ANNUAL REPORT 2018

FCA CAPITAL SUISSE SA

Zürcherstrasse 111

8952 – Schlieren

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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 2018.

OVERVIEW

FCA Capital Suisse SA is a company incorporated in Switzerland with offices located in Zürcherstrasse 111, Schlieren (CH). The Company offers specialised financial services in Switzerland since early nineties, providing:

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

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

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 recently extended to 2022.

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 has different sources of funding including debt capital markets, credit facilities with banks, securitisations, funding from the Crédit Agricole Group and deposits. 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 maintaining a stable and diversified structure of sources of finance, pursuing the objective of a fully funded position in all maturity brackets and minimising exposure to counterparty, interest rate and foreign exchange risks.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

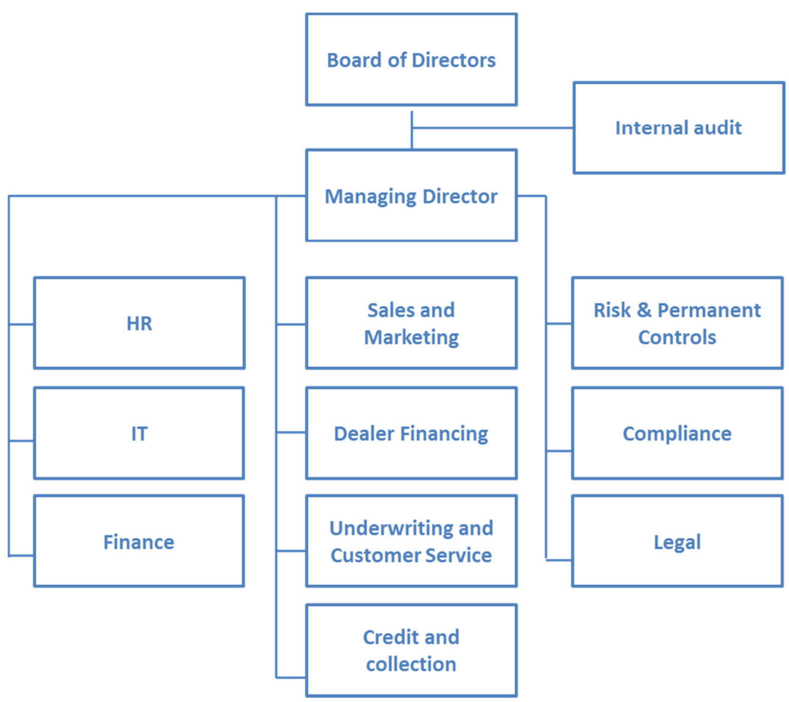
The composition of the Board of Directors of the Company at 31/12/2018 is described in the table below

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
M. M. Merli	2018	FCA Bank S.p.A., Head of Marketing

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.

The current Company's 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

The relevant car market in Switzerland decreased by 3.9% compared to 2017, as detailed in the table below:

	2016	2017	2018	'18 vs '17
LCV	34'488	36'736	37'250	+ 1.4 %
Passenger cars	317'318	314'028	299'716	-4.5%
Total	**351'806**	**350'764**	**336'966**	**-3.9%**

The relevant FCA brands posted overall a +2.6% increase versus last year with outstanding positive results on Alfa Romeo and Jeep brands. Details are provided in the table below:

	2016	2017	2018	18 vs '17
Fiat Professional	3'497	3'968	3’994	+0.7%
Alfa Romeo	1'509	3'288	3’617	+10%
Fiat	8'757	10'352	9’170	-11.4%
Jeep	3'269	3'456	4’843	+40.1%
Lancia	84	4	-	-
Total FCA	**17'116**	**21'068**	**21’624**	**+2.6%**
Maserati	783	917	600	-34.6%
Total	**17'899**	**21'985**	**22’224**	**+1%**

The above market trend includes registrations 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.

The Company originated about 11’700 financing contracts in 2018, showing a 3% increase compared to the prior year. The number of contracts paid out by product in each year is detailed in Figure 1:

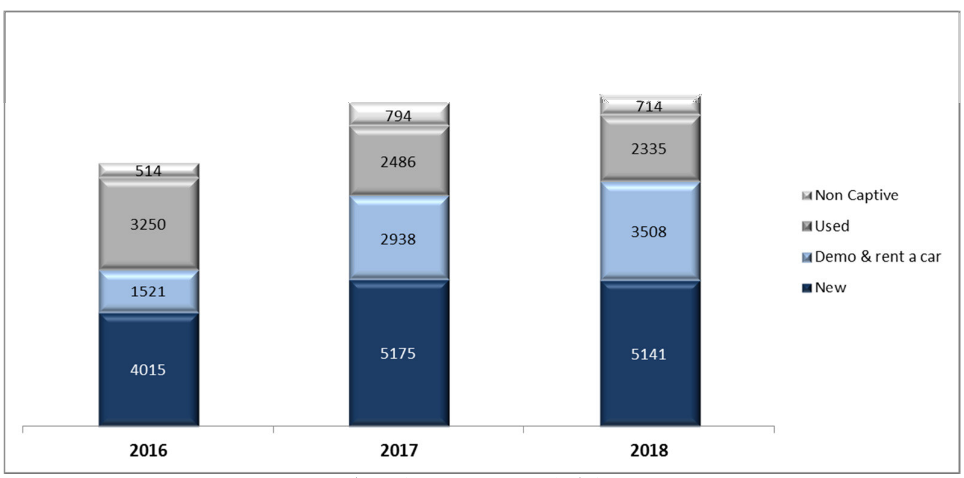


Figure 1 – New contracts (units)

The Company financed in 2018 customers for an amount of CHF 185 million, excluding rent a car companies and financings to dealers, increasing by 3% compared to 2017 (Figure 2).

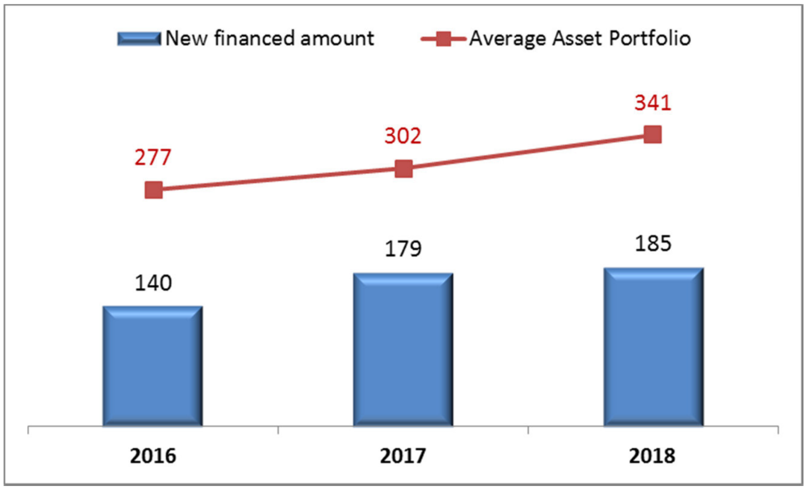


Figure 2 - Retail portfolio and new business (CHF/m)

The total average portfolio financed (as a result of a monthly average over the last year) increased. The Dealer Financing business line showed a significant increase compared to last year thanks to the increase volumes and more attractive conditions offered. The global Company's portfolio is detailed in Figure 3, showing an average loan portfolio in 2018 of CHF 495 million.

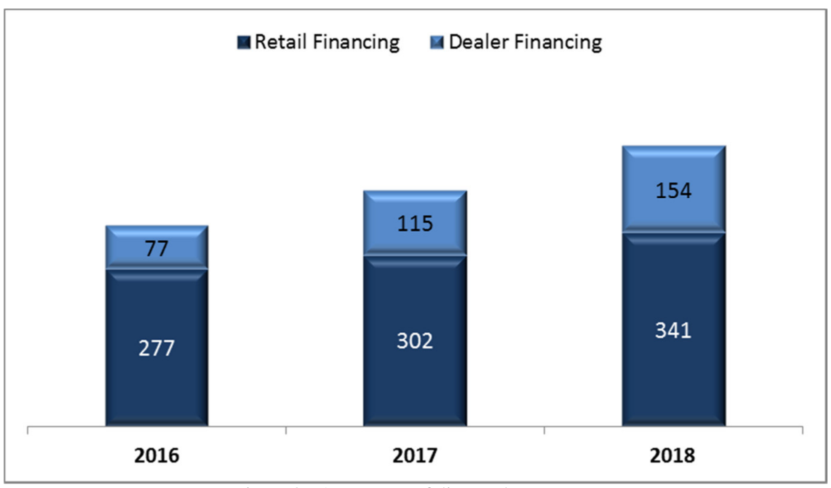


Figure 3 - Average portfolio trend

The graph in Figure 4 shows a breakdown of the Company's retail contracts in portfolio in terms of active Hire Purchase contracts (HP, payment by instalments to finance the purchase of a vehicle), , Personal Contract Plan (PCP financing repaid in instalments with a final balloon payment), personal loans (loans granted to customers for their financing needs, not necessarily linked to a vehicle) and Leasing contracts. Leasing confirms to be the most important line of business, representing at the end of 2018 above 90% of the total contracts in portfolio, which increased up to over 21,000.

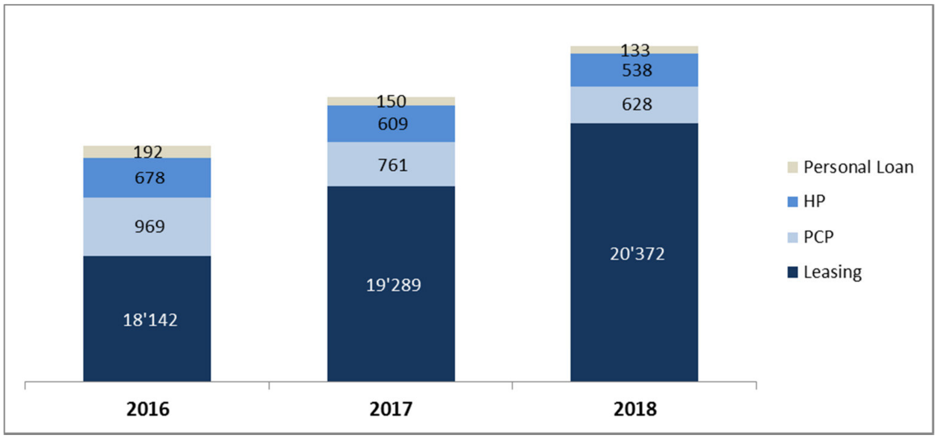


Figure 4 - Retail portfolio breakdown by contract type

In terms of volumes, at the end of 2018, the Company's net receivables from financial leases and retail and from financing to dealers totalled CHF 550 million, showing an increasing trend compared to the end of 2017, driven by an increase of both the dealer financing and retail portfolios (Figure 5).

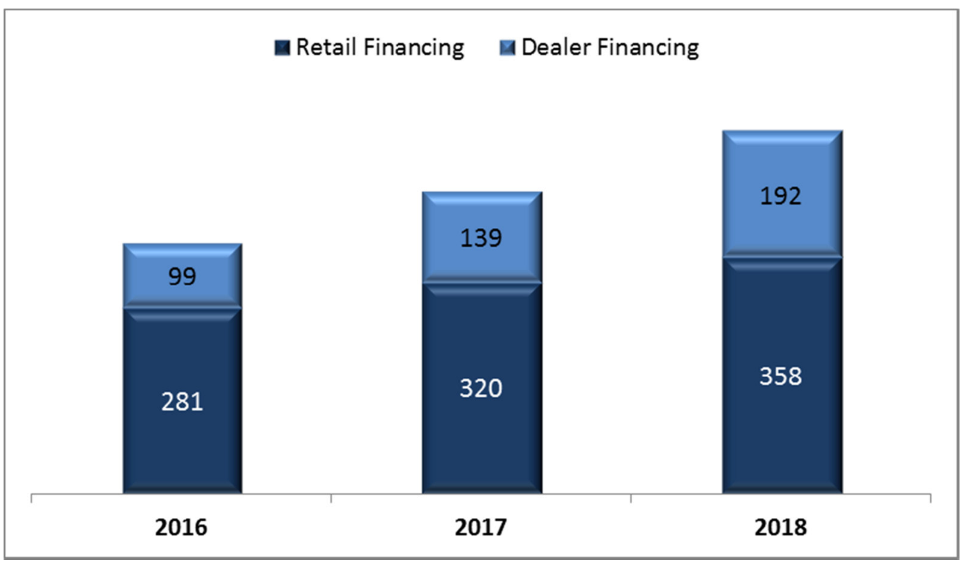


Figure 5 – Year end Portfolio

The Company's assets are funded by bilateral facilities amounting to CHF 125 million at 31/12/2018, of which CHF 90 million from FCA Bank S.p.A., and capital market funds for CHF 275 million. The notes are listed at the SIX stock exchange and are due to mature in November 2021 for CHF 100 million and in July 2020 for CHF 175 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 45 million from the cash pooling facility at 31/12/2018.

The cost of funding paid by the Company further decreased in 2018 compared to the previous year thanks to the good performance of funding transactions.

The following table summarises the Company's key performance indicators based on the Statutory accounts as at 31 December 2018 and a comparison with previous year's results.

In thousands of CHF

Statutory	2018	2017
Average portfolio	**494'852**	**417'261**
Net Financial Income	28'785	23'803
Other operating costs	(3'431)	(3'516)
Net operating expenses	(9'800)	(9'632)
Cost of risk	(2'170)	(362)
Non-operating income/expenses	(4'428)	73
Profit before tax	**8'956**	**10'366**
Direct taxes	(2'931)	(750)
Net profit	**6'025**	**9'616**

The increase in net financial income in 2018, compared to 2017, was originated by the increasing financed volumes and the good new business profitability.

Costs of structure was maintained at very low levels, leading to a positive and sustainable performance.

The cost of risk was stable at very low levels for retail financing, while the dealer financing risk performance was affected by specific provisions on certain dealers deriving from concerns about their financial structure.

The non-operating expenses were impacted by the provision built against potential sanctions (see below).

The Directors regard the financial performance of the Company in the financial year as satisfactory notwithstanding the not recurring items.

During the year under review, FCA Capital Suisse employed 53 headcount employees on average.

The Company is subject to certain claims and is party to a number of legal proceedings relating to 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 and has therefore recognized provisions to cover the expected losses.

On 15 July 2014, the Swiss Competition Commission Wettbewerbskommission, ComCo) 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. Based on discussions with the Secretariat of ComCo, the Directors believe that an amount of CHF 4.5 million is likely to be payable by the Company. Notwithstanding the fact that the Company, whilst respecting the work of the ComCo, firmly believes that it has not harmed the competition in the relevant market, it has decided to raise a provision corresponding to that amount.

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.

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.

Market risk

Market risk refers to the risk that fair value of investments in the company's books changes due to the performance of financial markets, generating unexpected income or losses on the Company's results. As the Company does not hold investments in securities or derivatives for trading purposes, it is not exposed to such risk.

POST BALANCE SHEET EVENTS

No relevant events occurred since the closing of accounts for 2018 which might have material impact on 2018 financial position.

FUTURE PROSPECTS

The Directors expect a satisfactory profitability also in 2018, 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 (2017: CHF Nil).

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 2018.

Signed on behalf of the Board:

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DIRECTORS

)

Date: 12 March 2019

FINANCIAL STATEMENTS

FCA CAPITAL SUISSE SA

Zürcherstrasse 111

8952 – Schlieren

31/12/2018

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

BALANCE SHEET AS OF 31 DECEMBER 2018

(in Swiss francs)

ASSETS	**Note**	**31.12.2018**	**31.12.2017**
Current assets			
Cash		1'465'685	2'361'419
Trade receivables		302'928'703	225'919'530
due from third parties		297'121'691	220'477'188
from financial leases & retail	5.	117'552'327	79'124'578
from financing to dealers	4.	179'290'705	139'317'072
other trade receivables		278'659	2'035'538
due from group companies & shareholders		5'807'012	5'442'342
from financial leases & retail	5.	2'221'189	2'708'967
from financing to dealers	4.	2'506'270	2'009'774
other trade receivables		1'079'553	723'601
Accrued income and prepaid expenses		5'812'081	5'414'174
Financial assets designated at fair value	6.	913'414	1'904'976
Total current assets		**311'119'883**	**235'600'100**
Non-current assets			
Financial assets		300	9'329
Receivables from financial leases & retail	5.	229'928'087	238'123'557
due from third parties		228'121'548	236'171'579
due from group companies & shareholders		1'806'539	1'951'978
Property, plant and equipment		440'413	736'516
Intangible assets		310'167	449'919
Total non-current assets		**230'678'967**	**239'319'322**
TOTAL ASSETS		**541'798'850**	**474'919'421**

FCA CAPITAL SUISSE SA, SCHLIEREN

BALANCE SHEET AS OF 31 DECEMBER 2018

(in Swiss francs)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.12.2018	31.12.2017
Short-term liabilities			
Trade payables		9'832'521	15'909'569
due to third parties		9'327'195	14'298'397
due to group companies, shareholders and members of the governing bodies		505'326	1'611'171
Short-term interest-bearing liabilities		135'418'987	108'345'264
due to third parties		0	1'774
Bank overdraft to third parties		0	1'774
Short term Loans to third parties		0	0
due to group companies and shareholders		135'418'987	108'343'490
Bank overdraft		45'418'987	43'343'490
Short term loans		90'000'000	65'000'000
Financial liabilities designated at fair value	6.	913'414	1'904'976
Other short-term liabilities third parties		390'632	247'374
Accrued expenses and deferred income		6'040'539	4'960'373
Short-term provisions	14.	4'510'000	0
Total current liabilities		**157'106'094**	**131'367'556**
Long-term liabilities			
Long-term interest-bearing liabilities	10.	310'000'000	275'000'000
Bonds issued	8.	275'000'000	275'000'000
Loans due to third parties	10.	35'000'000	
Long-term provisions		405'956	290'000
Total non-current liabilities		**310'405'956**	**275'290'000**
Total liabilities		**467'512'049**	**406'657'556**
Shareholders' equity			
Share capital		24'100'000	24'100'000
General statutory reserves		8'484'414	8'484'414
Voluntary retained earnings		41'702'387	35'677'452
Balance brought forward		35'677'452	26'061'861
Profit for the year		6'024'935	9'615'591
Total shareholders' equity		**74'286'800**	**68'261'865**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**541'798'850**	**474'919'421**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

PROFIT AND LOSS STATEMENT 2018

(in Swiss francs)

Profit & Loss Statement	**Note**	**2018**	**2017**
Financial income from leasing		22'954'025	20'190'765
Financial income from dealer financing		7'846'394	5'608'141
Other income from leasing & retail		476'566	588'910
Financial income		**31'276'985**	**26'387'816**
Financial costs		-2'492'028	-2'584'356
Net financial income		**28'784'957**	**23'803'460**
Commission expenses		-2'694'407	-2'938'485
Losses and provision for bad debts, net		-2'170'504	-362'451
Other operating costs		-736'339	-577'965
Gross Profit		**23'183'707**	**19'924'559**
Personnel expenses		-5'785'433	-6'108'019
General and administration		-3'614'933	-3'073'288
Depreciation & valuation adjustment of fixed assets		-399'748	-450'979
Earnings before taxes		**13'383'593**	**10'292'274**
Non-operating income		82'372	84'750
Non-operating expenses		-4'510'000	-11'151
PROFIT/LOSS BEFORE TAXES		**8'955'965**	**10'365'873**
Direct taxes		-2'931'030	-750'282
PROFIT FOR THE YEAR		**6'024'935**	**9'615'591**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

CASH FLOW STATEMENT 2018

(in Swiss francs)

Cash flow statement	**2018**	**2017**
Profit for the year (loss)	**6'024'935**	**9'615'591**
Depreciation and valuation adjustments to fixed assets	399'748	450'979
Net increase/decrease in long-term provisions	115'956	-56'859
Net increase/decrease in receivables from financial leases &retail	-29'744'501	-38'740'343
Net increase/decrease in receivables from financing to dealers	-40'470'129	-38'885'580
Net increase/decrease in other trade receivables	1'400'927	-968'109
Net increase/decrease in financial assets	9'029	235'213
Net increase/decrease in inventories and uninvoiced services	0	0
Net increase/decrease in accrued income and prepaid expenses	-397'907	-1'293'535
Net increase/decrease in accounts payable trade	-6'077'048	8'920'460
Net increase/decrease in other short-term liabilities (excluding financial liabilities)	4'653'258	60'622
Net increase/decrease in accrued expenses and deferred income	1'080'166	1'146'033
Profit / loss on sale of property, plant and equipment	-73'817	-73'142
Other non-cash income and expenses	0	0
Cash flow from operating activities	**-63'079'381**	**-59'588'670**
Purchases of property, plant and equipment	-154'283	-664'162
Proceeds from property, plant and equipment	268'431	209'918
Purchases of financial assets	0	0
Proceeds from financial assets	0	0
Purchases of intangible assets	-4'223	-64'297
Proceeds from intangible assets	0	0
Cash flow from investing activities	**109'924**	**-518'541**
Net increase/decrease in short-term financial liabilities	27'073'723	11'926'766
Net increase/decrease in long-term financial liabilities - third parties	35'000'000	0
Net increase/decrease in long-term financial liabilities - shareholders	0	0
Decrease in long-term financial liabilities - bond	0	-125'000'000
Increase in long-term financial liabilities - bond	0	175'000'000
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	**62'073'723**	**61'926'766**
Net increase/decrease in cash and cash equivalents	**-895'734**	**1'819'555**
Statement of net increase/decrease in cash and cash equivalents		
As at January 1	2'361'419	541'864
As at December 31	1'465'685	2'361'419
Net increase/decrease in cash and cash equivalents	**-895'734**	**1'819'555**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

NOTES AS OF 31 DECEMBER 2018

1. General

FCA Capital Suisse SA, 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, Jeep, Maserati, Ferrari, Erwin Hymer Group and Aston Martin) and its principal activities are leasing and stock financing of cars.

2. Accounting principles

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

3. Hedging positions - changes in the accounting principle

In-prior years hedging transactions were stated only if the hedge-effectiveness was not given. Since 2018, hedging positions and the hedged items they are referring to are presented at fair value. The resulting fair values of the hedging positions and the changes of fair values for hedged items (portfolios of trade receivables, bonds) are stated as financial assets or financial liabilities designated at fair value. The hedge-effectiveness is checked by the Company on an annual basis. The respective balance sheet positions financial assets and financial liabilities designated at fair value of the financial statements as of 31 December 2017 have been restated accordingly. We refer to note 6 for additional information.

4. Receivables from financing to dealers	**31.12.2018**	**31.12.2017**
Gross receivables	184'472'239	142'584'782
Less: Allowance for doubtful debtors	-2'675'264	-3'267'710
Trade Receivables from financing to dealers	181'796'975	139'317'072

5. Receivables from financial leases & retail	**31.12.2018**	**31.12.2017**
Leasing contract	249'730'251	226'036'670
Residual value of leased vehicle	147'954'048	137'071'515
Leasing deposit	-138'135	-147'075
Unearned income	-38'001'382	-33'836'550
Less: Allowance for doubtful debtors	-9'843'179	-9'167'457
Receivables from financial leases & retail, net	349'701'604	319'957'103
thereof:		
- current financial lease assets	119'773'517	81'833'545
- non-current financial lease assets	229'928'087	238'123'557

FCA CAPITAL SUISSE SA, SCHLIEREN

NOTES AS OF 31 DECEMBER 2018

6. Hedging positions	**31.12.2018**	**31.12.2017**
Assets - Fair value of derivates used for hedging	402'569	1'789'920
Assets - Fair value changes of hedged items portfolio	510'846	115'056
Financial assets designated at fair value	913'414	1'904'976
Liabilities - Fair value of derivates used for hedging	926'091	115'056
Liabilities - Fair value changes of hedged items portfolio	61'302	383'135
Liabilities - Fair value adjustment hedged bonds	-73'978	1'406'785
Financial liabilities designated at fair value	913'414	1'904'976

7. Liabilities to pension fund	**31.12.2018**	**31.12.2017**
	-	-

8. Bonds issued	**31.12.2018**	**31.12.2017**
Interest rate: p.a. 0.20% Issue date: 25.07.2017 Maturity date: 24.07.2020	175'000'000	175'000'000
Interest rate: p.a. 0.75% Issue date: 29.06.2016 Maturity date: 29.11.2021	100'000'000	100'000'000
Total bonds issued	275'000'000	275'000'000

9. Net release of hidden reserves	**31.12.2018**	**31.12.2017**
	0	0

10. Maturity structure of the interest bearing liabilities	**31.12.2018**	**31.12.2017**
bonds issued (maturity refer to note 8)	275'000'000	275'000'000
due to third parties (maturity < 5 year)	35'000'000	0
Total long-term interest-bearing liabilities	310'000'000	275'000'000

11. Fees paid to the auditor	**31.12.2018**	**31.12.2017**
Audit services	145'750	140'000
Other services	0	0

12. Full-time positions

The number of full-time equivalents was higher than 50 and did not exceed 250 on an annual average basis both in 2017 and 2018.

13. Long term obligations	**31.12.2018**	**31.12.2017**
	871'545	648'213

Renting costs of the Company's premises with next right of termination as of March 2020 for December 2021.

14. Legal disputes

The Company is subject to certain claims and is party to a number of legal proceedings relating to 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 and has therefore recognized provisions to cover the expected losses.

On 15 July 2014, the Swiss Competition Commission Wettbewerbskommission, ComCo) 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. Based on discussions with the Secretariat of ComCo, the Directors believe that an amount of CHF 4.5 million is likely to be payable by the Company. Notwithstanding the fact that the Company, whilst respecting the work of the ComCo, firmly believes that it has not harmed the competition in the relevant market, it has decided to raise a provision corresponding to that amount.

FCA CAPITAL SUISSE SA, SCHLIEREN

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

APPROPRIATION OF AVAILABLE EARNINGS

	31.12.2018	**31.12.2017**
Balance brought forward	35'677'452	26'061'861
Profit for the year	6'024'935	9'615'591
Available earnings	**41'702'387**	**35'677'452**
Dividend	0	0
Allocation to general legal reserves	0	0
Balance to be carried forward	**41'702'387**	**35'677'452**

Signed on behalf of the Board of Directors:

Date: 12 March 2019

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To the General Meeting of
FCA Capital Suisse SA, Schlieren

Berne, 12 March 2019

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 14 to 20 of this annual report), for the year ended 31 December 2018.

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 2018 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 2018, 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 531.8 million (98.1%). 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. Trade receivables from financing to dealers are initially recognized at cost. Subsequently, they are measured at cost less amortization payments received. 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. A Group-wide used tool calculates an appropriate allowance for doubtful debtors for each contract based on Group-wide empirical data. The calculated value adjustments for the leasing and retail portfolio and the dealer financing portfolio are based on the same system provided by the Group. As of 31 December 2018, the allowance for doubtful debtors for trade receivables and receivables from financial leases & retail amounted to CHF 9.8 million and for trade receivables from financing to dealers to CHF 2.7 million. We refer to note 4 and 5 of the financial statements as of 31 December 2018.

Our audit response

We assessed the design and 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. In addition, 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. Furthermore, 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.

Our audit procedures did not give rise to any reservations regarding the recoverability and valuation of trade receivables and receivables from financial leases and retail and of trade receivables from financing to dealers.

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 (Qualified Signature)	Christian Schneider (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit Expert