received as guarantees are included in Assets pledged, provided as guarantees or mortgaged in commitments received (see note 28-B).*

*(2) Sales financing receivables held by Banco RCI Brasil, whose exposure is covered by pledges of "letras de cambio" (bills of exchange) subscribed by dealers and reported under other debts represented by a certificate.*

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

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

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

***B1 – Liquidity risks***

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

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

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

Medium-term refinancing for the Automotive (excluding AVTOVAZ) segment in 2017 was mostly provided by bond issues. Renault SA issued three bonds under its EMTN programme: two Eurobonds with nominal value of €750 million and a 1% coupon each, the first with 6-year maturity issued on March 8, 2017 and the second with 8-year maturity issued on November 28, 2017; and an EMTN-format private placement of ¥7 billion with 3-year maturity on April 11, 2017.

Also, as part of its "Shelf Registration" programme, Renault SA issued a ¥90 billion Samurai bond on the Japanese market on July 6, 2017. This new Samurai bond has two tranches, one with nominal value of ¥63.4 billion, 3-year maturity and a coupon of 0.36%, and the other with nominal value of ¥26.6 billion, 5-year maturity and a coupon of 0.5%.

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

The Automotive (excluding AVTOVAZ) segment also has confirmed credit lines opened with banks worth €3,405 million, maturing at various times up to 2022. None of these credit lines was in use at December 31, 2017. These confirmed credit facilities form a liquidity reserve.

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

Given its available cash reserves (€11.7 billion) and confirmed credit lines unused at year-end (€3.4 billion), the Automotive (excluding AVTOVAZ) 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-C.

The **Sales Financing** segment is very attentive to diversification of its sources of liquidity. Any restriction on access to banking and financial markets would lead to downscaling of its financing activity and/or raise the cost of the financing negotiated.

RCI Banque's liquidity risk monitoring follows the European Banking Authority's recommendations for an Internal Liquidity Adequacy Assessment Process (ILAAP). It uses several indicators and analyses (static liquidity, liquidity reserve, several stress scenarios), which are updated and reported to RCI Banque's Financial Committee. The stress scenarios include assumptions concerning the deposit leak, loss of access to new financing, partial unavailability of certain elements of the liquidity reserve and forecasts for issuance of new credit. The stressed assumptions for deposit leaks are very conservative and are regularly backtested.

In 2017, the Sales Financing segment issued the equivalent of €6 billion in public bonds and extended the maturity of its debt by issuing an 8-year bond for the first time. As well as six Euro bond issues alternating between fixed and floating coupon rates, two bonds were issued in Swiss francs and pounds sterling respectively. For the first time, the segment used a dual-tranche format combining a fixed-rate issue with a floating-rate issue, and extended its floating-rate credit curve by launching its first 7-year issue in this format. Private placements were also undertaken in parallel, totalling €0.4 billion.

The revolving period for the private securitisation of automotive loans in the United Kingdom was extended for a further year, and the amount was raised by £0.2 billion to £1.1 billion.

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

The Sales Financing entities in Brazil, South Korea, Morocco, Argentina and for the first time Poland also undertook issues on their domestic bond markets.

Savings deposits collected from private customers increased by €2.4 billion over 2017 and totalled €15.0 billion at December 31, 2017, or 34% of assets, in line with the company's objective of holding customer deposits equivalent to approximately one third of the customer financing issued.

With these resources, as well as assets held in Europe comprising €4.4 billion in undrawn confirmed credit lines with banks, €3.6 billion of collateral eligible for the European Central Bank's monetary policy operations, €1.8 billion of highly liquid assets, and short-term financial assets amounting to €0.4 billion, RCI Banque is able to fund its customer financing for more than 12 months with no access to external resources.

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

***B2 – Foreign exchange risks***

- Management of foreign exchange risks

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

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

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

Equity investments (in currencies other than the euro) are not generally hedged. However, due to its importance, the investment in Nissan is subject to a partial foreign exchange hedge amounting to 181 billion yen at December 31, 2017 (note 12-G).

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

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

At December 31, 2017 RCI Banque's consolidated foreign exchange position reached €8 million.

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to their foreign exchange risk management policy in 2017.

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

This analysis concerns the sensitivity to foreign exchange risks of monetary assets and liabilities (including intercompany balances) and derivatives in a currency other than the currency of the entity that holds them. However, it does not take into 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 impact on shareholders' equity (before tax) of a 1% rise in the Euro against other currencies is assessed by converting available-for-sale financial assets, cash flow hedges and the partial hedge of the investment in Nissan. For the Automotive (excluding AVTOVAZ) segment, this impact would be a favourable €13 million at December 31, 2017, mainly associated with the yen bond issues that make up the partial hedge of the investment in Nissan (see note 12-G).

The impact on net income of a 1% rise in the Euro against other currencies would be an unfavourable €3 million at December 31, 2017, mainly attributable to unhedged operating assets and liabilities denominated in a currency that is not the functional currency.

- Currency derivatives

| *(€ million)* | **December 31, 2017** | | | | **December 31, 2016** | | | |
|---|---|---|---|---|---|---|---|---|
| | Nominal | - 1 yr | 1 to 5 yrs | + 5 yrs | Nominal | - 1 yr | 1 to 5 yrs | + 5 yrs |
| Currency swaps – purchases | 3,852 | 1,207 | 2,645 | - | 3,758 | 2,555 | 1,203 | - |
| Currency swaps – sales | 3,914 | 1,234 | 2,680 | - | 3,903 | 2,593 | 1,310 | - |
| Forward purchases | 19,088 | 18,293 | 795 | - | 28,296 | 27,204 | 1,092 | - |
| Forward sales | 19,086 | 18,291 | 795 | - | 28,292 | 27,200 | 1,092 | - |

***B3 – Interest rate risks***

- Management of interest rate risks

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

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

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

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

Virtually all loans to customers by sales financing subsidiaries bear interest at a fixed rate and have terms 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 segment's commercial subsidiaries. The outstanding credit issued by sale financing subsidiaries is backed by fixed-interest resources, some of which are micro-hedged by interest rate swaps, and floating-rate resources. Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the refinancing holding company below the defined limit.

The **Automotive (excluding AVTOVAZ)** segment's interest rate risk management policy applies two principles: long-term investments generally use fixed-rate financing, and investments for cash reserves generally use floating-rate financing. Fixed-rate borrowings remain at fixed rates as long as the rate curve is close to zero and the hedging ratio of floating-rate assets by floating-rate liabilities remains stable.

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

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

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

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to its interest rate risk management policy in 2017.

- Analysis of financial instruments' sensitivity to interest rate risks

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

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

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

The impact on shareholders' equity corresponds to the change in fair value before reclassification in profit or loss (section 4.2.2) of 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 (excluding AVTOVAZ) segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a positive €102 million and €2 million respectively at December 31, 2017.

For the Sales Financing segment, the overall sensitivity to interest rate risks in 2017 remained below the limit set by the RCI Banque group (€50 million at December 31).

At December 31, 2017, a 100 point base point rise in interest rates would have the following impacts on net income and shareholders' equity (before taxes):

- +€4.7 million for items denominated in Euros.
- €(0.4) million for items denominated in Brazilian real.
- €(0.7) million for items denominated in Swiss francs.
- €(2.9) million for items denominated in pounds sterling.
- +€0.4 million for items denominated in Korean won.
- +€0.2 million for items denominated in Moroccan dirham.
- €(0.2) million for items denominated in Polish zloty.

The sum of the absolute sensitivities in each currency amounts to €10.1 million.

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

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Financial liabilities before hedging: fixed rate (a) | 25,887 | 23,850 |
| Financial liabilities before hedging: floating rate (a') | 22,231 | 19,427 |
| **Financial liabilities before hedging (without redeemable shares) of the Group (excluding AVTOVAZ)** | **48,118** | **43,277** |
| Hedges: floating rate / fixed (b) | 8,743 | 7,525 |
| Hedges: fixed rate / floating (b') | 7,987 | 7,340 |
| **Hedges** | **16,730** | **14,865** |
| Financial liabilities after hedging: fixed rate (a+b-b') | 26,643 | 24,035 |
| Financial liabilities after hedging: floating rate (a'+b'-b) | 21,475 | 19,242 |
| **Financial liabilities after hedging (without redeemable shares) of the Group (excluding AVTOVAZ)** | **48,118** | **43,277** |

- Interest rate derivatives

| *(€ million)* | **December 31, 2017** | | | | **December 31, 2016** | | | |
|---|---|---|---|---|---|---|---|---|
| | Nominal | - 1 yr | 1 to 5 yrs | + 5 yrs | Nominal | - 1 yr | 1 to 5 yrs | + 5 yrs |
| Interest rate swaps | 22,838 | 7,583 | 12,905 | 2,350 | 18,293 | 5,975 | 10,668 | 1,650 |
| Other interest rate hedging instruments | 1 | 1 | - | - | - | - | - | - |

***B4 – Equity risks***

- Management of equity risks

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

The Automotive (excluding AVTOVAZ) segment and the Sales Financing segment made no major changes to their equity risk management policy in 2017.

- 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 €132 million on shareholders' equity. The impact on net income is not significant at December 31, 2017.

***B5 – Commodity risks***

- Management of commodity risks

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

In 2017 Renault undertook hedging operations for a maximum of 27% of monthly quantities on aluminium, lead, copper, palladium, platinum, nickel and Brent oil, whenever prices on the financial markets fall below thresholds validated by the CEO.

The operations in progress at December 31, 2017 are classified for accounting purposes as cash flow hedges, and accordingly changes in their fair value are included in shareholders' equity for the effective portion of the hedges.

- Analysis of financial instruments' sensitivity to commodity risks

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

A 10% increase in commodity prices for derivatives classified as hedging derivatives would have a positive impact of €12 million on shareholders' equity at December 31, 2017.

- Commodity derivatives

| *(€ million)* | **December 31, 2017** | | | | **December 31, 2016** | | | |
|---|---|---|---|---|---|---|---|---|
| | Nominal | - 1 yr | 1 to 5 yrs | + 5 yrs | Nominal | - 1 yr | 1 to 5 yrs | + 5 yrs |
| swaps | 94 | 94 | - | - | 142 | 142 | - | - |
| Zero-premium collars (option) | 65 | 65 | - | - | - | - | - | - |

***B6 – Counterparty risk***

All entities of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment use a fully-coordinated counterparty risk management procedure involving a scoring system, based principally on the counterparties' long-term credit rating and equity level. For each of these entities with significant exposure, compliance with authorized limits is monitored on a daily basis under strict internal control procedures.

The Group (excluding AVTOVAZ) 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 and generally have terms shorter than 90 days, as this allows a good spread of the risk and lowers the systemic risk.

The Group (excluding AVTOVAZ) 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 2017.

## C – Management of AVTOVAZ Group financial risks

The AVTOVAZ Group’s principal financial liabilities comprise bank loans, finance leases, trade payables and loans received. The main purpose of these financial liabilities is to raise finance for AVTOVAZ Group’s operations. It has various financial assets such as trade receivables, cash, short-term deposits and loans issued, which arise directly from its operations. In accordance with the Group’s policy no trading in derivatives was undertaken in 2017 or 2016. The main risks arising from the Group’s financial instruments are liquidity risk, foreign currency risk and credit risk.

### *C1 – Foreign exchange risks*

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

At December 31, 2017 the AVTOVAZ Group had €3 million of cash and cash equivalents, €7 million of trade and other receivables, €100 million of loans and borrowings and €89 million of trade and other payables denominated in currencies other than the Russian rouble. Risk management is carried out by PJSC AVTOVAZ Finance Department, which identifies, evaluates and manages foreign exchange risks by analysing the net position in each foreign currency. The AVTOVAZ Group is not exposed to equity securities price risk. It has not entered into any hedging arrangements in respect of its foreign currency.

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

| *(€ million)* | ***Increase/(decrease) in exchange rate %*** | ***Effect on profit before tax*** |
|---|---|---|
| **2017** | | |
| EUR/RUB | 12.8 | (22) |
| JPY/RUB | 13.5 | (3) |
| USD/RUB | 10.0 | (1) |
| | | |
| EUR/RUB | (12.8) | 22 |
| JPY/RUB | (13.5) | 3 |
| USD/RUB | (10.0) | 1 |

### *C2 – Credit risk*

At December 31, 2017, AVTOVAZ Group has €128 million in cash and cash equivalents and €352 million of trade receivables and other current assets subject to potential credit risk. Credit risk on these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount.

AVTOVAZ Group trades only with recognised, creditworthy third parties. It is AVTOVAZ Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and as a result, AVTOVAZ Group‘s exposure to bad debts is not significant. The maximum exposure is the carrying amount.

There are no significant concentrations of credit risk within AVTOVAZ Group.

***C3 – Liquidity risks***

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

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

The table below summarizes the maturity of the AVTOVAZ Group's financial liabilities at December 31, 2017 based on contractual undiscounted payments.

| *(€ million)* | **Less than 3 months** | **3 to 12 months** | **1 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|
| **December 31, 2017** | | | | | |
| Borrowings | 137 | 489 | 626 | 974 | 2,226 |
| *including Renault Group* | *38* | | | *129* | *167* |
| Trade and other payables | 977 | 1 | 2 | - | 980 |
| *including Renault Group* | *386* | | | | *386* |
| Loans with breached covenants | - | - | - | - | - |

***C4 – Cash flow and Interest rate risk***

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

At December 31, 2017, AVTOVAZ Group had €193 million of bank loans with floating interest rate (note 23-D).

## 4.2.6.6 Cash flows and other information

### NOTE 26 – CASH FLOWS

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

| *(€ million)* | 2017 | 2016 |
|---|---|---|
| Net allocation to provisions | (201) | 605 |
| Net effects of sales financing credit losses | (29) | (8) |
| Net (gain) loss on asset disposals | (93) | (655) |
| Change in fair value of redeemable shares | 120 | 3 |
| Change in fair value of other financial instruments | (5) | 3 |
| Net financial indebtedness | 369 | 284 |
| Deferred taxes | 257 | 327 |
| Current taxes | 634 | 728 |
| Other | 78 | 118 |
| **Other income and expenses with no impact on cash before interest and tax** | **1,130** | **1,405** |

### B – Change in working capital

| *(€ million)* | 2017 | 2016 |
|---|---|---|
| Decrease (increase) in net inventories | (691) | (1,233) |
| Decrease (increase) in Automotive net receivables | 78 | (513) |
| Decrease (increase) in other assets | (795) | (696) |
| Increase (decrease) in trade payables | 591 | 894 |
| Increase (decrease) in other liabilities | 705 | 1,309 |
| **Increase (decrease) in working capital before tax** | **(112)** | **(239)** |

### C – Capital expenditure

| *(€ million)* | 2017 | 2016 |
|---|---|---|
| Purchases of intangible assets | (1,310) | (1,058) |
| Purchases of property, plant and equipment (other than assets leased to customers) | (2,420) | (2,216) |
| **Total purchases for the period** | **(3,730)** | **(3,274)** |
| Deferred payments | 129 | 177 |
| **Total capital expenditure** | **(3,601)** | **(3,097)** |

## NOTE 27 – RELATED PARTIES

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

The table below reports the compensation of the Chairman and CEO and Group Executive Committee members accounted for in expenses in 2017 and 2016. Amounts are allocated pro rata to the periods in which the functions were occupied.

| *(€ million)* | **2017** | **2016** |
|---|---|---|
| Basic salary | 6.1 | 5.9 |
| Retirement indemnities | - | - |
| Performance-related salary | 7.8 | 7.5 |
| Employer's social security charges (1) | 9.0 | 7.5 |
| Complementary pension | 8.0 | 5.2 |
| Other components of remuneration | 2.7 | 1.5 |
| **Total remuneration excluding stock options and performance shares** | **33.6** | **27.6** |
| Stock options and performance shares | 15.3 | 12.0 |
| **Total stock options and performance shares** | **15.3** | **12.0** |
| **Chairman and Chief Executive Officer and Group Executive Committee members** | **48.9** | **39.6** |

*(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 €1.2 million in 2017 (€1.1 million in 2016), including the fees for the Chairman's functions.

Details of the remuneration paid to the Chairman and CEO and Executive Committee members are provided in the 2017 Registration Document, in sections 3.1.2 Principles and rules adopted by the Board of Directors for the compensation of the Chief Executive officer, and 3.3 Compensation of Senior Executives.

### B – Renault's investments in associates

Details of Renault's investments in Nissan are provided in notes 12.

### 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 €192 million in 2017, an automotive receivable of €107 million, a sales financing receivable of €406 million and a financing commitment of €21 million at December 31, 2017.

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

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

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

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

#### *A1 – Ordinary operations*

The Group is committed for the following amounts:

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Financing commitments in favour of customers (1) | 2,315 | 2,082 |
| Firm investment orders (2) | 952 | 655 |
| Lease commitments (3) | 546 | 434 |
| Assets pledged, provided as guarantees or mortgaged (4) | 187 | 277 |
| Sureties, endorsements and guarantees given and other commitments | 187 | 154 |

*(1) Commitments in favour of customers by the Sales Financing segment will lead to outflows of liquidities during the three months following the year-end in the maximum amount of €2,250 million at December 31, 2017 (€1,998 million at December 31, 2016).*
*(2) Firm investment orders at AVTOVAZ amount to €68 million at December 31, 2017 (€63 million at December 31, 2016).*
*(3) Largely as a result of specificities in French lease contracts that allow penalty-free early termination, the irrevocable lease commitments reported here are not fully representative of the financial liability to be recognized in application of IFRS 16. The negative impact of future application of this standard on the financial liability is currently being analysed (note 2-A). The lease commitments made by AVTOVAZ amount to €56 million at December 31, 2017 (€43 million at December 31, 2016).*
*(4) At December 31, 2017, assets pledged, provided as guarantees or mortgaged include commitments given by AVTOVAZ amounting to €183 million (€277 million at December 31, 2016) corresponding to fixed assets, inventories of finished goods and securities guaranteeing financial liabilities (note 23-D).*

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

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

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Less than 1 year | 101 | 85 |
| Between 1 and 5 years | 296 | 212 |
| More than 5 years | 149 | 137 |
| **TOTAL (1)** | **546** | **434** |

*(1) Lease commitments by AVTOVAZ amount to €56 million at December 31, 2017 (€43 million at December 31, 2016) and mostly mature in more than 5 years (€49 million at December 31, 2017 and €37 million at December 31, 2016).*

#### *A2 – Contingent liabilities*

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

The ratio for the sector as a whole was above 1.5 for the period July 1, 2015 to June 30, 2017, and Renault contributes to this situation. Only automakers which do not respect their own individual ratio over the period concerned are liable for penalties. The applicable rules, which have changed slightly since two new regulations were issued in January 2018, explicitly allow purchases of credits from other automakers concerned to avoid paying the penalties due. This customs agreement creates a contingent obligation for Renault that will only be confirmed by the occurrence of uncertain future events that are partly within its control (compliance with the individual ratio) and partly beyond its control, since the ratio to be respected concerns the entire automotive sector. Reliable estimation of the potential risk at the reporting date is difficult, mainly because of uncertainties as to developments in the Argentinean and Brazilian automotive markets between now and 2020. Consequently, no provision has been recognized by the Group.

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

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2017, 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 by the competition and automotive regulations authorities in progress at December 31, 2017 concern the level of vehicle emissions in Europe.

In the ongoing "emissions" affair in France, Renault notes that a formal legal investigation has been opened. This new stage in the procedure is seen as an indication that the French prosecution office wishes to pursue this matter. No provision was recognized at December 31, 2017 or December 31, 2016.

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

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

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

| *(€ million)* | **December 31, 2017** | **December 31, 2016** |
|---|---|---|
| Sureties, endorsements and guarantees received | 2,929 | 2,295 |
| Assets pledged or mortgaged (1) | 3,162 | 3,138 |
| Buy-back commitments (2) | 3,231 | 2,274 |
| Other commitments | 29 | 33 |

*(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 €2,796 million at December 31, 2017 (€2,757 million at December 31, 2016). In addition, AVTOVAZ received €12 million in real estate property rights and ownership rights as guarantees of loans, and €79 million in rights to vehicles as guarantees of customer receivables (€13 million and €93 million respectively at December 31, 2016).*

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

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

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

The fees paid to the Group's Statutory Auditors and their networks are reported in section 6.3.3 of the 2017 Registration Document.

## NOTE 30 – SUBSEQUENT EVENTS

No significant events have occurred since December 31, 2017.

## NOTE 31 – CONSOLIDATED COMPANIES

### A – Fully consolidated companies (subsidiaries)

| Renault Group's interest (%) | Country | December 31, 2017 | December 31, 2016 |
|---|---|---|---|
| Renault SA | France | Consolidating company | Consolidating company |
| **AUTOMOTIVE (EXCLUDING AVTOVAZ)** | | | |
| **FRANCE** | | | |
| Renault s.a.s | France | 100 | 100 |
| Auto Châssis International (ACI) Le Mans | France | 100 | 100 |
| Auto Châssis International (ACI) Villeurbanne | France | 100 | 100 |
| Fonderie de Bretagne | France | 100 | 100 |
| IDVU | France | 100 | 100 |
| IDVE | France | 100 | 100 |
| Maubeuge Construction Automobile (MCA) | France | 100 | 100 |
| Renault Environnement | France | 100 | 100 |
| Renault Retail Group and subsidiaries | France | 100 | 100 |
| Renault Samara | France | 100 | 100 |
| RDREAM | France | 100 | 100 |
| Renault Sport Racing s.a.s. | France | 100 | 100 |
| SCI Plateau de Guyancourt | France | 100 | 100 |
| SNC Renault Cléon | France | 100 | 100 |
| SNC Renault Douai | France | 100 | 100 |
| SNC Renault Flins | France | 100 | 100 |
| SNC Renault Sandouville | France | 100 | 100 |
| Société des Automobiles Alpine Caterham | France | 100 | 100 |
| Sofrastock International | France | 100 | 100 |
| Société de Transmissions Automatiques | France | 100 | 100 |
| Société de Véhicules Automobiles de Batilly (SOVAB) | France | 100 | 100 |
| Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) | France | 100 | 100 |
| Société Immobilière Renault Habitation (SIRHA) | France | 100 | 100 |
| Société Immobilière d'Epone | France | 100 | 100 |
| Société Immobilière pour l'Automobile (SCIA) | France | 100 | 100 |
| SODICAM 2 | France | 100 | 100 |
| Technologie et Exploitation Informatique (TEI) | France | 100 | 100 |
| **EUROPE** | | | |
| Renault Deutschland AG and subsidiaries | Germany | 100 | 100 |
| Renault Österreich | Austria | 100 | 100 |
| Renault Belgique Luxembourg and subsidiary | Belgium | 100 | 100 |
| Renault Industrie Belgique (RIB) | Belgium | 100 | 100 |
| Renault Croatia | Croatia | 100 | 100 |
| Renault Espana Comercial SA (RECSA) and subsidiaries | Spain | 100 | 100 |
| Renault Espana SA | Spain | 100 | 100 |
| Renault Hungaria | Hungary | 100 | 100 |
| Renault Irlande | Ireland | 100 | 100 |
| Renault Italia and subsidiary | Italy | 100 | 100 |
| Motor Reinsurance Company | Luxembourg | 100 | 100 |

| Renault Group's interest (%) | Country | December 31, 2017 | December 31, 2016 |
|---|---|---|---|
| Renault Group B.V. | Netherlands | 100 | 100 |
| Renault Nederland | Netherlands | 100 | 100 |
| Renault Polska | Poland | 100 | 100 |
| Cacia | Portugal | 100 | 100 |
| Renault Portuguesa and subsidiary | Portugal | 100 | 100 |
| Renault Ceska Republika | Czech Republic | 100 | 100 |
| Grigny Ltd. | United Kingdom | 100 | 100 |
| Renault Retail Group U.K. | United Kingdom | 100 | 100 |
| Renault Sport Racing Limited | United Kingdom | 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 Développement Industriel et Commercial (RDIC) | Switzerland | 100 | 100 |
| Renault Finance | Switzerland | 100 | 100 |
| Renault Suisse SA | Switzerland | 100 | 100 |
| **AMÉRICAS** | | | |
| 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 subsidiary | Colombia | 100 | 100 |
| Renault Corporativo SA de C.V. | Mexico | 100 | 100 |
| Renault Mexico | Mexico | 100 | 100 |
| **ASIA- PACIFIC** | | | |
| Vehicle Distributors Australia | Australia | 100 | 100 |
| Renault Beijing Automotive Company | China | 100 | 100 |
| Renault Samsung Motors | South Korea | 80 | 80 |
| Renault Treasury Services PTE LTD | Singapore | 100 | - |
| **AFRICA – MIDDLE EAST – INDIA** | | | |
| Renault Algérie | Algeria | 100 | 100 |
| Renault India Private Ltd | India | 100 | 100 |
| Renault Maroc | Morocco | 80 | 80 |
| Renault Maroc Service | Morocco | 100 | 100 |
| Renault Tanger Exploitation | Morocco | 100 | 100 |
| Renault Tanger Méditerranée | Morocco | 100 | 100 |
| Société Marocaine de Construction Automobile (SOMACA) | Morocco | 77 | 77 |
| **EURASIA** | | | |
| Renault Nissan Bulgaria | Bulgaria | 100 | 100 |
| Dacia | Romania | 99 | 99 |
| Renault Mécanique Romania | Romania | 100 | 100 |
| Renault Commercial Romania | Romania | 100 | 100 |
| Renault Technologie Romania | Romania | 100 | 100 |
| CJSC Renault Russia | Russia | 100 | 100 |
| Oyak-Renault Otomobil Fabrikalari | Turkey | 52 | 52 |
| Renault Ukraine | Ukraine | 100 | 100 |

| Renault Group’s interest (%) | Country | December 31, 2017 | December 31, 2016 |
|---|---|---|---|
| **SALES FINANCING** | | | |
| **FRANCE** | | | |
| Diac | France | 100 | 100 |
| Diac Location | France | 100 | 100 |
| RCI Banque and subsidiaries | France | 100 | 100 |
| **EUROPE** | | | |
| RCI Versicherungs Services GmbH | Germany | 100 | 100 |
| RCI Financial Services S.A. | Belgium | 100 | 100 |
| Renault AutoFin S.A. | Belgium | 100 | 100 |
| Overlease | Spain | 100 | 100 |
| RCI zrt 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 Leasing Polska Sp. z.o.o. | Poland | 100 | 100 |
| RCICOM, SA | Portugal | 100 | 100 |
| RCI Gest Seguros – Mediadores de Seguros | Portugal | 100 | 100 |
| RCI Finance CZ s.r.o. | Czech Republic | 100 | 100 |
| RCI Financial Services s.r.o. | Czech Republic | 50 | 50 |
| RCI Financial Services Ltd | United Kingdom | 100 | 100 |
| RCI Finance S.A. | Switzerland | 100 | 100 |
| **AMÉRICAS** | | | |
| Courtage S.A. | Argentina | 100 | 100 |
| Rombo Compania Financiera | Argentina | 60 | 60 |
| RCI Brasil S.A. (ex Companhia de Arrendamento Mercantil RCI do Brasil) | Brazil | 60 | 60 |
| Administradora de Consorcio Renault do Brasil | Brazil | 100 | 100 |
| Corretora de Seguros RCI do Brasil | Brazil | 100 | 100 |
| RCI Colombia S.A. Compania de Financiamiento (1) | Colombia | 51 | - |
| **ASIA – PACIFIC** | | | |
| RCI Financial Services Korea | South Korea | 100 | 100 |
| **AFRICA – MIDDLE EAST – INDIA** | | | |
| RCI Finance Maroc | Morocco | 100 | 100 |
| RDFM | Morocco | 100 | 100 |
| **EURASIA** | | | |
| RCI Broker De Asigurare | Romania | 100 | 100 |
| RCI Finantare Romania | Romania | 100 | 100 |
| RCI Leasing Romania IFN | Romania | 100 | 100 |
| OOO RN FINANCE RUS | Russia | 100 | 100 |

| Renault Group’s interest (%) | Country | December 31, 2017 | December 31, 2016 |
|---|---|---|---|
| **AVTOVAZ [(2)]** | | | |
| **EUROPE** | | | |
| LADA International Ltd | Cyprus | 74 | 65 |
| Alliance Rostec Auto B.V. | Netherlands | 82 | 73[(2)] |
| **EURASIA** | | | |
| SOAO Minsk-Lada | Belarus | 41 | 37 |
| PAO AVTOVAZ | Russia | 74 | 65[(2)] |
| AO Avtosentr-Togliatti-VAZ | Russia | 38 | 33 |
| AO Bryansk Lada | Russia | 56 | 50 |
| AO Cheboksary-Lada | Russia | 69 | 60 |
| AO ChitaServisLada | Russia | 57 | 50 |
| OAO Izh-Lada | Russia | 37 | 33 |
| AO JarLadaservis | Russia | 70 | 61 |
| AO Kostroma-Lada-Servis | Russia | 47 | 41 |
| AO Kursk-Lada | Russia | 54 | 47 |
| AO Lada-Servis | Russia | 74 | 65 |
| AO Lipetsk-Lada | Russia | 49 | 43 |
| AO Oka-Lada | Russia | 64 | 57 |
| AO Piter-Lada | Russia | 66 | 59 |
| AO Samara-Lada | Russia | 52 | 46 |
| AO Saransk-Lada | Russia | 67 | 59 |
| AO Saratov-Lada | Russia | 63 | 55 |
| AO Smolensk-Lada | Russia | 45 | 39 |
| AO Tyumen-Lada | Russia | 74 | 64 |
| AO Yakhroma-Lada | Russia | 64 | 57 |
| AO ZAK | Russia | 74 | 65 |
| OOO LADA Sport | Russia | 74 | 65 |
| OOO LIN | Russia | 74 | 65 |
| OOO PPPO | Russia | 74 | 65 |
| AO PSA VIS-AVTO | Russia | 74 | 65 |
| OOO Sockultbit-AVTOVAZ | Russia | 74 | 65 |
| OOO VMZ [(3)] | Russia | - | 65 |
| LLC LADA IZHEVSK | Russia | 73 | 65 |
| AO Lada-Imidzh | Russia | 74 | 65 |
| AO STO Komsomolskaya | Russia | 58 | 51 |
| AO Tsentralnaya STO | Russia | 74 | 65 |
| Autres filiales d’ AVTOVAZ | Russia | 74 | 65 |

### 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, 2017 | December 31, 2016 |
|---|---|---|---|
| **AUTOMOTIVE EXCLUDING AVTOVAZ** | | | |
| 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, 2017 | December 31, 2016 |
|---|---|---|---|
| **AUTOMOTIVE EXCLUDING AVTOVAZ** | | | |
| 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 | 44 | 44 |
| Motorlu Araclar Imal ve Satis A.S | Turkey | 49 | 49 |
| **SALES FINANCING** | | | |
| Renault Crédit Car | Belgium | 50 | 50 |
| Nissan Renault Financial Services India Private Limited | India | 30 | 30 |
| RN SF B.V. | Netherlands | 50 | 50 |
| BARN B.V. | Netherlands | 30 | 30 |
| RN Bank | Russia | 30 | 30 |
| Orfin Finansman Anonim Sirketi | Turkey | 50 | 50 |
| **AVTOVAZ (2)** | | | |
| Ferro VAZ GmbH | Germany | 37 | 33 |
| ZAO GM-AVTOVAZ | Russia | 37 | 33 |
| CSC ARMENIA-LADA | Armenia | 37 | 33 |

*(1) RCI Colombia S.A. Compania de Financiamiento, formed by the Group in partnership with BBVA, is fully consolidated from 2017.*
*(2) Alliance Rostec Auto B.V. and the AVTOVAZ Group are fully consolidated from December 31, 2016 following the acquisition of control as defined by IFRS 10, at the end of the year. They were accounted for under the equity method during 2016 until the Group acquired control (note 3-B).*
*(3) Subsidiaries absorbed in 2017 by fully consolidated companies.*

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

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

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

(1) *After publication of the 2017 Registration document.*