ANNUAL REPORT 2016

FCA CAPITAL SUISSE SA

Zürcherstrasse 111

8952 – Schlieren

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FCA CAPITAL Suisse

FCA Capital Suisse SA

Zürcherstrasse 111
8952 – SCHLIEREN
Share capital CHF 24,100,000
Identification number CH-106.002.558

DIRECTORS REPORT

The Directors present the audited Financial Statements of FCA Capital Suisse SA ("the Company") for the year ended 31 December 2016.

OVERVIEW

FCA Capital Suisse SA offers specialised financial services in Switzerland since 1991. Its offices are located in Zürcherstrasse 111, Schlieren (CH). In particular, the Company is providing:

- **Retail financing**: the Company offers a wide range of financial and insurance services mainly for cars to private and commercial customers of the brands Fiat, Lancia, Alfa Romeo, Fiat Professional, Abarth, Jeep, Maserati and Erwin Hymer Group brands ("EHG"). It offers leasing or financing products and services mainly through dealers of FCA Switzerland SA ("FCAS"), Maserati (Schweiz) AG ("Maserati") and EHG. The Finplus Brand is mainly used by other dealers.
- **Dealer financing**: Stock financing for new and used cars and leasing for Demo cars for the dealer networks of FCAS, Maserati, Ferrari S.p.A. and EHG.

The Company is a fully owned subsidiary of FCA Bank S.pA., the holding company of one of the largest car finance banking groups in Europe.

FCA Bank banking group is regulated by the European Central Bank.

The Parent company's shareholders are FCA Italy S.p.A., a Fiat Chrysler Automobiles Group company operating in the automotive sector and Crédit Agricole Consumer Finance SA, a wholly-owned subsidiary of Crédit Agricole SA operating in the consumer credit sector. FCA Italy and Crédit Agricole Consumer Finance each hold 50 per cent of the issued share capital of FCA Bank S.p.A. pursuant to a joint venture agreement signed in October 2006. The initial term of the joint venture agreement was extended on 30 July 2013 to 31 December 2021 to ensure the long term sustainability of FCA Bank Group, which will continue to benefit from the financial support of the Crédit Agricole Group. On 8 November 2013 an amended and restated joint venture agreement was executed.

FCA Bank operates in 16 European markets and in Morocco and acts as the partner of reference for all the Fiat Chrysler Automobiles brands (Fiat, Lancia, Alfa Romeo, Fiat Professional, Abarth, Maserati, Chrysler and Jeep) and for such prestigious brands as Ferrari, Jaguar and Land Rover as well as for the Erwin Group, Europe's largest manufacturer of motorhomes and campervans.

FCA Bank provides a full range of dedicated and flexible financial products and services, capable of meeting effectively all customer requirements, guaranteeing constant and careful attention to the dealer network, automobile owners and companies.

The most important activities of the FCA Bank Group in terms of size and profitability are located in Italy, Germany and the UK.

The FCA Bank Group currently accesses the following sources of funding: the securitisation of portions of its receivables portfolio, debt capital markets, credit facilities with banks, deposits from customers, access to ECB LTRO and funding from its shareholder, Crédit Agricole Consumer Finance. The Group's Treasury department ensures liquidity and financial risk management at group level, in accordance with the FCA Bank Group's risk management policies pursuing the objective of a fully funded position in all maturity brackets and minimising exposure to counterparty, interest rate and foreign exchange risks.

The FCA Bank Group operates with three main lines of business:

- **Retail financing**: to support the sales to final customers of automotive manufacturers in Europe, in particular the brands of Fiat Chrysler group, Maserati, EHG, Ferrari and (currently not in Switzerland) Jaguar Land Rover. The products offered are financial leasing, hire purchase and PCP. The Group is the exclusive partner of the various brands with which it cooperates in case of financial promotional campaigns (i.e. vehicles sold with promotional interest rate financing, where the brand pays to the financing institution the difference between the promotional interest rate and the market rate). The Group offers a range of customised services linked to the relevant loan product, such as credit protection insurance, fire/theft insurance policies and extended warranties. The Group's assets portfolio is characterised by low concentration, with a very large and diversified customer base. The underwriting procedure is managed based upon statistical models that are continuously tracked and verified in order to ensure their continuing predictive capabilities**.**

- **Dealer network financing**: provides support to the automotive manufacturers' dealer networks in Europe, in particular the brands of Fiat Chrysler group, Maserati, Ferrari, EHG and (currently not in Switzerland) Jaguar Land Rover. The Group grants credit lines (plafond) to dealers with specific credit risk assessments through a complete system of scoring and internal-rating based on: financial information about the dealer; dealer behavioural history (payment punctuality, stock audits, reports to credit bureaux) and guarantees. The dealer network financing business line is characterised by an extensive knowledge of the client base (thanks to its close relationship with the car manufacturers which it supports): this allows FCA Bank Group to react promptly in case of early signs of dealer’s financial difficulties. The exposure is often mitigated by strong documentary protection (in case of bankruptcy) with retention of car ownership title and by insurances and guarantees. The main product of the dealer network financing business line is the inventory (new vehicle stock) financing, also known as “floor-plan”. It is an asset-based financing product, which ensures a solid level of security through collateral coverage of the business.

- **Long-term rental activities (not offered in Switzerland)**: provides medium and long term rental solutions to small, medium and large corporates, in cooperation with the automotive manufacturers in Europe. The main products are long-term rental (monthly fee to rent the vehicle, whose ownership is maintained by the rental company) and fleet management (monthly fee to cover services such as maintenance, insurance, and a courtesy car facility for fleets owned by the customer).

The Group strategy is to combine the three main business lines under a single management structure, based on the following rationale:

- to provide dealers with a `one-stop shop' for all their financing needs
- using the dealer network as a key element to support incremental growth in the retail and rental business;
- to ensure an efficient commercial structure, closer to customers and the dealer network; and
- to create a simplified organisation, with a reduction of structural costs.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

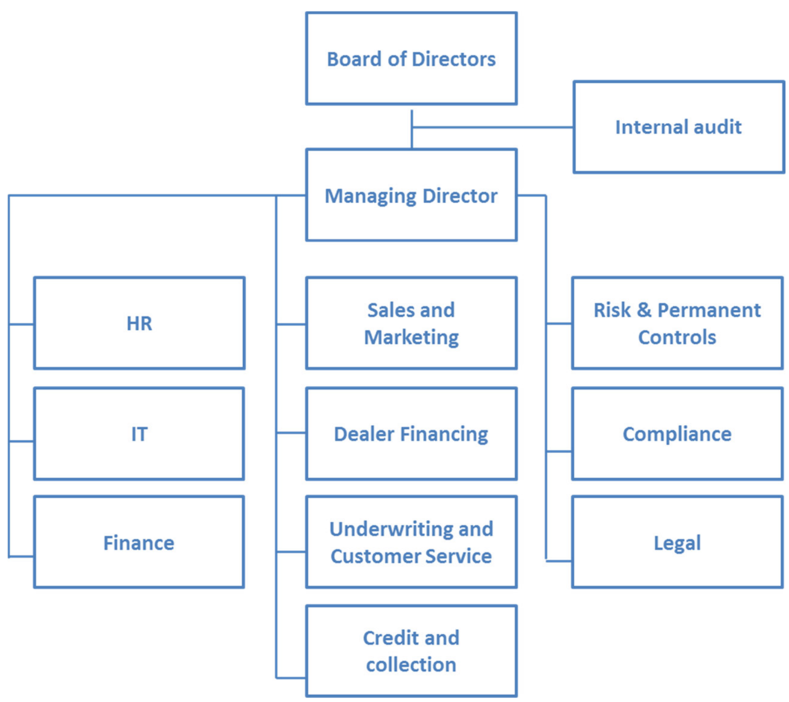
The composition of the Board of Directors of the Company at 31/12/2016 is described in the table below

Name	First Appointment to the Board of Directors	Other relevant positions
G. Carelli (Chairman)	2014	FCA Bank S.p.A., Chief Executive Officer and General Manager
F. Berra (Managing Director)	2014	FCA Capital Suisse SA, Country Manager
G. Viale	2012	FCA Bank S.p.A., Head of Dealer Financing
M.G. Davino	2016	FCA Switzerland SA, Managing Director

The Board of Directors meets at least on an annual basis and have, among others, the following powers and duties:

- Oversight and control on Company's management;
- Issuing the necessary directives;
- Determine the Company's organisation and internal control system;
- Define the Company's risk appetite.

There have been several changes over the last few years to the Company's organisation and personnel. The current structure is regarded as adequate for the management of the Company's business and associated risks. The organisational chart is represented in the table below:



MARKET AND PERFORMANCE

In 2016, new passenger car registrations in Europe (EU + EFTA) increased by 6.5%, totalling 15.1 million[1].
FCA closed 2016 with sales in Europe (EU28+EFTA) totaling nearly 993,000 vehicles (+14.1% year-over-year compared with +6.5% for the industry) and market share 50 basis points higher at 6.6%. All brands outperformed the industry, with Jeep sales up 19.0%, Alfa Romeo up 16.5%, Fiat up 13.6% and Lancia up 9.0%. FCA also outperformed the industry in nearly every major market, with 2016 sales increasing 18.5% in Italy, 8.5% in Germany, 13.2% in France and 26.8% in Spain.

Driving these results was the strong performance of the Group's leading models. The Fiat 500X and Jeep Renegade continued among the top ten in the European Small SUV segment. It was a very positive year also for the Fiat 500, Fiat 500L and Fiat Panda (at the top of the rankings in their respective segments). The Fiat Tipo also continued to post increases throughout the year.

For the Fiat brand, sales were up 13.6% for the year to more than 746,000 vehicles and market share increased 30 basis points to 4.9%. Brand sales were up 17.1% in Italy, 9.3% in Germany, 14.9% in France, 29.4% in Spain, 6.8% in Belgium, 21.4% in Austria and 25.1% in Poland.
Lancia/Chrysler posted full-year sales of more than 67,200 units (+9.0% vs. 2015) with market share stable at 0.4%. For the month of December, brand sales totaled nearly 4,500 vehicles and market share was 0.4%.

Alfa Romeo sales totaled 66,200 units (+16.5% year-over-year) and share was 0.4%. Sales were up in almost all major markets, with increases of 19.2% in Italy, 39.3% in Germany, 15.4% in France and 11.9% in Spain.

Jeep followed a record 2015 with another all-time best annual sales performance in Europe. In fact, the brand's European sales were up 19.0% for the year to 105,000 vehicles and share increased 10 basis points to 0.7%. For the major markets, full-year sales were up 35.0% in Italy, 16.3% in France, 30.5% in the UK and 32.9% in Spain.

Maserati posted European sales of more than 7,900 vehicles, representing a 29.8% increaseover full-year 2015.

In Switzerland[2], the relevant car market decreased by 1.9% compared to 2015, as detailed in the table below:

	2014	**2015**	**2016**	**'16 vs '15**
LCV	32'315	34'989	34'488	-1.4%
Passenger cars	301'942	323'783	317'318	-2%
Total	**334'257**	**358'772**	**351'806**	**-1.9%**

[1] Source: http://www.acea.be/
[2] Source: https://www.auto-schweiz.ch/

The relevant FCA brands posted overall a 2.6% decrease versus last year while Maserati showed an increasing trend by 11.1%. Details are provided in the table below:

	2014	2015	2016	'16 vs '15
Fiat Professional	3'120	3'466	3'497	0.9%
Alfa Romeo	2'104	1'249	1'509	20.8%
Fiat	9'029	9'025	8'757	-3.0%
Jeep	3'274	3'705	3'269	-11.8%
Lancia	795	127	84	-33.9%
Total FCA	**18'322**	**17'572**	**17'116**	**-2.6%**
Maserati	731	705	783	11.1%
Total	**19'053**	**18'277**	**17'899**	**-2.1%**

The above market trend includes registration performed by both the national sales company and the parallel importers of vehicles from other countries, thus negatively impacting on the national sales company's turnover.

Registrations by the importers are reported below:

	2014	2015	2016	'16 vs '15	% Import on Registrations 2016
Alfa Romeo	181	174	171	-2%	11%
Fiat	2'110	1'729	1'141	-34%	13%
Jeep	356	192	352	83%	11%
Lancia	51	6	3	-50%	4%
Total FCA	**3'135**	**2'698**	**1'667**	**-21%**	**12%**
Total CH Import (passenger cars)	**24'035**	**23'120**	**21'842**	**-10%**	**7%**

Whereas registrations by parallel importers represent 7% of the Swiss registrations overall, for the FCA Brands imported vehicles represented 12% of the total registrations which are not generally targeted by the Company, showing a reduction compared to prior year (15%).

The Company originated about 9'300 retail contracts in 2016, showing a 3% decrease compared to the prior year. The number of contracts paid out by product in each year is detailed in Figure 1:

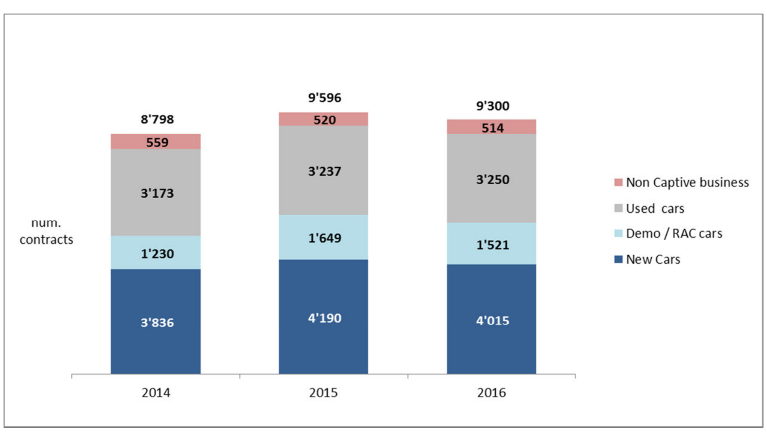


Figure 1 - New retail financing contracts

Further to the decreasing trend of the number of retail contracts, the Company financed in 2016 new contracts for an amount of CHF 140 million showing a 5% decrease compared to 2015 (Figure 2).

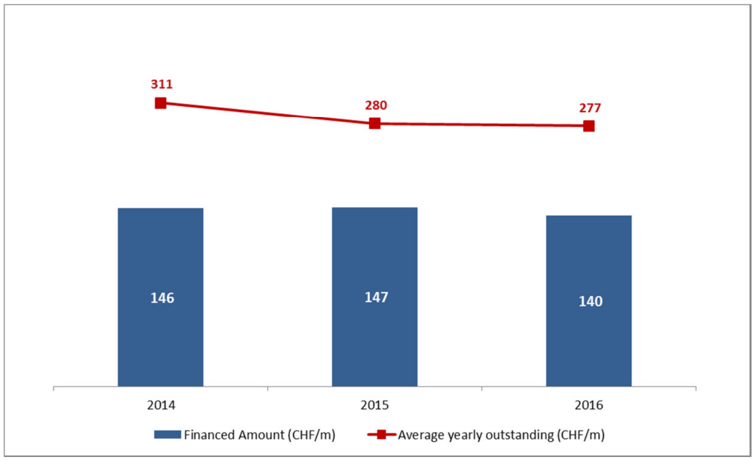


Figure 2 - Retail portfolio and new business

The total average portfolio financed (as a result of a monthly average over the last year) increased. The the Dealer Financing business line showed a significant increase compared to last year. The global Company's portfolio is detailed in Figure 3, showing an average 2016 loan portfolio of CHF 353 million.

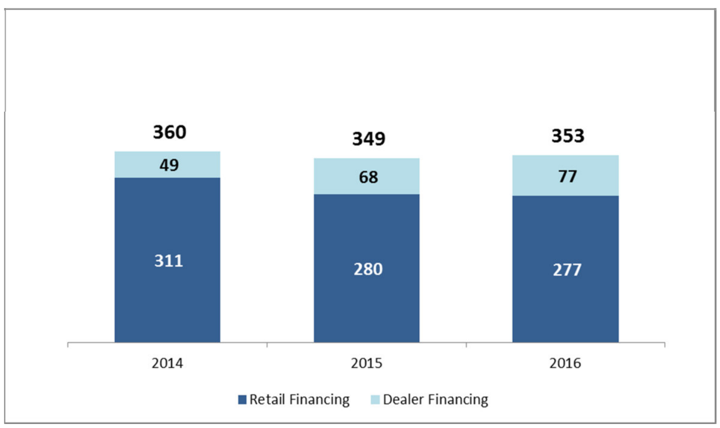


Figure 3 - Average portfolio trend

The graph in Figure 4 shows a breakdown of the Company's retail contracts in portfolio in terms of active HP, PCP and Leasing contracts. Leasing confirms to be the most important line of business, representing at the end of 2016 the 90% of the contracts.

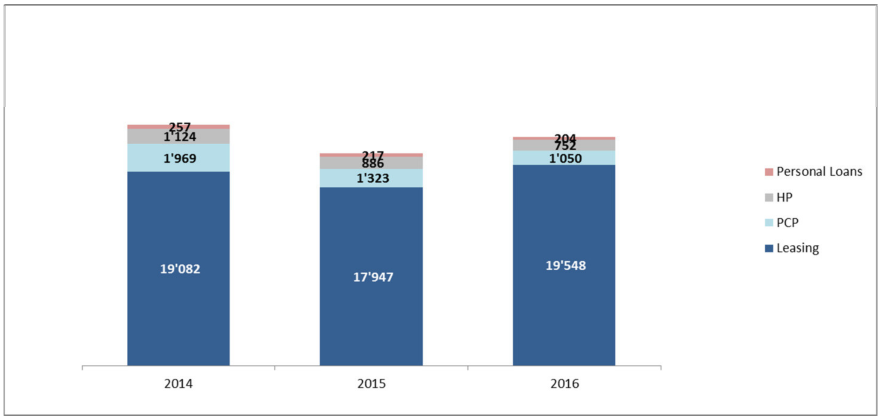


Figure 4 - Retail portfolio breakdown by contract type

In terms of volumes, at the end of 2016, the Company's assets totalled CHF 401 million, showing an increasing trend compared to the end of 2015, driven by an increase of both the dealer financing and retail portfolio (Figure 5).

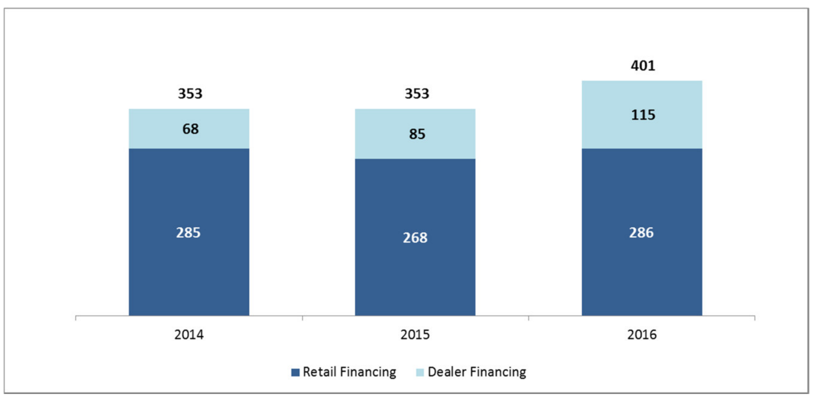


Figure 5 - Year end portfolio

The Company's assets are funded by bilateral facilities amounting to CHF 60 million at 31/12/2016, extended by shareholders and other group companies, capital market funds for CHF 225 million. The notes are listed at the SIX stock exchange and are due to mature in July 2017 for CHF 125 million and in November 2021 for CHF 100 million.
The Company is also part of a Pan-European cash pooling system in place among FCA Bank Group companies, where funds in excess can be deposited and an overdraft facility is available to finance the Company's short term funding needs. The company was borrowing CHF 36 million from the cash pooling facility at 31/12/2016.

The cost of funding paid by the Company further decreased in 2016 compared to the previous year thanks to the funding diversification strategy already initiated in 2014 and driven by the improved market conditions in Europe.

The following table summarises the Company's key performance indicators based on the Statutory accounts as at 31 December 2016 and a comparison with previous year's results.

In thousands of CHF

Statutory	2016	2015
Average portfolio	353'473	348'734
Net Financial Income	21'517	22'474
Other operating costs	(3'060)	(3'127)
Net operating expenses	(9'916)	(10'231)
Cost of risk	(708)	6'646
Non-operating income/expenses	60	14
Profit before tax	7'892	15'775
Net profit	7'776	15'663

Ratios	2016	2015
Net Financial Income	6.09%	6.44%
Cost/Income	0.46	0.46
Net Income	2.2%	4.5%

The decrease in net income in 2016, compared to 2015, was mainly caused by non-recurring risk fund adjustment in 2015 for an amount of CHF 7.3 Million.

Both costs structure and risk performance were stable, leading to a positive and sustainable performance.

The Directors regard the financial performance of the Company in the financial year as satisfactory.

During the year under review, FCA Capital Suisse employed 52 full-time equivalents on average.

The Company is subject to certain claims and is party to a number of legal proceedings relating to the ordinary course of its business. Although it is difficult to predict the outcome of such claims and proceedings with certainty, the Company believes that liabilities related to such claims and proceedings are unlikely to have, in the aggregate, material effects on its financial position or profitability.

The Company is involved in legal disputes in connection with a former business partner who is now bankrupt. Provisions and value adjustments were made for all expected losses and costs. As in every legal dispute there are uncertainties about the outcome.

On 15 July 2014, the Swiss Competition Commission (Wettbewerbskommission) publicly announced the initiation of an investigation proceeding related to car lease financing activities in Switzerland and involving certain automotive captive financing companies (nine in total). The Company is one of the companies subject to the investigation.

In case of a severe competition law infringement, the Competition Commission may, in accordance with the relevant antitrust law, impose sanctions. Such sanctions are dependent on the duration, the severity and the nature of the violation. The potential maximum fine may amount to up to 10% of the turnover achieved by the Company in the last three fiscal years on the relevant markets in Switzerland. On the basis of a legal assessment, the Company currently concludes that a fining decision is rather unlikely. It has therefore not recognized any provisions in the accounts.

RISK ASSESSMENT

Once a year, a risk assessment is being carried out by the management of the Company in order to identify significant risks to which the Company is exposed and assess their probability of occurrence and their potential impact. On the basis of appropriate measures adopted by the Board of Directors, the identified risks can be either taken, according to the Company's risk appetite, or avoided, reduced or transferred to third parties.

The Company's operating results, financial conditions and cash flows are primarily affected by several macroeconomic factors including changes in GDP, consumer and business confidence, interest-rate trends and unemployment.

Therefore, according to the nature of the Company's activities the Directors have identified the following risks:

TYPE OF RISK	Relevant
Credit	Yes
Operational	Yes
Concentration	Yes
Interest rate	Yes
Liquidity	Yes
Strategic	Yes
Reputational	Yes
Exchange rate	Yes
Compliance	Yes
Market	No

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. The level of credit risk on the portfolio is influenced primarily by the following factors: the total number of contracts that might default and the amount of loss per occurrence, which in turn are influenced by various economic factors.

Credit risk management is organized on the basis of the model and procedures approved by FCA Bank S.p.A.'s Board of Directors and generally applicable to the subsidiaries.

Coherently, the Company manages the credit risk through a system of local Committees, credit policies, authority levels and operational limits according to the Group requirements.

Specifically, the following Committes have been established with the aim to monitor and control the credit risk:

- The Credit Committee, with governance on the credit risk policies, credit scorecards, credit approval limits, review and analysis of risk performance and credit approval requests, within its delegation of power.
- The Residual Value Committee, with the mission to determine the applicable Residual value for the financed vehicles' models.
- The Bad Debt Provisioning Internal Committee, approving the bad loans provisions and the resulting total cost of risk.

With reference to the tools implemented to mitigate the Credit risk, the Company adopts systems of Credit scoring both for the Dealer Financing business and for the Retail Financing, together with the management and monitoring of a watch list for critical counterparties.

Finally, the Local Credit Manual embodies the guidelines of the Central Credit Manual and specifies the definition of the criteria and standards concerning credit rules, customer requirements, credit analysis, documentation and disbursement, the administration and credit enhancements necessary to help decision-makers to select customers suited to the type of instalment loan offered by the Company.

Operational risk

The Company is exposed to the operational risk which is the risk of losses arising from the inadequacy or failure of procedures, resources and internal systems or external events. It includes legal risk but not strategic and reputation risk.

The Company manages its operational risks with processes and procedures to identify, monitor and mitigate such risks: operational risks are mapped and specific actions are taken to minimize them.

In particular, the operational risk management model consists of the following processes:

- mapping of operational risks by process,
- recording of loss events with quarterly frequency
- analysis and classification of risk and loss events and definition, where necessary, of risk control and mitigation actions.

Concentration risk

The Concentration risk is the risk associated with the exposure to counterparties, groups of related counterparties and counterparties operating in the same industry or carry out the same activity or belonging to the same geographical area.

The Company measures its concentration risk to counterparties or groups of related counterparties for its loan portfolio by monitoring on a monthly basis its largest exposures.

Furthermore, within the yearly risk assessment process, the so-called Granularity Adjustment (GA) method is applied to measure the portfolio concentration.

Interest rate risk

The interest rate risk is defined as the risk associated with potential changes in interest rates.

More specifically, it arises from any mismatch between the re-pricing dates of assets and liabilities (the date on which interest rates are reset is the maturity date for fixed-rate loans and the end of the interest period for floating-rate loans).

To manage interest rate risk, the Company operates in coordination to Central Treasury to neutralize/minimize the impact of interest rate volatility on the Company's assets and liabilities.

Interest rate risk is monitored through the duration gap analysis – by comparing the duration of the Company's asset portfolio with that of its financial liabilities – to ensure that the difference between the two is kept within pre-established limits.

Liquidity risk

Liquidity risk refers to the Company's inability to meet its financial obligations as they come due and payable.

The Company identifies and manages the liquidity risk in coordination with Central Treasury which is responsible for all of the Group companies' cash management activities and funding transactions.

Coherently, the Company covers the liquidity risk by matching the maturities of its assets and its liabilities by amounts and tenor, according to the Group Policy and guidance.

Exchange rate risk

The exchange rate risk is defined as the risk associated with potential changes in cross currency exchange rates to the extent that part of the Company's economic results is recognized in currencies other than Swiss Francs but its financial statement are published in Swiss Francs.

The Company manages its foreign exchange risk exposures aligning assets and liabilities denominated in currencies other than Swiss Francs or through the use of financial hedging instruments.

Strategic risk

The strategic risk is the risk related to the capacity of the Company to accomplish its goals.

The Company's business is substantially and mainly dependent upon the sales of vehicles produced by FCA and Maserati and upon its ability to offer competitive financing in its market place.

The Company monitors the Strategic risk with a set of qualitative scorecards in order to assess and mitigate such risks.

The management Committee reviews regularly the commercial, risk and financial results and the status of significant projects.

Reputational risk

The reputational risk is defined as the risk related to potential losses resulting from damages to the Company's image by customers, counterparties, shareholders, investors or supervision authorities.

The Company feels that reputation risk might be considered a "subordinated" risk, i.e. a consequence that might result from different types of risk with an impact also on its image.

In setting out its operating procedures, the Company takes into account possible reputational consequences.

Non-compliance risk

Non-compliance risk refers to the risk of incurring into judicial or administrative sanctions, significant financial losses or reputational damages following a breach of imperative norms (laws, rules, regulations) or self-regulation (e.g. bylaws, codes of conduct, codes of ethics).

The Compliance function of the Company oversees the compliance risk management of the whole company's rules and regulations according to a risk based approach and taking into account any expected regulatory evolution, best practices and shareholders' guidelines. It establishes second level controls in order to verify that rules and regulations are properly implemented in the company.

POST BALANCE SHEET EVENTS

No relevant events occurred since the closing of accounts for 2016 which might have material impact on 2016 financial position.

FUTURE PROSPECTS

The Directors expect a satisfactory profitability also in 2017, notwithstanding the risks above to which the Company is exposed, mainly the trend of demand in the relevant automotive car market; the competition from other players on the Swiss Car financing market and the credit risk performance.
The Directors regard the current organization as appropriate to sustain the business organic growth.

RESULTS AND DIVIDENDS

The results for the year are set out in the Statement of Comprehensive Income. No dividend was paid during the year (2015: CHFNil).

DIRECTORS' AND OFFICERS' INTERESTS

None of the Directors nor the Company secretary has any interests in the share capital of the Company at the beginning or end of the year ended 31 December 2016.

Signed on behalf of the Board:

) DIRECTORS

)

Date: 10 February 2017

FINANCIAL STATEMENTS

FCA CAPITAL SUISSE SA

Zürcherstrasse 111

8952 – Schlieren

31/12/2016

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

BALANCE SHEET AS OF 31 DECEMBER 2016

(in Swiss francs)

ASSETS	Note	31.12.2016	31.12.2015
Current assets			
Cash		541'864	358'229
Trade receivables		195'827'308	179'100'652
due from third parties		189'951'138	176'593'748
from financial leases & retail	5.	89'185'365	99'221'242
from financing to dealers	4.	99'492'663	77'012'709
other trade receivables		1'273'110	359'797
due from group companies & shareholders		5'876'170	2'506'905
from financial leases & retail	5.	2'409'647	1'930'246
from financing to dealers	4.	2'948'604	229'476
other trade receivables		517'919	347'183
Accrued income and prepaid expenses		4'120'639	3'938'136
Total current assets		**200'489'812**	**183'397'018**
Non-current assets			
Financial assets		244'542	244'520
Receivables from financial leases & retail	5.	189'621'748	169'970'402
due from third parties		188'047'125	168'268'348
due from group companies & shareholders		1'574'624	1'702'055
Property, plant and equipment		523'754	397'111
Intangible assets		521'976	358'428
Total non-current assets		**190'912'021**	**170'970'461**
TOTAL ASSETS		**391'401'833**	**354'367'479**

FCA CAPITAL SUISSE SA, SCHLIEREN

BALANCE SHEET AS OF 31 DECEMBER 2016

(in Swiss francs)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.12.2016	31.12.2015
Short-term liabilities			
Trade payables		6'989'109	4'777'354
due from third parties		5'492'377	3'002'528
due from group companies, shareholders and members of the governing bodies		1'496'732	1'774'826
Short-term interest-bearing liabilities	10.	221'418'498	168'600'028
due to third parties		125'000'000	91'911'246
Bank current accounts third parties		0	516'246
Short-term loans to third parties	7.	125'000'000	91'395'000
due to group companies and shareholders		96'418'498	76'688'781
Bank current accounts		36'418'498	31'688'781
Short-term loans		60'000'000	45'000'000
Other short-term liabilities third parties		186'753	399'821
Accrued expenses and deferred income		3'814'340	3'634'385
Total current liabilities		**232'408'699**	**177'411'588**
Long-term liabilities			
Long-term interest-bearing liabilities	10.	100'000'000	125'000'000
due to third parties	8.	100'000'000	125'000'000
due to group companies and shareholders		0	0
Long-term provisions		346'859	1'085'648
Total non-current liabilities		**100'346'859**	**126'085'648**
Total liabilities		**332'755'558**	**303'497'236**
Shareholders' equity			
Share capital		24'100'000	24'100'000
General statutory reserves		8'484'414	8'484'414
Voluntary retained earnings		26'061'861	18'285'829
Balance brought forward		18'285'829	2'622'765
Profit for the year		7'776'032	15'663'064
Total shareholders' equity		**58'646'275**	**50'870'242**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**391'401'833**	**354'367'479**

FCA CAPITAL SUISSE SA, SCHLIEREN

PROFIT & LOSS STATEMENT 2016

(in Swiss francs)

	Note	2016	2015
Financial income from leasing		20'052'210	21'586'250
Financial income from dealer financing		3'829'393	3'434'863
Other income from leasing & retail		769'974	1'283'699
Financial income		**24'651'577**	**26'304'813**
Financial costs		-3'133'997	-3'830'960
Net financial income		**21'517'581**	**22'473'853**
Commission expenses		-2'648'528	-2'645'418
Losses and provision for bad debts, net		-708'174	6'645'815
Other operating costs		-412'212	-481'952
Gross Profit		**17'748'667**	**25'992'298**
Personnel expenses		-6'066'251	-5'581'640
General and administration		-3'476'403	-4'313'496
Depreciation & valuation adjustment of fixed assets		-373'688	-336'256
Earnings before taxes		**7'832'325**	**15'760'906**
Non-operating income		63'906	39'877
Non-operating expenses		-3'887	-25'539
PROFIT BEFORE TAXES		**7'892'344**	**15'775'245**
Direct taxes		-116'312	-112'181
PROFIT FOR THE YEAR		**7'776'032**	**15'663'064**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

CASH FLOW STATEMENT 2016

(in Swiss francs)

Cash flow statement	**2016**	**2015**
Profit for the year	**7'776'032**	**15'663'064**
Depreciation and valuation adjustments to fixed assets	373'688	336'256
Net increase/decrease in long-term provisions	-738'789	-7'454'499
Net increase/decrease in receivables from financial leases & retail	-10'094'870	12'453'602
Net increase/decrease in receivables from financing to dealers	-25'199'081	-13'353'661
Net increase/decrease in other trade receivables	-1'084'050	753'045
Net increase/decrease in financial assets	-22	-6'843
Net increase/decrease in inventories and uninvoiced services	0	0
Net increase/decrease in accrued income and prepaid expenses	-182'503	-145'459
Net increase/decrease in accounts payable trade	2'211'754	1'644'192
Net increase/decrease in other current liabilities (excluding financial liabilities)	-213'068	202'801
Net increase/decrease in accrued expenses and deferred income	179'955	39'934
Profit / loss on sale of property, plant and equipment	-58'137	-13'800
Other non-cash income and expenses	0	0
Cash flow from operating activities	**-27'029'092**	**10'118'631**
Purchases of property, plant and equipment	-760'257	-674'738
Proceeds from property, plant and equipment	154'514	165'463
Purchases of financial assets	0	0
Proceeds from financial assets	0	0
Purchases of intangible assets	0	0
Proceeds from intangible assets	0	0
Cash flow from investing activities	**-605'743**	**-509'275**
Net increase/decrease in short-term financial liabilities	52'818'471	88'718'739
Net increase/decrease in long-term financial liabilities - third parties	0	-91'395'000
Net increase/decrease in long-term financial liabilities - shareholder	0	-10'000'000
Net increase/decrease in long-term financial liabilities - bond	-25'000'000	0
Repayment of debt principal/payment of dividends	0	0
Proceeds from capital increase	0	0
Purchase of treasury shares	0	0
Sale of treasury shares	0	0
Cash flow from financing activities	**27'818'471**	**-12'676'261**
Net increase/decrease in cash	**183'635**	**-3'066'906**
Statement of net increase/decrease in cash and cash equivalents		
As at January 1	358'229	3'425'135
As at December 31	541'864	358'229
Net increase/decrease in cash and cash equivalents	**183'635**	**-3'066'906**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

NOTES AS OF 31 DECEMBER 2016

1. General

FCA Capital Suisse SA (in the following also referred to "Company"), located in Zurcherstrasse 111, Schlieren (CH), is a wholly owned subsidiary of FCA Bank S.p.A., Italy, which is a 50-50 joint-venture between FCA Italy S.p.A. and Crédit Agricole Consumer Finance SA. The Company provides specialised financial services to customers and dealers (mainly Fiat, Alfa Romeo, Lancia, Jeep, Maserati and Ferrari) and its principal activities are leasing transactions for ultimate clients of and stock financing of cars for car dealers.

2. Accounting principles

The financial statements are prepared in accordance with the provisions of the Swiss Code of Obligations.

3. Changes in the accounting principle

In prior years certain commissions related to the sale of insurance products were directly recognised as an income. Since 1 October 2016, such commission payments are capitalized and amortized over the duration of the financing agreement.

4. Receivables from financing to dealers	31.12.2016	31.12.2015
Gross receivables	102'750'743	80'275'982
Less: Allowance for doubtful debtors	-3'258'080	-3'263'273
Trade receivables from financing to dealers	99'492'663	77'012'709

5. Receivables from financial leases & retail	31.12.2016	31.12.2015
Leasing contract	201'694'745	192'691'442
Residual value of leased vehicles	117'396'617	114'262'892
Leasing deposits	-150'709	-111'153
Unearned interest income on lease contracts	-28'445'883	-26'535'571
Less: Allowance for doubtful debtors	-9'278'010	-9'185'719
Receivables from financial leases & retail, net	281'216'760	271'121'890
thereof:		
- current financial lease assets	91'595'012	101'151'488
- non current financial lease assets	189'621'748	169'970'402

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

NOTES AS OF 31 DECEMBER 2016

6. Liabilities to pension fund	**31.12.2016**	**31.12.2015**
	0	0

7. Bond issued, interest rate: 1.50% p.a.	**31.12.2016**	**31.12.2015**
Issue date: 25.07.2014		
Maturity date: 25.07.2017	125'000'000	125'000'000

The expenses for the issuance of the bond are accrued and amortized for the duration of the liability.

8. Bond issued, interest rate: 0.75% p.a.	**31.12.2016**	**31.12.2015**
Issue date: 29.06.2016		
Maturity date: 29.11.2021	100'000'000	

The expenses for the issuance of the bond are accrued and amortized for the duration of the liability.

9. Net release of hidden reserves	**31.12.2016**	**31.12.2015**
	0	0

10. Maturity structure of the interest bearing liabilities	**31.12.2016**	**31.12.2015**
Long-term loans (maturity < 5 year)	-100'000'000	-125'000'000

11. Fees paid to the auditor	**31.12.2016**	**31.12.2015**
Audit services (including audit related services)	142'800	139'050
Other services	0	0

12. Full time positions

The number of full-time equivalents did not exceed 250 on an annual average basis in 2015 and 2016.

	31.12.2016	**31.12.2015**
Average Full time positions	52	53

13. Long term obligations	**31.12.2016**	**31.12.2015**
Renting agreement office premises	883'830	1'237'362

Consist of future rent payments until the earliest termination date on 30 June 2019.

14. Repossessed cars

Cars repossessed by FCA Capital Suisse SA during the collection process are stated as net receivables until the financing contract is not irrevocably ceased.
The carrying amount of net receivables of cars repossessed amounted to CHF 283'774 as at 31 December 2016 (2015: CHF 77'220).

15. Legal disputes

The Company is involved in a number of legal disputes in connection with a former business partner who is now bankrupt. Provisions and value adjustments have been made for all expected losses and costs.
As in every legal dispute there are uncertainties about the outcome.

On 15 July 2014, the Swiss Competition Commission (Wettbewerbskommission) publicly announced the initiation of an investigation proceeding related to car lease financing activities in Switzerland and involving certain automotive captive financing companies. FCA Capital Suisse SA is one of the companies subject to the investigation.
In case of a severe competition law infringement, the Competition Commission may, in accordance with the relevant antitrust law, impose sanctions. Such sanctions are dependent on the duration, the severity and the nature of the violation. The potential maximum fine may amount to up to 10% of the turnover achieved by the Company in the last three fiscal years on the relevant markets in Switzerland. On the basis of a legal assessment, the Company currently concludes that a fining decision is rather unlikely. It has therefore not recognized any provisions in the accounts.
As in every formal investigation there are uncertainties about the outcome.

FCA CAPITAL SUISSE SA, SCHLIEREN

APPROPRIATION OF AVAILABLE EARNINGS
(Proposal by the Board of Directors)

	31.12.2016	31.12.2015
Balance brought forward	18'285'829	2'622'765
Profit for the year	7'776'032	15'663'064
Available earnings	**26'061'861**	**18'285'829**
Dividend	0	0
Allocation to general legal reserves	0	0
Balance to be carried forward	**26'061'861**	**18'285'829**

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To the General Meeting of
FCA Capital Suisse SA, Schlieren

Berne, 9 March 2017

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of FCA Capital Suisse SA, which comprise the balance sheet, profit & loss statement, cash flow statement and notes (pages 16 to 22 of this annual report), for the year ended 31 December 2016.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recoverability and valuation of trade receivables and receivables from financial leases & retail and trade receivables from financing to dealers

Area of focus	As of 31 December 2016, trade receivables and receivables from financial leases & retail and trade receivables from financing to dealers accounted for the most material portion to the assets of FCA Capital Suisse SA with CHF 383.7 million (98.0%). The respective valuation of the allowance for doubtful debtors includes estimations by FCA Capital Suisse SA. The recoverability and valuation of trade receivables and receivables from financial leases & retail and trade receivables from financing to dealers therefore represented an area of focus for our audit. Trade receivables and receivables from financial leases & retail are initially recognized at cost. Subsequently, they are measured at cost less amortization payments received. On the maturity date, the receivable is valued at the residual value as determined in the lease contract. A Group wide used tool calculates an appropriate allowance for doubtful debtors for each contract based on Group wide empirical data. Additionally, the allowance for doubtful debtors for trade receivables and receivables from financial leases & retail includes a discretionary amount estimated by FCA Capital Suisse SA. As of 31 December 2016, the allowance for doubtful debtors for trade receivables and receivables from financial leases & retail amounted to CHF 9.2 million. Trade receivables from financing to dealers are initially recognized at cost. Dealer financing mainly comprises financing of cars presented at the showroom of the dealers. FCA Capital Suisse SA monitors dealers' exposures on a monthly basis. It applies a rating methodology predefined on Group level to calculate a rating for each dealer. The Credit Committee of FCA Capital Suisse SA applies this rating, among other information such as overdue payments, to determine the valuation of respective allowance for doubtful debtors. As of 31 December 2016, the allowance for doubtful debtors for trade receivables from financing to dealers amounted to CHF 3.3 million. We refer to note 4 and to note 5 of the financial statements as of 31 December 2016.
Our audit response	We assessed the design and we tested on a sample basis the operating effectiveness of the controls over the granting and the monitoring processes for trade receivables and receivables from financial leases & retail as well as for trade receivables from financing to dealers. We tested the input data to the Group wide used tool and to the rating calculation on a sample basis and we assessed the estimation made by FCA Capital Suisse SA in determining the discretionary amount for the allowance for doubtful debtors. We tested the valuation of allowance for doubtful debtors with regard to trade receivables and receivables from financial leases & retail and with regard to trade receivables from financing to dealers on a sample basis. Additionally, we assessed the applied accounting and valuation principles and the disclosures in the notes to the financial statements.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Roland Huwiler
Licensed audit expert
(Auditor in charge)

Akkio Mettler
Licensed audit expert