



## **ANNUAL REPORT 2019**

**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 2019.

### **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”), EHG and DODGE&RAM.

The Company is a fully owned subsidiary of FCA Bank S.p.A., 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 2024.

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

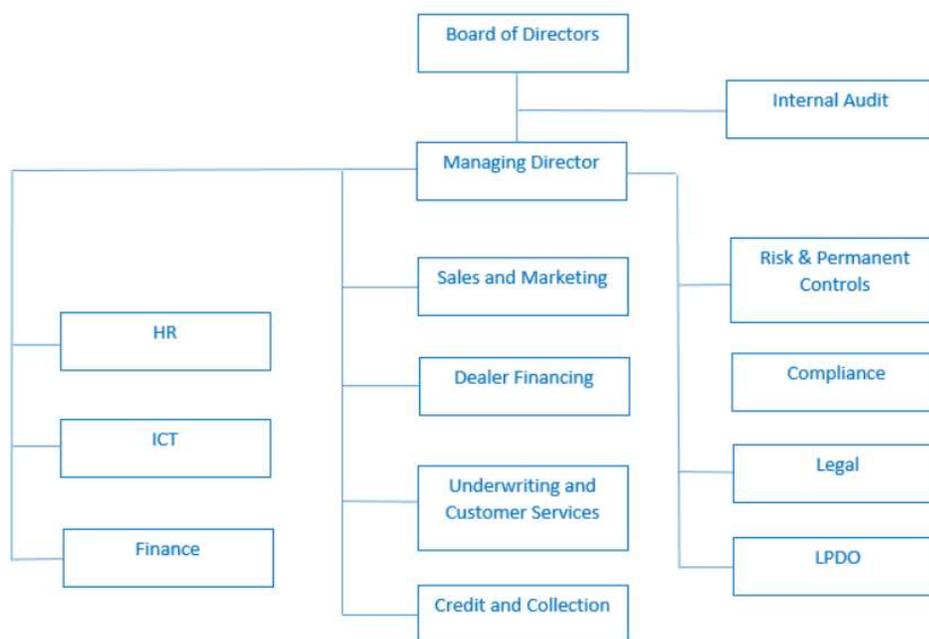
The composition of the Board of Directors of the Company at 31/12/2019 is described in the table below

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
J.L.G. Mas (Managing Director)	2019	FCA Capital Suisse SA, Country Manager
M. M. Merli	2018	FCA Bank S.p.A., Head of Marketing
S. Rizzuto	2019	FCA Capital Suisse SA, Sales and Marketing Manager

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 increased by 4.4 % compared to 2018, as detailed in the table below:

	2017	2018	2019	'19 vs '18
LCV	36'736	37'250	40'282	+ 8.1 %
Passenger cars	314'028	299'716	311'466	+3.9 %
<b>Total</b>	<b>350'764</b>	<b>336'966</b>	<b>351'748</b>	<b>+4.4 %</b>

The relevant FCA brands posted overall a -2.7% decrease versus last year. Details are provided in the table below:

	2017	2018	2019	19 vs '18
Fiat Professional	3'968	3'994	4'620	+15.7 %
Alfa Romeo	3'288	3'617	2'883	-20.3%
Fiat	10'352	9'170	8'387	-8.5%
Jeep	3'456	4'843	5'142	+6.2%
Lancia	4	-	-	-
<b>Total FCA</b>	<b>21'068</b>	<b>21'624</b>	<b>21'032</b>	<b>-2.7%</b>
Maserati	917	600	376	-37.3%
<b>Total</b>	<b>21'985</b>	<b>22'224</b>	<b>21'408</b>	<b>-3.7%</b>

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 10'900 financing contracts in 2019, showing a -7% decrease compared to the prior year. The number of contracts paid out by product in each year is detailed in Figure 1:

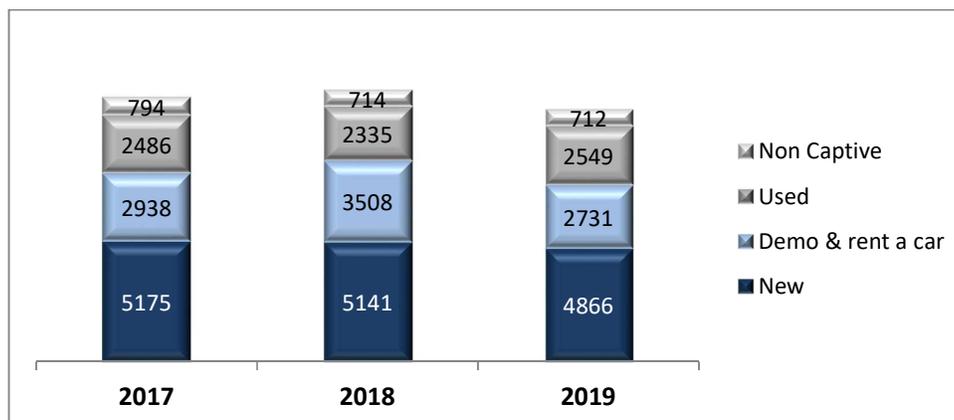


Figure 1 – New contracts (units)

The Company financed in 2019 customers for an amount of CHF 178 million, excluding rent a car

companies and financings to dealers, decreasing by 4% compared to 2018 (Figure 2).

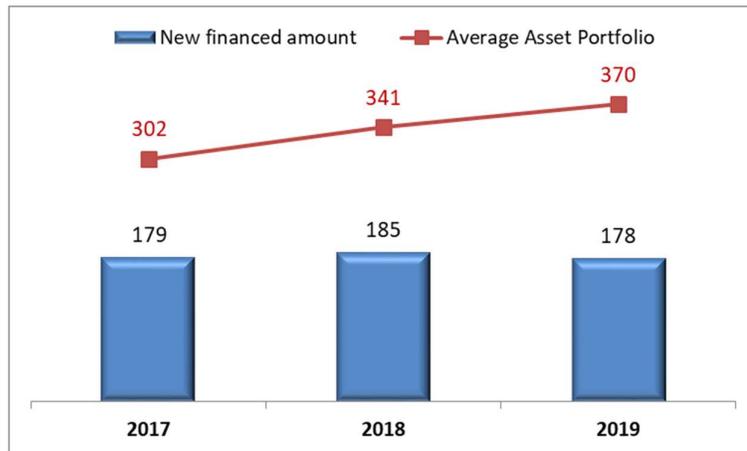


Figure 2 - Retail portfolio and new business (CHF/m)

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 on Dodge & Ram. The global Company's portfolio is detailed in Figure 3, showing an average loan portfolio in 2019 of CHF 548 million.

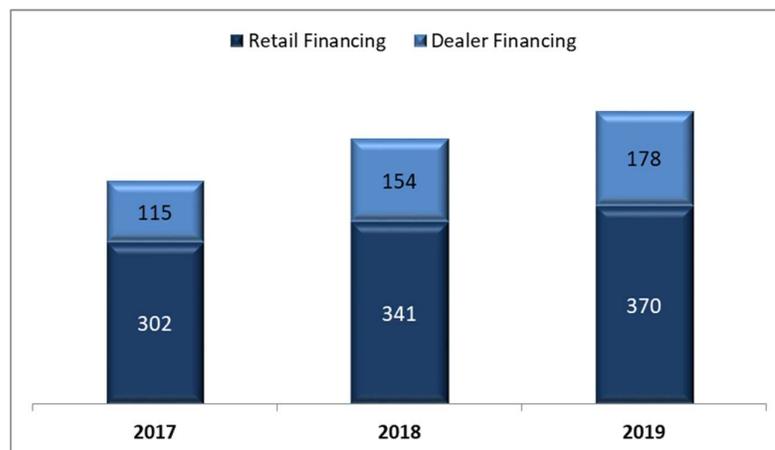


Figure 3 - Average portfolio trend

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 2019 above 95% of the total contracts in portfolio, which increased up to over 22,000.

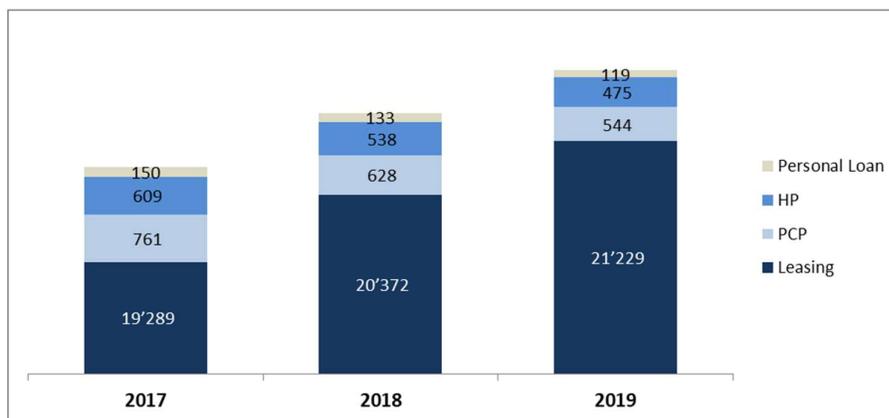


Figure 4 - Retail portfolio breakdown by contract type

In terms of volumes, at the end of 2019, the Company’s net receivables from financial leases and retail and from financing to dealers totalled CHF 544 million, showing a decreasing trend compared to the end of 2018, driven by an decrease of the dealer financing portfolio (Figure 5).



Figure 5 – Year end Portfolio

The Company’s assets are funded by bilateral facilities amounting to CHF 442 million at 31/12/2019, of which CHF 7.7 million from FCA Bank S.p.A., CHF 35 million from third party banks and capital market funds for CHF 400 million. The notes are listed at the SIX stock exchange and are due to mature in November 2021 for CHF 100 million, in July 2020 for CHF 175 million and in October 2023 for 125 CHF million.

The following table summarises the Company's key performance indicators based on the Statutory accounts as at 31 December 2019 and a comparison with previous year's results.

In thousands of CHF

Statutory	2019	2018
<b>Average portfolio</b>	<b>548'395</b>	<b>494'852</b>
Net Financial Income	31'320	28'785
Other operating costs	(4'031)	(3'431)
Net operating expenses	(10'204)	(9'800)
Cost of risk	(486)	(2'170)
Non-operating income/expenses	27	(4'428)
<b>Profit before tax</b>	<b>16'627</b>	<b>8'956</b>
Direct taxes	(3'544)	(2'931)
<b>Net profit</b>	<b>13'083</b>	<b>6'025</b>

The increase in net financial income in 2019, compared to 2018, was originated by the business profitability of the new financed volumes.

Both costs structure and risk performance were maintained at very low levels, 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 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. As reported in the press release issued by the ComCo on July 11th 2019, FCA Capital has decided to participate in a settlement agreement, for which an adequate provision was posted in 2018 accounts: as the potential fine may represent as much as 10% of revenues generated in the relevant markets in Switzerland for the past three financial years, an amount of CHF 4.5 million as prudential reserve has been set aside. The decision to participate in the settlement was taken to gain certainty about costs and timing of this proceeding that has been going on for several years. However, FCA Capital is convinced that competition was not harmed by the conduct investigated by the Competition Commission and will take all necessary steps to protect its reputation.

## 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 Committees 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 2019 which might have material impact on 2019 financial position.

## **FUTURE PROSPECTS**

The Directors expect a satisfactory profitability also in 2020, 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 (2018: 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 2019.

Signed on behalf of the Board of Directors:

Date: 12 March 2020

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)  
A handwritten signature in blue ink, appearing to read 'M. ...', is written over two closing parentheses. To the right of the signature is a vertical scribble or mark.



## **FINANCIAL STATEMENTS**

**FCA CAPITAL SUISSE SA**

Zürcherstrasse 111

8952 – Schlieren

**31 December 2019**

**FCA CAPITAL SUISSE SA, SCHLIEREN**  
**BALANCE SHEET AS OF 31 DECEMBER 2019**

(in Swiss francs CHF)

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Current assets</b>			
Cash		250'815	1'465'685
Short term receivables towards group companies & shareholders	10.	22'466'835	0
<b>Trade receivables</b>		<b>277'697'589</b>	<b>302'928'703</b>
due from third parties		273'743'214	297'121'691
from financial leases & retail	5.	119'948'099	117'552'327
from financing to dealers	4.	154'370'310	179'290'705
other trade receivables		-575'195	278'659
due from group companies & shareholders		3'954'375	5'807'012
from financial leases & retail	5.	2'060'999	2'221'189
from financing to dealers	4.	1'179'739	2'506'270
other trade receivables		713'638	1'079'553
Accrued income and prepaid expenses		6'814'348	5'812'081
Financial assets designated at fair value	6.	1'808'075	913'414
<b>Total current assets</b>		<b>309'037'663</b>	<b>311'119'883</b>
<b>Non-current assets</b>			
Financial assets		300	300
<b>Receivables from financial leases &amp; retail</b>	5.	<b>240'828'304</b>	<b>229'928'087</b>
due from third parties		238'541'424	228'121'548
due from group companies & shareholders		2'286'880	1'806'539
Property, plant and equipment		454'205	440'413
Intangible assets		180'604	310'167
<b>Total non-current assets</b>		<b>241'463'413</b>	<b>230'678'967</b>
<b>TOTAL ASSETS</b>		<b>550'501'076</b>	<b>541'798'850</b>

**FCA CAPITAL SUISSE SA, SCHLIEREN**  
**BALANCE SHEET AS OF 31 DECEMBER 2019**

(in Swiss francs CHF)

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Note</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Short-term liabilities</b>			
<b>Trade payables</b>		3'660'663	9'832'521
due to third parties		3'337'682	9'327'195
due to group companies, shareholders and members of the governing bodies		322'981	505'326
<b>Short-term interest-bearing liabilities</b>		182'600'039	135'418'987
due to third parties		175'002'239	0
Bank overdraft to third parties		2'239	0
Short term Loans to third parties		0	0
Bonds issued	8.	175'000'000	0
due to group companies and shareholders		7'597'800	135'418'987
Short term payables	10.	0	45'418'987
Short term loans		7'597'800	90'000'000
Financial liabilities designated at fair value	6.	1'808'075	913'414
Other short-term liabilities third parties		486'130	390'632
Accrued expenses and deferred income		9'836'427	6'040'539
Short-term provisions	15.	4'549'041	4'510'000
<b>Total current liabilities</b>		<b>202'940'375</b>	<b>157'106'094</b>
<b>Long-term liabilities</b>			
<b>Long-term interest-bearing liabilities</b>	11.	260'000'000	310'000'000
Bonds issued	8.	225'000'000	275'000'000
Loans due to third parties	11.	35'000'000	35'000'000
Long-term provisions		191'204	405'956
<b>Total non-current liabilities</b>		<b>260'191'204</b>	<b>310'405'956</b>
<b>Total liabilities</b>		<b>463'131'579</b>	<b>467'512'049</b>
<b>Shareholders' equity</b>			
Share capital		24'100'000	24'100'000
General statutory reserves		8'484'414	8'484'414
<b>Voluntary retained earnings</b>		54'785'084	41'702'387
Balance brought forward		41'702'387	35'677'452
Profit for the year		13'082'697	6'024'935
<b>Total shareholders' equity</b>		<b>87'369'497</b>	<b>74'286'800</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>550'501'076</b>	<b>541'798'850</b>

**FCA CAPITAL SUISSE SA, SCHLIEREN**

**PROFIT AND LOSS STATEMENT 2019**

(in Swiss francs CHF)

<b>Profit &amp; Loss Statement</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Financial income from leasing		25'189'568	22'954'025
Financial income from dealer financing		8'375'583	7'846'394
Other income from leasing & retail		556'533	476'566
<b>Financial income</b>		<b>34'121'684</b>	<b>31'276'985</b>
Financial costs		-2'801'145	-2'492'028
<b>Net financial income</b>		<b>31'320'538</b>	<b>28'784'957</b>
Commission expenses		-3'107'649	-2'694'407
Losses and provision for bad debts, net		-485'948	-2'170'504
Other operating costs		-923'518	-736'339
<b>Gross Profit</b>		<b>26'803'423</b>	<b>23'183'707</b>
Personnel expenses		-5'759'392	-5'785'433
General and administration		-4'049'407	-3'614'933
Depreciation & valuation adjustment of fixed assets		-395'017	-399'748
<b>Earnings before taxes</b>		<b>16'599'608</b>	<b>13'383'593</b>
Non-operating income		74'084	82'372
Non-operating expenses		-46'666	-4'510'000
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>16'627'026</b>	<b>8'955'965</b>
Direct taxes		-3'544'329	-2'931'030
<b>PROFIT FOR THE YEAR</b>		<b>13'082'697</b>	<b>6'024'935</b>

**FCA CAPITAL SUISSE SA, SCHLIEREN**

**CASH FLOW STATEMENT 2019**

(in Swiss francs CHF)

<b>Cash flow statement</b>	<b>2019</b>	<b>2018</b>
<b>Profit for the year (loss)</b>	<b>13'082'697</b>	<b>6'024'935</b>
Depreciation and valuation adjustments to fixed assets	395'017	399'748
Net increase/decrease in long-term provisions	-214'752	115'956
Net increase/decrease in receivables from financial leases & retail	-13'135'798	-29'744'501
Net increase/decrease in receivables from financing to dealers	26'246'926	-40'470'129
Net increase/decrease in other trade receivables	1'219'769	1'400'927
Net increase/decrease in financial assets	0	9'029
Net increase/decrease in inventories and uninvoiced services	0	0
Net increase/decrease in accrued income and prepaid expenses	-1'002'267	-397'907
Net increase/decrease in accounts payable trade	-6'171'859	-6'077'048
Net increase/decrease in other short-term liabilities (excluding financial liabilities)	134'539	4'653'258
Net increase/decrease in accrued expenses and deferred income	3'795'888	1'080'166
Profit / loss on sale of property, plant and equipment	-66'048	-73'817
Other non-cash income and expenses	0	0
<b>Cash flow from operating activities</b>	<b>24'284'112</b>	<b>-63'079'381</b>
Purchases of property, plant and equipment	-430'733	-154'283
Proceeds from property, plant and equipment	235'535	268'431
Purchases of financial assets	0	0
Proceeds from financial assets	0	0
Purchases of intangible assets	-18'000	-4'223
Proceeds from intangible assets	0	0
<b>Cash flow from investing activities</b>	<b>-213'198</b>	<b>109'924</b>
Net increase/decrease in short-term receivables towards group companies & shareholders	-22'466'835	0
Net increase/decrease in short-term financial liabilities	-127'818'948	27'073'723
Net increase/decrease in long-term financial liabilities - third parties	0	35'000'000
Net increase/decrease in long-term financial liabilities - shareholders	0	0
Decrease in long-term financial liabilities - bond	0	0
Increase in long-term financial liabilities - bond	125'000'000	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
<b>Cash flow from financing activities</b>	<b>-25'285'783</b>	<b>62'073'723</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-1'214'870</b>	<b>-895'734</b>
<b>Statement of net increase/decrease in cash and cash equivalents</b>		
As at January 1	1'465'685	2'361'419
As at December 31	250'815	1'465'685
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-1'214'870</b>	<b>-895'734</b>

**FCA CAPITAL SUISSE SA, SCHLIEREN**

**NOTES AS OF 31 DECEMBER 2019**

**1. General**

FCA Capital Suisse SA, located in Zurcherstrasse 111, Schlieren, Switzerland ("the Company") 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. Amounts are stated in Swiss francs CHF.

**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. We refer to note 6 for additional information.

<b>4. Receivables from financing to dealers</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Gross receivables	158'237'055	184'472'239
Less: Allowance for doubtful debtors	<u>-2'687'007</u>	<u>-2'675'264</u>
Trade Receivables from financing to dealers	155'550'049	181'796'975

<b>5. Receivables from financial leases &amp; retail</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Leasing contract	250'669'262	249'730'251
Residual value of leased vehicle	161'077'493	147'954'048
Leasing deposit	-92'192	-138'135
Unearned income	-39'757'506	-38'001'382
Less: Allowance for doubtful debtors	<u>-9'059'655</u>	<u>-9'843'179</u>
Receivables from financial leases & retail, net	<u>362'837'402</u>	<u>349'701'604</u>
thereof:		
- current financial lease assets	122'009'098	119'773'517
- non-current financial lease assets	240'828'304	229'928'087

<b>6. Hedging positions</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Assets - Fair value of derivatives used for hedging	1'319'578	402'569
Assets - Fair value changes of hedged items portfolio	488'497	510'846
Financial assets designated at fair value	<u>1'808'075</u>	<u>913'414</u>
Liabilities - Fair value of derivatives used for hedging	663'136	926'091
Liabilities - Fair value changes of hedged items portfolio	165'893	61'302
Liabilities - Fair value adjustment hedged bonds	979'046	-73'978
Financial liabilities designated at fair value	<u>1'808'075</u>	<u>913'414</u>

**FCA CAPITAL SUISSE SA, SCHLIEREN**

**NOTES AS OF 31 DECEMBER 2019**

<b>7. Liabilities to pension fund</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	-	-
<b>8. Bonds issued</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
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
Interest rate: p.a. 0.1%		
Issue date: 23.10.2019		
Maturity date: 23.10.2023	125'000'000	-
Total bonds issued	400'000'000	275'000'000
<b>9. Net release of hidden reserves</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	0	0
<b>10. Cash pooling</b>		
<p>The Company is part of a Pan-European "zero balancing" 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 is the contractual counterparty of several accounts on Citibank N.A. London Branch ("Citibank"). At the end-of-day processing, the balances of these accounts are transferred to the master accounts of FCA Bank S.p.A. Irish branch, Ireland (Irish branch of the Company's Parent Company) at Citibank and are stated as "short term receivables towards group companies &amp; shareholders" in the Company's balance sheet, and withdrawals are credited accordingly. The Company's deposits amounted to CHF 22.5 million on the cash pooling facility at 31 December 2019.</p>		
	<b>31.12.2019</b>	<b>31.12.2018</b>
Short term receivables towards group companies & shareholders	22'466'835	0
Short term payables	-	-45'418'987
<b>11. Maturity structure of the long term interest bearing liability</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
bonds issued (maturity refer to note 8)	225'000'000	275'000'000
due to third parties (maturity < 5 year)	35'000'000	35'000'000
Total long-term interest-bearing liabilities	260'000'000	310'000'000
<b>12. Fees paid to the auditor</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Audit services	143'250	145'750
Other services	0	0

**FCA CAPITAL SUISSE SA, SCHLIEREN**

**NOTES AS OF 31 DECEMBER 2019**

**13. 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 2018 and 2019.

**14. Long term obligations**

<u>31.12.2019</u>	<u>31.12.2018</u>
581'030	871'545

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

**15. 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. As reported in the press release issued by the ComCo on 11 July 2019, the Company has decided to participate in a settlement agreement, for which an adequate provision was posted in 2018 accounts: As the potential fine may represent as much as 10% of revenues generated in the relevant markets in Switzerland for the past three financial years, an amount of CHF 4.5 million as prudential reserve has been set aside. The decision to participate in the settlement was taken to gain certainty about costs and timing of this proceeding that has been going on for several years. However, the Company is convinced that competition was not harmed by the conduct investigated by the Competition Commission and will take all necessary steps to protect its reputation.

**16. Intended merger of FCA Group and PSA Group**

In December 2019 Fiat Chrysler Automobiles N.V. and Peugeot S.A. signed a binding Combination Agreement providing for a 50/50 merger of their businesses.

**FCA CAPITAL SUISSE SA, SCHLIEREN**

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

(in Swiss francs CHF)

**APPROPRIATION OF AVAILABLE EARNINGS**

	<u>31.12.2019</u>	<u>31.12.2018</u>
Balance brought forward	41'702'387	35'677'452
Profit for the year	<u>13'082'697</u>	<u>6'024'935</u>
<b>Available earnings</b>	<b>54'785'084</b>	<b>41'702'387</b>
Dividend	-21'500'000	0
Allocation to general statutory reserves	<u>-2'029'500</u>	<u>0</u>
<b>Balance to be carried forward</b>	<b><u>31'255'584</u></b>	<b><u>41'702'387</u></b>

Signed on behalf of the Board of Directors:



Date: 12 March 2020

To the General Meeting of  
FCA Capital Suisse SA, Schlieren

Berne, 12 March 2020

## 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 2019.



### 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 2019 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 judgment, 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**

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**Area of focus** As of 31 December 2019, 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 518.4 million (94.2%). 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 2019, the allowance for doubtful debtors for trade receivables and receivables from financial leases & retail amounted to CHF 9.1 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 2019.

### **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)

Licensed audit expert  
(Auditor in charge)



Christian Schneider  
(Qualified  
Signature)

Licensed audit Expert