ANNUAL REPORT 2020

FCA CAPITAL SUISSE SA

Zürcherstrasse 111

8952 – Schlieren

FCA CAPITAL
Suisse

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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 2020.

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 FCA, Maserati, Ferrari S.p.A. ("Ferrari"), EHG and DODGE&RAM.

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 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

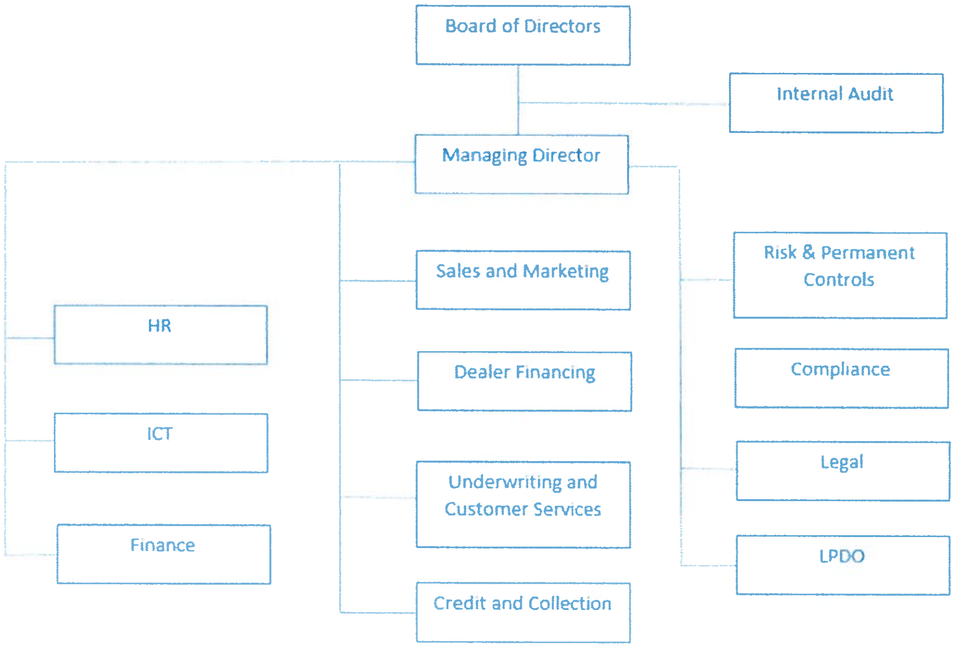
The composition of the Board of Directors of the Company at 31/12/2020 is described in the table below

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, Managing Director
S. Rizzuto	2019	FCA Capital Suisse SA, Sales and Marketing Manager
J.M. Pino Dronet	2020	FCA Bank S.p.A, Head of Sales & 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 organization and internal control system;
- Approve the Company's Regulation
- Define the Company's risk appetite.
- Adopt FCA Bank Spa normative addressed to its Subsidiaries,
- Implement the Company normative also implementing FCA Bank Spa requirements,
- Define the structure of meetings and committees,
- Recommend for approval the Annual Report (Financial Statements and Directors Report),
- Delegate of corporate powers,
- Approve the Budget and the transactions classified as "Reserved Matters to the Board"

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:


Board of Directors
Internal Audit
Managing Director
HR
ICT
Finance
Sales and Marketing
Dealer Financing
Underwriting and Customer Services
Credit and Collection
Risk & Permanent Controls
Compliance
Legal
LPDO

MARKET AND PERFORMANCE

The automotive market was strongly impacted by the COVID emergency and lockdown in the first semester of the year.

The relevant car market in Switzerland decreased by -32.7 % compared to 2019, as detailed in the table below:

	2018	2019	2020	19 vs '20
LCV	37'250	40'282	34'959	-13.2%
Passenger cars	299'716	311'466	236'828	-24.0%
Total	**336'966**	**351'748**	**271'787**	**-22.7%**

The relevant FCA brands posted overall a -27.9% decrease versus last year. Details are provided in the table below:

	2018	2019	2020	19 vs '20
Fiat Professional	3'994	4'620	3'680	-20.3%
Alfa Romeo	3'617	2'883	1'816	-37.0%
Fiat	9'170	8'387	6'298	-24.9%
Jeep	4'843	5'142	3'426	-33.4%
Lancia	0	0	0	0.0%
Total FCA	**21'624**	**21'032**	**15220**	**-27.6%**
Maserati	600	376	208	-44.7%
Total	**22'224**	**21'408**	**15428**	**-27.9%**

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 has been able to manage the emergency and to support the reopening of the activities by launching several ad hoc solutions: in the retail business, with the launch of loans with the first instalment payable in 2021; in the dealer financing, by extending the payment terms expiring in the lockdown period.
Notwithstanding the dedicated interventions, the Company had a significant decrease in volumes on both business lines, as detailed in the following sections.

The Company originated about 8'500 financing contracts in 2020, showing a -21.57% decrease compared to the prior year. The number of contracts paid out by product in each year is detailed in Figure 1:

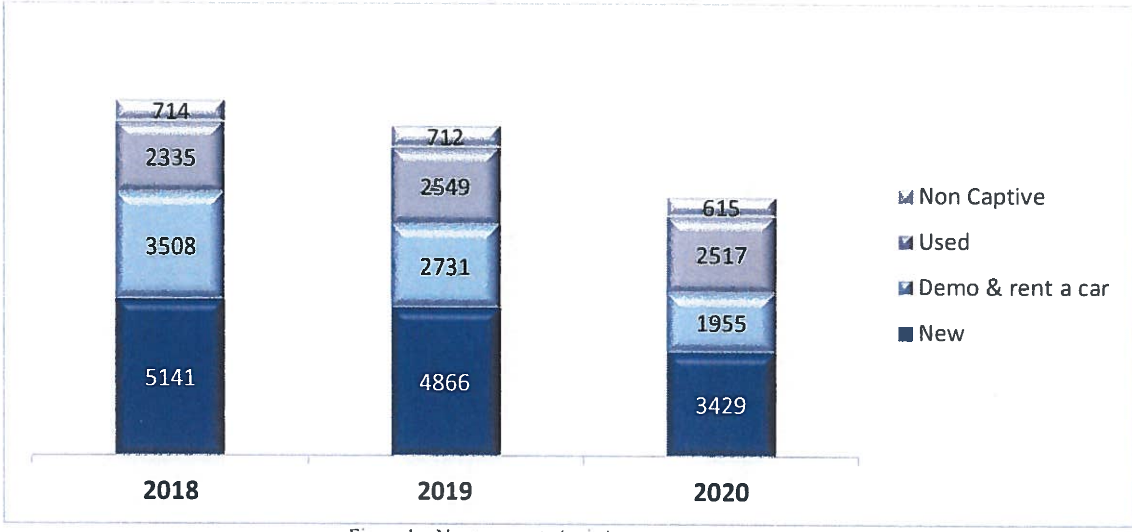


Figure 1 – New contracts (units)

The Company financed in 2020 customers for an amount of CHF 140 million, excluding rent a car companies and financings to dealers, decreasing by 21% compared to 2019 (Figure 2).

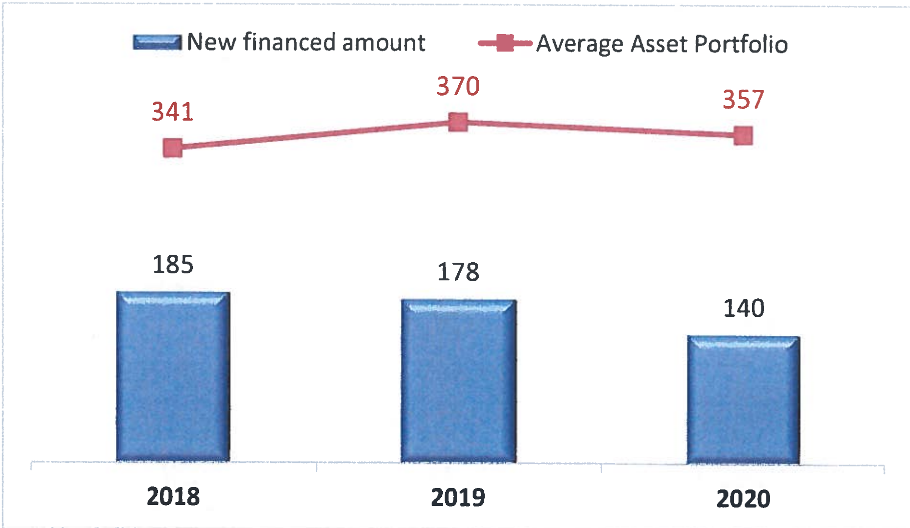


Figure 2 - Retail portfolio and new business (CHF/m)

The total average portfolio financed (as a result of a monthly average over the last year) decreased. The Dealer Financing business line showed a decrease compared to last year. The global Company's portfolio is detailed in Figure 3, showing an average loan portfolio in 2020 of CHF 485 million.

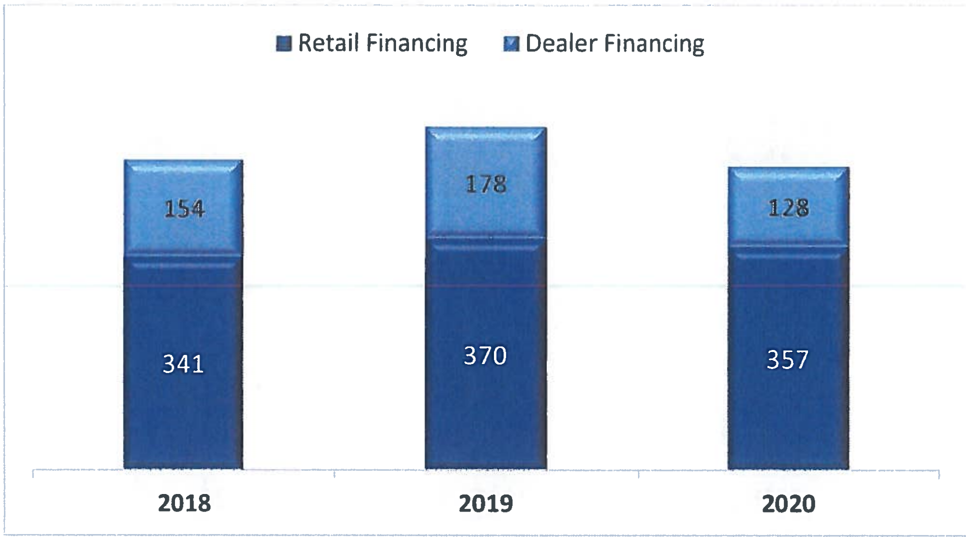


Figure 3 - Average portfolio trend

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 2020 above 95% of the total contracts in portfolio, which is 21'685.

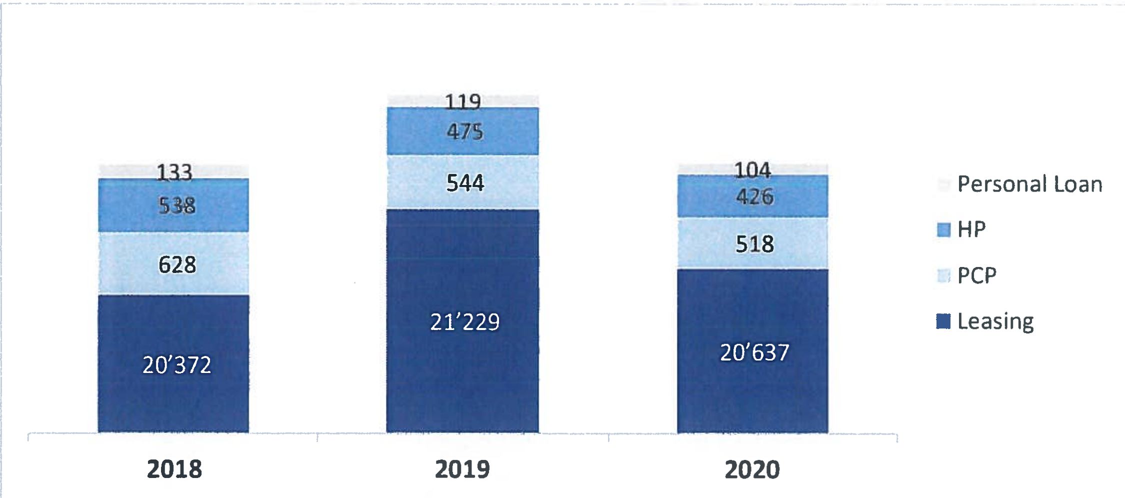


Figure 4 - Retail portfolio breakdown by contract type

In terms of volumes, at the end of 2020, the Company's net receivables from financial leases and retail and from financing to dealers totalled CHF 477 million, showing a decreasing trend compared to the end of 2019 (Figure 5).

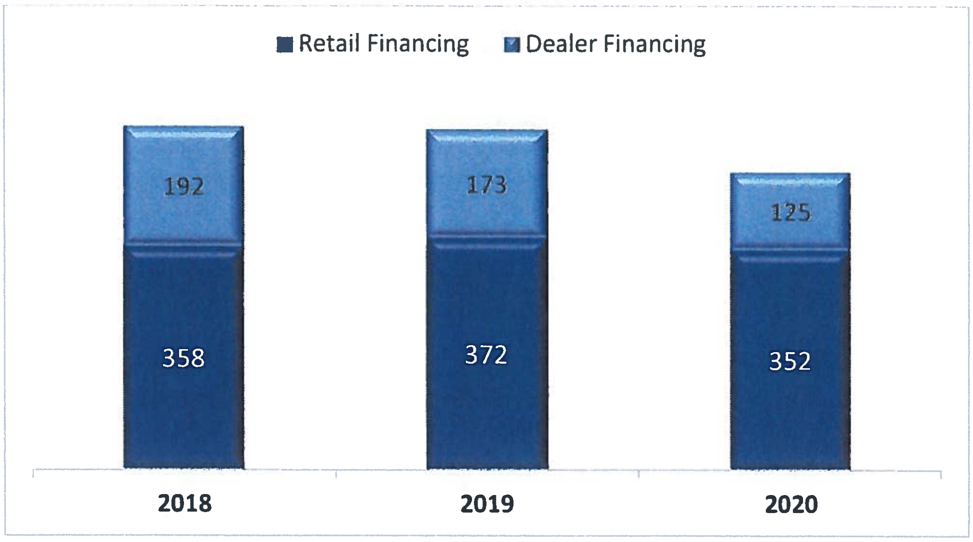


Figure 5 – Year end Portfolio

The Company's assets are funded by bilateral facilities amounting to CHF 355 million at 31/12/2020, of which CHF 95 million from FCA Bank S.p.A., CHF 35 million from third party banks and capital market funds for CHF 225 million. The notes are listed at the SIX stock exchange and are due to mature in November 2021 for CHF 100 million and in October 2023 for 125 CHF 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 15 million from the cash pooling facility at 31/12/2020.

The following table summarises the Company's key performance indicators based on the Statutory accounts as at 31 December 2020 and a comparison with previous year's results.

In thousands of CHF

Statutory	2020	2019
Average portfolio	**485'089**	**548'395**
Net Financial Income	29'251	31'320
Other operating costs	-3'263	-4'031
Net operating expenses	-10'251	-10'204
Cost of risk	-427	-486
Non-operating income/expenses	35	27
Profit before tax	**15'346**	**16'627**
Direct taxes	-3'431	-3'544
Net profit	**11'915**	**13'083**

The average portfolio and the net financial income decreased in 2020, compared to 2019, following the strong decrease in volumes.

Nevertheless both costs structure and risk performance were maintained at very low levels, leading to a positive performance.

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

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During the year under review, FCA Capital Suisse employed 55 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 June 26, 2019 the Swiss Competition Commission imposed a fine of CHF 4'421'232 against FCA Capital Suisse SA for allegedly infringing the Swiss Cartel Act. FCA Capital Suisse SA has challenged this decision before the Federal Administrative Court, and this appeal is still pending. Hence, the fine is, at least for the time being, not payable by FCA Capital Suisse SA. Nonetheless, given the risk that the fine is likely to become legally binding, FCA Capital Suisse SA has raised a provision of CHF 4'549'041 accounting for the fine as well as the estimated future costs of the ComCo proceeding.

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 2020 which might have material impact on 2020 financial position.

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FUTURE PROSPECTS

The Directors expect a satisfactory profitability also in 2021, notwithstanding the risks above to which the Company is exposed, mainly the trend of demand in the relevant automotive car market which will be impacted by the pandemic crisis and the potential lockdowns; 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. A dividend was paid during the year (2020: CHF 21'500'000.00).

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 2020.

Signed on behalf of the Board of Directors:

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Date: 9 March 2021

FINANCIAL STATEMENTS

FCA CAPITAL SUISSE SA

Zürcherstrasse 111

8952 – Schlieren

31 December 2020

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

BALANCE SHEET AS OF 31 DECEMBER 2020

(in Swiss francs)

ASSETS	**Note**	**31.12.2020**	**31.12.2019**
Current assets			
Cash		225'824	250'815
Short term receivables towards Group companies & shareholders	10.	0	22'466'835
Trade receivables		238'194'596	277'697'589
due from third parties		234'215'765	273'743'214
from financial leases & retail	5.	119'291'772	119'948'099
from financing to dealers	4.	115'041'733	154'370'310
other trade receivables		-117'740	-575'195
due from Group companies & shareholders		3'978'832	3'954'375
from financial leases & retail	5.	2'182'040	2'060'999
from financing to dealers	4.	840'830	1'179'739
other trade receivables		955'962	713'638
Accrued income and prepaid expenses		5'310'776	6'814'348
Financial assets designated at fair value	6.	838'261	1'808'075
Total current assets		**244'569'456**	**309'037'663**
Non-current assets			
Financial assets		5'000	300
Receivables from financial leases & retail	5.	222'938'550	240'828'304
due from third parties		221'070'687	238'541'424
due from Group companies & shareholders		1'867'863	2'286'880
Property, plant and equipment		663'900	454'205
Intangible assets		78'624	180'604
Total non-current assets		**223'686'074**	**241'463'413**
TOTAL ASSETS		**468'255'530**	**550'501'076**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

BALANCE SHEET AS OF 31 DECEMBER 2020

(in Swiss francs)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.12.2020	31.12.2019
Short-term liabilities			
Trade payables		4'461'149	3'660'663
due to third parties		4'412'142	3'337'682
due to Group companies, shareholders and members of the governing bodies		49'007	322'981
Short-term interest-bearing liabilities		225'211'113	182'600'039
due to third parties		115'000'000	175'002'239
Bank overdraft to third parties		0	2'239
Short term loans to third parties	12.	15'000'000	0
Bonds issued	8. / 12.	100'000'000	175'000'000
due to Group companies and shareholders		110'211'113	7'597'800
Bank overdraft	10.	15'211'113	0
Short term loans		95'000'000	7'597'800
Financial liabilities designated at fair value	6.	838'261	1'808'075
Other short-term liabilities third parties		416'524	486'130
Accrued expenses and deferred income		9'828'774	9'836'427
Short-term provisions	16.	4'549'041	4'549'041
Total current liabilities		**245'304'862**	**202'940'375**
Long-term liabilities			
Long-term interest-bearing liabilities	11.	145'000'000	260'000'000
Bonds issued	8. / 11.	125'000'000	225'000'000
Loans due to third parties	11.	20'000'000	35'000'000
Long-term provisions		166'531	191'204
Total non-current liabilities		**145'166'531**	**260'191'204**
Total liabilities		**390'471'394**	**463'131'579**
Shareholders' equity			
Share capital		24'100'000	24'100'000
General statutory reserves		10'513'914	8'484'414
Voluntary retained earnings		43'170'223	54'785'084
Balance brought forward		31'255'584	41'702'387
Profit for the year		11'914'640	13'082'697
Total shareholders' equity		**77'784'137**	**87'369'497**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**468'255'530**	**550'501'076**

FCA CAPITAL SUISSE SA, SCHLIEREN

PROFIT AND LOSS STATEMENT 2020

(in Swiss francs)

Profit & Loss Statement	**Note**	**2020**	**2019**
Financial income from leasing		24'306'614	25'189'568
Financial income from dealer financing		6'918'884	8'375'583
Other income from leasing & retail		452'060	556'533
Financial income		**31'677'557**	**34'121'684**
Financial costs		-2'426'342	-2'801'145
Net financial income		**29'251'215**	**31'320'538**
Commission expenses		-2'566'802	-3'107'649
Losses and provision for bad debts, net		-426'894	-485'948
Other operating costs		-695'846	-923'518
Gross Profit		**25'561'672**	**26'803'423**
Personnel expenses		-5'935'364	-5'759'392
General and administration		-3'919'922	-4'049'407
Depreciation & valuation adjustment of fixed assets		-395'812	-395'017
Earnings before taxes		**15'310'575**	**16'599'608**
Non-operating income		43'533	74'084
Non-operating expenses		-8'294	-46'666
PROFIT/LOSS BEFORE TAXES		**15'345'814**	**16'627'026**
Direct taxes		-3'300'159	-3'544'329
Withholding taxes		-131'016	0
PROFIT FOR THE YEAR		**11'914'640**	**13'082'697**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

CASH FLOW STATEMENT 2020

(in Swiss francs)

Cash flow statement	2020	2019
Profit for the year (loss)	**11'914'640**	**13'082'697**
Depreciation and valuation adjustments to fixed assets	395'812	395'017
Net increase/decrease in long-term provisions	-24'672	-214'752
Net increase/decrease in receivables from financial leases &retail	18'425'040	-13'135'798
Net increase/decrease in receivables from financing to dealers	39'667'486	26'246'926
Net increase/decrease in other trade receivables	-699'779	1'219'769
Net increase/decrease in financial assets	-4'700	0
Net increase/decrease in inventories and uninvoiced services	0	0
Net increase/decrease in accrued income and prepaid expenses	1'503'572	-1'002'267
Net increase/decrease in accounts payable trade	800'486	-6'171'859
Net increase/decrease in other short-term liabilities (excluding financial liabilities)	-69'606	134'539
Net increase/decrease in accrued expenses and deferred income	-7'653	3'795'888
Profit / loss on sale of property, plant and equipment	-40'289	-66'048
Other non-cash income and expenses	0	0
Cash flow from operating activities	**71'860'337**	**24'284'112**
Purchases of property, plant and equipment	-548'837	-430'733
Proceeds from property, plant and equipment	105'354	235'535
Purchases of financial assets	0	0
Proceeds from financial assets	0	0
Purchases of intangible assets	-19'755	-18'000
Proceeds from intangible assets	0	0
Cash flow from investing activities	**-463'238**	**-213'198**
Net increase/decrease in short-term receivables towards group companies & shareholders	22'466'835	-22'466'835
Net increase/decrease in short-term financial liabilities	102'611'074	-127'818'948
Net increase/decrease in long-term financial liabilities - third parties	0	0
Net increase/decrease in long-term financial liabilities - shareholders	0	0
Decrease in long-term financial liabilities - bond	-175'000'000	0
Increase in long-term financial liabilities - bond	0	125'000'000
Repayment of debt principal/payment of dividends	-21'500'000	0
Proceeds from capital increase	0	0
Purchase of treasury shares	0	0
Sale of treasury shares	0	0
Cash flow from financing activities	**-71'422'091**	**-25'285'783**
Net increase/decrease in cash and cash equivalents	**-24'992**	**-1'214'870**
Statement of net increase/decrease in cash and cash equivalents		
As at January 1	250'815	1'465'685
As at December 31	225'824	250'815
Net increase/decrease in cash and cash equivalents	**-24'992**	**-1'214'870**

FCA CAPITAL Suisse

FCA CAPITAL SUISSE SA, SCHLIEREN

NOTES AS OF 31 DECEMBER 2020

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. The FCA Group has announced that it will merge with the PSA Group in 2021 and a new Group called Stellantis will be created from this merger.

2. Accounting principles

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

3. Hedging positions - accounting principle

In prior years hedging transactions were stated only if the hedge-effectiveness was not given. Since the business year 2018, hedging positions and the hedged items they are referring to are presented at fair value in the financial statements. 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.

4. Receivables from financing to dealers

	31.12.2020	31.12.2019
Gross receivables	118'430'784	158'237'055
Less: Allowance for doubtful debtors	-2'548'221	-2'687'007
Trade Receivables from financing to dealers	115'882'563	155'550'049

5. Receivables from financial leases & retail

	31.12.2020	31.12.2019
Leasing contract	224'051'509	250'669'262
Residual value of leased vehicle	164'843'376	161'077'493
Leasing deposit	-60'451	-92'192
Unearned income	-35'677'696	-39'757'506
Less: Allowance for doubtful debtors	-8'744'375	-9'059'655
Receivables from financial leases & retail, net	344'412'362	362'837'402
thereof:		
- current financial lease assets	121'473'812	122'009'098
- non-current financial lease assets	222'938'550	240'828'304

6. Hedging positions

	31.12.2020	31.12.2019
Assets - Fair value of derivates used for hedging	246'167	1'319'578
Assets - Fair value changes of hedged items portfolio	592'093	488'497
Financial assets designated at fair value	838'261	1'808'075
Liabilities - Fair value of derivates used for hedging	673'812	663'136
Liabilities - Fair value changes of hedged items portfolio	18'766	165'893
Liabilities - Fair value adjustment hedged bonds	145'683	979'046
Financial liabilities designated at fair value	838'261	1'808'075

During the effectiveness testing at year end 2020, it was detected that one of the micro hedge relationships is ineffective. The hedge realtionship refers to the bond with a nominal amount of CHF 125 million expiring in October 2023. The ineffectiveness amounts to TCHF 86, which is considered not material in relation to the volume of the bond. As a consequence, the ineffectiveness has not been acounted for in the financial statements for the year ended as of 31 December 2020.

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7. Liabilities to pension fund

	31.12.2020	31.12.2019
	-	-

8. Bonds issued

	31.12.2020	31.12.2019
Interest rate: p.a. 0.20% Issue date: 25.07.2017 Maturity date: 24.07.2020	-	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	125'000'000
Total bonds issued	225'000'000	400'000'000

9. Net release of hidden reserves

	31.12.2020	31.12.2019
	0	0

10. Cash pooling

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 & shareholders" in the Company's balance sheet, and withdrawals are credited accordingly.The Company's overdraft amounted to CHF 15.2 million on the cash pooling facility at 31 December 2020.

	31.12.2020	31.12.2019
Short term receivables towards Group companies & shareholders	0	22'466'835
Short-term interest-bearing liabilities due to Group companies and shareholders	15'211'113	0

11. Maturity structure of the long term interest bearing liabilities

	31.12.2020	31.12.2019
bonds issued (maturity refer to note 8)	125'000'000	225'000'000
due to third parties (maturity < 5 year)	20'000'000	35'000'000
Total long-term interest-bearing liabilities	145'000'000	260'000'000

12. Maturity structure of the short term interest bearing liabilities

short term Loans to third parties	115'000'000	-
Total short-term interest-bearing liabilities	115'000'000	-

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13 Fees paid to the auditor	31.12.2020	31.12.2019
Audit services	143'250	143'250
Other services	0	0

14 Full-time positions

As of 31 December 2020 FCA Capital Suisse SA employed 53 fulltime employees. On average FCA Capital Suisse SA employed 55 FTEs in 2020 compared to 53 FTEs in 2019.

15. Long term obligations	31.12.2020	31.12.2019
	1'743'090	581'030

Renting costs of the Company's premises with next right of termination as of December 2026.

16. Legal disputes

On June 26, 2019 the Swiss Competition Commission (referred to "ComCo") imposed a fine of CHF 4'421'232 against FCA Capital SA for allegedly infringing the Swiss Cartel Act. FCA Capital Suisse SA has challenged the wording of this decision before the Federal Administrative Court, and this appeal is still pending. Given the risk that the fine is likely to become legally binding, FCA Capital Suisse SA raised in prior years a provision of CHF 4'549'041 accounting for the fine as well as the estimated future costs of the ComCo proceeding.

17. The impact of Covid-19 on FCA Capital Suisse SA

2020 has been coined by the Covid-19 pandamic. It impacted the entire globe and all industries. From March to May 2020 the Swiss Governement imposed restrictions and measures against the virus which also impacted the automotive industry. FCA Capital Suisse SA supported the measures taken and introduced further measures to ensure the health and safety of the employees and to secure its operations.

In the first half of 2020 the automotive market was strongly impacted by the lockdown and restriction measures of the Swiss Government. The Company estimates the financial impact of the measures at CHF 2.4 million in lost revenue and noticed a significant decrease in sales volume. Nevertheless, FCA Capital Suisse SA was able to navigate through the situation by by launching several ad hoc solutions, such as:
- in the retail business, with the launch of loans with the first instalments payable in 2021;
- in the dealer financing, by extending the payment terms expiring in the lockdown period.

During the lockdown the Swiss Government implemented new measures to support companies which had to introduce short-time work. The Company introduced a new working plan in order to adapt to the workload and make savings on the labour cost side.
Almost 100% of staff were affected by short-time work during the months of April and May 2020. The Company's workload was reduced to 60% and the Company received a contribution by the Swiss Government of CHF 0.17 million for these measures. This contribution was accounted for as a reduction of personnel expenses.

In order to support the Company's dealer financing business during the lockdown period extended payment terms were introduced for the vehicles that were going to expire from March to May 2020. The contracts were extended for 60 days regardless of the initial payment terms; for contracts that excedeed a payment term of 360 days, the extention had been allowed only with the approval of the insurer. All vehicles for which an extension had been approved have been paid meanwhile.

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

APPROPRIATION OF AVAILABLE EARNINGS

	31.12.2020	31.12.2019
Balance brought forward	31'255'584	41'702'387
Profit for the year	11'914'640	13'082'697
Available earnings	**43'170'223**	**54'785'084**
Dividend	0	-21'500'000
Allocation to general legal reserves	0	-2'029'500
Balance to be carried forward	**43'170'223**	**31'255'584**

Signed on behalf of the Board of Directors:

Date: 9 March 2021

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To the General Meeting of
FCA Capital Suisse SA, Schlieren

Berne, 9 March 2021

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 2020.

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 2020 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

Area of focus

As of 31 December 2020, 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 460.2 million (98.2%). 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 approach provided by the Group. As of 31 December 2020, the allowance for doubtful debtors for trade receivables and receivables from financial leases & retail amounted to CHF 8.7 million and for trade receivables from financing to dealers to CHF 2.5 million.

We refer to note 4 and 5 of the financial statements as of 31 December 2020.

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. We tested the valuation by reconciling the ledger to the Group internal valuation. We also tested the controls around the creation of allowances for doubtful debtors.
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	Licensed audit Expert