

# Independent Auditor's Report

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## Report on the audit of the financial statements 2015

### Our opinion

We have audited the financial statements 2015 of Fiat Chrysler Automobiles N.V. (the Company), incorporated in Amsterdam, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements (collectively referred to as the Financial statements).

### In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Fiat Chrysler Automobiles N.V. as at December 31, 2015 and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The company financial statements give a true and fair view of the financial position of Fiat Chrysler Automobiles N.V. as at December 31, 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code

### The consolidated financial statements comprise:

- The consolidated statement of financial position as at December 31, 2015
- The following statements for 2015: consolidated income statement, the consolidated statements of comprehensive income, cash flows and changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

### The company financial statements comprise:

- The company balance sheet as at December 31, 2015
- The company income statement for 2015
- The notes comprising a summary of the accounting policies and other explanatory information

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Fiat Chrysler Automobiles N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

## Materiality

Materiality	€400 million
Benchmark used	Approximately 0,5% of Revenues
Additional explanation	The materiality is based on approximately 0.5% of the consolidated revenues. Based on perspectives and expectations of the users of the financial statements in the context of our understanding of the entity and the environment in which it operates we determined the materiality for the financial statements as a whole at €400 million. Materiality is based on revenues, as we consider Fiat Chrysler Automobiles N.V. is operating near breakeven and therefore an earnings based measure is not an appropriate basis to determine our materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material to the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of €20 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

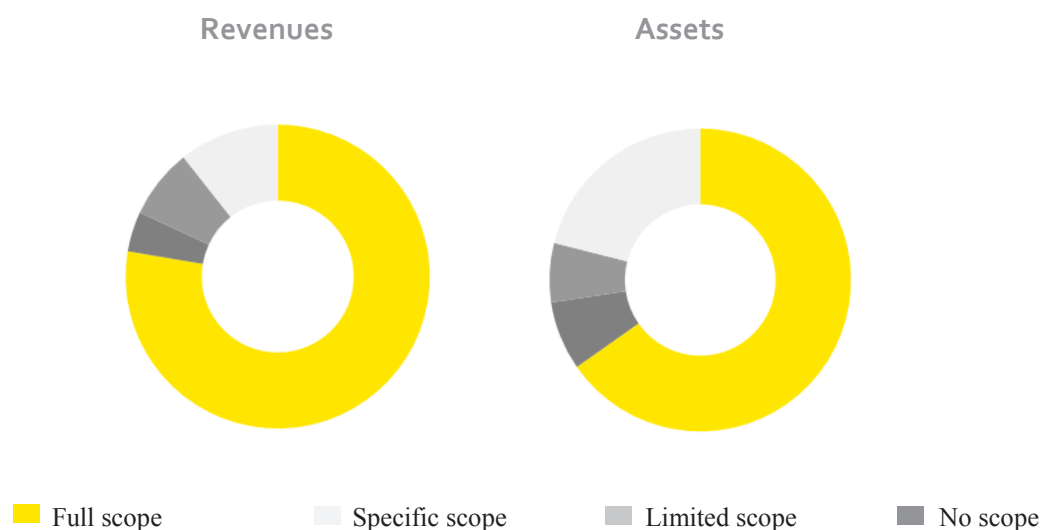
Fiat Chrysler Automobiles N.V. is the parent of a group of entities. The financial information of this group is included in the consolidated financial statements of Fiat Chrysler Automobiles N.V. The company is organized along six reportable segments, being NAFTA, EMEA, LATAM, APAC, Maserati and Components, along with certain other corporate functions which are not included within the reportable segments. Note that due to the spin-off the reportable segment Ferrari is disclosed as discontinued operations.

Our group audit mainly focused on significant group entities. Group entities are considered significant components either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. All such significant group entities (comprising 109 entities) were included in the scope of our group audit.

In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors derived from certain member firms of Ernst & Young Global Limited and operating under our instructions.

Accordingly, we identified six of Fiat Chrysler Automobiles N.V.'s group entities, which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed on seventeen entities. Limited scope procedures are performed on a further 75 entities. In total these procedures represent 89% of the group's total assets and 90% of revenue.

Location percentage of coverage:



Of the remaining group entities, with a focus on higher risk balances and unusual movements we performed additional audit procedures over specific transactions. By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence to provide a basis for our opinion on the consolidated financial statements.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit response
<b>Valuation of non-current assets with definite and indefinite useful lives</b>	
<p>At December 31, 2015 the recorded amount of goodwill and other intangible assets with indefinite useful lives was €14,790 million; the majority of these assets relate to the NAFTA segment. Non-current assets with definite useful lives include property, plant and equipment, intangible assets and assets held for sale. Intangible assets with definite useful lives mainly consist of capitalized development costs related to the EMEA and NAFTA segments.</p> <p>The Company reviews the carrying amounts of these non-current assets annually or more frequently when impairment indicators are present. Estimating the recoverable amount of the assets requires critical management judgment including estimates of future sales, gross margins, operating costs, terminal value growth rates, capital expenditures and the discount rate and the assumptions inherent in those estimates. The annual impairment test is significant to our audit because the assessment process is complex and requires significant judgment.</p> <p>The Company disclosed the nature and value of the assumptions used in the impairment analyses in note 10.</p>	<p>We designed our audit procedures to be responsive to this risk. We obtained an understanding of the impairment assessment processes and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. Our focus included evaluating the work of the management specialists used for the valuation, evaluating and testing key assumptions used in the valuation including projected future income and earnings, performing sensitivity analyses, and testing the allocation of the assets, liabilities, revenues and expenses.</p>
Risk	Our audit response
<b>Income taxes - recoverability of deferred tax assets</b>	
<p>At December 31, 2015, the Group had deferred tax assets on deductible temporary differences of €9,606 million which were recognized and €533 million which were not recognized. At the same date the Group also had deferred tax assets on tax losses carried forward of €3,717 million which were recognized and €2,650 million which were not recognized. The analysis of the recognition and recoverability of the deferred tax assets was significant to our audit because the amounts are material, the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions.</p> <p>The disclosures in relation to income taxes are included in note 7.</p>	<p>We obtained an understanding of the income taxes process, and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax balances based on different local tax regulations, and on the analysis of the recoverability of the deferred tax assets based on the estimated future taxable income, on which we performed our audit procedures, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognized.</p>

Risk	Our audit response
<b>Provisions for product warranties</b>	
<p>At December 31, 2015 the provisions for product warranties amounted to €6,471 million. The Group issues various types of product warranties under which the performance of products delivered is generally guaranteed for a certain period or term; the reserve for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage, recall actions and buyback commitments.</p> <p>In addition, the Group periodically initiates voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles sold; the estimated future costs of the service and recall actions are based primarily on historical claims experience for the Group's vehicles.</p> <p>We focused on this area because changes in the assumptions can materially affect the levels of provisions recorded in the financial statements.</p> <p>The disclosures on warranty provisions are included in note 22.</p>	<p>We obtained an understanding of the warranty process, evaluated the design of, and performed tests of controls in this area. Our focus included evaluating the appropriateness of the Group's methodology, evaluating and testing the basis for the assumptions developed and used in the determination of the warranty provisions, performing sensitivity analyses to evaluate the judgments made by management, and testing the validity of the data used in the calculations.</p>

#### Responsibilities of management and the audit committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report on operations in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The audit committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures carried out for group entities within the scope of our audit.

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

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

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## Report on other legal and regulatory requirements

Report on the report on operations and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report on operations and other data):

- We have no deficiencies to report as a result of our examination whether the report on operations, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed
- Further we report that the report on operations, to the extent we can assess, is consistent with the financial statements

### Engagement

We were initially engaged by the audit committee of Fiat Chrysler Automobiles N.V. on October 28, 2014 to perform the audit of its 2014 financial statements and have continued as its statutory auditor since then.

Rotterdam, February 29, 2016

Ernst & Young Accountants LLP

Pieter Laan