

FIAT CHRYSLER FINANCE EUROPE S.A.
(SOCIÉTÉ ANONYME)

**ANNUAL ACCOUNTS
AS AT 31 DECEMBER 2016
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 S.A.
24, Boulevard Royal
L-2449 Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 25 February 2016, we have audited the accompanying annual accounts of Fiat Chrysler Finance Europe S.A., which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these 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 Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

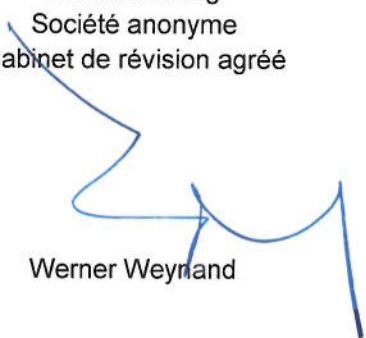
Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Fiat Chrysler Finance Europe S.A. as of 31 December 2016, 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.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Werner Weymand

Luxembourg, 14 February 2017

FIAT CHRYSLER FINANCE EUROPE S.A.
Management Report
31 December 2016

Management Report

GENERAL ECONOMIC ENVIRONMENT AND PERFORMANCE OF FINANCIAL MARKETS

Global growth for 2016 is estimated at 3.1 percent, in line with the previous year. This stable average growth rate, however, masks divergent developments in different country groups.

Economic growth in the USA progressed at a slower pace compared to last year. In 2016 growth stands at 1.9 down from 2.6 percent recorded in 2015. The economic cycle was positively affected by the considerable expansion in consumer spending, whilst investments continued to stagnate.

In Japan, weak consumption and investments continue to put undue strain on the economic cycle, the national GDP slowed down by 0.9 percent year on year (from 1.2 percent).

In the UK growth is estimated at a 2.2 percent (in line with the previous year), uncertainty about the future direction of policy, the relationship between the United Kingdom and the European Union, and the reaction of the economy remains high.

In the Eurozone economic growth continues to grow at a moderate pace, thanks to the support of internal components of demand. Growth in the Eurozone is expected to report a 1.8 percent growth in 2016, down compared to 2 percent registered in the previous year.

In China, economic growth remained stable, also due to the fiscal and monetary stimulus. In 2016 the activity should register a 6.7 percent improvement, a slight drop compared to 6.9 percent of the previous year.

Emerging countries continue to experience growth even if with different trends. In 2016, economic activity is expected to grow by 4.1 percent on average (a slight increase compared to 4 percent of the previous year).

In 2016 the average growth rate of retail prices should increase by 0,7 percent compared to the previous year even if it falls short of the objectives of central banks. A slight increase is expected in advanced economies, thanks to a slowdown in the reduction in energy prices. In the USA, inflation is expected to be 2.1 percent whilst the Eurozone should be around 1,1 percent.

The Federal Reserve continued its monetary policy normalization process by raising the Federal Funds target rate to 0.50-0.75 percent. The yield curve remained positive in line with previous year. Long-term yields dropped slightly, the 10-year swap rate equal to at 2.3 percent at year end (from 2.2 percent at the end of 2015) whereas the 3-month Libor rate up to 1 percent (from 0.6 percent of the previous year).

The Central European Bank has maintained an expansionary monetary policy approach, reducing the interest rate on bank deposits with the Eurosystem deposit facility by 5 basis points (bringing it down to zero) in 2016 and has extended the duration of the Asset Purchase Programme up to December 2017. The Eonia and 3-month Euribor rates registered new all-time-lows. Compared to the end of 2015 the rate curve has become moderately flat, the 3-month Euribor rate at the end of the year being -0.32 percent (from -0.13 at the end of 2015) and the 10-year swap rate 0.7 percent (compared to 1 percent). The short-term forward rates quoted by the market for the end of 2017 show stability expectations compared to the current level of spot rates.

The depreciation of the Euro continued in 2016 with the continued expansionary monetary policy by the ECB and expectations of new interest rate increases in the USA. The Euro reported a loss against the US dollar, exchange rate fell from 1.09 at the start of the year to 1.054 at the end of the year (-3 percent) and the Japanese yen (6 percent) but registered a gain against the British Pound (17 percent). With respect to the currencies of emerging countries, the Euro has gained against the Polish Zloty (3 percent), the Chinese Yuan (4 percent) and the Turkish Lira (17 percent). On the contrary, the performance of the Euro against the Brazilian Real was rather negative (-20 percent).

FIAT CHRYSLER FINANCE EUROPE S.A.
Management Report
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MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Fiat Chrysler Finance Europe S.A. ("FCFE", "the Company") provides cash management and treasury services mainly to Fiat Chrysler Automobiles N.V. Group 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 it operates.

CORPORATE GOVERNANCE STATEMENT

Fiat Chrysler Finance Europe S.A. ("FCFE", "the Company") acts, both directly and through its branches, 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, a Compliance Program, which is continually revised to reflect legislative changes.

INTERNAL CONTROL SYSTEM

The various corporate departments, with the support of Group Internal Audit, acted to ensure compliance with best management practices and the adequacy of the organizational structure and internal procedures. The Compliance Officer and the Compliance Program Supervisory Body at Group level (the institutional roles with responsibility for control) perform their activities in close collaboration with the management keeping them constantly apprised of the outcome of audits conducted and any need for improvement.

Overall, the Internal Control System 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). Greater attention has been dedicated to issues relating to health and safety in the workplace and protection of the environment, with an emphasis on preventive risk assessment together with definition of the specific responsibilities of employees.

The main issues addressed in the Code are set out in specific guidelines. The Code can be publicly consulted on the internet web site of Fiat Chrysler Automobiles N.V..

FIAT CHRYSLER FINANCE EUROPE S.A.
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OPERATING PERFORMANCE AND ANALYSIS OF THE FINANCIAL POSITION

Fiat Chrysler Finance Europe S.A. (“FCFE”, “the Company”) 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, Germany, Ireland, the Netherlands, Spain, Switzerland, Slovakia and the United Kingdom.

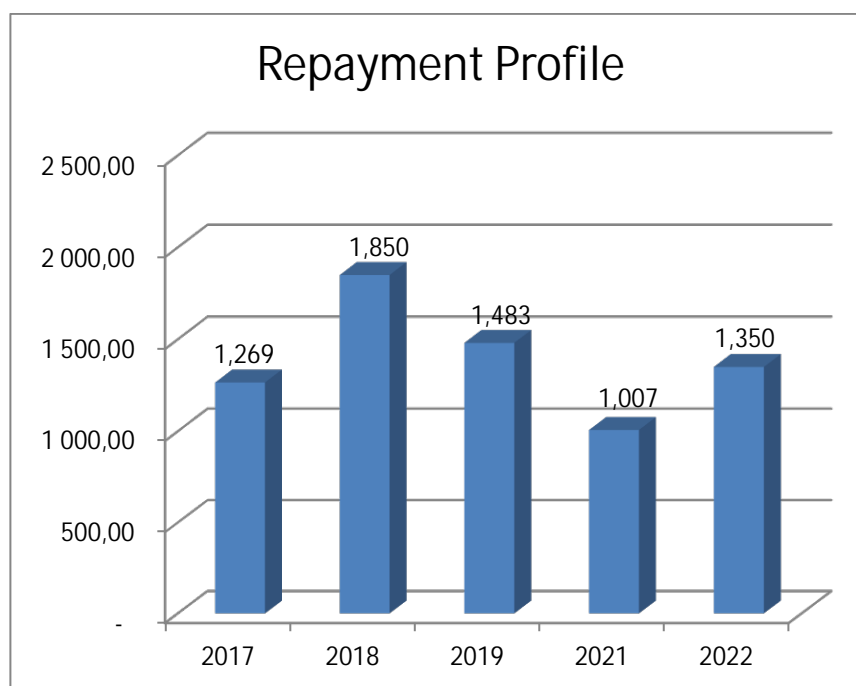
FCFE is also active on the financial market in order to finance its activity or refinance position coming to maturity.

In 2016 FCFE repaid three notes coming to maturity, while no new notes were issued. The net cash flow related to capital market operation was negative for approximately EUR 2,4 billion:

Bonds repayment

ISIN	Type	Distribution	Currency	Issue date	Maturity	Ccy Outstanding
XS0613002368	MTN	Syndicated	EUR	01-Apr-11	01-Apr-16	1,000,000,000
XS0805410239	MTN	Syndicated	EUR	16-Jul-12	17-Oct-16	1,000,000,000
CH0197841544	MTN	Syndicated	CHF	23-Nov-12	23-Nov-16	400,000,000

Schedule of bonds maturities at 31 December 2016 (in EUR million)



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All Fiat Chrysler Finance Europe S.A. bonds issues are guaranteed by Fiat Chrysler Automobiles N.V..

Company's activities are also financed with bank committed credit lines and issuance of negotiable European commercial paper. As of December 31st there were no outstanding commercial papers or drawn committed credit lines.

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.

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.

The Company closed the year with a loss of EUR 4.1 million compared with a loss of EUR 1.0 million in 2015. The earnings have been impacted by reduced margins on intercompany lending due to lower volumes and by 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 2016 the Company incurred in some extraordinary charges relating to external consultancies in the context of the ongoing legal procedure with the General Court of the European Commission for the annulment of the European Commission's decision dated 21 October 2015 as discussed in the notes of the financial statements. With reference to the same matter, during the year the Company paid into an escrow account EUR 34,609,840 in order to fulfil Luxembourg's recovery obligation under Article 2(1) of the Contested Decision. The fiduciary assets will be retained until the General Court or the Court of Justice renders the final judgment. The Company believes its and Luxembourg's appeals raise very strong arguments against the European Commission's position, that the tax ruling is consistent with OECD principles and that no provision is necessary at this stage.

For the year 2017, we do not expect any relevant changes in the companies' activities and results.

By order of the Board of Directors



Leonardo Cecchetti
Chairman of the Board

FIAT CHRYSLER FINANCE EUROPE S.A.

31 December 2016

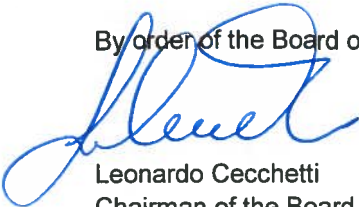
Legal and Financial Information

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

1. the annual accounts of Fiat Chrysler Finance Europe S.A. 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 Fiat Chrysler Finance Europe S.A. at 31 December 2016; and
2. the management report includes a fair review of the development and performance of the business and position of Fiat Chrysler Finance Europe S.A. at 31 December 2016 and a description of the principal risks and uncertainties they face.

By order of the Board of Directors



Leonardo Cecchetti
Chairman of the Board

February 14th, 2017

FIAT CHRYSLER FINANCE EUROPE S.A.

BALANCE SHEET

AS AT 31 DECEMBER 2016 AND 31 DECEMBER 2015

<u>ASSETS</u>	Note	31.12.2016	31.12.2015
		EUR	EUR
FIXED ASSETS			
Intangible assets			
<i>Concessions, patents, licences, trade marks and similar rights and assets</i>	1	162,111	247,950
Tangible assets			
<i>Other fixtures and fittings, tools and equipment</i>	2	4,039	2,179
Financial assets	3	165,244,409	165,244,409
Other Loans			
<i>Escrow account</i>	4	34,609,840	-
		<hr/>	<hr/>
TOTAL FIXED ASSETS		200,020,399	165,494,538
CURRENT ASSETS			
Debtors			
Amounts owed by affiliated undertakings			
<i>Becoming due and payable within one year</i>	5	7,121,726,893	9,835,997,155
<i>Becoming due and payable after more than one year</i>		220,847,197	-
Other debtors			
<i>Becoming due and payable within one year</i>		1,423,299	1,404,783
Investments			
<i>Other investments</i>	6	1,200,101,301	728,335,312
Cash at bank and in hand	7	<hr/> 873,569,691	<hr/> 1,015,407,182
TOTAL CURRENT ASSETS		9,417,668,381	11,581,144,432
PREPAYMENTS	8	212,591,272	228,064,249
		<hr/>	<hr/>
<u>TOTAL ASSETS</u>		<u>9,830,280,052</u>	<u>11,974,703,219</u>

FIAT CHRYSLER FINANCE EUROPE S.A.

BALANCE SHEET

AS AT 31 DECEMBER 2016 AND 31 DECEMBER 2015 (continued)

<u>LIABILITIES</u>	Note	31.12.2016 EUR	31.12.2015 EUR
CAPITAL AND RESERVES			
Subscribed capital		251,494,000	251,494,000
Reserves			
<i>Legal reserve</i>		13,443,832	13,443,832
<i>Other non available reserves</i>		5,347,440	5,347,440
Profit or loss brought forward		18,697,805	19,670,506
Profit or loss for the financial year		<u>(4,078,003)</u>	<u>(972,701)</u>
TOTAL SHAREHOLDER'S EQUITY	9	284,905,074	288,983,077
PROVISIONS			
Provisions for taxation	10	27,771	278,711
CREDITORS			
Debenture loans			
Non convertible loans	11		
<i>Becoming due and payable within one year</i>		1,490,926,662	2,752,016,653
<i>Becoming and due payable after more than one year</i>		5,689,796,350	6,953,054,453
Amounts owed to credit institutions			
<i>Becoming due and payable within one year</i>	12	2,547	64,824,700
Amounts owed to affiliated undertakings			
<i>Becoming due and payable within one year</i>	13	2,287,162,196	1,873,811,545
Other creditors			
<i>Tax authorities</i>		868,580	1,264,751
<i>Social security authorities</i>		7,479	3,564
<i>Other creditors</i>			
<i>Becoming and due payable within one year</i>		<u>29,053</u>	<u>260,437</u>
TOTAL CREDITORS		9,468,792,867	11,645,236,103
DEFERRED INCOME	14	76,554,340	40,205,328
<u>TOTAL CAPITAL, RESERVES AND LIABILITIES</u>		<u>9,830,280,052</u>	<u>11,974,703,219</u>

FIAT CHRYSLER FINANCE EUROPE S.A.

PROFIT AND LOSS ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015

	Note	31.12.2016 EUR	31.12.2015 EUR
Other operating income		150,083	212,984
Raw materials and consumables and other external expenses			
<i>Other external expenses</i>	16	(2,650,283)	(2,225,443)
Staff costs			
<i>Wages and salaries</i>		(777,500)	(1,030,471)
<i>Social security costs relating to pensions</i>		(28,812)	(27,094)
<i>other social security costs</i>		(75,232)	(76,696)
<i>Other staff costs</i>		(9,145)	(21,706)
Value adjustments <i>in respect of formation expenses and of tangible and intangible fixed assets</i>		(134,916)	(161,389)
Other operating expenses		(546,334)	(437,790)
Other interest receivable and similar income <i>derived from affiliated undertakings</i>	17	583,056,483	676,577,417
<i>other interest and similar income</i>		6,771,078	13,478,627
Interest payable and similar expenses <i>derived from affiliated undertakings</i>	18	(17,581,753)	(19,928,333)
<i>other interest and similar expenses</i>		(571,823,629)	(666,661,220)
Tax on profit or loss		5,428	(42,910)
Profit or loss after taxation		(3,644,532)	(344,024)
Other taxes not shown under previous items		(433,471)	(628,677)
Profit or loss for the financial year		(4,078,003)	(972,701)

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated)

GENERAL INFORMATION

Fiat Chrysler Finance Europe S.A. ("the Company"), was incorporated on 18 June 1997 under the laws of Luxembourg for an unlimited period of time.

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, TVA LU20771477.

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

The Company acts 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 the centralised treasury and financing functions of the Group by effectively managing risk, as explained in note 15 below. The Company has branches in the UK (London) and Spain (Madrid). The aim of the branches is to assist the Company in managing financial services for the Group subsidiaries.

In 2011 the Company acquired the entire (aggregate 100%) stakes in Fiat Chrysler Finance North America Inc., and the entire (100%) stakes in Fiat Chrysler Finance Canada Ltd.. The Company prepares Consolidated Financial Statements in Luxembourg in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Company shares are held for 60.003% by Fiat Chrysler Finance S.p.A. and for 39.997% by Fiat Chrysler Automobiles N.V., which is also ultimate parent company of Fiat Chrysler Automobiles Group ("the Group"). The Company'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..

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements for the year ended 31 December 2016 have been prepared in accordance with accounting principles generally accepted and rules and regulations in force in the Grand Duchy of Luxembourg.

Intangible and tangible assets

Intangible and tangible 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 for any permanent impairment in value.

Debtors

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

Investments

Other investments are composed by Money Market Funds and recorded at the nominal amount.

Cash and cash equivalents

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

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. All assets and liabilities in currencies other than EUR are hedged (natural hedge or foreign exchange contracts). 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 spot exchange rates as at the date of recognition.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

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. In particular during 2011 part of the IRS covering outstanding bonds have been unwound via new off-setting IRS ("mirror swaps"). In those cases both of them have been subsequently classified as trading derivatives.

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.

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.

Forward rate agreements (FRA's)

FRA contracts are stated at their notional values at the balance sheet date in the off balance sheet accounts.

The interest income and expense on settled FRA contracts are deferred and recognised net in the profit and loss account on an accruals basis, under the item net result on off-balance sheet items.

The notional amounts denominated in foreign currencies are translated into EUR at the exchange rates prevailing at the balance sheet date.

Other assets and liabilities

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

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

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 deferred charges.

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.

Income and expenses recognition

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

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 1 - INTANGIBLE ASSETS

	31 December 2015	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2016
Gross carrying amount	651,822	47,212	-	-	699,034
Cumulated amortization	(403,872)	-	(133,051)	-	(536,923)
Net carrying amount	247,950	47,212	(133,051)	-	162,111

	1 January 2015	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2015
Gross carrying amount	651,822	-	-	-	651,822
Cumulated amortization	(273,507)	-	(130,365)	-	(403,872)
Net carrying amount	378,315	-	(130,365)	-	247,950

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

NOTE 2 - TANGIBLE ASSETS

	31 December 2015	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2016
Gross carrying amount	106,675	3,725	-	-	110,400
Accumulated	(104,496)	-	(1,865)	-	(106,361)
Net carrying amount	2,179	3,725	(1,865)	-	4,039

	1 January 2015	Additions of the year	Amortization of the year	Reductions and other changes of the year	31 December 2015
Gross carrying amount	362,320	-	-	(255,645)	106,675
Accumulated	(329,117)	-	(31,024)	255,645	(104,496)
Net carrying amount	33,203	-	(31,024)	-	2,179

The tangible assets are mainly constituted of IT infrastructure, furniture's and office equipment.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 3 - FINANCIAL ASSETS

(amounts expressed in EUR thousands):

Fully-controlled subsidiaries	Carrying amount 31 December 2016	% of share capital	% voting shares	Registered office
FIAT FINANCE CANADA LTD.	15,830	100.00%	100.00%	Calgary (Canada)
FIAT FINANCE NORTH AMERICA INC.	149,414	100.00%	100.00%	Wilmington (USA)
Total	165,244			

Art.65, paragraph (1) 2° of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (“the law”) requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking. In conformity with art. 67 (3) of the law these details have been omitted as the Company prepares consolidated accounts and these consolidated accounts and the related consolidated management report and auditor’s report thereon have been lodged with the Luxembourg Trade Registry.

As at 31 December 2016 and 2015, the Directors of the Company assessed that no impairment is deemed necessary.

NOTE 4 – 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 is being heard by the Court under case number T-755/.

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

TOTAL EUR 34.609.840

The fiduciary assets will be retained until the General Court or the Court of Justice renders the final judgment.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 5 - AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	31.12.2016 EUR	31.12.2015 EUR
Current accounts		
<i>Nominal</i>	6,984,852,984	9,559,307,929
<i>Accrued interest</i>	36,955,205	19,705,583
Receivable, short term portion		
<i>Nominal</i>	96,151,630	254,778,890
<i>Accrued interest</i>	3,767,074	2,204,753
	<u>7,121,726,893</u>	<u>9,835,997,155</u>
Receivable, long term portion		
<i>Nominal</i>	220,847,197	-
	<u>220,847,197</u>	<u>-</u>
Total receivable	<u>7,342,574,090</u>	<u>9,835,997,155</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 6 – INVESTMENTS

	31.12.2016 EUR	31.12.2015 EUR
Other investments		
<i>Nominal</i>	1,200,012,425	728,272,130
<i>Accrued interest</i>	88,876	63,182
	<u>1,200,101,301</u>	<u>728,335,312</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.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 7 - CASH AT BANK AND IN HAND

	31.12.2016 EUR	31.12.2015 EUR
Bank current accounts		
<i>Nominal</i>	273,569,080	119,989,095
<i>Accrued interest</i>	-	21,898
Short term deposits		
<i>Nominal</i>	600,000,000	895,374,345
<i>Accrued interest</i>	611	21,844
	<u>873,569,691</u>	<u>1,015,407,182</u>

NOTE 8 - PREPAYMENTS

	31.12.2016 EUR	31.12.2015 EUR
Accrued income		
<i>Unrealized gain on forward foreign exchange contracts</i>	57,626,606	8,919,050
<i>Accrued interest on interest rate swaps</i>	4,919,706	7,002,253
<i>Accrued interest and exchange difference on interest rate and cross currency swaps</i>	<u>82,500,016</u>	<u>115,862,561</u>
	145,046,328	131,783,864
Deferred charges		
<i>Deferred expenses on issued bonds and credit lines</i>	67,527,007	96,214,291
<i>Prepaid expenses</i>	923	2,900
<i>Other</i>	<u>17,014</u>	<u>63,194</u>
	<u>67,544,944</u>	<u>96,280,385</u>
	<u>212,591,272</u>	<u>228,064,249</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.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 9 - SHAREHOLDERS' EQUITY

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

	Subscribed Capital	Legal Reserve	Other Reserves	Retained Earnings	Result for the year	TOTAL SHAREHOLDERS' EQUITY
Balance at 01.01.2015	251,494	13,438	4,412	20,495	117	289,956
Allocation to retained earnings	-	-	-	117	(117)	-
Allocation to legal reserve	-	6	-	(6)	-	-
Allocation to other reserves	-	-	935	(935)	-	-
Result for the financial year	-	-	-	-	(973)	(973)
Balance at 31.12.2015	251,494	13,444	5,347	19,671	(973)	288,983
Allocation to retained earnings	-	-	-	(973)	973	-
Allocation to legal reserve	-	-	-	-	-	-
Allocation to other reserves	-	-	-	-	-	-
Result for the financial year	-	-	-	-	(4,078)	(4,078)
Balance at 31.12.2016	251,494	13,444	5,347	18,698	(4,078)	284,905

Subscribed capital

The share capital of the Company amounts to EUR 251,494,000 represented by 13,416 shares 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.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 10 - PROVISIONS FOR TAXATION

The Company is subject to all taxes applicable to commercial companies in Luxembourg.

NOTE 11 - 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 N.V.

		31.12.2016	31.12.2015
		EUR	EUR
<i>EUR</i>		-	2,000,000,000
<i>CHF</i>	400,000,000	-	369,173,973
<i>EUR</i> - Billet de trésorerie (NEU CP) due within one year		-	95,293,195
<i>EUR</i> – accrued interest on bonds and NEU CP		-	282,001,300
<i>CHF</i> – accrued interest on bonds		-	5,548,185
Repayable in year 2016		<u>-</u>	<u>2,752,016,653</u>
<i>EUR</i>		850,000,000	850,000,000
<i>CHF</i>	450,000,000	419,033,429	415,320,720
<i>EUR</i> – accrued interest on bonds and NEU CP		218,305,259	-
<i>CHF</i> – accrued interest on bonds		3,587,974	-
Repayable in year 2017		<u>1,490,926,662</u>	<u>1,265,320,720</u>
<i>EUR</i>		<u>1,850,000,000</u>	<u>1,850,000,000</u>
Repayable in year 2018		<u>1,850,000,000</u>	<u>1 850 000 000</u>
<i>EUR</i>		1,250,000,000	1,250,000,000
<i>CHF</i>	250,000,000	232 796 350	230,733,733
Repayable in year 2019		<u>1 482 796 350</u>	<u>1,480,733,733</u>
<i>EUR</i>		<u>1,007,000,000</u>	<u>1,007,000,000</u>
Repayable in year 2021		<u>1,007,000,000</u>	<u>1,007,000,000</u>
<i>EUR</i>		<u>1,350,000,000</u>	<u>1,350,000,000</u>
Repayable in year 2022		<u>1,350,000,000</u>	<u>1,350,000,000</u>
Total repayable after more than one year		<u>5,689,796,350</u>	<u>6,953,054,453</u>

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 11 - NON CONVERTIBLE LOANS (continued)

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. All issuances are guaranteed by Fiat Chrysler Automobiles N.V..

NEU CP Programme is, with a maximum aggregate nominal amount of EUR 1 billion, still in place and totally guaranteed by Fiat Chrysler Automobiles N.V..

NOTE 12 - AMOUNTS OWED TO CREDIT INSTITUTIONS

	31.12.2016	31.12.2015
	EUR	EUR
Short term borrowings		
<i>Nominal</i>	2,547	64,815,607
<i>Accrued interest</i>	-	9,093
Long term borrowings	-	-
	<u>2,547</u>	<u>64,824,700</u>

At the end year 2015 short term borrowings was related to draw downs of medium term committed credit lines, long term borrowings relates to term loans expiring after more than one year.

NOTE 13 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	31.12.2016	31.12.2015
	EUR	EUR
Current accounts		
<i>Nominal</i>	770,768,894	972,947,313
<i>Accrued interest</i>	100,334	582,753
Short term borrowings		
<i>Nominal</i>	1,514,800,199	899,990,102
<i>Accrued interest</i>	1,492,769	291,377
	<u>2,287,162,196</u>	<u>1,873,811,545</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.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 14 - DEFERRED INCOME

	31.12.2016 EUR	31.12.2015 EUR
Accrued expenses		
<i>Unrealized loss on forward foreign exchange contracts</i>	53,111,181	10,565,584
<i>Accrued interest on interest rate swaps</i>	3,402,768	4,671,330
<i>Accrued interest and difference exchange on cross currency swaps</i>	445,805	871,179
<i>Other</i>	5,282,792	6,088,815
	<u>62,242,546</u>	<u>22,196,908</u>
Other deferred income	14,311,794	18,008,420
	<u>76,554,340</u>	<u>40,205,328</u>

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.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 15 - FINANCIAL INSTRUMENTS AND DERIVATIVES (continued)

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.

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)

	31.12.2016	31.12.2015
	EUR	EUR
Forward foreign exchange contracts	5,458,458	2,192,706
Interest rate swaps	764,000	964,000
Cross currency swaps	651,592	1,015,228
	<hr/>	<hr/>
	<u>6,874,050</u>	<u>4,171,934</u>

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (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 2016 (in EUR thousands)

	Nominal value	Carrying value	Gross fair value	Difference
Forward foreign exchange contracts	5,458,458	4,515	4,515	-
Interest rate swaps	764,000	1,517	5,306	3,789
Cross currency swaps	651,592	82,054	86,155	4,101
	<u>6,874,050</u>	<u>88,086</u>	<u>95,976</u>	<u>7,890</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
Forward rate agreements	Discounted cash flow of expected interest differential

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 2016, 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.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 16 – RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

	31.12.2016	31.12.2015
	EUR	EUR
Rental and additional charges	142,286	214,927
Services acquired	163,546	223,535
Audit fees*	76,298	84,776
IT maintenance, legal and consulting fees	2,268,153	1,702,205
	<u>2,650,283</u>	<u>2,225,443</u>

Audit fees are related to audit of Statutory Annual Account and Consolidated Financial Statements.

NOTE 17 - OTHER INTERESTS RECEIVABLE AND SIMILAR INCOME

	31.12.2016	31.12.2015
	EUR	EUR
Other interest receivable and similar income		
Derived from affiliated undertakings	583,056,483	676,577,417
Other interest and similar income:		
Other income from financial current asset		
<i>Premiums on bonds</i>	3,696,626	9,306,705
<i>Other (NOTES 8 and 14)</i>	3,883	4,563
Net result on off-balance sheet items (NOTE 15)		
<i>Interest rate swaps (NOTES 8 and 14)</i>	3,130,599	3,899,091
<i>Cross currency swaps (NOTES 8 and 14)</i>	(1,296,593)	(1,818,645)
Foreign Exchange gain (NOTES 8 and 14)	-	549,568
Other income from financial current asset		
<i>Banks (NOTE 7)</i>	282,173	1,054,077
<i>Other investments (NOTE 6)</i>	954,390	483,268
	<u>6,771,078</u>	<u>13,478,627</u>
	<u>589,827,561</u>	<u>690,056,044</u>

For the year ended 31 December 2016, income from other investments is composed of interest on Liquidity Funds.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

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

As of 31 December 2015, 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

	31.12.2016	31.12.2015
	EUR	EUR
Interest and other financial charges		
<i>Derived from affiliated undertaking (NOTE 13)</i>	17,581,753	19,928,333
Other interest and similar financial charges		
<i>Banks (NOTE 12)</i>	60,676	356,509
<i>Bonds (NOTE 11)</i>	503,435,090	594,027,197
<i>Amortized commissions on credit lines (NOTE 8)</i>	50,603,964	50,832,573
<i>Amortized commissions on bond issues (NOTE 8)</i>	14,281,786	18,271,394
<i>Bonds' guarantee costs and other fees and commissions</i>	2,767,522	3,173,547
Forward foreign exchange contracts (NOTES 8 and 14)	674,591	-
	<u>571,823,629</u>	<u>666,661,220</u>
	<u>589,405,382</u>	<u>686,589,553</u>

As of 31 December 2016, 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.

FIAT CHRYSLER FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015 (Expressed in EUR, unless otherwise stated) (continued)

NOTE 19 - STAFF

The number of persons employed by the Company as at 31 December 2016 amounts to 11: 7 in Luxembourg, 3 in United Kingdom, 1 in Spain.

NOTE 20 - COMMITMENTS AND CONTINGENCIES

As of 31 December 2016, the Company has issued guarantees in favour of Group Companies for a total amount of EUR 3,426,071 to different banks.

On June 11, 2014 the European Commission announced the opening of an investigation against the Grand Duchy of Luxembourg into the five years tax ruling issued by the Luxembourg Tax Authorities in 2012, regarding the calculation of the taxable basis of the financing activities carried out by Fiat Chrysler Finance Europe S.A. for the benefit of the FCA Group's European operations, on the ground that such ruling could yield a tax treatment for company's income in alleged violation of EU state aid rules.

On October 21, 2015 the European Commission issued a decision finding that the tax ruling granted by Luxembourg represented a state aid to Fiat Chrysler Finance Europe S.A.

On December 29, 2015 Fiat Chrysler Finance Europe S.A. appealed against the decision with the General Court of the European Union. Luxembourg state has also filed an appeal against the decision with the General Court 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 (NOTE 4).

Fiat Chrysler Finance Europe S.A. believes its and Luxembourg's appeals raise very strong arguments against the EC's position, that the tax ruling is consistent with OECD principles and that no provision is necessary at this stage.

NOTE 21 – SUBSEQUENT EVENTS

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