Fiat Chrysler Finance Canada, Ltd.

(A Subsidiary of Fiat Chrysler Automobiles N.V.)

Financial Statements

For the Years Ended December 31, 2018 and 2017

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Building a better
working world

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Report of Independent Auditors

The Board of Directors
Fiat Chrysler Finance Canada, Ltd.

We have audited the accompanying financial statements of Fiat Chrysler Finance Canada, Ltd. (a wholly owned subsidiary of Fiat Chrysler Automobiles N.V.) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fiat Chrysler Finance Canada, Ltd. at December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Ernst & Young LLP

March 26, 2019

Fiat Chrysler Finance Canada, Ltd.
(A Subsidiary of Fiat Chrysler Automobiles N.V.)

Statements of Financial Position
(Canadian Dollars in Thousands, Except Share Information)

	Notes	December 31, 2018	December 31, 2017
CURRENT ASSETS:			
Cash and cash equivalents		$ 19,738	$ 34,173
Prepaid expenses and other assets		—	17
Amounts due from affiliated companies	7	2,117	—
TOTAL CURRENT ASSETS		**21,855**	**34,190**
NON-CURRENT ASSETS:			
Deferred tax assets		23	23
TOTAL NON-CURRENT ASSETS		**23**	**23**
TOTAL ASSETS		**$ 21,878**	**$ 34,213**
LIABILITIES:			
Amounts due to affiliated companies	7	$ —	$ 12,466
Accrued expenses and other liabilities		73	35
TOTAL LIABILITIES		**73**	**12,501**
EQUITY:			
Capital stock (no par value; unlimited authorized shares; 493 shares outstanding at assigned value)	6	$ —	$ —
Additional paid in capital	*6*	$ 10,100	$ 10,100
Retained earnings		11,705	11,612
TOTAL EQUITY		**21,805**	**21,712**
TOTAL LIABILITIES AND EQUITY		**$ 21,878**	**$ 34,213**

See accompanying notes to financial statements.

Fiat Chrysler Finance Canada, Ltd.

(A Subsidiary of Fiat Chrysler Automobiles N.V.)

Statements of Income (Loss) and Comprehensive Income (Loss)

(Canadian Dollars in Thousands)

		Year Ended December 31,	
	Notes	**2018**	**2017**
Revenues:			
Interest income	8	$ 163	$ 161
Total revenues		163	161
Expenses:			
Interest expense	8	17	187
General and administrative expenses		30	45
Other expenses		2	14
Total expenses		**49**	**246**
Income (loss) before income taxes		**114**	**(85)**
Income tax expense (benefit)	5	21	(23)
Net income (loss)		**$ 93**	**$ (62)**
Other comprehensive income (loss)		—	—
Total comprehensive income (loss)		**$ 93**	**$ (62)**

See accompanying notes to financial statements.

Fiat Chrysler Finance Canada, Ltd.
(A Subsidiary of Fiat Chrysler Automobiles N.V.)

Statements of Changes in Equity
(Canadian Dollars in Thousands, Except Share Information)

	Capital Stock		Additional Paid in Capital	Retained Earnings	Total Equity
	Shares	**Amount**			
BALANCE AS OF DECEMBER 31, 2016	493	$ —	$ 10,100	$ 11,674	$ 21,774
Net loss	—	—	—	(62)	(62)
BALANCE AS OF DECEMBER 31, 2017	493	$ —	$ 10,100	$ 11,612	$ 21,712
Net income	—	—	$ —	93	93
BALANCE AS OF DECEMBER 31, 2018	493	$ —	$ 10,100	$ 11,705	$ 21,805

See accompanying notes to financial statements.

Fiat Chrysler Finance Canada, Ltd.
(A Subsidiary of Fiat Chrysler Automobiles N.V.)

Statements of Cash Flows
(Canadian Dollars in Thousands)

	Years Ended December 31, 2018	Years Ended December 31, 2017
CASH FLOWS PROVIDED (USED) BY OPERATIONS:		
Net income (loss)	$ 93	$ (62)
Net change in operating assets:		
Change in amounts due from affiliated companies	(2,117)	—
Change in deferred tax assets	—	(23)
Change in prepaid expense and other assets	17	1
Change in amounts due to affiliated companies	(12,466)	2,343
Change in accrued expenses and other liabilities	38	17
CASH FLOWS PROVIDED (USED) BY OPERATIONS	(14,435)	2,276
Increase (decrease) during the year	(14,435)	2,276
Cash and cash equivalents at the beginning of the year	34,173	31,897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 19,738	$ 34,173
Operational cash flows from interest and income tax:		
Net interest (paid) received	$ 130	$ (24)
Income Taxes Paid	(21)	—

See accompanying notes to financial statements.

Notes to Financial Statements
(Canadian Dollars in Thousands)

Note 1. Business Description and Organization

Fiat Chrysler Finance Canada, Ltd. (the "Company"), a 100 percent owned subsidiary of Fiat Chrysler Automobiles N.V. ("FCA NV"), was incorporated on May 2, 1991, under the Business Corporation Act of the Province of Alberta and began operations on May 6, 1991. The Company's registered office is located at 3500, 855-2 Street S.W. Calgary, Alberta T2P 4J8 Canada. The Company performs cash management, investment and corporate finance services and working capital financing for certain Fiat Group companies in Canada. On March 26, 2019, management authorized the issuance of the Company's financial statements.

Effective September 30, 2017 FCA NV became the 100 percent owner of the Company by purchasing all membership interests from Fiat Chrysler Finance Europe, S.A. for $21,724 Canadian dollars.

Note 2. Basis of Accounting and Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements are prepared in conformity with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The Company's financial statements consist of the Statements of Financial Position, Statements of Income (Loss) and Comprehensive Income (Loss), Statements of Changes in Equity and Statements of Cash Flows, with related notes.

Foreign Currency

The accounting records of the Company are maintained in Canadian dollars ("CAD"), which represents the functional currency of the Company; the financial statements are presented in this currency.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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 and available upon demand, or negotiated to provide for daily liquidity without penalty, are classified as cash and cash equivalent. Time deposits and current accounts that meet with above criteria are reported at par value on our balance sheet, which also represents fair value.

Fair Value Measurements

The Company follows the provisions of IFRS 13 - *Fair Value Measurement* ("IFRS 13"), which clarifies the determination of fair value for the purpose of the financial statements and is applicable to all IFRS permitting or requiring a fair value measurement or the presentation of disclosures based on fair value.

IFRS 7 - *Financial instruments: Disclosures* requires financial instruments in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

The fair value of financial instruments is determined by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

IFRS 13 requires all assets and liabilities for which fair value is measured or disclosed in the financial statements to be categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1 - Unadjusted quoted prices in the active market for identical assets or liabilities;

Level 2 - Inputs other than quoted prices, included within Level 1, that are observable for the asset or the liability either directly (i.e., prices) or indirectly (i.e., derived from prices);

Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial Instrument	Fair Value Method	Fair Value Hierarchy
Amounts due from/to affiliated companies	Carrying value approximates fair value	Level 2

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics, and the risks of asset or liability and the level of fair value hierarchy as above.

In 2018 and 2017, there were no transfers between the levels used in the fair value hierarchy.

Income Taxes

The Company follows the provisions of IAS 12 (Revised) – *Income Taxes*, which requires the recognition of deferred tax assets and liabilities attributable to temporary differences as determined using the asset and liability method. Current taxes represent a prudent estimate of tax rate to taxable income, which is pre-tax profit adjusted in accordance with the tax regulations governing the taxability/deductibility of income and expenses.

Recent Accounting Pronouncements

In July 2014, the IASB issued IFRS 9 - *Financial Instruments* ("IFRS 9"). IFRS 9 introduces improvements in the accounting requirements for classification and measurement of financial assets, for impairment of financial assets and for hedge accounting. We adopted the new guidance as of January 1, 2018. There was no material impact to our Financial Statements as a result of adopting the standard.

We have implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and we do not believe there are any other new accounting pronouncements that have been issued that might have a material impact on our financial position or results of operations.

Note 3. Estimated Fair Value of Financial Instruments

The following summarizes the fair value measurement of the Company's financial assets and liabilities (in thousands of dollars):

	Nominal Value	Carrying Value	Fair Value
December 31, 2018			
Assets:			
Cash and cash equivalents	$ 19,738	$ 19,738	$ 19,738
Amounts due from affiliated companies	2,105	2,117	2,117
Total assets	$ 21,843	$ 21,855	$ 21,855
Liabilities:			
Amounts due to affiliated companies	—	—	—
Total liabilities	$ —	$ —	$ —
December 31, 2017			
Assets:			
Cash and cash equivalents	$ 34,173	$ 34,173	$ 34,173
Total assets	$ 34,173	$ 34,173	$ 34,173
Liabilities:			
Amounts due to affiliated companies	$ 12,452	$ 12,466	$ 12,466
Total liabilities	$ 12,452	$ 12,466	$ 12,466

Carrying value includes accrued interest

(Canadian Dollars in Thousands)

Note 4. Information on Financial Risks

The Company is exposed to various financial risks in the course of its operation. The Company regularly monitors and manages its exposure in a conservative and prudent manner, as required by the FCA Group's financial risk management policy.

Credit Risk

The credit risk of the Company is represented by the investments of excess cash in the market.

Management believes the credit risk to be extremely low. The assets largely consist of cash and cash equivalents.

Market investments are made according to strict regulations and policies which define minimum counterparty rating requirements and limits to amounts invested in single counterparties in order to avoid concentration of risk.

Liquidity Risk

Liquidity risk arises if the Company is unable to obtain under acceptable economic conditions the funds needed to carry out its operations.

The Company's liquidity position for December 31, 2018 and 2017 is as follows (in carrying value, which approximates undiscounted cash flows):

	On Demand	Less Than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
December 31, 2018						
Assets:						
Cash and cash equivalents	$ 19,738	—	—	—	—	$ 19,738
Amounts due from affiliated companies	2,117	—	—	—	—	2,117
Liabilities:						
Amounts due to affiliated companies	—	—	—	—	—	—
Net	$ 21,855	—	—	—	—	$ 21,855

	On Demand	Less Than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
December 31, 2017						
Assets:						
Cash and cash equivalents	$ 34,173	—	—	—	—	$ 34,173
Liabilities:						
Amounts due to affiliated companies	12,466	—	—	—	—	12,466
Net	$ 21,707	—	—	—	—	$ 21,707

Note 5. Income Taxes

The components of income tax expense for the years ended December 31, 2018 and 2017 are as follows:

	Years Ended December 31,	
	2018	**2017**
Current tax expense		
Federal	$ 12	$ —
State and local	9	—
Deferred tax benefit	—	(23)
Total income tax expense (benefit)	$ 21	$ (23)

Note 6. Equity

The share capital of the Company amounts to CAD 10,100 represented in thousands by 493 shares fully subscribed and paid up with no nominal value. 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.

Note 7. Transactions with Affiliated Parties

The Company is a party to the FCA Group revolving credit facility agreement that originated in June 2015. In March 2018, the FCA Group amended its syndicated revolving credit facility (the "RCF"). The amendment extends the RCF's final maturity to March 2023. The RCF, which is available for general corporate purposes and for the working capital needs of the FCA Group, is structured in two tranches: €3.125 billion, with a 37-month tenor and two extension options of 1-year and of 11-months exercisable on the first and second anniversary of the amendment signing date, respectively, and €3.125 billion, with a 60-month tenor. At December 31, 2018 the €6.25 billion RCF was undrawn.

Cash management services provided by the Company are funded primarily from the receipt of excess cash from affiliated companies; such balances are used for investment and for the financing of the working capital needs of other affiliated companies.

The impact on the financial statements of transactions with affiliates appears below:

(Canadian Dollars in Thousands)

	Years Ended December 31,	
	2018	**2017**
Interest income	$ 73	$ —
Interest expense	17	187
Amounts due from affiliated companies*	2,117	—
Amounts due to affiliated companies*	—	12,466

** Amounts include accrued interest*

Note 8. Interest Income and Interest Expense

Interest income is comprised of interest on cash and cash equivalents and loans with affiliated parties. Interest expense is comprised primarily of loans with affiliated parties.

Note 9. Subsequent Events

Management has evaluated subsequent events through March 26, 2019, the date these financial statements were available to be issued.