

FIAT CHRYSLER FINANCE EUROPE

(Société en nom collectif)

**ANNUAL ACCOUNTS
AS AT 31 DECEMBER 2019
AND
INDEPENDENT AUDITOR`S REPORT**

**24 BOULEVARD ROYAL
L-2449 LUXEMBOURG**

R.C.S. Luxembourg: B 59500

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Independent auditor's report

To the Shareholders of
Fiat Chrysler Finance Europe SENC (formerly Fiat Chrysler Finance Europe S.A.)
24, Boulevard Royal
L-2449 Luxembourg

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Fiat Chrysler Finance Europe SENC (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of recoverability of Amounts Owed by Affiliated Undertakings as presented in Note 5 of the accompanying annual accounts

Matter

As of 31 December 2019, the Amounts Owed by Affiliated Undertakings amounted to EUR 4,799,375,771 which represents 84% of Company's total assets. As detailed in Note 6 of the annual accounts, the Amounts owed by Affiliated Undertakings are valued at nominal value including the expenses incidental thereto and value adjustments are made in case of a durable depreciation in value. A solvency analysis is performed at year end by the Management in order to assess whether a durable depreciation exists on Amounts Owed by Affiliated Undertakings.

Given the significance of Amounts Owed by Affiliated Undertakings and the important judgment involved regarding the assessment of the collectability of these receivables, the evaluation of the recoverability of Amounts Owed by Affiliated Undertakings is a key audit matter.

Response

We have performed the following audit procedures over the evaluation of the recoverability of Amounts Owed by Affiliated Undertakings:

- We inspected the solvency analysis prepared by the Management
- We analysed the methods and assumptions retained by Management in the solvency analysis
- We compared the nominal value of Amounts Owed by Affiliated Undertakings reported in the annual accounts to the intercompany reconciliation performed by the Company and to the loan agreements
- We assessed the adequacy of the Company's disclosures in respect of the accounting policies on Amounts Owed by Affiliated Undertakings as disclosed in Note 6 of the annual accounts.

Other information

The Managers are responsible for the other information. The other information comprises the information included in the management report but does not include the annual accounts and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and of those charged with governance for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 28 February 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Board of Managers. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Where neither disclosed in the management report nor in the annual accounts, disclose here any services, in addition to the statutory audit, that were provided to the Company.



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Other matter

The corporate governance statement includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

A handwritten signature in blue ink, appearing to read 'Jeannot Weyer', enclosed within a blue ink scribble or stamp.

Jeannot Weyer

Luxembourg, 12 February 2020

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Management Report

OPERATING ENVIRONMENT

GENERAL ECONOMIC ENVIRONMENT AND PERFORMANCE OF FINANCIAL MARKETS

The global economy is in a slowdown, as a consequence of rising trade barriers, geopolitical risks, low productivity in advanced economies and macroeconomic stress in several emerging markets. Global growth is estimated at 2.9 percent for 2019, a 0.7 percent lower than 2018, its lowest level since the global financial crisis of 2008-2009. Advanced economies growth is expected to pick up by 1.7 percent while emerging markets and developing economies should moderate to 3.7 percent, respectively 0.5 and 0.8 percent lower than 2018. Global growth in 2020 is projected to improve to 3.3 percent, despite downside risks remain prominent, including rising geopolitical tensions, further worsening of relations between the US and its trading partners, and potential idiosyncratic stress in key emerging markets.

In the US, growth is expected to moderate to 2.3 percent, down from 2.9 percent in 2018. Trade-related uncertainty has had negative effects on investment, but employment and consumption continued to be robust. As expansion has weakened, inflation rate has fallen in 2019 and price index for core private consumption expenditure was 1.6% in December, a 0.4 percent lower than 2018. Growth in the United States is expected to modestly grow up to 2 percent in 2020, reflecting a return to a neutral fiscal stance of the Fed and waning support from further loosening of financial conditions.

In the Euro Area, growth is projected to pick up to 1.2 percent in 2019, a 0.7 percent lower than 2018. In Germany, manufacturing activity has entered into contractionary territory, while France and Spain marked a deceleration of the economy activity. Italy's growth rate is projected to 0.2 percent in 2019, down from 0.8 percent in 2018. Inflation in the Euro area continue to be below the target, as the price index for core consumptions was at 1.2 in December. In 2020, growth in the Euro area is expected at 1.3 percent.

In the UK, growth is expected to stabilize at 1.3 percent in 2019, in line with past year. Softening global demand and Brexit-related political turmoil has weighed on economy activity. Pressure on prices has remained subdued and the price index for consumptions was at 1.8 percent at the end of December, down by 0.7 from 2018. Growth is expected to stabilize at 1.4 percent in 2020, assuming an orderly exit from the European Union.

In China, the macroeconomic consequences of increased trade tensions with the US had a negative impact on domestic demand. Growth is projected to decline to 6.1 percent in 2019, a 0.5 percent lower than 2018. Inflation has grown up to 2.9 percent in December 2019, a 0.8 percent higher than 2018. Growth prospects for China are expected to decline slightly to 6.0 percent in 2020, although the effects on the economy of the recent flu epidemic are still to be fully assessed. Domestic economy could suffer a negative impact estimated in the range of 0.5-1.5 percent, with a negative impact on global growth estimated at around 0.1-0.2 percent.

Growth resumed in Brazil, helped by improved sentiment following the approval of pension reform. The economy activity is forecasted to grow by 1.2 percent in 2019, a 0.1 percent lower than the past year, and by 2.2 percent in 2020. Inflation has been stable during 2019, with the price index for consumption at 3.7 percent in December. Poland economy has suffered from the adverse effects of weakening manufacturing trade and elevated uncertainty, and growth is projected to moderate to 4.0 percent in 2019, a 1.1 percent lower than past year. Inflation pressure has remained contained, as the consumer price index was at 2.3 percent in December. In 2020, growth is expected to further slow down at 3.1 percent.

Financial conditions have become easier among advanced economies in 2019, as major central banks have turned more accommodative. The US Federal Reserve cut the Federal Funds rate down to the 1.50-1.75 percent and ended its balance sheet reduction. This policy shift, together with rising market concerns of slower growth momentum, contributed to a sizeable declining in yields: Both the 10-year swap rate and the 3-month Libor rate were at 1.9 percent at the end of December, respectively 80 and 90 basis points lower than one year ago. Projections are confirming a dovish bias for the future and

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the forward rate curve is currently forecasting a reduction of the Libor rate by approximately 25 basis points by the end of 2020.

In the Euro Area, the European Central Bank reduced its deposit rate by 10 basis points to -0.5 percent and announced a resumption of *Quantitative Easing*. Compared to the end of 2018, the rate curve has declined, with the 3-month Euribor rate down by 7 basis points to -0.38 percent and the 10-year swap rate down by 20 basis points to 0.2 percent. The short-term forward rates quoted by the market for the end of 2020 show stable expectations compared to the current level.

Among emerging market and developing economies, central banks in several countries have cut policy rates or confirmed an accommodative stance. China continued to inject liquidity into the system, while the central bank of Poland has maintained the reference rates at all-time lows of 1.5%. Brazil and Turkey have cut the official interest rates respectively to 4.5 percent, a 200 basis point reduction, and 11.25 percent, a 1275 basis point reduction.

Equity markets have had a very positive year. In the US, S&P 500 Index closed the year up by about 29 percent. In Japan, the Nikkei index closed the year with gain of 18 percent, while in the Euro area, the Euro Stoxx 50 index marked a gain of 25 percent. Among the main emerging countries, the year has seen the Shanghai Composite index grown up by more than 20 percent while Brazilian Bovespa has grown up by 33 percent.

Currency movements in 2019 have been notable in some cases. The US dollar benefited from its safe haven status and US trade offensive against China, being able to appreciate by about 2 percent against the euro. Against the main emerging market currencies, the US dollar appreciated by more than 3.5 percent against the Brazilian real and by 1.2 percent against the Chinese renminbi. In its turn, the euro lost about 3.1 percent against the Japanese yen and 3.7 percent against the Swiss franc, while it appreciated against the Turkish lira by more than 10 percent. Finally, British pound took relief from the reduced risk of a no-deal Brexit, being able to recover in December and closing the year with a 5.1 percent gain against the euro.

Commodity prices have been volatile in 2019. Supply cut and geopolitical tensions have driven oil price higher and WTI crude closed the year up by more than 35 percent. Base metal prices generally declined amid continued trade policy uncertainty and fears of a global economic slowdown: Primary aluminium depreciated by more than 4 percent and copper lost about 5 percent, while lead appreciated by more than 3 percent. Precious metals prices rose, reflecting in part a flight to safety: Gold appreciated by about 18 percent and platinum by more than 21 percent.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Fiat Chrysler Finance Europe provides cash management and treasury services mainly to Fiat Chrysler Automobiles N.V. and its subsidiaries ("Group Companies") based in Europe. FCFE's primary goal is to ensure that funds are available to support the operations of Group Companies, and that liquidity, cash flows and the exposure to financial risks are properly managed. As a consequence, FCFE earnings and financial position may be impacted by various macroeconomic factors including increases or decreases in gross domestic product, the level of consumer and business confidence, changes in interest rates on consumer and business credit within the various countries in which FCA Group operates.

Moreover, even in the absence of an economic recession or deterioration in credit markets, other economic factors – such as increases in energy prices, fluctuations in raw materials prices, adverse shifts in interest rates and exchange rates, changes in government policies (including environmental regulation), outbreak of an epidemic, malfunctions in information and telecommunication systems or a contraction in infrastructure spending – could potentially have a negative impact on operating conditions and future prospects for the industry sectors in which the Group operates, with the resulting negative consequences in terms of profitability and demand for the Group's products. FCA Group operates in market sectors that have historically been highly cyclical and tend to reflect the general

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performance of the economy, in certain cases even amplifying the effects. In such cases, the activities, strategies, and future prospects of FCA Group could be significantly impacted, with consequent negative effects on the earnings and financial position of the Company.

Additionally, the Company actively operates in financial markets for the purposes of raising funding and, in general, utilizing financial instruments appropriate to effective treasury and cash management.

Unfavourable conditions in terms of costs, liquidity, or the regulatory and operating environment in those markets could adversely affect the Company's ability to perform its activities in a cost-effective manner. The specific nature and complexity of those activities, which are at times subject to regulatory uncertainty, can generate additional legal and tax-related risks which, despite the adequacy of administrative and control systems, cannot be fully eliminated.

On 31 January 2020 the UK withdrew from the European Union ("EU"). Any effect of Brexit is expected to depend on the agreements, if any, with respect to reciprocal market access and other matters, negotiated between the UK and the EU during a transition period until 31 December 2020. Brexit may also lead to legal uncertainty and potentially divergent national laws and regulations as the UK will determine which EU laws to replace or replicate. Any of these effects of Brexit, among others, could adversely affect the Company and FCA NV Group's business, results of operations and financial position.

Specific risks that could give rise to obligations for Fiat Chrysler Finance Europe ("FCFE", "the Company") are assessed for the purpose of determining appropriate provisioning and they are commented on in the Notes to the annual accounts, together with any significant potential liabilities. In addition, the notes include a section describing the main foreign currency, interest, credit and liquidity risks.

CORPORATE GOVERNANCE STATEMENT

The Company acts through its branch in UK, in accordance with general strategic guidelines issued by its ultimate parent company, Fiat Chrysler Automobiles N.V..

Direction and coordination activities consist in the definition and updating of Group-wide models for the system of internal control, corporate governance and organizational structure, the dissemination of a Code of Conduct, which is adopted throughout the Group, and the establishment of general policies for the management of human and financial resources. Group coordination also includes centralized management of corporate, administrative, tax and internal audit services through specialized companies.

Consistent with the above, the Company, which retains full management and operating autonomy, adopted a Code of Conduct that sets out the principles of professional conduct adhered to by the Company and the Group. The Company has also established a model of corporate governance and internal control through its organizational and reporting structure which is continually revised to reflect legislative changes.

Starting from 2017 FCFE's Shareholder has formed an Audit Committee in compliance with Art. 52 of the law of 23 July 2016 on the audit profession, transposing European Directive 2014/56 and implementing European Regulation 537/2014 applicable to Public Interest Entities (PIEs). FCFE qualifies as PIE being an entity governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of a Member State. The new committee is independent from the administrative body and has assigned duties and responsibilities in accordance with article 52 (6) of the Audit Law and the EC Regulation.

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INTERNAL CONTROL SYSTEM

The Management and various corporate departments acted to ensure the compliance with the best practices and the adequacy of the organizational structure and internal procedures. Moreover, the Management operates in line with the outcome of conducted audits and related needs of improvement.

Overall, the Internal Control System (intended as the set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks) operated alongside core business processes to enhance operating activities and manage the related risks, supporting Management in the pursuit of its corporate objectives, in accordance with law and internal policies and procedures.

CODE OF CONDUCT

The Board of Directors formally adopted the Group's Code of Conduct that reinforces the principles of sustainability, making express reference to compliance with the United Nations' Universal Declaration of Human Rights, the principal Conventions of the International Labor Organization (I.L.O.), the OECD Guidelines for Multinational Enterprises, and the United States Foreign Corrupt Practices Act (FCPA). In 2017, the FCA NV Board of Directors approved an update of the Code of Conduct which aims to strengthen the commitment of all employees to report potential violations of the Code, regulations and corporate policies. Group employees periodically take advantage of the online training course on the Code of Conduct and related practices. Together with the Code of Conduct, the Ethics Helpline has been activated, that allows employees, suppliers, customers and in general to all the Group's stakeholders to ask for clarifications on the correct application of the Code, to report situations, events or actions that could be considered not in line with its principles and values, as well as to communicate potential conflicts of interest. The Code can be publicly consulted on the internet web site of Fiat Chrysler Automobiles N.V..

OPERATING PERFORMANCE AND ANALYSIS OF THE FINANCIAL POSITION

Fiat Chrysler Finance Europe acts as the treasury and financing vehicle of the Fiat Chrysler Automobiles N.V. Group ("The Group") companies mainly based in Europe, providing cash management and treasury services. FCFE manages cash pooling structures in Austria, Belgium, Denmark, France, Germany, Ireland, the Netherlands, Spain, Switzerland, Slovakia, United Kingdom and United Arab Emirates.

On December 16th 2019 with an extraordinary meeting of the shareholders decided to convert the company into a "*Société en Nom Collectif*" in compliance with article 1010-1 of the law with effect as of December 31st 2019.

With effect December 31st it has been decided to manage the company operations through the Branch established in the UK (London) and allocate to the UK branch relevant assets and liabilities, assigning to the local Branch manager full management and responsibilities.

As a result of this reorganisation, Luxembourg employees were dismissed with effective date April 30th, 2020.

The purpose of the restructuring is to create synergies, streamline corporate structure and reduce costs by consolidating functions in other group locations.

As of December 31, 2019 Inter-company loans stood at EUR 4.8 billion with a strong decrease compared to EUR 7.8 billion of the previous year (note 6), as a consequence of the reduced credit position with FCA NV, the change in cash pooling balances with Fiat Chrysler Finance S.p.A. and the extinguishment of loans granted to the entities controlled by Magneti Marelli S.p.A., following the completion of the sale of the FCA's automotive components business to CK Holdings Co., Ltd., the holding company of Calsonic Kansei Corporation.

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In 2019 FCFE repaid two notes coming to maturity, while no new notes were issued. The net cash flow related to capital market operation was negative for approximately EUR 1,5 billion:

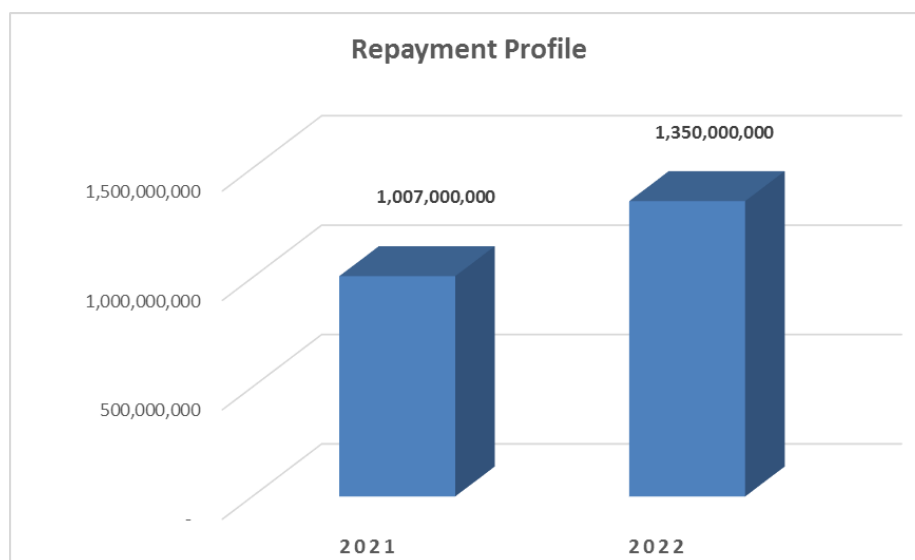
Bonds repayment

ISIN	Type	Distribution	Currency	Issue date	Maturity	Ccy Outstanding
CH0254281626	MTN	Syndicated	EUR	14-Oct-13	14-Oct-19	1,250,000,000
XS0953215349	MTN	Syndicated	CHF	30-Sep-14	30-Sep-19	250,000,000

All Fiat Chrysler Finance Europe bonds were issued under the Euro Medium Term Note (EMTN) Programme (previously known as Global Medium Term Note). The EMTN and relating issuance are guaranteed by Fiat Chrysler Automobiles N.V. which is guarantor and issuer in the same programme.

On December 31st 2019 the Company had outstanding notes for a total amount of EUR 2.357 billion as detailed in note 12.

Schedule of bonds maturities at 31 December 2019 (in EUR million)



As far as the management of financial risks is concerned (liquidity, exchange and interest rates), the Company follows the guidelines set out in the relative policy. More specifically for the management of liquidity, the primary object of the investments is the safeguarding and the accessibility of the invested capital, as well as an acceptable diversification of the investment portfolio.

In light of these general guidelines, the liquidity available over the year has been mainly invested in short term bank deposits with a wide number of reputable financial institutions.

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From a financial stand point all derivatives are entered into for hedging purposes; even derivatives that do not apply for hedge accounting treatment have always a hedge rational.

The Company closed the year with a loss of EUR 58,9 million compared to the a loss of EUR 1,7 million in 2018. The negative result is mainly relating to a tax provision of EUR 58,7 million (note 11) that FCFE has established in relation the decision of the European Commission dated October 21st 2015 addressed to the Grand Duchy of Luxembourg stating that a tax ruling issued in 2012 to FCFE constituted state aid. On September 24, 2019, the Court of the European Union dismissed the action filed by FCFE for the annulment of the contested decision. Hence the Company considered that following this judgement it is not more likely than not that FCFE will be successful on the second appeal that was filed with the Court of Justice of the European Union on December 4th, 2019. The amount of the provision, which has already been paid into an escrow account (note 5), will remain blocked until the latest grade of the judgment will be pronounced.

On the operation side, earnings are still weak due to the current financial environment characterized by either negative or very low level of short term interest rates that influenced the return on liquid assets. In line with previous years, also in 2019 the Company incurred in charges relating to external consultancies in the context of the ongoing legal procedure with the General Court of the European Commission as referred above. No events that requires consideration has occurred since December 2019.

On December 18th, 2019, FCA N.V. and Peugeot S.A. ("Groupe PSA") have signed a binding Combination Agreement providing for a 50/50 merger of their businesses to create the 4th largest global automotive OEM by volume and 3rd largest by revenue. The proposed combination will be an industry leader with the management, capabilities, resources and scale to successfully capitalize on the opportunities presented by the new era in sustainable mobility. Completion of the proposed combination is expected to take place in 12-15 months, subject to customary closing conditions, including approval by both companies' shareholders at their respective Extraordinary General Meetings and the satisfaction of antitrust and other regulatory requirements.

No events that requires consideration with reference to the Company operations has occurred since December 2019 with exception of the UK withdrew from the European Union as commented in the Risk and Uncertainties section.

For the year 2020, we do not expect material changes in the companies' activities, which will be managed by its branch in the UK (note 1), and in the results from operations.

By order of the Board of Manager



Marella Moretti
Manager B



Chantal Mathu
Manager A

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Legal and Financial Information

MANAGER RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

1. the annual accounts of Fiat Chrysler Finance Europe SENC presented in this Annual Report and established in conformity with measurement and recognition criteria of the financial reporting framework in Luxembourg give a true and fair view of the assets, liabilities, financial position and profit of the Company at 31 December 2019; and
2. the management report includes a fair review of the development and performance of the business and position of Fiat Chrysler Finance Europe at 31 December 2019 and a description of the principal risks and uncertainties they face.

By order of the Board of Manager



Marella Moretti
Manager B



Chantal Mathu
Manager A

February 12th, 2019

FIAT CHRYSLER FINANCE EUROPE SENC

BALANCE SHEET

AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

<u>ASSETS</u>	<i>Note</i>	31.12.2019 EUR	31.12.2018 EUR
FIXED ASSETS			
Intangible assets			
<i>Concessions, patents, licences, trade marks and similar rights and assets</i>	3	33,020	52,490
Tangible fixed asset			
<i>Other fixtures and fittings, tools and equipment</i>	4	-	4,360
Other Loans			
<i>Escrow account</i>	5	57,468,170	57,462,436
		<hr/>	<hr/>
TOTAL FIXED ASSETS		57,501,190	57,519,286
CURRENT ASSETS			
Debtors			
Amounts owed by affiliated undertakings			
<i>Becoming due and payable within one year</i>	6	4,783,860,961	7,749,173,814
<i>Becoming due and payable after more than one year</i>		15,514,810	22,134,529
Other receivables			
<i>Becoming due and payable within one year</i>		2,944,330	2,513,671
Investments			
<i>Other investments</i>	7	422,649,008	395,764,562
Cash at bank and in hand			
	8	<hr/> 382,455,077	<hr/> 192,560,316
TOTAL CURRENT ASSETS		5,607,424,187	8,362,146,892
PREPAYMENTS	9	49,339,743	71,175,290
		<hr/>	<hr/>
<u>TOTAL ASSETS</u>		<hr/> 5,714,265,119	<hr/> 8,490,841,468

The accompanying notes form an integral part of the annual accounts

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BALANCE SHEET

AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018 (continued)

LIABILITIES

	Note	31.12.2019 EUR	31.12.2018 EUR
CAPITAL AND RESERVES			
Subscribed capital		86,494,000	86,494,000
Reserves			
<i>Legal reserve</i>		8,649,400	8,649,400
<i>Other not available reserves</i>		5,347,441	5,347,441
<i>Distributable Reserves</i>		-	-
Interim Dividend		-	-
<i>Profit or loss brought forward</i>		18,004,372	19,745,600
<i>Profit or loss for the financial year</i>		<u>(59,598,152)</u>	<u>(1,741,228)</u>
TOTAL SHAREHOLDER'S EQUITY	10	58,897,061	118,495,213
PROVISIONS			
Provisions for taxation	11	58,684,760	13,788
CREDITORS			
Debenture loans			
<i>Non convertible loans</i>			
<i>Becoming due and payable within one year</i>	12	66,830,534	1,558,599,354
<i>Becoming due and payable after more than one year</i>		2,357,000,000	2,357,000,000
Amounts owed to credit institutions			
<i>Becoming due and payable after less than one year</i>		787,154	-
<i>Becoming due and payable after more than one year</i>			
Amounts owed to affiliated undertakings			
<i>Becoming due and payable within one year</i>	13	2,922,363,643	4,424,659,770
<i>Becoming due and payable after more than one year</i>		234,918,248	
Other creditors			
<i>Tax authorities</i>		1,378,965	1,320,472
<i>Social security authorities</i>		6,469	15,537
<i>Other creditor</i>			
<i>Becoming and due payable within one year</i>		<u>545,253</u>	<u>11,689,133</u>
TOTAL CREDITORS		5,583,830,266	8,353,284,266
DEFERRED INCOME	14	12,853,032	19,048,201
<u>TOTAL CAPITAL, RESERVES AND LIABILITIES</u>		<u><u>5,714,265,119</u></u>	<u><u>8,490,841,468</u></u>

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

PROFIT AND LOSS ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

	<i>Note</i>	31.12.2019 EUR	31.12.2018 EUR
Other operating income		-	98,260
Raw materials and consumables and other external expenses			
<i>Other external expenses</i>	16	(1,617,180)	(2,464,382)
Staff costs			
<i>Wages and salaries</i>	19	(1,175,974)	(732,153)
<i>Social security costs relating to pensions</i>		(27,221)	(48,103)
<i>other social security costs</i>		(55,120)	(41,190)
<i>Other Staff costs</i>		(18,938)	(16,628)
Value adjustments <i>in respect of formation expenses and of tangible and intangible fixed assets</i>		(19,470)	(46,594)
Other operating expenses		(299,007)	(469,286)
Income from other investments and loans forming part of the fixed assets			-
Other interest receivable and similar income	17		
<i>derived from affiliated undertakings</i>		219,461,501	273,955,624
<i>other interest and similar income</i>		50,466,256	61,675,936
Interest payable and similar expenses	18		
<i>derived from affiliated undertakings</i>		(61,248,665)	(60,931,999)
<i>other interest and similar expenses</i>		(205,836,736)	(272,114,958)
Tax on profit or loss		(58,628,193)	(9,160)
Profit or loss after taxation		(58,998,747)	(1,144,633)
<i>Other taxes not shown under previous items</i>		(599,405)	(596,595)
Profit or loss for the financial year		(59,598,152)	(1,741,228)

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

Note 1 - GENERAL INFORMATION

The Company was incorporated as public limited liability company (“société anonyme”) on 18 June 1997 under the laws of Luxembourg for an unlimited period of time. On December 16th 2019 with a public extraordinary meeting the shareholders decided to convert the company into a “*Société en Nom Collectif*” in compliance with article 1010-1 of the law with effect as of December 31st 2019.

At the same time it has been decided to manage the company operations through a branch established in the UK (London) and allocate to the UK branch relevant assets and liabilities, assigning to the local branch manager full management responsibilities.

The Company’s registered office is at 24 Boulevard Royal, L-2449 Luxembourg and is registered in the Luxembourg trade register under the number B 59500.

The Company’s financial year starts on 1 January and ends on 31 December of each year.

The Company acts through its Branch in the UK as the treasury and financing vehicle of the Group companies outside Italy and operates on the international financial markets. The Company main activity is the funding of Group companies and the management of surplus cash. The Company finances its activity with public issue of debt (bonds) and lines of credit with banks. It is the intention of the Company’s management to optimise the centralisation of funds. The Company administers treasury and financing functions of the Group by effectively managing risk, as explained in note 15 below.

On September 29, 2017 Fiat Chrysler Automotive N.V. (FCA N.V.) acquired from Fiat Chrysler Finance S.p.A. 60.003% of the outstanding shares in Fiat Chrysler Finance Europe S.A. and obtained 100% of the outstanding 13,416 shares of the Company. On December 12th 2019 FCA N.V. sold 1 share to Fiat Chrysler Finance Luxembourg Sàrl that became the second shareholder of the Company.

FCFE’s accounts are included in the consolidated accounts of Fiat Chrysler Automobiles N.V. a public limited liability company (naamloze vennootschap) organized under the laws of the Netherlands and are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. A copy of the mentioned consolidated financial statements are available on the internet web site of Fiat Chrysler Automobiles N.V.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements for the year ended 31 December 2019 have been prepared in accordance with accounting principles generally accepted and rules and regulations in force in the Grand Duchy of Luxembourg.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

Tangible and intangible assets

Tangible and intangible assets are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to reduce the carrying value over its useful economic life.

Financial Assets

Financial assets are recorded at the cost value. Value adjustments, if any, are made of any permanent impairment in value.

Foreign currency transactions

The accounting records of the Company are maintained in Euro (EUR), which represents the main functional currency of the Company; the financial statements are denominated in this currency.

Assets and liabilities denominated in currencies other than EUR are translated into EUR at the exchange rates prevailing at the balance sheet date. Income and expenses denominated in foreign currencies are converted into EUR at the exchange rates prevailing on the transaction date. Both unrealised and realised foreign exchange differences are recognised in the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of recognition.

Derivatives financial instruments

From a financial point of view all derivatives are entered into for hedging purposes; derivatives that do not apply for hedge accounting treatment have always a hedge rational.

Forward foreign exchange contracts

All forward foreign exchange contracts are accounted for as notional loans and deposits in the off balance sheet accounts. The Mark-to-Market on these notional loans and deposits is accrued in the balance sheet as accrued income or accrued expenses and included in the profit and loss account on a net basis.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

Swaps

Swaps comprise interest rate swaps and currency swaps which are stated at their notional values at the balance sheet date in the off balance sheet accounts.

The notional values serve as a reference for determining the interest streams. The interest streams receivable and payable are recognised in the profit and loss account on an accruals basis.

The notional amounts denominated in foreign currencies are translated into EUR at the exchange rates prevailing at the balance sheet date. Translation differences are recorded on the balance sheet as accrued income or other creditors or liabilities and are included in the profit and loss account.

Non convertible loans

Bonds are disclosed at their repayment value. Costs associated with issuing debt (such as, for example, fees and commissions paid to banks, law firms, auditors and regulators) are capitalised and reflected in the balance sheet as an asset, and amortised over the remaining life of the underlying debt instrument. The unamortised amounts are included in the prepayments.

Negotiable European Commercial Paper (NEU CP)

Starting on 12 December 2005 the Company relieved Fiat Chrysler France S.A. in the NEU CP Programme with a maximum aggregate nominal amount of EUR 1 billion totally guaranteed by Fiat Chrysler Automobiles N.V..

Societe Generale S.A., with registered office at 29 boulevard Haussmann in Paris, is appointed as issuing and paying agent, without exclusion of other financial institution authorised by Banque de France.

The interest payable is recognised in the income statement on an accrual interest basis.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

Debtors

Debtor balances are recorded at nominal amount. Value adjustments, if any, are made for any permanent impairment in value.

Other assets and liabilities

Unless otherwise stated, all other assets and liabilities are stated at their nominal values.

Investments

Other investments are composed of liquidity funds. Rated AAAm by S&P and/or AAA by Moody's these funds invest in short term high quality money market instruments. The product offers same value day liquidity and an attractive yield compared with time deposits. Value adjustments, if any, are made for any permanent impairment in value.

Cash and cash equivalents

Cash and cash equivalents comprise amounts due from banks with an original average maturity up to 3 months.

Income and expenses recognition

Income and expenses are recognised when earned or incurred on an accruals basis.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 3 - INTANGIBLE FIXED ASSETS

	31 December 2019	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2019
Gross carrying amount	741,094				741,094
Cumulated amortization	(688,604)		(19,470)		(708,074)
Net carrying amount	52,490		(19,470)		33,020

	1 January 2018	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2018
Gross carrying amount	741,094	-	-	-	741,094
Cumulated amortization	(643,790)	-	(44,814)	-	(688,604)
Net carrying amount	97,304	-	(44,814)	-	52,490

The intangible assets are mainly constituted of software licenses and systems` implementation costs.

NOTE 4 - TANGIBLE FIXED ASSETS

	31 December 2019	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2019
Gross carrying amount	12,290			(12,290)	0,00
Accumulated amortization	(7,930)			7,930	0,00
Net carrying amount	4,360			(4,360)	0,00

	1 January 2018	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2018
Gross carrying amount	89,185	-	-	(76,895)	12,290
Accumulated amortization	(83,045)	-	(1,780)	76,895	(7,930)
Net carrying amount	6,140	-	(1,780)	-	4,360

The tangible assets are mainly constituted of IT infrastructure, furniture's and office equipment, The reduction for the year 2019 is due to the dismissal of furniture's from the Spain branch office closed in 2018.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 5 – ESCROW ACCOUNT

On 21 October 2015, the European Commission issued a decision addressed to the Grand Duchy of Luxembourg (“Luxembourg”) in case SA.38375 (2014/C ex 2014 NN) stating that the tax ruling issued on 3 September 2012 in favour of FCFE constitutes state aid which is incompatible with the internal market being in breach of Article 108(3) of the TFEU.

Fiat Chrysler Finance Europe and Luxembourg brought an action seeking the annulment of the Contested Decision. This action has been heard by the Court under case number T-755/ on June 21st 2018. On September 24, 2019, the General Court of the European Union dismissed FCFE’s appeal and Luxembourg’s appeal (note 11). On December 4, 2019, FCFE filed an appeal against the judgment of the General Court of the European Union with the Court of Justice of the European Union.

Waiting for the outcome of the appeal in order to fulfil Luxembourg’s recovery obligation under Article 2(1) of the Contested Decision FCFE paid into an escrow account the amount of the alleged state aid that has been evaluated as follows:

2012	EUR 11,588,861
2013	EUR 11,538,263
2014	EUR 11,482,716
2015	EUR 11,465,243
2016	EUR 11,360,987

TOTAL EUR 57,436,070*

**the difference with the amount exposed in the balance sheet is represented by the interests accrued on the balance deposited in the escrow account (EUR 32,100)*

The fiduciary assets including any interest accrued will be retained until the Court of Justice of the European Union renders the final judgment.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 6 - AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	31.12.2019 EUR	31.12.2018 EUR
Current accounts		
<i>Nominal</i>	4,760,061,435	7,477,601,475
<i>Accrued interest</i>	19,037,336	24,173,504
Receivable, short term portion		
<i>Nominal</i>	4,628,578	246,505,357
<i>Accrued interest</i>	133,612	893,478
	<hr/>	<hr/>
	4,783,860,961	7,749,173,814
Receivable, long term portion		
<i>Nominal</i>	15,514,810	22,134,529
	<hr/>	<hr/>
Total receivable	<u>4,799,375,771</u>	<u>7,771,308,343</u>

All transactions with affiliated undertakings have been concluded at market conditions and relate to treasury services provided to the Group subsidiaries as per the Company by-laws.

NOTE 7 – INVESTMENTS

	31.12.2019 EUR	31.12.2018 EUR
Other investments		
<i>Nominal</i>	422,548,470	395,607,251
<i>Accrued interest</i>	100,538	157,311
	<hr/>	<hr/>
	<u>422,649,008</u>	<u>395,764,562</u>

Other investments are composed of liquidity funds. Rated AAAm by S&P and/or AAA by Moody's these funds invest in short term high quality money market instruments. The product offers same value day liquidity and an attractive yield compared with time deposits.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 8 - CASH AT BANK AND IN HAND

	31.12.2019 EUR	31.12.2018 EUR
Bank current accounts		
<i>Nominal</i>	382,455,077	192,560,316
<i>Accrued interest</i>	-	-
	<hr/>	<hr/>
	<u>382,455,077</u>	<u>192,560,316</u>

NOTE 9 –PREPAYMENTS

	31.12.2019 EUR	31.12.2018 EUR
Accrued income		
<i>Unrealized gain on forward foreign exchange contracts</i>	12,240,586	8,934,712
<i>Accrued interest on interest rate swaps</i>	354,805	328,871
<i>Accrued interest and exchange difference on interest rate and cross currency swaps</i>	-	16,368,072
	<hr/>	<hr/>
	<u>12,595,391</u>	<u>25,631,655</u>
Deferred charges		
<i>Deferred expenses on issued bonds and credit lines</i>	35,971,338	44,567,014
<i>Other</i>	773,014	976,621
	<hr/>	<hr/>
	<u>36,744,352</u>	<u>45,543,635</u>
	<u>49,339,743</u>	<u>71,175,290</u>

Deferred expenses are related to the non-amortised costs directly associated with the issuance of bonds and bank credit lines. For detail of the costs amortised during the year, please refer to NOTE 18.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS

FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

(Expressed in EUR, unless otherwise stated) (continued)

NOTE 10 - SHAREHOLDERS' EQUITY

The movements of shareholder's equity are summarised as follows (amounts expressed in EUR thousands):

	Subscribed Capital	Legal Reserve	Other Reserves	Distribut. Reserves	Interim dividend	Retained Earnings	Result for the Year	TOTAL SHAREHOLDERS' EQUITY
Balance at 01.01.2018	86,494	8,649	5,347	169,795	(201,000)	14,620	36,331	120,236
Allocation to retained earnings	-	-	-	31,205	-	5,126	(36,331)	-
Allocation to legal reserve	-	-	-	-	-	-	-	-
Allocation to other reserves	-	-	-	-	-	-	-	-
Allocation to distrib.Res	-	-	-	-	-	-	-	-
Interim dividend	-	-	-	(201,000)	201,000	-	-	-
Result for the financial year	-	-	-	-	-	-	(1,741)	(1,741)
Balance at 31.12.2018	86,494	8,649	5,347	-	-	19,746	(1,741)	118,495
Allocation to retained earnings	-	-	-	-	-	(1,741)	1,741	-
Allocation to legal reserve	-	-	-	-	-	-	-	-
Allocation to other reserves	-	-	-	-	-	-	-	-
Allocation to distrib. Res	-	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	-	-	-	-
Result for the financial year	-	-	-	-	-	-	(59,598)	-
Balance at 31.12.2019	86,494	8,649	5,347	-	-	18,005	(59,598)	58,897

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 10 - SHAREHOLDERS' EQUITY (continued)

Subscribed capital

The share capital of the Company amounts to EUR 86,494,000 represented by 13,416 fully subscribed and paid up with no nominal value.

Legal reserve

Under Luxembourg Law the Company must appropriate to a legal reserve a minimum of 5% of the annual net profit until such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution.

Other reserves

In accordance with the provisions of the Luxembourg tax law, the Company opted for the reduction of the net wealth tax by posting an amount equivalent to five times the net wealth tax due to "Other Reserves". This reserve is to be maintained for a period of five years following the year in which the net wealth tax was reduced.

NOTE 11 - PROVISIONS FOR TAXATION

The Company is subject to all taxes applicable to commercial companies in Luxembourg. FCFE has established a provision of EUR 58.7 million in relation to the decision of the European Commission dated October 21st 2015 addressed to the Grand Duchy of Luxembourg stating that a tax ruling issued in 2012 to FCFE constituted state aid. The provision covers the amount paid into escrow for EUR 57.4 million and for EUR 1.3 million the tax advances already paid for the same years to the Luxembourgish tax authorities.

On September 24, 2019, the Court of the European Union dismissed the action filed by FCFE for the annulment of the contested decision. Hence the Company considered that following this judgement it is not more likely than not that FCFE will be successful on the second appeal that was filed with the European Court of Justice on December 4th, 2019. The amount of the provision, which has already been paid into an escrow account (note 5), will remain blocked until the latest grade of the judgment will be pronounced.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 12 - NON CONVERTIBLE LOANS

The Company issues long term debt securities at mainly fixed interest rates. The bonds and notes are unconditionally and irrevocably guaranteed by the ultimate parent company Fiat Chrysler Automobiles NV.

	31.12.2019	31.12.2018
	EUR	EUR
<i>EUR</i>	-	1,250,000,000
<i>CHF</i> 250,000,000	-	221,847,546
<i>EUR– accrued interest on bonds</i>	-	85,018,624
<i>CHF– accrued interest on bonds</i>	-	1,733,184
Repayable in year 2019	-	1,558,599,354
<i>EUR</i>	66,830,534	-
Repayable in year 2020	66,830,534	-
<i>EUR</i>	1,007,000,000	1,007,000,000
Repayable in year 2021	1,007,000,000	1,007,000,000
<i>EUR</i>	1,350,000,000	1,350,000,000
Repayable in year 2022	1,350,000,000	1,350,000,000
Total repayable after more than one year	2,423,830,534	2,357,000,000

All bonds and notes have been issued under a Global Medium Term Note Programme (GMTN) which increased from EUR 3 billion to EUR 6 billion on 21 February 2000, to EUR 10 billion on 27 July 2000, to EUR 15 billion on 18 May 2001 and to EUR 20 billion on 19 December 2014. Global Medium Term Note Programme was updated and converted into Euro Medium Term Note Programme on March 31st 2017. All issuances are guaranteed by Fiat Chrysler Automobiles N.V..

Negotiable European Commercial Paper Programme is still in place with a maximum aggregate nominal amount of EUR 1 billion and totally guaranteed by Fiat Chrysler Automobiles N.V. There are no outstanding notes under this programme as of December 31st 2019.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 13 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	31.12.2019	31.12.2018
	EUR	EUR
Current accounts		
<i>Nominal</i>	1,747,807,391	977,092,670
<i>Accrued interest</i>	427,648	160,669
Short term borrowings		
<i>Nominal</i>	1,172,250,909	3,442,805,539
<i>Accrued interest</i>	1,877,695	4,600,892
Long term borrowings		
<i>Nominal</i>	234,918,248	-
	<hr/>	<hr/>
	<u>3,157,281,891</u>	<u>4,424,659,770</u>

All transactions with affiliated undertakings have been concluded at market conditions and relate to treasury services provided to the Group subsidiaries as per the Company by-laws.

NOTE 14 - DEFERRED INCOME

	31.12.2019	31.12.2018
	EUR	EUR
Accrued expenses		
<i>Unrealized loss on forward foreign exchange contracts</i>	4,401,865	7,666,399
<i>Other</i>	2,734,735	3,276,568
	<hr/>	<hr/>
	7,136,600	10,942,967
Other deferred income	5,716,432	8,105,234
	<hr/>	<hr/>
	<u>12,853,032</u>	<u>19,048,201</u>

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

Other deferred income refers to the future remaining portion of the income achieved with the unwinding of some hedging instruments; this income is amortized over the residual life of the previously hedged financial instruments.

NOTE 15 - FINANCIAL INSTRUMENTS AND DERIVATIVES

Treasury activity

As required by the Group's financial risk management policy, the Company regularly assesses and manages its exposure to financial risks. The Group's risk management programs do not use complex or leveraged instruments and future contracts are not part of the programs. Accordingly, management believes that these risks are managed in a conservative and prudent manner as follows:

Investment activity

The Company's treasury activity comprises investing surplus liquidity received either from other Group companies or from the market through debt instruments.

All investments entered into by the Company are made according to the Group conservative investment policy, with the objective of effectively managing the financial risks incurred by the Company.

Foreign currency risk

Exposure to foreign currency risk arises mainly due to the geographical diversity of the Group's activities and Group companies to which cash management and other treasury services are provided.

The Company seeks to minimise this exposure mainly by the use of forward foreign exchange contracts and currency swaps.

Interest rate risk

Exposure to interest rate risk arises mainly due to the different maturities and interest rate structures of assets and liabilities.

The Company seeks to remove any undesired exposure mainly by the use of interest rate swaps and forward rate agreements.

Credit risk

Exposure to third party credit risk is managed by the establishment and monitoring of counter-party limits which are largely functions of the counter-party rating. Financial instruments are distributed among financial institutions, which have a high credit rating.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 15 - FINANCIAL INSTRUMENTS AND DERIVATIVES (continued)

Liquidity risk

Liquidity risk arises if the Company is unable to obtain, at economical terms, the funding needed to carry out its operating activities.

It is the Company's policy to maintain liquidity in demand or short-term deposits and negotiable money market instruments, dividing such investments over an appropriate number of counterparties, primarily banking institutions, with the principal purpose of having ready availability to those investments. Counterparties are selected according their creditworthiness, reliability and the quality of service provided.

Notional amounts of off balance sheet financial instruments and derivatives are presented below:

(Amounts expressed in EUR thousands)

	31.12.2019	31.12.2018
	EUR	EUR
Forward foreign exchange contracts	1,511,347	3,973,472
Interest rate swaps	14,000	14,000
Cross currency swaps	-	221,610
	<hr/>	<hr/>
	1,525,347	4,209,082

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 15 - FINANCIAL INSTRUMENTS AND DERIVATIVES (continued)

Fair value of off balance sheet financial instruments and derivatives as at 31 December 2019 (in EUR thousands)

	Nominal value	Carrying value	Gross fair value	Difference
Forward foreign exchange contracts	1,511,347	7,839	7,839	-
Interest rate swaps	14,000	355	-	(355)
	<u>1,525,347</u>	<u>8,194</u>	<u>7,839</u>	<u>(355)</u>

The above fair values have been determined by reference to available market information and the following methodologies:

<u>Financial instrument</u>	<u>Fair value method</u>
Forward foreign exchange contracts	Forward exchange rate estimated on the basis of the forward exchange and interest rates at year end
Interest rate swaps and forward start swaps	Discounted cash flow of expected interest streams
Cross currency swaps	Discounted cash flow of expected interest streams

Due to management judgement required in interpreting market information, the estimates presented above may approximate the amounts that the Company could realise in a current market transaction.

In applying discounted cash flow techniques, a discount rate commensurate with market conditions at 31 December 2019, the relevant currency and the risk of the underlying instrument was used.

In all cases, fair values were translated into EUR using the exchange rates ruling at the balance sheet date.

The accompanying notes form an integral part of the annual accounts

FIAT CHRYSLER FINANCE EUROPE SENC

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 16 –OTHER EXTERNAL EXPENSES

	31.12.2019	31.12.2018
	EUR	EUR
Rental and additional charges	142,214	128,210
Services acquired	330,963	201,571
Audit fees*	80,000	80,000
IT maintenance, legal and consulting fees	1,064,003	2,054,601
	<u>1,617,180</u>	<u>2,464,382</u>

*Audit fees are related to audit of Statutory Annual Account.

NOTE 17 - OTHER INTERESTS RECEIVABLE AND SIMILAR INCOME

	31.12.2019	31.12.2018
	EUR	EUR
Other interest receivable and similar income		
Derived from affiliated undertakings	219,461,501	273,955,624
Other interest and similar income:		
Other income from financial current asset		
<i>Premiums on bonds</i>	2,388,803	3,108,962
<i>Other (NOTES 9 and 14)</i>	5,623	3,259
Net result on off-balance sheet items (NOTE 15)		
<i>Interest rate swaps (NOTES 9 and 14)</i>	366,154	1,752,829
<i>Cross currency swaps (NOTES 9 and 14)</i>	41,668	(306,934)
Foreign Exchange gain (NOTES 9 and 14)	45,486,873	56,711,069
Other income from financial current asset		
<i>Banks (NOTE 8)</i>	102,640	26,210
<i>Other investments (NOTE 7)</i>	2,074,494	380,541
	<u>50,466,255</u>	<u>61,675,936</u>
	<u><u>269,927,756</u></u>	<u><u>335,631,560</u></u>

The accompanying notes form an integral part of the annual accounts

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NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 17 - OTHER INTERESTS RECEIVABLE AND SIMILAR INCOME (continued)

For the year ended 31 December 2019, income from other investments is composed of interest on Liquidity Funds.

As of 31 December 2019, foreign exchange result is off-set by valuation gains on foreign exchange derivatives and by items included in the interest payable and receivable. Therefore the impact on revaluation of foreign currency financial assets and liabilities and the impact on revaluation of outstanding exchange currency derivatives represent an economic hedge.

NOTE 18 – INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.2019	31.12.2018
	EUR	EUR
Interest and other financial charges		
<i>Derived from affiliated undertaking (NOTE 13)</i>	61,248,665	60,931,999
Other interest and similar financial charges		
<i>Banks</i>	41,919	18,440
<i>Bonds (NOTE 12)</i>	183,686,063	243,205,178
<i>Amortized commissions on credit lines (NOTE 9)</i>	15,828,604	20,052,566
<i>Amortized commissions on bond issues (NOTE 9)</i>	5,026,555	7,328,578
<i>Bonds' guarantee costs and other fees and commissions</i>	1,253,595	1,510,196
	<hr/>	<hr/>
	205,836,736	272,114,958
	<hr/> 267,085,401	<hr/> 333,046,957

The accompanying notes form an integral part of the annual accounts

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NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 19 - STAFF

The number of persons employed by the Company as at 31 December 2019 amounts to 7: 5 in Luxembourg, 2 in United Kingdom. As a result of the reorganisation decided on December 16th, as disclosed in note 1, Luxembourg employees were dismissed with effective date April 30th, 2020. Restructuring cost relating to this process are recorded in the staff costs.

NOTE 20 - COMMITMENTS AND CONTINGENCIES

As of 31 December 2019, the Company has issued guarantees in favour of Group Companies for a total amount of EUR 4,508,232 to different banks.

NOTE 21 – DIRECTORS’ AND ASSIMILATED FEES

In 2019 the Company recorded EUR 39,000 in respect of fees due to the independent director and to the independent members of the audit committee.

NOTE 22 – SUBSEQUENT EVENTS

There have been no events subsequent to the balance sheet date which require adjustment or disclosure in the annual accounts or notes.

The accompanying notes form an integral part of the annual accounts