Fiat Chrysler Finance Europe S.A.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Fiat Chrysler Finance Europe S.A.
Registered Office: 24, Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
R.C.S. Luxembourg: B 59500

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Board of Directors and Auditors

BOARD OF DIRECTORS

Chairman

Leonardo Cecchetti

Directors

Marella Moretti
Jacques Loesch

INDEPENDENT AUDITOR

Ernst & Young S.A.

REPORT ON OPERATIONS

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OPERATING ENVIRONMENT

GENERAL ECONOMIC ENVIRONMENT AND PERFORMANCE OF FINANCIAL MARKETS

In 2015 the growth of advanced economies and the scenario of the principal emerging economies have remained weak, contributing to a slowdown of the growth rate that is expected to be around 3.1%, compared to 3.3% reported in the previous year.

In United States the development of economic activity was in line with the previous year with growth rate expected to be 2.5% (+2.4% in 2014). The Federal Reserve ended the zero per cent interest policy adopted back in December 2008, raising the target Federal Funds rate by 25 basis points (to 0.25 - 0.50 per cent) thus making a start on the monetary policy normalization process. The yield curve continued to steepen, though less distinctly than in the previous year. Long-term yields dropped slightly, the 10-year swap rate standing at 2.18% at year-end (from 2.15% at the end of 2014) whilst the 3-month Libor increased to 0.62%.

In the Eurozone economic growth continues but remains fragile. In 2015, growth in the Eurozone area should rise by 1.5% compared to the previous year 0.9%. Inflation remains extremely low and the ECB decided to cut its key deposit rate with the Eurosystem by 10 basis points (down to -0.30%) and extended its Asset Purchase Programme until at least March 2017. The Eonia and the 3-month Euribor hit new all-time-lows. Compared to the end of 2014, the interest rate curve has moderately steepened, with the 3-month Euribor dipping at year end to -0.13% (down from 0.08%) and the 10-year swap rate rising to 1.0% (up from 0.8%).

The economic activity of emerging countries is expected to grow by 4% on average (a decrease compared to 4.6% of the previous year), with China growth expected to stand at 6.9% (down from 7.3% in 2014), Brazil down 3.8% (+0.1% in 2014) and Russia that should register a 3.7% drop (+0.6% in 2014). India is still witnessing a positive economic scenario and growth is expected to confirm last year's considerable improvement (+7.3%). Poland's economic cycle remains healthy and annual growth should increase by 3.4% compared to the previous year.

Global inflation in all advanced economies remained very low also in 2015 suffering from the prolonged drop in commodity prices and the slowdown in the international cycle and should register a 0.3% increase compared to the previous year.

The depreciation of the Euro continued in 2015. The more expansionary monetary policy by the ECB and the new interest rate increases in the United States had a negative impact on the single currency; in fact the Euro to US dollar exchange rate fell from 1.204 at the start of the year to 1.089 at the end of the year. With regards to the main currencies, the Euro reported losses also against the Swiss Franc (-10%) and the Japanese Yen (-8%), whilst at the end of the year it gained against the British Pound (5.7%). With respect to the currencies of emerging countries, the Euro weakened against the Polish Zloty (-12%) and the Chinese Yuan (-4%) whereas it strengthened against the Rouble (+13%) and the Turkish Lira (+14%).

CORPORATE OBJECTIVES AND STRATEGIES

The Fiat Chrysler Finance Europe S.A. and its subsidiaries ("the Group") act as the main treasury and financing vehicle of the Fiat Chrysler Group companies outside Italy. The Group finances its activity through bond issuance under the Global Medium Term Notes (GMTN), credit lines with leading international banks and intercompany loans.

In relation to the management of financial risks (liquidity, currency and interest rate), the Group follows the guidelines established by the relevant internal policies.

For liquidity management in particular, the primary investment objective is the protection and ready convertibility to cash of capital invested, maintaining an adequate level of portfolio diversification.

In keeping with these general requirements, during the year the Group's surplus liquidity was placed in short-term deposits high yield remunerated current account and Liquidity Funds with major financial institutions. With regard to exposure to currency risk, the Group's exposure arises mainly due to the geographical diversity of the Group's activities and Fiat Chrysler Group companies to which cash management and other treasury services are provided. The Group seeks to minimize this exposure mainly by the use of forward foreign exchange contracts and currency swaps.

The Group manages interest rate risk substantially through matching the interest rate periods of financial assets and liabilities, thereby minimizing the risk arising from changes in the relevant rates.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE FIAT CHRYSLER GROUP IS EXPOSED

The Group provides cash management and treasury services to Fiat Chrysler Automobiles N.V. Group subsidiaries and is one of the main treasury affiliates of the Group operating on the international financial market. Its primary goal is to ensure that funds are available to support the operations of Fiat Chrysler Automobiles N.V. Group subsidiaries, that liquidity, cash flows and the exposure to financial risks are properly managed. As a consequence, 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, the energy prices, the cost of commodities or other raw materials and the rate of unemployment – within the various countries in which it operates.
These potential developments could adversely affect the businesses and operations of the Fiat Chrysler Automobiles N.V. Group. In general, the sector in which the Fiat Chrysler Automobiles N.V. Group operates have historically been subject to highly cyclical demand and tend to reflect the overall performance of the economy, in certain cases even amplifying the effects of economic trends. Given the difficulty in predicting the magnitude and duration of economic cycles, there can be no assurances as to future trends in the demand for or supply of products sold by the Fiat Chrysler Automobiles N.V. Group in any of the markets in which it operates (For more details refer to Note 19).

HUMAN RESOURCES

To meet its objectives, the Group employs highly-qualified personnel and during 2015 it continued its training activities, which are considered essential to the provision of qualified professional services.

At December 31, 2015, the Group had 14 employees.

CORPORATE GOVERNANCE STATEMENT

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.

TRANSACTIONS WITH RELATED PARTIES

In keeping with the by-laws, the Group acts as the treasury and financing vehicle of the Fiat Chrysler Group companies outside Italy.
Information on related-party transactions is contained in a separate note to the financial statements.
At December 31, 2015, the Group did not held, either directly or through third parties, its own shares or shares in its parent company, or buy and/or sell such shares during the year.

OPERATING PERFORMANCE AND FINANCIAL REVIEW

The Group provides treasury services to local Fiat Chrysler Group companies, as explained in more detail in the notes to the financial statements.
These companies operate autonomously in their local market, equipped with an adequate organizational structure, and conduct their treasury activities in adherence with Fiat Chrysler Group's risk management policies.
The Group is active on the financial market in order to finance its activity or refinance position coming to maturity.

In 2015 FCFE repaid two notes coming to maturity in February and September, while no new notes were issued. The net cash flow related to capital market operation was negative for approximately EUR 1,9 billion

The Group's liquidity over the year has been mainly invested in short term bank deposits with a wide number of reputable financial institutions.

The Group closed 2015 with net profit of EUR 3.9 million.

SUBSEQUENT EVENTS AND OUTLOOK

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

Legal and Financial Information

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

1. the annual Consolidated Financial Statements of Fiat Chrysler Finance Europe S.A. presented in this Annual Report and established in conformity with measurement and recognition criteria of the IFRS give a true and fair view of the assets, liabilities, financial position and profit of Fiat Chrysler Finance Europe S.A. and his subsidiaries at 31 December 2015; and

2. the Consolidated 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 2015 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 25th, 2016

FIAT CHRYSLER FINANCE EUROPE S.A.
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2015

Fiat Chrysler Finance Europe S.A.
Registered Office: 24, Boulevard Royal
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

(figures in €)	Notes	2015	2014
Revenue from services	1	943,118	903,487
Personnel costs	3	(1,882,531)	(1,460,518)
Other operating costs	4	(4,260,800)	(3,343,441)
Amortisation and depreciation		(185,304)	(206,510)
Financial income	5	721,571,167	856,684,805
Financial expense	6	(731,828,137)	(868,323,632)
Net gain on derivatives financial instruments	7	20,943,642	22,802,393
PROFIT BEFORE TAXES		**5,301,155**	**7,056,584**
Income taxes	8	(1,417,226)	(3,326,315)
PROFIT FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**3,883,929**	**3,730,269**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Translation reserve		18,742,608	21,003,018
Cash flow hedges (net of tax)	9	13,303,995	3,491,553
Gain/(Losses) on cash flow hedge (net effect)		(33,069,321)	(7,596,001)
Transfer from cash flow hedge reserve (net effect)		46,373,316	11,087,554
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX		**32,046,603**	**24,494,571**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX, ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**35,930,532**	**28,224,840**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

(figures in €)	Notes	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Non-current loans	10	-	574,833,996
Tangible assets		48,209	82,463
Intangible assets		248,060	379,599
Deferred tax assets	8	-	6,135,462
Total non-current assets		**296,269**	**581,431,520**
CURRENT ASSETS			
Current loans	11	11,595,328,724	10,199,792,727
Derivative financial instruments	12	237,401,722	161,824,153
Prepayments		54,240,650	23,317,002
Current tax receivable		1,147,409	1,437,052
Cash and cash equivalents	13	1,943,608,117	4,548,985,889
Total current assets		**13,831,726,622**	**14.935.356.823**
TOTAL ASSETS		**13,832,022,891**	**15,516,788,343**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		251,494,000	251,494,000
Legal reserve		13,443,832	13,438,000
Reserves		77,748,709	41,824,009
Total Equity	14	**342,686,541**	**306,756,009**
NON-CURRENT LIABILITIES			
Non-current borrowings	15	7,953,054,454	10.343.161.679
Deferred tax liabilities	8	50,765	-
Total non-current liabilities		**7,953,105,219**	**10.343.161.679**
CURRENT LIABILITIES			
Current borrowings	16	5,366,389,637	4,699,711,180
Derivative financial instruments	17	161,552,204	164,703,181
Trade and other payables		8,289,290	2,162,671
Current Tax Payable		-	293,623
Total current liabilities		**5,536,231,131**	**4,866,870,655**
TOTAL EQUITY AND LIABILITIES		**13,832,022,891**	**15,516,788,343**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	2015	2014
Operating activities		
Profit before tax	**5,301,155**	**7,056,584**
Adjustments to reconcile profit before tax to net cash flows:		
Net foreign exchange difference and derivatives effect	(20,943,642)	(19,815,373)
Finance income	(721,571,167)	(945,322,927)
Finance expense	731,828,137	953,974,734
Depreciation and amortisation of tangible and intangible assets	185,304	206,510
Working capital adjustments:		
Decrease/ (increase) in prepayments	-	(13,669,960)
Decrease/ (increase) in other receivables	---	---
(Decrease)/ increase in trade and other payables	889,745	705,456
Income tax paid	(1,421,206)	(3,837,680)
Net cash flow generated by/(used in) operating activities	**(5,731,674)**	**(20,702,656)**
Investing activities		
Loans granted	(864,871,022)	(117,398,168)
Interest received	776,742,029	945,322,927
Purchase of equipment and other tangible/intangible assets	(19,511)	9,501
Net cash flow generated by/(used in) investing activities	**(88,148,504)**	**827,934,260**
Financing activities		
Proceeds from Bonds issued	69,941,732	2,557,245,296
Repayments of Bonds issued	(1,753,034,674)	(2,150,000,000)
Proceeds from other borrowings	290,492,787	583,064,211
Repayments of other borrowings	(205,000,000)	-
Transaction cost on credit line	(46,078,000)	-
Interest paid	(836,677,197)	(929,009,395)
Net cash flow generated by/(used in) financing activities	**(2,480,355,352)**	**61,300,112**
Effect of exchange rate adjustments on cash and bank balances	(31,142,242)	(29,412,204)
Net increase in cash and cash equivalents	(2,605,377,772)	868,531,716
Cash and cash equivalents at the beginning of the year	4,548,985,889	3,709,866,377
Cash and cash equivalents at the end of the year/period	**1,943,608,117**	**4,548,985,889**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015
(€ thousand)

	Attributable to equity holders of the parent						
	Issued capital	Legal reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Total equity
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
As at 1 January 2014	**251,494**	**13, 380**	**(1,219)**	**(9,612)**	**2,205**	**22,283**	**278,531**
Allocation of prior year result		58	---	---	2,207	(2,265)	---
Profit for the year	---	---	---	---	---	3,730	3,730
Other comprehensive income	---	---	21,003	3,492	---	---	24,495
Total comprehensive income	---	---	21,003	3,492	---	3,730	28,225
At 31 December 2014	**251,494**	**13,438**	**19,784**	**(6,120)**	**4,412**	**23,748**	**306,756**
Allocation of prior year result	---	6	---	---	935	(941)	---
Profit for the year	---	---	---	---	---	3,884	3,884
Other comprehensive income	---	---	18,743	13,304	---	---	32,047
Total comprehensive income	---	---	18,743	13,304	---	3,884	35,931
At 31 December 2015	**251,494**	**13,444**	**38,527**	**7,184**	**5,347**	**26,691**	**342,687**

The accompanying notes form an integral part of the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

Fiat Chrysler Finance Europe S.A. ("FCFE", the "Company"), was incorporated in 1997 under the laws of Luxembourg for an unlimited number of years. FCFE 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 the ultimate parent company of the ultimate group (Fiat Chrysler Group). On December 15, 2011 in order to concentrate in one single entity the participations of the treasury companies operating in North America, the Company bought from Fiat Chrysler Finance S.p.A. and Fiat Chrysler Automobiles N.V. their participations in Fiat Chrysler Finance North America Inc. and from Fiat Chrysler Finance S.p.A. the participation in Fiat Chrysler Finance Canada Ltd. and became a parent company ("the Group").

The Group acts as the main treasury and financing vehicle of the Fiat Chrysler Group companies outside Italy.

The Group's parent company, Fiat Chrysler Finance Europe S.A. has its registered office at 24, Boulevard Royal, Luxembourg. The Company has two branches in the UK (London) and Spain (Madrid) and it operates as well through its branches in the UK (London) and Spain (Madrid).

The consolidated financial statements as at December 31, 2015 were authorized for issue in accordance with a resolution of the Board of Directors on February 25, 2016. Under Luxembourg law the financial statements are approved by the Shareholders at the annual general meeting.

SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and with their interpretation by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretation Committee (IFRIC), and endorsed by the European Union ("EU"). The management report and corporate governance statement are prepared pursuant to Luxembourg legal and regulatory requirements added to these financial statements.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, that would otherwise be carried at amortized cost, are adjusted to record changes in the fair values attributable to the risk that is being hedged in effective hedge relationship.

The Group's accounting years starts on January 1 and ends on December 31.

The Consolidated Financial Statements are presented in Euros ("EUR"). Figures in the notes are presented in thousands of Euros.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Subsidiaries are fully consolidated.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group transactions and balances are fully eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets liabilities, and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

On December 15, 2011 in order to concentrate the participations of the treasury companies operating in North America in one single entity the Company bought from Fiat Chrysler Finance S.p.A. and Fiat Chrysler Automobiles N.V. their participations in Fiat Chrysler Finance North America Inc. and from Fiat Chrysler Finance S.p.A. the participation in Fiat Chrysler Finance Canada Ltd.. Hence, this transaction qualified for a business combination under common control using the pooling of interests method, where no goodwill / badwill were recognized. Moreover no significant differences were identified between the net asset value at the date of acquisition and the acquisition price, so that this transaction did not impact the reserves of the Group.

Foreign currency translation

Group companies

The Group's consolidated financial statements are presented in EUR which is also the parent company's functional currency. Fiat Chrysler Finance North America Inc. functional currency is US dollars ("USD"), and Canadian dollars ("CAD") for Fiat Chrysler Finance Canada Ltd.. On consolidation the assets and liabilities of these two foreign subsidiaries are translated into EUR at the rate of exchange prevailing at the reporting date and their income statements are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated at the exchange rate prevailing on that date.

Currency translation differences arising on the settlement of monetary items or on translation of such items at rates which differ from those used for initial recognition during the year or in a previous period are recognized in profit or loss.

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.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement financial assets are classified in four categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

The following categories of financial asset are defined in IAS 39 is relevant in the Group's financial statements.

Loans and receivables
This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. Should the losses arise from impairment, they would be recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.
This category generally applies to loans. For more information on loans, refer to note 11.
Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.
This category generally applies to derivatives not designated as effective hedge instruments. For more information on derivative financial liabilities, refer to note 17.

Loans and borrowings
This is the most relevant category to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information on borrowings, refer to notes 15 and 16.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and cross currency swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging derivative is recognised in the statement of profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as finance costs. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash and cash equivalents
Cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value due to interest rate, quoted price, or penalty on withdrawal. Amounts on deposit, available upon demand, or negotiated to provide for daily liquidity without penalty, are classified as cash and cash equivalent. Time deposits, current accounts and money market accounts that meet the above criteria are reported at par value on the statement of financial position, which also represents their fair value.

Other current assets and liabilities
Other current assets and other liabilities consist of accrued or deferred income or expense.

Tangible assets
Tangible assets include furniture, office machines and equipment.
They are initially recognized at purchase cost, inclusive of any expenses directly related to their purchase or installation, and are not subsequently revalued but are carried net of any accumulated depreciation and impairment losses, if any.
Tangible assets are depreciated on a straight-line basis over their estimated useful lives at the following rates:

Annual depreciation rate	
Fixtures and furnishings	33,3%
Other Tangible fixed assets	33,3%
Electronic equipment	33,3%

The residual values, useful lives and methods of depreciation of tangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.
Tangible assets are derecognized when the assets are sold or if future economic benefits from their use are no longer expected. Any gain or loss arising on derecognition of the asset is included in the income statement when the asset is derecognized.

Intangible assets
Intangible assets are identifiable, non-monetary assets without physical substance that are held for use for periods of more than one year. These include software developed in-house or acquired from third parties.
Software development expenses are recognized as intangible assets subject to verification that completion of the related projects is technically feasible and that they can generate future economic benefits.

Upon completion and placement in service, applications are amortized on a straight-line basis over their useful life, which is estimated at five years. If the recoverable value of these assets is less than their carrying amount, the difference is recognized in profit or loss.
Intangible assets are derecognized when they are sold or if future economic benefits from their use are no longer expected.

Financial income and expense
Financial income and expense are recognized in profit and loss according to the matching principle. Specifically, interest is recognized on a time-proportion basis which takes into account the effective yield.

Income taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Fair value measurement
The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions	Section "Significant accounting judgments, estimates and assumptions"
Quantitative disclosures of fair value measurement hierarchy	Note 19
Financial instruments (including those carried at amortised cost)	Note 19

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
In the principal market for the asset or liability
Or
In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Changes in accounting policies and disclosures
New and amended standards and interpretations
Although new amendments and standards issued and endorsed by the EU, which are effective for annual periods beginning on or after 1 January 2015, applied for the first time in 2015, they did not have any impact on the consolidated financial statements of the Group.

Significant accounting judgements, estimates and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions,

could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on taxes are disclosed in Note 8

Contingencies are disclosed in Note 18

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.
Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.
See Note 19 for further details.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing includes relevant standards and interpretations not yet effective which are expected to have an impact on the Group's financial position, performance and disclosure, as the Group intends to adopt those standards when they become effective and/or adopted by EU.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date as endorsed by the EU.

(a) Classification and measurement
The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group needs to perform a detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting
The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
• The materiality requirements in IAS 1
• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
• That entities have flexibility as to the order in which they present the notes to financial statements
• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 7 Statement of cash flows – Disclosure Initiative
The amendments of IAS 7 require that an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. An entity shall apply those amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. When the entity first applies those amendments, it is not required to provide comparative information for preceding periods. This amendment has not yet been endorsed by the EU.

Amendments to IAS 12 Income Taxes
The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses and how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. These amendments are not expected to have any impact on the Group. This amendment has not yet been endorsed by the EU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segment information

Operations of the Group are managed as part of the management structure of the ultimate Fiat Chrysler Group such that there is not a dedicated management structure for the Group. No dedicated management reporting information is presented for the Group to a chief decision maker; only the annual consolidated financial statements are presented to the Board of Directors in analysing the performance of the Group.

Information about services

(€ thousand)	**2015**	**2014**
Revenues from services rendered to Group companies	943	903
Total revenues	**943**	**903**

Revenues from services relate to financial consultancy services to Fiat Chrysler Group companies.
No single customer accounted for 10% or more of total revenue in 2015 or 2014.

Geographic information

The following tables show the distribution of revenue from services and non-current assets allocated based on the market's activities. The parent company activities are based in Europe, and its subsidiaries operate in American markets.

(€ thousand)			**2015**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**EUROPE**	**AMERICA**	**Total**
Revenue from services	213	730	943

(€ thousand)			**2015**
NON CURRENT ASSETS	**EUROPE**	**AMERICA**	**Total**
Tangible assets	2	46	48
Intangible assets	248	-	248

The following tables show the segment information as disclosed as of December 31, 2014.

(€ thousand)			**2014**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**EUROPE**	**AMERICA**	**Total**
Revenue from services	241	662	903

(€ thousand)			**2014**
NON CURRENT ASSETS	**EUROPE**	**AMERICA**	**Total**
Non-current loans	245,372	329,462	574,834
Tangible assets	33	49	82
Intangible assets	373	1	374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Group information

Fully-controlled Subsidiaries As at December 2015 and 2014	% of share capital	% voting shares	Registered office
FIAT CHRYSLER FINANCE CANADA LTD.	100.00%	100.00%	Calgary (Canada)
FIAT CHRYSLER FINANCE NORTH AMERICA INC.	100.00%	100.00%	Wilmington (USA)

3. Personnel costs

(€ thousand)	2015	2014
Salary	(1,570)	(1,177)
Social Security Contributions	(248)	(279)
Other employee benefits	(65)	(5)
Total	**(1,883)**	**(1,461)**

4. Other operating costs

(€ thousand)	2015	2014
Information expenses	(853)	(854)
Building-related costs	(452)	(449)
Professional services and consultancy	(1,501)	(835)
Fees paid to independent auditors	(130)	(116)
Other personnel costs	(121)	(232)
Other management costs	(138)	(161)
Indirect Taxes & Other taxes	(1,066)	(696)
Total	(4,261)	(3,343)

5. Financial income

(€ thousand)	2015	2014
Financial Income from Fiat Chrysler Group companies:		
Interest income from current accounts	666,239	736,789
Interest and other income on loans	52,808	113,951
Total Financial Income from Fiat Chrysler Group Company	**719,047**	**850,740**
Financial Income from third parties:		
Interest income from current accounts	918	2,562
Interest income on bank deposits	1,473	3,300
Other financial income:		
Commission on guarantees and credit lines	133	83
Total Financial Income from third parties	**2,524**	**5,945**
Total financial income	**721,571**	**856,685**

Financial income relates essentially to the activity, in both euros and other currencies, carried out by the Company for the management of funding for the Group as well as the activity to hedge exposure to adverse movements in interest rates, foreign exchange rates, cross currency swaps and other underlyings.

6. Financial expenses

(€ thousand)	2015	2014
Financial expense to Fiat Chrysler Group companies:		
Interest expense on current accounts	(9,853)	(8,989)
Interest and other expense on loans	(11,115)	(13,936)
Other financial expense:		
Commission on guarantees and credit lines	(3,448)	(3,886)
Total financial expense to Fiat Chrysler Group companies	**(24,416)**	**(26,811)**
Financial expense to third parties:		
Interest expense on current accounts	(154)	(134)
Interest and other expense on borrowings	(654,733)	(793,155)
Other financial expense:		
Commission on guarantees and credit lines	(52,525)	(48,224)
Total financial expense to third parties	**(707,412)**	**(841,513)**
Total financial expenses	**(731,828)**	**(868,324)**

Financial expenses relates to interest on Bonds issued under GMTN, commission on credit line and intercompany activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Net gain on derivatives financial instruments

(€ thousand)	2015	2014
Foreign exchange rate Gain/(Losses)	(12,082)	(2,226)
Derivatives Instruments Interest and Currency rates swap Gain/(Losses)	33,026	25,028
Net Gains/(Losses) on derivative financial instruments	20,944	22,802

Foreign exchange rate Gain/(Losses) includes realized and unrealized gains and losses, on currency hedges (e.g., outrights and forex swaps), as well as limited derivatives activity on other underlying, entered into between Fiat Chrysler Group counterparties, on one side, and international banking institutions. Derivatives Instruments Interest and Currency rates swap Gain/(Losses) includes realized and unrealized gains and losses, on interest rate and currency hedges (e.g., interest rate swaps, cross currency swaps).

8. Income taxes

Consolidated statement of profit or loss	**2015**	**2014**
(€ thousand)		
Current income tax:		
Current income tax charge	(2,189)	(2,943)
Deferred tax:		
Adjustment on prior year taxation (FCFNA)	924	-
Relating to origination and reversal of temporary differences	(152)	(383)
Income tax expense reported in the statement of profit or loss	(1,417)	(3,326)

Consolidated statement of OCI	**2015**	**2014**
(€ thousand)		
Deferred tax related to items recognised in OCI during in the year:		
Net (gain)/loss on revaluation of CFH	(6,494)	(1,336)
Deferred tax charged on OCI (Note 10)	**(6,494)**	(1,336)

Reconciliation of tax expense and the accounting profit multiplied by Luxembourg's tax rate for 2014 and 2015:

	2015	2014
(€ thousand)		
Accounting profit before income tax	**5,301**	**7,057**
At Luxembourg statutory income tax rate of 29.22% (2014: 29.22%)	(1,549)	(2,062)
Adjustment on prior year taxation (FCFNA)	924	-
Effect of higher tax rates in the United States	(792)	(1,264)
At the effective income tax rate of 27% (2014: 47%)	**(1,417)**	**(3,326)**

	Consolidated statement of financial position		Consolidated Statement of profit or loss	
Deferred tax	**2015**	**2014**	**2015**	**2014**
(€ thousand)				
Accelerated depreciation for tax purposes	(15)	(17)	4	3
Revaluation of cash flow hedges	(1,267)	4,806	-	-
Deferred tax asset on tax losses	90	-	90	-
Revaluation of other derivatives	1,141	1,346	(245)	(386)
Deferred tax	**(51)**	**6,135**	**(151)**	**(383)**

Net deferred tax assets/(liabilities)	**2015**	**2014**
(€ thousand)		
Reflected in the statement of financial position as follows:		
Deferred tax assets		6,152
Deferred tax liabilities	(51)	(17)
Deferred tax assets, net	**(51)**	**6,135**

Reconciliation of deferred tax assets, net	2015	2014
(€ thousand)		
As of 1 January	6,135	7,341
Tax income/(expense) during the period recognised in profit or loss	(151)	(383)
Tax income/(expense) during the period recognised in OCI	(6,494)	(1,336)
Foreign exchange on deferred tax asset/ liabilities	459	513
As at 31 December	**(51)**	**6,135**

9. Deferred tax on Other Comprehensive Income

In 2015, tax effect on Other Comprehensive Income is related to income recognized in the cash flow hedge reserve and transfer from cash flow hedge reserve amounted to EUR 13,3 million (EUR 3.5 million as at December 31, 2014), and it contains the movement on cash flow hedge reserve for Fiat Chrysler Finance Europe and its subsidiaries.

(€ thousand)	2015	2014
Net Gain/(Losses) on cash flow hedge (gross effect)	(18,978)	(9,705)
Net Gain/(Losses) on cash flow hedge (tax effect)	(14,091)	2,109
Total net gain/(losses) on cash flow hedge (net effect)	**(33,069)**	**(7,596)**
Movement on cash flow hedge reserve (gross effect)	38,776	14,533
Movement on cash flow hedge reserve (Tax effect)	7,597	(3,445)
Total Movement on cash flow hedge reserve (net effect)	**46,373**	**11,088**
Change on Cash flow hedge reserve at December 31, 2015:	**13,304**	**3,492**

10. Non-current loans

(€ thousand)	2015	2014
Non-Current loans:		
Loans	-	574,834
Total	**-**	**574,834**

The non-current loan is owed by affiliated companies with maturity between 1 and 5 years.

11. Current loans

At December 31, 2015, this item consisted of amounts receivable from Fiat Chrysler Group companies, broken down as follows:

(€ thousand)

	2015	2014
Current loans:		
Current accounts	10,056,452	7,455,556
Loans	1,538,877	2,744,237
Total	**11,595,329**	**10,199,793**

12. Derivative financial instruments

(€ thousand)	2015	2014
Derivative financial instruments:		
Back to back derivatives		
with Fiat Chrysler Group counterparties	8,570	6,091
with external counterparties	43,745	50,075
Hedging derivatives		
with Fiat Chrysler Group counterparties	-	-
with external counterparties	185,087	105,656
Fees receivable on guarantees and lines of credit	-	2
Total	**237,402**	**161,824**

These derivatives are essentially forward transactions and swaps on currencies, interest rates, and cross currency swaps.

The aggregate fair value of the derivative financial instruments designated as fair value hedge at the end of the reporting period was a liabilities of EUR (38,1) million (2014: asset of EUR 40,9 million). The aggregate fair value of the derivative financial instruments designated as cash flow hedge at the end of the reporting period was an asset of EUR 126,0 million (2014: liability of EUR (13,3) million).

13. Cash and cash equivalents

(€ thousand)	**2015**	**2014**
Current account	223,323	883,843
Deposits	991,950	2,356,112
Liquidity fund	728,335	1,309,031
Total	**1,943,608**	**4,548,986**

This item relates to Cash and cash equivalents held by the Company with major international banks, Liquidity Funds used by the Company and its subsidiaries are money market instruments rated AAAm by S&P and/or Aaa by Moody's. The product offers same value day liquidity and an attractive yield compared with time deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Equity

Share capital

(€ thousand)	2015	2014
13,416 shares with no nominal value	251,494	251,494

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. The authorized capital of the Company amounts to EUR 500,000,000.

Capital Management

The Company is not subject to any specific constraints on equity within its course of business. Management believes that the capital structure of the Company is fully adequate to its operations.

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 worth tax by posting an amount equivalent to five times the net worth tax due to "Other Reserves". This reserve is to be maintained for a period of five years following the year in which the net worth tax was reduced.

Dividend policy
Dividends payable are recognized as changes in equity for the period in which they are approved by shareholders.

Cash flow hedge reserve

As of December 31, 2015 and 2014, a cash flow hedge reserve of EUR 7,2 million and EUR (6,1) million (net of tax) was recorded to be released upon the maturing interest portions of the notes payable.
As at December 2015 the variance on the amount of cash flow reserve of the group is EUR 13,3.

Translation reserve

The net investments in overseas subsidiary undertakings are translated from their functional currency into Euro at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to the translation reserve.

15. Non-Current Borrowings

(€ thousand)	2015	2014
Non-current borrowings from third parties*	**7,953,054**	**10,343,162**
Total	**7,953,054**	**10,343,162**

*bonds issued outstanding as at December 31, 2015 are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Bond for which a listing at Dublin or Swiss Stock Exchange was obtained.
(2) European Inflation Linked Notes (Harmonized Index for Computer Prices – HICP)

	Currency	Face value of outstanding bonds (in million)	Maturity	Face value of outstanding amount (€ million)
Global Medium Term Notes:				
Fiat Chrysler Finance Europe S.A. (1)	EUR	1000	1 April 2016	1,000
Fiat Chrysler Finance Europe S.A. (1)	EUR	1000	17 October 2016	1,000
Fiat Chrysler Finance Europe S.A. (1)	CHF	400	23 November 2016	369
Fiat Chrysler Finance Europe S.A. (1)	EUR	850	23 March 2017	850
Fiat Chrysler Finance North America Inc. (1)	EUR	1000	12 June 2017	1,000
Fiat Chrysler Finance Europe S.A. (1)	CHF	450	22 November 2017	415
Fiat Chrysler Finance Europe S.A. (1)	EUR	600	9 July 2018	600
Fiat Chrysler Finance Europe S.A. (1)	EUR	1250	15 March 2018	1,250
Fiat Chrysler Finance Europe S.A. (1)	EUR	1250	14 October 2019	1,250
Fiat Chrysler Finance Europe S.A. (1)	CHF	250	30 September 2019	231
Fiat Chrysler Finance Europe S.A. (1)	EUR	1000	22 March 2021	1,000
Fiat Chrysler Finance Europe S.A. (2)	EUR	7	16 February 2021	7
Fiat Chrysler Finance Europe S.A. (1)	EUR	1350	15 July 2022	1,350
Total Bonds*				**10,322**

*for the total bonds please refer to note 18 and 19 current and non-current loans

Changes in bonds during 2015 are due to the repayment on maturity of a bond having a nominal value of EUR 1,500 million issued by Fiat Chrysler Finance Europe S.A. in 2009 and a bond having a nominal value of CHF 425 million issued by Fiat Chrysler Finance Europe S.A. in 2012;
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. At December 31, 2015 EUR10,3 billion have been issued (EUR 12,1 billion at December 31, 2014). The Program is guaranteed by Fiat Chrysler Automobiles N.V. The issuers taking part in the program include, amongst others, Fiat Chrysler Finance Europe S.A. for an amount outstanding of EUR 9,3 billion and Fiat Chrysler Finance North America Inc. with a bond having a nominal value of EUR 1 billion.
The Group intends to repay the bonds issued in cash at maturity by utilizing available liquid resources. In addition, the companies in the Fiat Chrysler Group may from time to time buy back bonds on the market that have been issued by the Group, also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

The prospectuses and offering circulars, or their extracts relating to the principal bond issues are available on the Group's website at www.fcagroup.com under "Investors". These documents are unaudited. The bonds issued by Fiat Chrysler Finance Europe S.A. and by Fiat Chrysler Finance North America Inc. impose covenants on the issuer and, in certain cases, on Fiat Chrysler Automobiles N.V. as guarantor, which is standard international practice for similar bonds issued by companies in the same industry sector as the Group. Such covenants include: (i) negative pledge clauses which require that bonds benefit from any existing or future pledges of assets of the issuer and/or Fiat Chrysler Automobiles N.V. granted in connection with other bonds or debt securities having the same ranking; (ii) pari passu clauses, under which no obligations ranking senior to the bonds in question may be assumed; (iii) periodic disclosure obligations; (iv) for bond issued under the Global Medium Term Notes programme, cross-default clauses which require immediate repayment of the bonds under certain events of default on other financial instruments issued by the Group's main entities; and, (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants can lead to the early repayment of the notes. In addition, the agreements for the bonds guaranteed by Fiat Chrysler Automobiles N.V. contain clauses which could lead to a requirement to make early repayment if there is a change of the controlling shareholder of Fiat Chrysler Automobiles N.V. which leads to a resulting downgrading by the ratings agencies.

16. Current borrowings

Borrowings consisted of amounts payable to Fiat Chrysler Group companies and credit institutions, as follows:

(€ thousand)	2015	2014
Borrowings		
Current accounts:		
held by Fiat Chrysler Group companies	1,533,008	1,166,406
held by third parties	4,869	8,172
Loans:		
from Fiat Chrysler Group companies	900,289	853,760
from third parties*	2,928,224	2,671,373
Total	**5,366,390**	**4,699,711**

(*) Including outstanding bonds with maturity within one year. Nominal values are indicated in the table in the previous page.

17. Derivative financial instruments

(€ thousand)	2015	2014
Derivative financial instruments:		
Back to back derivatives		
with Fiat Chrysler Group counterparties	1,416	1,702
with external counterparties	62,966	111,617
Hedging derivatives:		
with external counterparties	97,170	51,382
Fees receivable on guarantees and lines of credit	0	2
Total	**161,552**	**164,703**

This item includes financial derivatives, having a negative fair value, used by the Company to hedge its own fixed-rate and foreign currency positions and trading derivatives. These derivatives are essentially forward transactions and swaps on currencies, interest rates, and cross currency swaps.

Cash flows are expected to occur between June 2007 and September 2019 and will be recognised through profit or loss at that time.

The valuation techniques applied to fair value the derivatives include the swap models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties and forward rates.

18. Guarantees, commitments and contingencies

As of December 31, 2015, Fiat Chrysler Finance Europe S.A. has issued guarantees in favor of Fiat Chrysler Group Companies for a total amount of 4,1 EUR million (3,1 EUR million at December 31, 2014).

The subsidiary Fiat Chrysler Finance North America Inc. had outstanding stand-by letters of credit issued on behalf of affiliated companies of 9,7 EUR million (10,6 USD million equivalent) at December 31, 2015 and 9,2 EUR million (11,2 USD million equivalent) at December 31, 2014.

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 Luxemburg 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.
The decision requires Fiat Chrysler Finance Europe S.A. to deposit in an escrow account the amount of approximately EUR 23 million, covering the years 2012 and 2013, pending resolution of the case.

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.
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.

19. Information on risks and hedging policies

Estimated Fair Value of Financial Instruments

The following methods and significant assumptions were used to determine the fair value of financial instruments:

- cash and cash equivalent: the carrying amount is assumed to approximate fair value;
- current loans: the carrying amount is assumed to approximate fair value;
- other current assets: the carrying amount is assumed to approximate fair value;
- non-current loans: the fair value is determined with reference to market rates, when available, or by discounting future cash flows at the market rates at the reporting date adjusted as necessary;
- current borrowings: the fair value is obtained using market rates at the reporting date; the fair value of current borrowings is determined with reference to market rates, when available, or by discounting future cash flows at the market rates at the reporting date, adjusted as necessary;
- other current liabilities: the carrying amount is assumed to approximate fair value;

- non-current borrowings: the fair value is determined, in the absence of quotations on an active market, by referring to a security with analogous financial characteristics or, in their absence, by discounting cash flows, considering any factors that can influence the value of the security in question (e.g., credit rating);
- financial derivatives are measured at fair value and recognized either in other financial assets and liabilities depending on the rights and obligations under the contract, the determination of fair value applies the value of market variables at the reporting date and uses valuation models that are widely used in the financial sector. In particular:
  - the fair value of forwards and currency swaps is computed on the basis of the exchange rate and interest rates in the two currencies at the reporting date;
  - the fair value of interest rate swaps, cross currency swaps and forward rate agreements is determined by using discounted cash flow method.

The below fair value have been determined by reference to available market information and the above indicated methodologies:

December 31, 2015 (€ thousand)	**Nominal value**	**Carrying Value**	**Fair Value**	**Difference**
ASSETS				
Cash and cash equivalents	1,943,547	1,943,608	1,943,608	-
Current and non-current loans	11,575,254	11,595,329	11,602,408	7,079
	13,518,801	**13,538,937**	**13,546,016**	**7,079**
LIABILITIES				
Current and non-current borrowings	12,957,149	13,319,444	13,959,452	640,008
	12,957,149	**13,319,444**	**13,959,452**	**640,008**
DERIVATIVES				
Forward currency contracts	3,223,197	(21,409)	(21,409)	-
Interest rate swaps	1,614,000	67,549	67,549	-
Cross currency swaps	1,444,903	29,710	29,710	-
	6,282,100	**75,850**	**75,850**	**-**

December 31, 2014 (€ thousand)	**Nominal value**	**Carrying Value**	**Fair Value**	**Difference**
ASSETS				
Cash and cash equivalents	4,548,869	4,548,986	4,548,986	-
Current and non-current loans	10,699,381	10,774,627	10,778,861	4,234
	15,248,250	**15,323,613**	**15,327,847**	**4,234**
LIABILITIES				
Current and non-current borrowings	14,553,794	15,042,873	15,928,463	885,590
	14,553,794	**15,042,873**	**15,928,463**	**885,590**
DERIVATIVES				
Forward currency contracts	2,107,140	(73,317)	(73,317)	-
Interest rate swaps	1,614,000	95,346	95,346	-
Cross currency swaps	1,740,981	(24,908)	(24,908)	-
	5,462,121	**(2,879)**	**(2,879)**	**-**

Credit risk

General aspects and credit risk management policies

The Company's exposure to credit risk is relatively limited, as the risks described in Section "Main risks and uncertainties to which the company is exposed" of the report on operations are mitigated by the following factors:

- counterparties for financial receivables are principally companies within the Fiat Chrysler Group;
- investment of excess liquidity follows specific Fiat Chrysler Group policies that set out criteria for the selection of bank and financial counterparties, as well as the liquidity profile of investments.

Similar criteria are applied to the selection of bank and financial counterparties for derivative activities.

Credit risk concentration

Counterparty Concentration by geographic location

(€ thousand)				2015
	Europe	America	Other	Total
Cash and cash equivalents	1,745,332	198,276	-	**1,943,608**
Current loans and non-current loan	9,783,715	853,096	958,518	**11,595,329**
Other financial assets	227,042	10,360	-	**237,402**
Other current assets	53,493	748	-	**54,241**
Total assets	**11,809,582**	**1,062,480**	**958,518**	**13,830,580**

(€ thousand)				2014
	Europe	America	Other	Total
Cash and cash equivalents	4,307,750	241,236	-	**4,548,986**
Current loans and non-current loan	9,333,120	1,429,684	11,823	**10,774,627**
Other financial assets	71,171	90,631	22	**161,824**
Other current assets	22,538	779	-	**23,317**
Total assets	**13,734,579**	**1,762,330**	**11,845**	**15,508,754**

Market risks

Interest rate and currency risk

Qualitative information

General aspects and interest rate and currency risk management policies

Currency risk is generated when the composition of the Company's assets and liabilities results in net positions in currencies other than the functional currency.
Under Fiat Chrysler Group policy, the Company may not take positions in currencies other than the functional currency. If activities in support of Fiat Chrysler Group companies require that the Company takes a position in a foreign currency, that position must be hedged.

Interest rate risk results from changes in interest rates that can have an adverse impact on the Company's operating performance, cash flows or financial position.
The Company regularly assesses its exposure to changes in currency and interest rates and uses derivative financial instruments as one method of hedging those risks, as established by its risk management policies.
Under those policies, the use of derivatives is limited to management's exposure to changes in currency and interest rates connected with cash flows and assets and liabilities. Speculative transactions are prohibited.
The Group uses derivatives designated as fair value and cash flow hedges, principally to manage interest rate risk on loans, borrowings and issued bonds. The principal instruments used include currency swaps, forward contracts and interest rate swaps. For cash flow hedges, in which derivatives hedge the variability of cash flows related to floating-rate assets, liabilities, or forecasted transactions, the accounting treatment will depend on the effectiveness of the hedge.

To the extent these derivatives are effective in offsetting the variability of the hedged cash flow; changes in the derivatives' fair value will not be included in current earnings but will be reported as cash flow hedge reserve (net of tax) in the Statement of Comprehensive income. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. On these cash flow hedges, Fiat Chrysler Finance North America Inc. and Fiat Chrysler Finance Europe S.A. currently hedge bonds denominated in foreign currencies. These hedges have been deemed highly effective. Counterparties to these derivatives are major and diverse financial institutions.

Sensitivity Analysis

The quantitative data presented below are not forecasts. The sensitivity analysis of market risk, in particular, cannot reflect the complexity or reaction of markets that could result from the various scenarios assumed.

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, interest rate and currency swaps) at December 31, 2015 resulting from a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro would have been approximately EUR 276 million (EUR 294 million in 2014). The biggest part refers to the derivatives that are hedging the Euro Bond issued by Fiat Chrysler Finance North America Inc. and Swiss Franc Bonds issued by Fiat Chrysler Finance Europe S.A. Financial receivables and payables whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivatives) held at December 31, 2015, resulting from a hypothetical, unfavorable and instantaneous change of 10% in market interest rates, would have been approximately EUR 8 million (EUR 16 million in 2014) the impact refers to issue bonds at fixed rate.
A hypothetical, adverse and sudden change of 10% in short-term interest rates applicable to variable-rate financial assets and liabilities and interest-rate derivatives at December 31, 2015 would have reduced pre-tax profit for 2015 by EUR 1 million (EUR 1 million in 2014).
This analysis assumes a general, sudden change of 10% in benchmark interest rates applied to similar classes of assets and liabilities, denominated in the same currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Operating risks

The operating risks to which the Company is exposed are directly correlated to its activities of providing treasury services, optimization of funding and investment, and hedging financial risks for the Fiat Chrysler Group.

Activities with the highest degree of risk (management of currency and interest rate risk, investments and liquidity) are subject to policies issued at Fiat Chrysler Group level, while more specific operational aspects are governed by procedures and controls to ensure conformity with required standards of conduct.

Additionally, during 2015 as in previous year, no problematic issues emerged in relation to those operating processes.

Liquidity risks

Qualitative information

The Company's liquidity risk is related to the potential difficulty which might be encountered in obtaining adequate amounts of financing, on a timely basis to fund Fiat Chrysler Group's operations or meet its own repayment obligations, in addition to risks and uncertainties, discussed in the report on operations, related to Fiat Chrysler Group's operating and financial performance.

Quantitative information
Distribution by remaining term to maturity of financial liabilities

Quantitative Information as at 31 December 2015 (€ thousand)	Within 1 Year	From 1 to 5 Years	From 5 to 10 Years
Bonds	2,369,174	5,596,054	2,357,000
Interests on bonds	623,567	1,108,943	176,050
Borrowings	2,987,216	10,000	-
Interests payable	6,330	172	-
Total	5,986,287	6,715,169	2,533,050

Quantitative Information as at 31 December 2014 (€ thousand)	Within 1 Year	From 1 to 5 Years	From 5 to 10 Years
Bonds	1,853,460	7,864,837	2,357,000
Interests on bonds	740,132	1,612,690	288,054
Borrowings	2,139,583	338,548	-
Interests payable	16,808	3,953	-
Total	4,749,983	9,820,028	2,645,054

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

December 31 , 2015

(€ thousand)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Loans receivable	-	11,595,329	-	11,595,329
Foreign exchange forward contracts	-	17,026	-	17,026
Embedded derivatives	-	1,231	-	1,231
Interest rate swaps	-	92,264	-	92,264
Cross currency swaps	-	126,880	-	126,880
Liabilities measured at fair value				
Loans payable	10,322,228	2,997,216	-	13,319,444
Foreign exchange forward contracts	-	38,436	-	38,436
Embedded derivatives	-	1,481	-	1,481
Interest rate swaps	-	24,465	-	24,465
Cross currency swaps	-	97,170	-	97,170

December 31 , 2014

(€ thousand)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Loans receivable	-	10,774,627	-	10,774,627
Foreign exchange forward contracts	-	10,747	-	10,747
Embedded derivatives	-	1,355	-	1,355
Interest rate swaps	-	126,272	-	126,272
Cross currency swaps	-	23,448	-	23,448
Liabilities measured at fair value				
Loans payable	12,588,860	2,454,013	-	15,042,873
Foreign exchange forward contracts	-	84,064	-	84,064
Embedded derivatives	-	1,638	-	1,638
Interest rate swaps	-	30,643	-	30,643
Cross currency swaps	-	48,356	-	48,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Related-party transactions

Intercompany and related-party transactions consist of transactions with direct and indirect subsidiaries of Fiat Chrysler Automobiles N.V. Those transactions, which were included in the statements of income and financial position for 2015 and 2014, are summarized in the following tables:

(€ thousand)	Fiat Chrysler Automobiles N.V.	Subsidiaries of Fiat Chrysler Automobiles N.V.	Other related parties to Fiat Chrysler Automobiles N.V.	Third parties	2015
Operating revenues		134	809		**943**
Personnel costs				(1,883)	**(1,883)**
Other operating costs		(180)		(4,266)	**(4,446)**
Financial income/(expense)	207,957	543,470		(740,740)	**10,687**
PROFIT/(LOSS) BEFORE TAXES	**207,957**	**543,424**	**809**	**(746,889)**	**5,301**

(€ thousand)	Fiat Chrysler Automobiles N.V.	Subsidiaries of Fiat Chrysler Automobiles N.V.	Other related parties to Fiat Chrysler Automobiles N.V.	Third parties	2014
Operating revenues		214	689	13	**916**
Personnel costs				(1,460)	**(1,460)**
Other operating costs		(259)		(3,137)	**(3,396)**
Financial income/(expense)	59,740	762,568		(811,311)	**10,997**
PROFIT/(LOSS) BEFORE TAXES	**59,740**	**762,523**	**689**	**(815,895)**	**7,057**

(€ thousand)	Fiat Chrysler Automobiles N.V.	Subsidiaries of Fiat Chrysler Automobiles N.V.	Other related parties to Fiat Chrysler Automobiles N.V.	Third parties	2015
CURRENT ASSETS					
Current loans	3,356,969	8,238,360	-	-	**11,595,329**
Derivatives Financial Instruments	5,916	2,655	-	228,831	**237,402**
Other current assets	433	326	12	53,470	**54,241**
Current taxes receivable	-	-	-	1,147	**1,147**
Cash and cash equivalents	-	-	-	1,943,608	**1,943,608**
Total current assets	**3,363,318**	**8,241,341**	**12**	**2,227,056**	**13,831,727**
NON-CURRENT ASSETS					
Tangible assets	-	-	-	48	**48**
Intangible assets	-	-	-	248	**248**
Total non-current assets	-	-	-	**296**	**296**
CURRENT LIABILITIES					
Borrowings	-	2,433,297	-	2,933,093	**5,366,390**
Derivatives financial instruments	-	1,416	-	160,136	**161,552**
Trade and other payables	3,454	224	-	4,611	**8,289**
Total current liabilities	**3,454**	**2,434,937**	-	**3,097,840**	**5,536,231**
NON-CURRENT LIABILITIES					
Non-current borrowings	-	-	-	7,953,054	**7,953,054**
Deferred tax liabilities	-	-	-	51	**51**
Total non-current liabilities	-	-	-	**7,953,105**	**7,953,105**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	Fiat Chrysler Automobiles N.V.	Subsidiaries of Fiat Chrysler Automobiles N.V.	Other related parties to Fiat Chrysler Automobiles N.V.	Third parties	2014
CURRENT ASSETS					
Current loans	2,617,636	7,582,157	-	-	**10,199,793**
Derivatives Financial Instruments	625	5,465	-	155,734	**161,824**
Other current assets	649	25	26	22,617	**23,317**
Current taxes receivable	-	-	-	1,437	**1,437**
Cash and cash equivalents	-	-	-	4,548,986	**4,548,986**
Total current assets	**2,618,910**	**7,587,647**	**26**	**4,728,774**	**14,935,357**
NON-CURRENT ASSETS					
Non-current assets	-	574,834	-	-	**574,834**
Tangible assets	-	-	-	82	**82**
Intangible assets	-	-	-	380	**380**
Deferred tax assets	-	-	-	6,135	**6,135**
Total non-current assets	-	**574,834**	**-**	**6,597**	**581,431**
CURRENT LIABILITIES					
Borrowings	-	2,028,337	-	2,671,374	**4,699,711**
Derivatives financial instruments	-	1,702	-	163,001	**164,703**
Trade and other payables		212	-	1,951	**2,163**
Current taxes payable	-	-	-	294	**294**
Total current liabilities		**2,030,251**	**-**	**2,836,621**	**4,866,871**
NON-CURRENT LIABILITIES					
Non-current borrowings	-	-	-	10,343,162	**10,343,162**
Total non-current liabilities	**-**	**-**	**-**	**10,343,162**	**10,343,162**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date which require adjustment of or disclosure in the financial statements or notes.

Luxembourg, 25 February 2016

On behalf of the Board of Directors

CHAIRMAN OF THE BOARD

Ernst & Young
Société anonyme

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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 consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated 26 February 2015, we have audited the accompanying consolidated financial statements of Fiat Chrysler Finance Europe S.A., which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements 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 consolidated financial statements 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 consolidated financial statements.

Building a better working world

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 consolidated financial statements give a true and fair view of the financial position of Fiat Chrysler Finance Europe S.A. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Werner Weynand

Luxembourg, 25 February 2016