BASE PROSPECTUS

FCA BANK S.p.A.
(*incorporated with limited liability in the Republic of Italy*)

acting through

FCA BANK S.p.A., IRISH BRANCH

€10,000,000,000
Euro Medium Term Note Programme

Under this €10,000,000,000 Euro Medium Term Note Programme (the **Programme**), FCA Bank S.p.A., acting through its Irish branch (the **Issuer** or **FCA Bank**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this base prospectus (the **Base Prospectus**) to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

The Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under Directive 2003/71/EC, as amended (the **Prospectus Directive**). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC, as amended, and/or which are to be offered to the public in any member state of the European Economic Area (each a **Member State**). Application has been made to the Irish Stock Exchange plc (the **Irish Stock Exchange**) for Notes issued under the Programme during the 12 months from the date of the Base Prospectus to be admitted to the official list (the **Official List**) and trading on its regulated market (the **Regulated Market**). References in the Base Prospectus to "Irish Stock Exchange" (and all related references) shall mean the Regulated Market. In addition, references in the Base Prospectus to the Notes being "*listed*" (and all related references) shall mean that such Notes have been admitted to listing on the Official List of the Irish Stock Exchange and admitted to trading on the Regulated Market or, as the case may be, a MiFID Regulated Market (as defined below). The Regulated Market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC, as amended, and each such regulated market being a **MiFID Regulated Market**. The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed Euro 10,000,000,000 (or its equivalent in other currencies, subject to increase as provided herein). The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (as defined below) and save that the minimum denomination of each Note admitted to trading on a regulated market situated or operating within the European Economic Area (the **EEA**) and/or offered to the public in an EEA state in

circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) will be disclosed in the Final Terms. Such credit rating agency will be included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation). FCA Bank has been assigned a long-term rating of Baa1 (outlook stable) by Moody's Investors Service Ltd. (**Moody's**), BBB (outlook positive) by Fitch Ratings Limited (**Fitch**) and BBB- (outlook stable) by Standard & Poor's Credit Market Services Italy S.r.l., a division of the McGraw-Hill Companies Inc. (**S&P**). Each of Moody's, Fitch and S&P is established in the European Union and registered under the CRA Regulation, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority referenced above. Please also refer to "Credit ratings may not reflect all risks" in the "Risk Factors" section of this Base Prospectus.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see further "*Subscription and Sale*" below).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in final terms (the **Final Terms**) which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Central Bank on or before the date of issue of the Notes of such Tranche.

Arrangers

Crédit Agricole CIB | **NatWest Markets**

Dealers

Banca IMI	**Barclays**	**BNP PARIBAS**
BofA Merrill Lynch	**Citigroup**	**Crédit Agricole CIB**
Credit Suisse	**J.P. Morgan**	**Mediobanca**
Morgan Stanley	**NatWest Markets**	**Santander Global Corporate Banking**
UBS Investment Bank	**UniCredit Bank**	**UBI Banca**

The date of this Base Prospectus is 20 March 2017.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive, as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**). When used in this Base Prospectus, **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European

Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Save for the approval of the Base Prospectus by the Central Bank, no action has been or will be taken by the Issuer or the Dealers that would permit a public offering of the Notes or possession or distribution of the Base Prospectus or any other offering material in relation to the Notes in any jurisdiction where action for the purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the United Kingdom, Ireland, Italy and France) and Japan. Purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of such Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a Relevant Member State) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of such Notes. Accordingly any person making or intending to make an offer of such Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) **has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;**

(iv) **understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and**

(v) **is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Any investment in Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes.

Where the Issuer wishes to issue Notes with a maturity of less than one year, it shall do so in full compliance with the notice issued by the Central Bank of exemptions granted under section 8(2) of the Central Bank Act, 1971, as amended.

The Base Prospectus has been filed with and approved by the Central Bank as required by the Prospectus Regulations. The Base Prospectus approved by the Central Bank will be filed with the Irish Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to FCA Bank has been derived from the audited consolidated financial statements of FCA Bank for the financial years ended 31 December 2015 and 31 December 2016 respectively (together, the **Financial Statements**).

FCA Bank's financial year ends on 31 December, and references in this Base Prospectus to any specific year are either to the 12-month period ended on 31 December of such year or as of 31 December of such year, as applicable. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

In this Base Prospectus, all references to:

- ***U.S. dollars, U.S.$*** and ***$*** refer to United States dollars;
- ***Pound Sterling, Sterling*** and **£** refer to British pound sterling; and
- ***euro*** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any reference to websites in this Base Prospectus is for information purposes only and such websites shall not form part of this document.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

CONTENTS

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole including the documents incorporated by reference. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, in the case of listed Notes only and if appropriate, a new Base Prospectus or supplemental Base Prospectus will be published.

The below constitutes an overview of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

Issuer:	FCA Bank S.p.A., acting through its Irish branch
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include, among others, the dependence of FCA Bank on its shareholders FCA Italy S.p.A. (formerly Fiat Group Automobiles S.p.A.) and Crédit Agricole Consumer Finance S.A., and on the automotive sector, the fact that it is a holding company and the implications of a possible change of control of FCA Bank. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arrangers:	Crédit Agricole Corporate and Investment Bank and The Royal Bank of Scotland plc (trading as NatWest Markets)
Dealers:	Banca IMI S.p.A. Banco Santander, S.A. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited J.P. Morgan Securities plc Mediobanca – Banca di Credito Finanziario S.p.A. Merrill Lynch International Morgan Stanley & Co. International plc The Royal Bank of Scotland plc (trading as NatWest Markets) UBS Limited UniCredit Bank AG

Unione di Banche Italiane S.p.A.

and any other Dealers appointed in accordance with the Programme Agreement.

Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions – Notes having a maturity of less than one year*" below) and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"), including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Where the Issuer wishes to issue Notes with a maturity of less than one year, it shall ensure that the Notes are issued in full compliance with the conditions set out in Notice BSD C 01/02 dated 12 November 2002 (as amended from time to time) issued by the Central Bank of Ireland pursuant to section 8(2) of the Central Bank Act, 1971 (as amended) of Ireland, including that the Notes comply with, *inter alia*, the following criteria:

(a) the Notes must be issued and transferable in minimum amounts of €125,000 or the foreign currency equivalent;

(b) the Notes carry the title that is required under the laws of the country under which they are constituted and must identify the issuer by name;

(c) it must be stated explicitly on the face of the Notes and, where applicable, in the contract between the Issuer and the initial investor in the Notes that they are issued in accordance with an exemption granted by the Central Bank under Section 8(2) of the Central Bank Act, 1971, inserted by Section 31 of the Central Bank Act, 1989, as amended by Section 70(d) of

the Central Bank Act, 1997 and each as amended by the Central Bank and Financial Services Authority of Ireland Act, 2004; and

(d) it must be stated explicitly on the face of the Notes and, where applicable, in the contract between the Issuer and the initial investor in the Notes that the investment does not have the status of a bank deposit, is not within the scope of the Deposit Protection Scheme operated by the Central Bank and that the Issuer is not regulated by the Central Bank arising from the issue of the Notes.

Principal Paying Agent: Citibank, N.A., London Branch

Programme Size: Up to €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Subject to any applicable legal or regulatory restrictions notes may be denominated in euro, sterling, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.

Maturities: The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer form as described in "*Form of the Notes*".

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(b) on the basis of the reference rate set out in the applicable

Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

Change of Control Put: The applicable Final Terms may provide that, upon the occurrence of a Put Event (as described below), Notes will be redeemable at the option of the Noteholders upon giving notice to the Issuer on a date or dates specified prior to their stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms.

A **Put Event** will be deemed to have occurred if, in respect of any Notes, during the period from the Issue Date to the Maturity Date, there occurs a Change of Control (as described below) and, during the period ending on the 30th day after the public announcement of the Change of Control having occurred, either (as further described in Condition 6) (A) a Rating Downgrade resulting from that Change of Control occurs or (B) a Negative Rating Event resulting from that Change of Control occurs.

A **Change of Control** will be deemed to have occurred if Crédit Agricole (meaning Caisses Régionales de Crédit Agricole, Crédit Agricole S.A. and its subsidiaries from time to time and their successors or assigns) ceases at any time to be the beneficial owner, directly or indirectly, of at least 50 per cent. of the issued voting share capital of FCA Bank.

JV Put:	The applicable Final Terms may provide that, upon the occurrence of a JV Put Event (as described below), Notes will be redeemable at the option of the Noteholders upon giving notice to the Issuer on a date or dates specified prior to their stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms. A **JV Put Event** will be deemed to have occurred if, as at the JV Put Option Date specified in the applicable Final Terms, the JVA Termination Date falls before the Maturity Date of the relevant Series of Notes.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted. All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto, as provided in Condition 5.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 9.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu* without any preference among themselves, with all other present and future outstanding unsubordinated and unsecured obligations of the Issuer (subject to mandatorily preferred obligations under applicable laws).
Rating:	The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.
Listing:	The Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements

	imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date hereof to be admitted to the Official List and trading on its Regulated Market. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.
Governing Law:	The Notes, the Deed of Covenant and the Agency Agreement, and any non-contractual obligations arising out of or in connection with the Notes, the Deed of Covenant and the Agency Agreement, will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom, Ireland, Italy and France) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA D, TEFRA C or TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME

FCA Bank is a holding company

FCA Bank is both the holding company of the group comprising FCA Bank and its consolidated subsidiaries (the **FCA Bank Group**) and the FCA Bank Group's operating entity in Italy. As a holding company, it conducts certain of its operations through its subsidiaries and depends in part on dividends and inter-company payments (both advances and repayments) from these subsidiaries to meet its debt obligations, including the Issuer's obligations under the Notes. Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary, depositors and preferred shareholders, if any, of the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. FCA Bank's subsidiaries may have other liabilities, including contingent liabilities, which could be substantial.

FCA Bank is dependent on its shareholders

FCA Bank currently has two shareholders: FCA Italy S.p.A. (formerly Fiat Group Automobiles S.p.A. and Fiat Auto S.p.A.) (**FCA Italy**) and Crédit Agricole Consumer Finance S.A. (**Crédit Agricole Consumer Finance**), a wholly-owned subsidiary of Crédit Agricole S.A. (**Crédit Agricole** and, together with its subsidiaries, the **Crédit Agricole Group**), each of which holds 50 per cent. of FCA Bank's issued share capital. Four out of the ten current members of FCA Bank's board of directors were appointed from the list of candidates put forward by FCA Italy and four from the list of candidates put forward by Crédit Agricole Consumer Finance, plus two independent directors.

Between 2003 and 2006, certain business operations that previously formed part of the group of which Fiat Chrysler Automobiles N.V. (**FCA**) is the parent company (the **FCA Group**), were demerged from the FCA Group and are currently carried out by the FCA Bank Group. Nonetheless, FCA Italy, a fully owned subsidiary of FCA, continues to own 50 per cent. of the outstanding share capital of FCA Bank and a significant proportion of the FCA Bank Group's revenues are generated as a result of its close relationship with FCA Italy and the other relevant FCA Group companies, although the FCA Bank Group currently also offers its services as a financing partner to other automotive manufacturers, such as Jaguar and Land Rover, Ferrari and the Erwin Hymer Group.

There is no assurance that the FCA Bank Group will maintain in the future a relationship with the manufacturers to which it is currently a partner and failure to do so, particularly with respect to FCA Italy and the other relevant FCA Group companies, could have a material adverse effect on the FCA Bank Group's business and its results of operations.

In addition, as at 31 December 2016, loans extended by the Crédit Agricole Group to FCA Bank and certain of its subsidiaries, represented approximately 13 per cent. of the FCA Bank Group's total liabilities. FCA Bank's strategy is to maintain diversified sources of funding. There is no assurance that the proportion of FCA Bank's funding provided by the Crédit Agricole Group will remain unchanged in the future.

Change of control of FCA Bank

A joint venture agreement (the **JVA**) between FCA Italy (formerly Fiat Group Automobiles S.p.A. and Fiat Auto S.p.A.) and Crédit Agricole Consumer Finance was signed on 28 December 2006 with a minimum term of eight years, indefinitely extendable thereafter. Since December 2006, FCA Italy, Crédit Agricole and Crédit Agricole Consumer Finance, as the original parties to the JVA have entered into numerous amendment agreements to, amongst other things, extend the duration of the JVA up to 31 December 2021, with the possibility of automatic renewals for additional three-year periods, unless a termination notice is served in the period from 1 January 2019 to 30 June 2019 (both dates inclusive). The parties agreed to extend the term of the JVA in order to ensure the long-term sustainability of FCA Bank Group, which will continue to benefit from the financial support of the Crédit Agricole Group. For the purposes of good order, the parties executed a restated and consolidated version of the JVA on 8 November 2013. If either FCA Italy or Crédit Agricole Consumer Finance were to divest its shareholding in FCA Bank, this could negatively affect FCA Bank's business, results of operations, its ability to access funding and its credit ratings (and consequently its cost of funding), which could have a material adverse effect on the ability of the Issuer to meet its obligations under the Notes. For further details, please see the risk factor entitled "*FCA Bank is dependent on its shareholders*".

In addition, if FCA Bank experiences a change of control, the Issuer may be required to repurchase some or all of the outstanding Notes, if any, and may be required to repay certain other outstanding debt obligations. Also, certain of FCA Bank's existing credit facilities may provide that certain change of control events in relation to FCA Bank constitute an event of default or acceleration. Such an event would entitle the lenders thereunder to, among other things, cause all outstanding debt obligations under the relevant credit facility to become due and payable and to proceed against the collateral, if any, securing such credit facility. An event of default or an acceleration of any of FCA Bank's credit facilities may also cause a default under the terms of other indebtedness of FCA Bank. There can be no assurance that, in such a situation, FCA Bank would have sufficient assets or be able to obtain sufficient third party financing to satisfy all of its obligations under its credit facilities, any Notes or other indebtedness which have become due and payable.

Legislative action and regulatory measures, including changes to the existing regulatory framework, may negatively affect the FCA Bank Group, FCA Bank and the economic environment in which they operate.

The FCA Bank Group is subject to regulation in the various countries in which it operates. Legislation in many of these countries has been enacted or proposed with a view to increasing financial and consumer credit regulations. While the objective of these new measures is to avoid a recurrence of the financial crisis by increasing bank stability and solidity and to provide consumers with increased protection, the impact of the new measures could be to change substantially the environment in which the FCA Bank Group, as a fully regulated bank under Italian law, operates.

In particular, FCA Bank is required to hold a licence for its operations and is subject to regulation and supervision by the Italian Securities and Exchange Commission (**CONSOB**) and the Bank of Italy. In addition, as an entity within Crédit Agricole's scope of prudential consolidation, FCA Bank is subject to the supervision of the ECB under the Single Supervisory Mechanism (as described below). The banking laws to which FCA Bank is subject govern the activities in which banks may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, FCA Bank must comply with financial services laws that govern its marketing and selling practices. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently.

The CRD IV package

The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the **Basel Committee**) and aim at preserving their stability and solidity and limiting their risk exposure.

In the wake of the global financial crisis that began in 2008, the Basel Committee approved, in the fourth quarter of 2010, revised global regulatory standards (**Basel III**) on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019.

The Basel III framework has been implemented in the EU through new banking regulations, namely Directive 2013/36/EU of the European Parliament and of the Council of the European Union of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of the European Union of 26 June 2013 on prudential requirements for credit institutions and investment firms (the **CRR Regulation** and together with the CRD IV Directive, the **CRD IV Package**).

Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024) but it is possible that in practice implementation under national laws be delayed. Additionally, it is possible that Member States may introduce certain provisions at an earlier date than that set out in the CRD IV Package.

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 (the **Circular**)) which came into force on 1 January 2014, implementing the CRD IV Package and setting out additional local prudential rules concerning matters not harmonised on EU level. Since coming into force, the Circular has been periodically updated.

The Italian Government approved Legislative Decree no. 72 of 12 May 2015, which entered into force on 12 June 2015 and relates to, *inter alia*, the following aspects of the CRD IV Directive:

(i) proposed acquirers of credit institutions' holdings, shareholders and members of the management body requirements (Articles 22, 23, and 91 of the CRD IV Directive);

(ii) competent authorities' powers to intervene in cases of crisis management (Articles 64, 65, 102 and 104 of the CRD IV Directive);

(iii) reporting of potential or actual breaches of national provisions (so called whistleblowing, (Article 71 of the CRD IV Directive); and

(iv) administrative penalties and measures (Article 65 of the CRD IV Directive).

National options and discretions under the CRD IV package that were previously exercised by national competent authorities will now be exercised through the Single Supervisory Mechanism (**SSM**) in a largely harmonised manner throughout the European banking union (i.e. the union composed by euro area banks and banks of any Member State that joins the European banking union - the **Banking Union**). In this respect, on 14 March 2016 the European Central Bank (**ECB**) adopted Regulation (EU) 2016/445 in connection with the exercise of these options and discretions. Depending on the manner in which these options and discretions were previously exercised by the national competent authorities and on the manner in which the ECB will exercise them in the future, additional/lower capital requirements may result. On 10 August 2016, the ECB published an addendum to the ECB's guide on options and discretions available in European Union law (the **ECB Guide**). The addendum addresses eight options and discretions and complements the existing ECB Guide and Regulation (EU) 2016/445 of 14 March 2016.

Capital requirements

Italian banks are required to comply with a minimum Common Equity Tier 1 (**CET1**) capital ratio of 4.5 per cent. of risk weighted assets, a minimum Tier 1 Capital ratio of 6 per cent. of risk weighted assets, and a minimum Total Capital Ratio of 8 per cent. of risk weighted assets. These minimum ratios are complemented by the following capital buffers to be met with CET1 capital:

- Capital conservation buffer: set at 2.5 per cent. of risk weighted assets and applies to FCA Bank from 1 January 2014 (pursuant to Article 129 of the CRD IV Directive and Title II, Chapter I, Section II of the Circular). In this respect, on 4 October 2016, the Bank of Italy enacted the 18th update to the Circular in order to align the domestic transitional regime concerning the capital conservation buffer to the provisions set forth in CRD IV. According to such update, banks, both at individual and consolidated level, shall apply a minimum capital conservation buffer equal to: (i) 1.25 per cent. of risk weighted assets from 1 January 2017 to 31 December 2017, (ii) 1.875 per cent. of risk weighted assets from 1 January 2018 to 31 December 2018 and (iii) 2.5 per cent. of risk weighted assets starting from 1 January 2019. Such update entered into force on 1 January 2017 (pursuant to Article 129 of the CRD IV Directive and Part I, Title II, Chapter I, Section III of the Circular);

- Counter-cyclical capital buffer: set by the relevant competent authority between 0 per cent. and 2.5 per cent. (but may be set higher than 2.5 per cent. of risk weighted assets where the competent authority considers it appropriate based on the conditions in the Member State), with gradual introduction from 1 January 2016 and applying temporarily in the periods when the relevant national authorities judge credit growth to be excessive (pursuant to Article 130 of the CRD IV Directive and Part I, Title II, Chapter I, Section III of the Circular).

- Capital buffers for global systemically important institutions (**G-SIIs**): set as an "additional loss absorbency" buffer ranging from 1.0 per cent. to 3.5 per cent. of risk weighted assets determined according to specific indicators (size, interconnectedness, substitutability of the services provided, global cross-border activity and complexity), to be phased in from 1 January 2016 (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV, paragraph 1 of the Circular), becoming fully effective on 1 January 2019; and

- Capital buffers for other systemically important institutions (**O-SIIs**): up to 2.0 per cent. of risk weighted assets as set by the relevant competent authority (and must be reviewed at least annually from 1 January 2016), to compensate for the higher risk that such banks represent to the domestic financial system (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV, paragraph 2 of the Circular).

FCA Bank is not currently included in the list of financial institutions of global systemic importance published on 21 November 2016 by the Financial Stability Board. The Bank of Italy has not included FCA Bank among the systemically important banks at a domestic level (O-SII) for the year 2017. However, the Crédit Agricole Group was designated as a G-SII in 2016.

In addition to the above listed capital buffers, under Article 133 of the CRD IV Directive each Member State may introduce a systemic risk buffer of CET 1 capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long term non-cyclical systemic or macroprudential risks not covered by the other capital requirements set out in the CRD IV Package, such as a risk of disruption in the financial system with the potential of having serious negative consequences for the financial system and the real economy in a specific Member State. At this stage no such provision has been introduced in Italy as the Italian level 1 rules for the implementation of the CRD IV Directive have not yet been enacted.

As part of the CRD IV Package transitional arrangements as implemented by the Circular will be gradually phased out. By fixing the base at the nominal amount of such instruments outstanding on 31 December 2012, their recognition was capped at 60 per cent. in 2014, with this cap decreasing by 10 per cent. in each subsequent year (see, in particular, Part Two, Chapter 14, Section 2 of the Circular).

These transitional arrangements provide for the regulatory capital recognition of outstanding instruments which qualified as Tier 1 and Tier 2 capital instruments under the framework which the CRD IV Package has replaced (being EU Directive 2009/111/EC, which was part, together with Directives 2009/27/EC and 2009/83/EC, of the second legislative package aimed at ensuring the financial soundness of banks and investment firms) but which no longer meet the minimum criteria under the CRD IV Package will be gradually phased out.

Failure to comply with capital requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan in respect of remedial actions (Articles 140 and 141 of the CRD IV Directive and Part I, Title II, Chapter I, Section V of the Circular).

In addition, FCA Bank is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package, which will be impacted, on an on-going basis, by the Supervisory Review and Evaluation Process (**SREP**). The SREP is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system. Should the relevant bank not comply with the requirements under Pillar 2 of CRD IV, the competent supervisory authority will have the power to impose the prohibition to prohibit the relevant bank from (i) making any distribution in connection with CET1 capital, (ii) create an obligation to pay variable remuneration or discretionary pension benefits or pay variable remuneration if the obligation to pay was created at a time when the institution failed to meet the combined buffer requirements and (iii) make payments on Additional Tier 1 instruments until the requirements are duly met.

The FCA Bank Group's liquidity and long-term viability depends on many factors including its ability to successfully raise capital and secure appropriate financing. Should FCA Bank not be able to

implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package, it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and limit FCA Bank's growth opportunities.

Liquidity and leverage requirements

The new liquidity requirements introduced under the CRD IV Package are the Liquidity Coverage Ratio, a stress liquidity ratio on a 30-day horizon (the **LCR**) and the Net Stable Funding Ratio, which measures the assumed degree of stability of liabilities and the liquidity of assets over a one-year horizon and is intended to regulate risks not already covered by Pillar 1 requirements and complements the LCR (the **NSFR**). The Liquidity Coverage Ratio Delegated Regulation (EU) 2015/61 was adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015. The LCR is subject to a gradual phase-in, beginning at 60 per cent. in 2015 and increasing by 10 per cent. each year in order to reach 100 per cent. in 2018. However, the EU Banking Reform includes a proposal aimed at establishing a binding detailed NSFR which will require credit institutions and systemic investment firms to finance their long-term activities with stable sources of funding with a view to increasing banks' resilience to funding constraints.

The CRD IV Package also introduced a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. The Leverage Ratio Delegated Regulation (EU) 2015/62 was adopted on 10 October 2014 and was published in the Official Journal of the European Union in January 2015, amending the calculation of the leverage ratio compared to the current text of the CRR Regulation. Institutions have been required to disclose their leverage ratio from 1 January 2015. Full implementation of the leverage ratio as a Pillar 1 measure and European harmonisation, however, is not expected until 1 January 2018 following the European Commission's review in 2016. In this context, it is worth noting that the EU Banking Reform contains a proposal to implement a binding leverage ratio of 3 per cent. which is designed to prevent institutions from excessively increasing leverage (e.g. to compensate for low profitability).

The CRD IV Package contains specific mandates for the European Banking Authority (the **EBA**) to develop draft regulatory or implementing technical standards as well as guidelines and reports related to LCR and leverage ratio in order to enhance regulatory harmonisation in Europe through the EBA single supervisory rulebook applicable to Member States (the **EBA Single Supervisory Rule Book**). Specifically, the CRD IV Package tasks the EBA with advising on appropriate uniform definitions of liquid assets for the LCR buffer. In addition, the CRD IV Package states that the EBA shall report to the European Commission on the operational requirements for the holdings of liquid assets. The CRD IV Package also tasks the EBA with advising on the impact of the liquidity coverage requirement, on the business and risk profile of institutions established in the European Union, on the stability of financial markets, on the economy and on the stability of the supply of bank lending.

In accordance with the regulatory frameworks defined by domestic and European supervisory authorities and consistent with the regulatory framework being implemented at the European Union level, FCA Bank has in place specific procedures and internal policies to monitor, among other things, liquidity levels and capital adequacy, the prevention and detection of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect FCA Bank's results of operations, business and financial condition. In addition, as at the date of this Base Prospectus, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

EU Banking Reform package

The regulatory framework to which FCA Bank is subject to on-going changes. In particular, on 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks (the **EU Banking Reform**). The proposed new package provides for amendments to the following pieces of legislation:

(i) the CRD IV Package;

(ii) the Bank Recovery and Resolution Directive (as further discussed below); and

(iii) Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the **SRM Regulation**).

The above proposals (the **Proposals**) cover multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt, the MREL framework and the integration of the Financial Stability Board's proposed minimum total loss-absorbing capacity into EU legislation.

The Proposals are to be considered by the European Parliament and the Council of the European Union and therefore remain subject to change. Until such time as the proposals are formally approved by the European Parliament and Council, there can be no assurance as to whether, or when, the proposed amendments will be adopted and whether they will be adopted in the manner as currently proposed in the EU Banking Reform package. Should FCA Bank not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package, it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and limit FCA Bank's growth opportunities.

Risk-weighted assets review

The Basel Committee has embarked on a very significant risk weighted assets (**RWA**) variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (credit, market, operational risk), constraints on the use of internal models as well as the introduction of a new capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new framework is in the process of being finalised. From a credit risk perspective, an impact is expected both on capital held against those exposures assessed via the standardised approach, and those evaluated via an internal ratings based approach (IRB). In addition, significant changes are expected in relation to operational risk modelling, as the Basel Committee is proposing the elimination of the internal models some banks are currently utilising and the introduction of a more standardised approach. Following the finalisation of the Basel framework, the new rules will need to be transposed into European regulation. Implementation of these new rules on risk models is not expected before end of 2018.

Other current regulation

Furthermore, the FCA Bank Group must comply with consumer credit regulations adopted in European countries pursuant to the Directive 2008/48/EC (the **Consumer Credit Directive**). The Consumer Credit Directive and other consumer protection legislations regulates matters such as advertising to consumers, information to borrowers regarding interest rates and loan conditions, pre-financing credit checks and the ability to cancel financing contracts and prepay loans.

FCA Bank is also subject to applicable anti-bribery and anti-corruption laws and regulations, money laundering statutes and any rules, regulations and guidelines thereunder that are issued or enforced by any governmental agency and enacted in the jurisdictions of FCA Bank as well as those jurisdictions in which it operates and conduct its business.

The costs of complying with the laws and regulations mentioned above, as well as with any additional regulation, could affect the conduct of the FCA Bank's business and negatively affect its financial condition. In addition, regulators and supervisory authorities are taking an increasingly strict approach to regulations and their enforcement that may not be to FCA Bank's benefit. A breach of any regulations by FCA Bank could lead to intervention by supervisory authorities and FCA Bank could come under investigation and surveillance, and be involved in judicial or administrative proceedings. FCA Bank may also become subject to new regulations and guidelines that may require additional investments in systems, people and compliance and could subsequently place additional burdens or restrictions on FCA Bank.

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, amongst others, a revised Markets in Financial Instruments EU Directive and Markets in Financial Instruments EU Regulation which are expected to apply as of 3 January 2018 subject to certain transitional arrangements. The Basel Committee has also published certain proposed changes to the current securitisation framework and published a revision of the framework on 11 July 2016, including amendments on simple, transparent and comparable (**STC**) securitisations, coming into effect in January 2018. At the same time the European Commission has published in September 2015 a "Securitisation package" proposal under the Capital Markets Union (**CMU**) project. The package includes a draft regulation on Simple Transparent and Standardised (**STS**) securitisations and proposed amendments to the CRD IV Regulation. The legislative process has not been concluded yet.

Changes in the regulatory framework and in how such regulations are interpreted and/or applied by the supervisory authorities may have a material effect on the FCA Bank Group's business and operations. The manner in which the new framework of banking laws and regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the FCA Bank Group.

ECB Single Supervisory Mechanism

On 15 October 2013, the Council of the European Union adopted Regulation (EU) No. 1024/2013 establishing the SSM for all banks in the Banking Union, which have, beginning in November 2014, given the ECB, in conjunction with the national competent authorities of the Eurozone states, direct supervisory responsibility over "significant credit institutions" established in the Banking Union. The SSM framework regulation (Regulation (EU) No. 468/2014 of the ECB) setting out the practical arrangements for the SSM was published in April 2014 and entered into force in May 2014. Banks directly supervised by the ECB include any Eurozone bank that (i) has assets greater than €30 billion or – unless the total value of its assets is below €5 billion – greater than 20 per cent. of national gross domestic product; (ii) is one of the three most significant credit institutions established in a Member State; (iii) has requested, or is a recipient of, direct assistance from the European Financial Stability Facility or the European Stability Mechanism; (iv) is considered by the ECB to be of significant relevance where it has established banking subsidiaries in more than one participating Member State and its cross-border assets/liabilities represent a significant part of its total assets/liabilities. Notwithstanding the fulfilment of these criteria, the SSM may declare an institution significant to ensure the consistent application of high-quality supervisory standards.

The ECB is also exclusively responsible for key tasks concerning the prudential supervision of credit institutions, which includes, inter alia, the power to: (i) authorise and withdraw the authorisation of all credit institutions in the Eurozone; (ii) assess acquisition and disposal of holdings in other banks; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain banks to protect financial stability under the conditions provided by EU law; (v) ensure compliance with robust corporate governance practices and internal capital adequacy assessment controls; and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities. The ECB also has the right to impose pecuniary sanctions.

National competent authorities will continue to be responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks, besides supporting ECB in day-to-day supervision.

The ECB notified Crédit Agricole of the decision made on FCA Bank's supervision, according to which FCA Bank is considered, for prudential purposes, within Crédit Agricole's scope of prudential consolidation and, consequently, as a "significant" banking entity. FCA Bank is therefore a "significant supervised entity" subject to direct supervision by the ECB for prudential supervisory purposes, in the context of the ECB's direct supervision of the Crédit Agricole Group.

It should be noted that, should the JVA be terminated or not renewed, or should FCA Bank no longer form part of the Crédit Agricole Group at any point in the future, FCA Bank could cease to be subject to the supervision of the ECB.

The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders

The directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force on 2 July 2014. It has been applied by Member States from 1 January 2015, except for the general bail-in tool (as defined below) which has been applied from 1 January 2016.

The BRRD is designed to provide competent authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, whilst minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the firm to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution (which write-down may result in the reduction of such claims to zero) and to convert

certain unsecured debt claims (including senior unsubordinated notes, such as the Notes (**Senior Notes**)) into equity or other instruments of ownership (the **general bail-in tool**). Such equity or other instruments of ownership could also be subject to any future cancellation, transfer or dilution. For more details on the implementation in Italy please refer to the paragraphs below.

The BRRD requires all Member States to create a national, prefunded resolution fund, reaching a level of at least 1 per cent. of covered deposits of all credit institutions within 10 years. The national resolution fund for Italy was created in November 2015 and required both ordinary and extraordinary contributions to be made by Italian banks and investment firms, including FCA Bank. In the Banking Union, the national resolution funds set up under the BRRD were replaced by the Single Resolution Fund (**SRF** or the **Fund**) as of 1 January 2016, itself set up under the control of the Single Resolution Board (**SRB** or the **Board**). The national resolution funds will be pooled together gradually. The SRF is intended to ensure the availability of funding support while a bank is resolved and will contribute to resolution if at least 8 per cent. of the total liabilities (including own funds) of the bank have been subject to bail-in. Each year, the SRB will calculate, in line with Council Implementing Act 2015/81, the annual contributions of all institutions authorised in the Member States participating in the SSM and the Single Resolution Mechanism (**SRM**). The SRF is to be built up over eight years, beginning in 2016, to the target level of €55 billion (the basis being 1 per cent. of the covered deposits in the financial institutions of the Banking Union). Once this target level is reached, in principle, the banks will have to contribute only if the resources of the SRF are used up in order to deal with resolutions of other institutions. Under the BRRD, the target level of the national resolution funds is set at national level and calculated on the basis of deposits covered by deposit guarantee schemes. Under the SRM, the target level of the SRF is European and is the sum of the covered deposits of all institutions established in the participating Member States. This results in significant variations in the contributions by the banks under the SRM as compared to the BRRD.

As a consequence of this difference, when contributions will be paid based on a joint target level as of 2017, contributions of banks established in Member States with a large amount of covered deposits could abruptly decrease, while contributions of banks established in Member States with fewer covered deposits could abruptly increase. In order to prevent such abrupt changes, the draft proposal of the European Commission for a Council Implementing Act provides for an adjustment mechanism to remedy these distortions during the transitional period by way of a gradual phasing in of the SRM methodology.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts or other liabilities as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently or convert into equity capital instruments, such as any subordinated debt securities, at the point of non-viability and before any other resolution action is taken with losses taken (**Non-Viability Loss Absorption**). Any shares issued to holders of subordinated debt securities upon any such conversion into equity may also be subject to any future application of the general bail-in tool or other powers under the BRRD.

For the purposes of the application of any Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as subordinated debt securities) are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable.

Any application of the general bail-in tool and, in the case of subordinated debt securities, non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on holders of Notes will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

To the extent any resulting treatment of holders of Notes pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the firm (which is referred to as the "no creditor worse off safeguard" under the BRRD). Any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of certain debt instruments (such as Senior Notes) issued by an institution under resolution or amend the amount of interest payable under such instruments, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

For Member States participating in the Banking Union (which includes France), the SRM fully harmonises the range of available tools, but Member States are authorised to introduce additional tools at national level to deal with crises, as long as they are compatible with the resolution objectives and principles set out in the BRRD.

As from November 2014, the ECB has taken over the prudential supervision under the SSM of significant credit institutions in Eurozone member states. In addition, an SRM has been set up to ensure that the resolution of banks across the Eurozone is harmonised. Under Article 5(1) of the SRM Regulation, the SRB has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the start of 2016.

FCA Bank has been designated as a significant supervised entity for the purposes of Article 49(1) of the SSM Regulation and is consequently subject to the direct supervision of the ECB. This means that FCA Bank is also subject to the SRM, which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large extent, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the **BRRD Decrees**), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Banking Law (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applied from 1 January 2016; and (ii) a "depositor

preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs will apply from 1 January 2019.

It is important to note that, pursuant to Article 49 of Legislative Decree No. 180/2015, resolution authorities may not exercise the write-down/conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledge, lien or collateral against which it is secured.

On 1 June 2016, the Commission Delegated Regulation (EU) 2016/860 of 4 February 2016 (**Delegated Regulation (EU) 2016/860**) specifying further the circumstances where exclusion from the application of write-down or conversion powers is necessary under Article 44(3) of BRRD was published in the Official Journal of the European Union. In particular this regulation lays down rules specifying further the exceptional circumstances provided for in Article 44(3) of BRRD, where the resolution authority may exclude, or partially exclude, certain liabilities from the application of the write down or conversion powers where the bail-in tool is applied. The Delegated Regulation (EU) 2016/860 entered into force on 21 June 2016.

Insofar as the creditor hierarchy is concerned, it should be noted also that certain categories of liability are subject to the mandatory exclusions from bail-in foreseen in Article 44(2) of the BRRD. For instance, most forms of liability for taxes, social security contributions or to employees benefit from privilege under Italian law and as such are preferred to ordinary senior unsecured creditors in the context of liquidation proceedings.

Also, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU (the **Deposit Guarantee Schemes Directive**) have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors, such as holders of the Senior Notes. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to liquidation proceedings (and therefore the hierarchy which will apply in order to assess claims pursuant the safeguard provided for in Article 75 of the BRRD as described above), by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs (which benefit from the super-priority required under Article 108 of the BRRD) will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, liabilities in the form of deposits, including retail as well as large corporate and interbank deposits, if any, which under the national insolvency regime currently in force in Italy rank *pari passu* with Senior Notes, will rank higher than Senior Notes in normal insolvency proceedings.

Following the launch of its retail deposit-taking activity as referred to under "*Description of FCA Bank – Section 3.2 – Funding Activities – (h) Deposits*", it should be noted that any such deposits would rank senior to the obligations of FCA Bank under the Notes in the event of insolvency or resolution proceedings applicable to FCA Bank. The position concerning the creditor hierarchy is likely to undergo additional changes further to the EU Banking Reform which proposes to amend Article 108 of the BRRD to introduce an EU harmonised approach on subordination of certain senior liabilities to other senior liabilities. This would enable banks to issue debt in a new statutory category of unsecured debt available in all Member States which would rank just below the most senior debt and other senior liabilities for the purposes of liquidation, while still being part of the senior

unsecured debt category (only as a lower 'tier' of senior debt). If approved, Member States will be required to adopt and publish relevant laws, regulations and administrative provisions necessary to comply with the amendment to the creditor hierarchy. The new creditor hierarchy will only apply to new issuances of bank debts and will not have retroactive application to pre-existing issuances.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Since each holder of Notes will have expressly waived any rights of set-off, counterclaim, abatement or other similar remedy which they might otherwise have, under the laws of any jurisdiction, in respect of such Notes, it is clear that the statutory right of set-off available under Italian insolvency laws will likewise not apply. As the BRRD has only recently been implemented in Italy and other Member States, there is material uncertainty as to the effects of any application of it in practice.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes may be subject to write-down or conversion into equity capital instruments on any application of the general bail-in tool and, in the case of any subordinated debt securities, Non-Viability Loss Absorption, which in each case may result in the holders thereof losing some or all of their investment. The exercise of these, or any other power, under the BRRD, or any suggestion, or perceived suggestion, of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The legislative decree intended to implement the revised Deposit Guarantee Schemes Directive in Italy – namely, Legislative Decree no. 30 of 15 February 2016 – has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A), which will come into force on 1 July 2018. Amongst other things, the Decree amends Consolidated Banking Act and: (i) establishes that the maximum amount of reimbursement to depositors is €100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

As of 2016, under the BRRD European banks also have to comply with a Minimum Requirement for Own Funds and Eligible Liabilities (the **MREL**). Under Article 45 of the BRRD, MREL is to be calculated as the amount of own funds and eligible liabilities expressed as a percentage of total liabilities and own funds of the institution. The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not being part of the Banking Union or banks which participate in the Banking Union but are subject to only indirect supervision by the European Central Bank) or to the SRB for banks being part of the Banking Union and subject to direct supervision by the ECB). FCA Bank is subject to the authority of the SRB for the purposes of the determination of its MREL requirement. The SRB could set an MREL requirement for FCA Bank that is equal to or higher than the capital requirements applicable to FCA Bank pursuant to the CRD IV Package and the Circular.

On 23 May 2016, the European Commission adopted Commission Delegated Regulation (EU) 2016/1450 supplementing BRRD that specifies the criteria which further define the way in which resolution authorities/the SRB shall calculate MREL, as described in article 45(6) of the BRRD. Article 8 of the aforementioned regulation provides that resolution authorities may determine an appropriate transitional period for the purposes of meeting the full MREL requirement. On 19 July 2016, the EBA launched a public consultation on its interim report on the implementation and design of the MREL, ahead of the final report to be published by the EBA. On 23 November 2016, the European Commission presented the EU Banking Reform which introduces a number of proposed

amendments to the BRRD. In particular, it is proposed that the MREL – which should be expressed as a percentage of the total risk exposure amount and of the leverage ratio exposure measure of the relevant institution – should be determined by the resolution authorities at an amount to allow banks to absorb losses expected in resolution and recapitalise the bank post-resolution. In addition, it is proposed that resolution authorities may require institutions to meet higher levels of MREL in order to cover losses in resolution that are higher than those expected under a standard resolution scenario and to ensure a sufficient market confidence in the entity post-resolution. These higher levels will take the form of "MREL guidance". Under the EU Banking Reform Proposals, institutions that fail to meet the MREL guidance may be subject to the restrictions on the ability to make distributions (so-called Maximum Distributable Amount), albeit following the expiration of a 6-month grace period in certain circumstances.

The BRRD is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the BRRD or the taking of any resolution action, as well as the proposed amendments to the BRRD under the EU Banking Reform, could materially affect the value of any Notes.

The FCA Bank Group is dependent on the performance of the automotive sector

The FCA Bank Group operates in the automotive sector which is subject to, *inter alia*, general economic trends. Its business is substantially dependent upon the sale of vehicles produced by the FCA Group, Jaguar and Land Rover, the Erwin Hymer Group, as well as its ability to offer competitive financing in its market place. A significant downturn in the sales of motor vehicles in the markets in which the FCA Bank Group operates (for example, as a result of changes in regulation or consumer demand, the absence of government incentives designed to rejuvenate the fleet of circulating vehicles, increased competition, changes in the pricing of imported units due to currency fluctuations, significant increases in fuel prices, weak economic conditions arising from the global economic recession or other events) could have a material adverse effect on the FCA Bank Group's business and its results of operations.

The FCA Bank Group's income and revenue may be affected by a variety of factors over which it has no control

The FCA Bank Group's earnings and financial position are influenced by a variety of factors over which it has no control, including increases or decreases in gross national product, the level of consumer and business confidence, changes in interest rates on consumer loans, the rate of unemployment, changes in the overall market for consumer or wholesale motor vehicle financing, changes in the level of sales in its market, changes in the finance industry's regulatory environment in the countries in which the FCA Bank Group conducts business, competition from other financiers, rates of default by its customers, availability of funding sources and changes in the financial markets. The realisation of any one or more of these factors could adversely affect the financial condition and result of operations of the FCA Bank Group. For example, weak economic conditions arising from the global economic recession might result in a decline in demand for the FCA Bank Group's products, and difficult conditions in global financial markets may adversely impact the FCA Bank Group's ability to access the funding markets. In Europe, despite the measures taken by several governments, international and supranational organisations and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to face the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations as well as the overall stability of the euro as a single currency. It remains difficult to predict the effect of recent Eurozone measures on the economy and on the financial system. Potential developments in the international financial crisis could adversely affect the businesses and operations of the FCA Bank Group.

On 12 January 2017, FCA US LLC (**FCA US**), a fully owned subsidiary of FCA, received a notice of violation by the US Environment Protection Agency with respect to the emissions control technology employed in the company's 2014-16 model year light duty 3.0-litre diesel engines. FCA US believes that its emission control systems meet the applicable requirements, and is working with the administration to assure the EPA and FCA US customers that the company's diesel-powered vehicles meet all applicable regulatory requirements. At present, notwithstanding that this appears to be only a US compliance matter (engines scrutinised by the US authorities have a different calibration in Europe) and may not directly affect the EU market where FCA Bank operates, it remains uncertain if it this may have a negative impact on FCA sales in the EU and on the future business and financial results of FCA Bank.

Future performance depends on the ability of certain automotive manufacturers to innovate and on market acceptance of new or existing products

The ability of the automotive manufacturers to which the FCA Bank Group provides services to maintain or improve their position in markets in which the FCA Bank Group currently operates is not assured. Failure to develop and offer products that compare favourably to those of their competitors, particularly in more profitable segments, in terms of price, quality, efficiency, styling, reliability, safety, functionality or otherwise, or potential delays in bringing to market new models, may result in lower sales volumes, and may have a consequent material adverse effect on the FCA Bank Group's business prospects and economic results.

FCA Bank Group operates in a competitive market environment

The FCA Bank Group's business is substantially dependent upon motor-vehicle dealerships continuing to introduce retail finance and lease business to it as such dealerships are free to introduce other financiers to their customers (other than in case of promotional campaigns, whereby exclusivity rights apply). Competition with other financiers in respect of commission payments to dealerships may adversely affect the financial condition and results of operations of the FCA Bank Group.

Risks related to the financial markets

The FCA Bank Group's future performance depends upon, *inter alia*, its ability to fund its newly originated business at competitive conditions. Any downturn in financial markets could determine unfavourable market conditions, with limited availability of competitive sources of financing and an increase in refinancing costs, which could have a material adverse effect on the FCA Bank Group's business prospects and economic results.

Market turmoil and deteriorating macro-economic conditions may also have a material adverse effect on the liquidity, businesses and financial conditions of the FCA Bank Group's customers, which could in turn increase the ratio of the FCA Bank Group's non-performing loans, impair its loan and other financial assets and result in decreased demand for its products in general. Any of these conditions could have a material adverse effect on the FCA Bank Group's business, financial condition and results of operations.

In addition, due to the difficulties of predicting the magnitude and duration of various economic cycles, FCA Bank is unable to offer any assurances about future trends in relation to potential tightening of credit in all major markets. There can be no certainty that possible measures taken by governments and financial authorities will succeed in restoring normal credit and trading conditions and many countries' economies could suffer from recession for a protracted period of time, which could negatively affect the FCA Bank Group's earnings and financial position.

Risks associated with exchange rate and interest rate fluctuations

The FCA Bank Group is subject to currency exchange rate risk in the ordinary course of its business to the extent that any of its legal entities finances its assets in a currency different from its domestic one. Furthermore, the FCA Bank Group is subject to currency exchange rate risk in the ordinary course of its business as part of its economic result is recognised in currencies other than euro, but its financial statements are published in euro.

In addition, a significant portion of the FCA Bank Group's indebtedness provides for repayments of interest at a floating rate, while the loans that the FCA Bank Group extends to its clients primarily provide for a fixed interest rate.

FCA Bank manages both its foreign exchange risk on assets and liabilities and its interest rate risk through the use of financial hedging instruments. In the event that FCA Bank's hedging strategy does not succeed, FCA Bank may not be able to preserve its financial margin in case of adverse foreign exchange rates and/or interest rate fluctuations and may be unable to raise necessary funds in the markets. Despite the use of financial hedging instruments, sudden exchange rate or interest rate fluctuations could have a material adverse effect on FCA Bank's earnings.

FCA Bank's activities are subject to credit and counterparty risk

Credit risk is the risk of loss arising from a failure of a counterparty to meet the terms of any contract with FCA Bank or its subsidiaries, or otherwise to fail to perform as agreed. The level of credit risk on FCA Bank's loan portfolios is influenced primarily by two factors: the total number of contracts that might default and the amount of loss per occurrence, which in turn are influenced by various economic factors. FCA Bank is also subject to the risk that a counterparty may fail to perform on its contractual obligations.

Residual value risk may affect FCA Bank's earnings or results of operations

Residual value risk is the risk that the estimated residual value in rental and lease contracts will not be recoverable at the end of the relevant contractual term. Residual value represents an estimate of the end of term market value of the asset. When the market value of a vehicle at contract maturity is less than its contractual residual value, there is a higher probability that the vehicle will be returned to FCA Bank. A higher rate of vehicle returns exposes FCA Bank to greater risk of loss at the end of the lease term.

The FCA Bank Group's business may be subject to operational risk

Operational risk is the risk of loss resulting from, among other factors, inadequate or failed processes, systems or internal controls, theft, fraud, or natural disaster. Operational risk can occur in many forms including, but not limited to, errors, business interruptions, failure of control, inappropriate behaviour of or misconduct by employees or those contracted to perform services, external fraud, and vendors that do not perform in accordance with their contractual agreements. These events can potentially result in financial losses and legal liabilities or other damages to FCA Bank, including damage to reputation.

FCA Bank and its subsidiaries rely on internal and external information and technological systems to manage its operations and are exposed to risk of loss resulting from breaches in the security, or other failures of these systems. Any upgrade or replacement of its transaction systems and treasury systems could have a significant impact on its ability to conduct its core business operations and increase the risk of loss resulting from disruptions of normal operating processes and procedures that may occur during the implementation of new information and transaction systems.

In order to monitor and manage operational risk, the FCA Bank Group maintains a framework of internal controls designed to provide a sound and well-controlled operational environment. However, due to the complexity of its business and treasury operations, problems may be identified in the future, and FCA Bank cannot provide any assurance that these problems will not have a material effect on its business, financial condition and results of operations.

FCA Bank strives to maintain appropriate monitoring of operational risk relative to its business strategies, competitive and regulatory environment, and markets in which it operates. Notwithstanding these control measures, FCA Bank and its operating subsidiaries remain exposed to operational risk. However while FCA Bank's approach to operational risk management is intended to mitigate such risks and consequential losses, management can provide no assurance that these problems will not have a material effect on FCA Bank's business, financial condition and results of operations.

Sufficiency or failure of risk management procedures

In the framework of a general review of internal risk management policies and in order to fulfil international regulatory requirements, in 2017 FCA Bank introduced several updates to the current liquidity management framework.

Specifically, FCA Bank:

- implemented a liquidity stress test tool aimed at quantifying the impacts of specific stress scenarios on FCA Bank's liquidity position;
- updated the existing Contingency Funding Plan (**CFP**) framework, introducing new procedures in terms of:
  - designing of stress scenarios with increasing severity levels (Alert, Attention or Crisis);
  - setting-up a framework of early warning indicators in order to monitor systemic or idiosyncratic stress conditions, and timely identify potential liquidity issues;
  - defining roles and responsibilities within the escalation processes associated with each potential stress scenarios; and
  - testing FCA Bank's resilience in the presence of stress conditions;
- updated the procedure to calculate the high-quality liquidity assets and, as a consequence, the LCR;
- in the course of 2017, plans to consolidate the Internal Liquidity Adequacy Assessment Process (**ILAAP**), in order to comply with the recent regulatory updates introduced by the EBA guidelines issued in November 2016; and
- in the course of 2017, plans to update the governance of the Liquidity Risk Management Process, by changing the Risk & Permanent Control involvement within the decision-making process.

While FCA Bank actively employs or will, once implemented, employ such procedures to contain and mitigate liquidity risks and related adverse effects, the occurrence of certain unforeseeable events, wholly or partly out of FCA Bank's control, could substantially limit their effectiveness. As a result, there can be no assurance that FCA Bank could not suffer future material losses due to the inadequacy

or failure of the above procedures. The occurrence of one or more of above risks could adversely affect FCA Bank's results of operations, business and financial position.

Changes in the Italian and European regulatory framework could adversely affect the FCA Bank Group's business

FCA Bank is regulated and supervised by the Bank of Italy and certain of its subsidiaries are also subject to regulation and supervision in the countries in which they operate (see "*Description of FCA Bank – Section 5 – Regulation*"). These supervisory bodies have broad jurisdiction over many aspects of FCA Bank or its subsidiaries, as the case may be, including capital adequacy requirements, marketing and selling practices, advertising, licensing, terms of business and permitted investments. Any changes in the regulatory framework, in how such regulations are applied, or any further implementation of new requirements for financial institutions and banks, may have a material effect on the business and operations of FCA Bank or its subsidiaries, as the case may be.

Each of FCA Bank and its subsidiaries, as the case may be, also faces the risk that the relevant supervisory body may find it has failed to comply with applicable regulations and any such regulatory proceedings could result in adverse publicity for, or negative perceptions regarding, such supervised entity, which could reflect on the FCA Bank Group. In addition, any significant regulatory action against a member of the FCA Bank Group could have a material adverse effect on its business, results of operations and its financial condition, which would be reflected in the FCA Bank Group's consolidated results.

Potential conflicts of interest

The Dealers or their respective affiliates may deal with and engage generally in investment banking and/or commercial banking transactions with, and may perform services for FCA Bank and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) or any hedging agreements thereon for their own account and for the accounts of their customers, including securities and/or instruments of FCA Bank or their affiliates.

Furthermore, FCA Bank may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between any calculation agent, appointed in respect of a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgments that such calculation agent may make pursuant to the Terms and Conditions of the Notes that may influence the amount receivable upon redemption of the Notes.

Uncertainty surrounding the UK's membership of the European Union

On 23 June 2016, the United Kingdom (the **UK**) held a referendum to decide on the UK's membership of the European Union. The UK voted to leave the European Union. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years and details around the negotiation process, including the length of time this process will take and the likely outcome, remain unclear.

The FCA Bank Group has long been operating in the UK through its subsidiaries, with a financing portfolio that, to date, accounts for approximately 11 per cent. of the FCA Bank Group's financing portfolio. Until the terms and timing of the UK's exit from the European Union are clearer, it is not

possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of FCA Bank, particularly its operations in the UK. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Risks applicable to all Notes

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market in, and the market value of, the Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The terms and conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The value of the Notes could be adversely affected by a change in English law or by applicable provisions of any other relevant law or administrative practice.

The terms and conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or any other applicable law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Potential conflicts of interest.

The proceeds of any Notes issued under the Programme may be used, in whole or in part, to repay loan facilities which the FCA Bank Group may have, from time to time, with financial institutions which may, or which may have companies within their groups which may, be Dealers under the Programme.

FCA Bank is 50 per cent. owned by Crédit Agricole Consumer Finance, a French company which is a wholly-owned subsidiary of Crédit Agricole S.A. FCA Bank currently has ten directors of which four were appointed from the list of candidates put forward by the shareholder FCA Italy and four from the list of candidates put forward by the shareholder Crédit Agricole Consumer Finance (with two independent directors also being appointed).

In addition, Crédit Agricole Consumer Finance currently provides a significant portion of the total funding sources of FCA Bank and its subsidiaries. As a result, Crédit Agricole Consumer Finance may have interests which could conflict with the interests of the holders of Notes issued under the Programme.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to

purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the Notes in connection with the market generally

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to FCA Bank or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to FCA Bank or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the cross-reference tables below, which is contained in the following documents which have previously been published and, in the case of the financial statements for the Issuer referred to in (a) and (b) below, have been filed with the Irish Stock Exchange shall be incorporated in, and form part of, this Base Prospectus. Any information contained in the following documents, but not included in the cross-reference tables set out below, is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

(a) the consolidated financial statements of FCA Bank for the financial year ended 31 December 2016, together with the auditors' report thereon (which can be found on the following website: http://www.fcabankgroup.com/en/investors-relations/statements-reports), including the information set out therein at the following pages in particular:

Consolidated Statement of Financial Position	Pages 82 to 83
Consolidated Income Statement	Page 84 to 85
Consolidated Statement of Comprehensive Income	Page 86
Consolidated Statement of Changes in Equity	Page 87 to 88
Consolidated Statement of Cash Flows	Pages 89 to 90
Notes to the Consolidated Financial Statements	Pages 91 to 268
Independent Auditors' Report on the Consolidated Financial Statements as at 31 December 2016	Pages 270 to 271

(b) the consolidated financial statements of FCA Bank for the financial year ended 31 December 2015, together with the auditors' report thereon (which can be found on the following website: http://www.fcabankgroup.com/en/investors-relations/statements-reports), including the information set out therein at the following pages in particular:

Consolidated Statement of Financial Position	Pages 73 to 74
Consolidated Income Statement	Page 75
Consolidated Statement of Comprehensive Income	Page 76
Consolidated Statement of Changes in Equity	Page 77
Consolidated Statement of Cash Flows	Pages 79 to 80
Notes to the Consolidated Financial Statements	Pages 82 to 220
Independent Auditors' Report on the Consolidated Financial Statements as at 31 December 2015	Pages 226 to 228

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**) which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**); and

(ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii), unless otherwise specified in the applicable Final Terms, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the terms and conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global

Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 20 March 2017 and executed by the Issuer.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a supplement to the Base Prospectus or a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended[, from 1 January 2018,][1] to be offered, sold or otherwise made available to and[, with effect from such date,][2] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (*EEA*). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (*MiFID II*); (ii) a customer within the meaning of Directive 2002/92/EC (*IMD*), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the *Prospectus Directive*). Consequently no key information document required by Regulation (EU) No 1286/2014 (the *PRIIPs Regulation*) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.][3]

[*Date*]

FCA Bank S.p.A., acting through its Irish branch

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €10,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 20 March 2017 [and the supplements[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document [constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and][4] must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on *www.fcabankgroup.com* and is available for viewing during normal business hours at the registered office of the Principal Paying Agent at Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.*]

---

[1] This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.
[2] This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.
[3] Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable" (ii) for offers concluded before 1 January 2018 at the option of the parties.
[4] This statement should be removed in the case of an issuance of unlisted Notes.

[*When adding any other description consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

[*The Central Bank of Ireland requires that Notes with a maturity of less than one year have a minimum denomination of €125,000, or the foreign currency equivalent and that the requirements of Notice BSD C01/02 dated 12 November 2002 (as amended) issued by the Central Bank are observed.*]

1.	Issuer:		FCA Bank S.p.A. acting through its Irish branch
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about [*date*]]]/[Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denominations:	[ ] *(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))* *(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]")*
	(b)	Calculation Amount (in relation to calculation of interest in global form see Condition 4.1):	[ ] *(If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8.		Maturity Date:	[S*pecify date or for Floating rate notes*] – Interest Payment Date falling in or nearest to [*specify month and year*]]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[[●] month [LIBOR/EURIBOR]] +/- [ ] per cent. Floating Rate] [Zero Coupon] (see paragraph [14]/[15]/[16] below)
10.		Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount. (*Redemption will not be at less than 100 per cent. of the nominal value of the Notes (i.e. par)*).
11.		Change of Interest Basis:	[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
12.		Put/Call Options:	[Change of Control Put] [JV Put] [Investor Put] [Issuer Call] [Not Applicable] [(see paragraph [18]/[19]/[20])]
13.	(a)	Status of the Notes:	[Senior]
	(b)	[Date Board approval for issuance of Notes obtained:	[ ] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.		Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date

			(*Amend appropriately in the case of irregular coupons*)
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Condition 4.1):	[ ] per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Condition 4.1):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
	(e)	Day Count Fraction:	[30/360][Actual/Actual (ICMA)]
	(f)	[Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below /, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
	(f)	Screen Rate Determination:	
		• Reference Rate:	[ ] month [LIBOR/EURIBOR]

(*Either LIBOR or EURIBOR*)

- Interest Determination Date(s): [ ]

  (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)

- Relevant Screen Page: [ ]
  (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(g) ISDA Determination:

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
  (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)

(h) Linear Interpolation: [Not Applicable / Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(i) Margin(s): [+/-][ ] per cent. per annum

(j) Minimum Rate of Interest: [ ] per cent. per annum

(k) Maximum Rate of Interest: [ ] per cent. per annum

(l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]

16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a) Accrual Yield: [ ] per cent. per annum

	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[36/360] [Actual/360]

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 6.2:		Maximum period: [ ] days Minimum period: [ ] days
18.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ]
		(ii) Maximum Redemption Amount:	[ ]
	(d)	Notice periods:	Maximum period: [ ] days Minimum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
19.	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Notice periods:	Maximum period: [ ] days Minimum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through*

			intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
20.	Change of Control Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
21.	JV Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	JV Put Option Date:	[ ]
	(b)	Optional Redemption Date(s):	[ ]
	(c)	Optional Redemption Amount:	[ ] per Calculation Amount
22.	Final Redemption Amount:		[ ] per Calculation Amount
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]]
	(a)	Form:	[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event] [Notes shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.][(5)] (1)

[5] Include for notes that are to be offered in Belgium.

		(*N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "*[*€100,000*] *and integral multiples of* [*€1,000*] *in excess thereof up to and including* [*€199,000*]."*
	(b) New Global Note:	[Yes][No]
25.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(c) relates*)
26.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of FCA Bank S.p.A., acting through its Irish branch

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and Admission to trading	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and Trading on its Regulated Market with effect from [ ]. [Not Applicable]
(ii)	Estimate and total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].

[Each of [*defined terms*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended)[. [*Insert the legal name of the relevant non-EU CRA entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered CRA entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU CRA entity*] is established in the European Union and registered under the CRA Regulation[. *As such* [*insert the legal name of the*

relevant EU CRA entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert the legal name of the relevant CRA entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU CRA entity that applied for registration*], which is established in the European Union, disclosed the intention to

endorse credit ratings of [*insert the legal name of the relevant non-EU CRA entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and their affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

4. YIELD (*Fixed Rate Notes only*)

Indication of yield: [ ]

5. OPERATIONAL INFORMATION [ ]

(i) ISIN:

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

(iv) Delivery: Delivery [against/free of] payment

(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(vi)	Deemed delivery of clearing system notices for the purposes of Condition 13:	Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the Notes designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

6. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	(Date of [Subscription] Agreement:	[ ]
(iv)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/give name]
(vi)	U.S. Selling Restrictions:	[Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]

(vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(*If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by FCA Bank S.p.A., acting through its Irish branch (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 20 March 2017 and made between the Issuer, Citibank N.A., London Branch as principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (the **Paying Agents**, which expression shall include any additional or successor paying agents). The Principal Paying Agent and the Paying Agents, together referred to as the **Agents**.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and Series means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 20 March 2017 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary or common safekeeper, as the case may be, for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are obtainable during normal business hours, free of charge, at the registered office of the Issuer and at the specified office of each of the Paying Agents, save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer or, as the case may be, the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Terms and Conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES

2.1 Status of the Notes: The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu* without any preference among themselves, with all other present and future outstanding unsubordinated and unsecured obligations of the Issuer (subject to mandatorily preferred obligations under applicable laws).

2.2 Each holder of a Note unconditionally and irrevocably waives any right of setoff, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such a Note.

3. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding (as defined in the Agency Agreement) the Issuer will not (unless previously authorised by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders) create or have outstanding any mortgage, charge, pledge, lien or other security interest (each a **Security Interest**) other than a Permitted Encumbrance upon the whole or any part of its undertaking or assets (including uncalled capital), present or future, to secure any Quoted Indebtedness (as defined below), unless in any such case the same security (or such other security as may be approved by Extraordinary Resolution of the Noteholders) shall forthwith be extended equally and rateably to the Notes.

For the purpose of these Conditions:

(i) **Permitted Encumbrance** means:

(a) any Security Interest arising by operation of law;

(b) any Security Interest existing at the Issue Date (including any additional Security Interest required to be given pursuant to that Security Interest);

(c) any Security Interest in respect of an aggregate amount or amounts which, individually or in the aggregate, represent not more than 20 per cent. of the total assets of the Issuer as disclosed in the most recent audited consolidated financial statements of the Issuer;

(d) any Security Interest created on receivables used in any asset-backed financing; and

(e) any Security Interest created or assumed by the Issuer over (A) any revenues or receivables (the **Charged Assets**) in connection with any securitised financing or like arrangements whereby all or substantially all the payment obligations in respect thereof are to be discharged solely from, or from the revenues generated by, the Charged Assets or (B) a segregated pool of assets in respect of Indebtedness issued by the Issuer in the form of covered bonds;

(ii) **Quoted Indebtedness** means any Indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities and which at the time of issue is, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter market or other securities market; and

(iii) **Indebtedness** means any loan or other indebtedness for borrowed money, present or future, of the Issuer or any other person and any guarantee of such loan or other indebtedness as aforesaid.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date

(the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding

Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms; and

(b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and

(c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **calculation agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London interbank offered rate (**LIBOR**) or the Eurozone interbank offered rate (**EURIBOR**), as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the

lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the

actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times M_2 - M_1] + (D_2 - D_1)}{360}$$

where:

$\mathbf{Y_1}$ is the year, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{Y_2}$ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{M_1}$ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{M_2}$ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{D_1}$ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

$\mathbf{D_2}$ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times M_2 - M_1] + (D_2 - D_1)}{360}$$

where:

$\mathbf{Y_1}$ is the year, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{Y_2}$ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times M_2 - M_1] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a

period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Principal Paying Agent or shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the calculation agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in

the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

5.2 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, but without prejudice to the provisions of Condition 7, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 7) law implementing an intergovernmental approach thereto.

5.3 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.4 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Eurocloear and Clearstream, Luxembourg, as applicable.

5.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) any Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;

(iii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.5, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the

rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

6.4 Redemption at the option of the Noteholders (Investor Put/Change of Control Put/JV Put)

If:

(a) Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, upon the expiry of such notice (the **Investor Put Notice Period**); and/or

(b) Change of Control Put is specified as being applicable in the applicable Final Terms and a Put Event (as defined below) has occurred, upon the holder of any Note giving notice to the Issuer in accordance with Condition 13 during the period ending on the 60th day following the public announcement of the relevant Change of Control (the **CoC Notice Period**); and/or

(c) JV Put is specified as being applicable in the applicable Final Terms and a JV Put Event (as defined below) has occurred, upon the holder of any Note giving notice to the Issuer in accordance with Condition 13 during the period ending on the 30th day following the relevant JV Put Event (the **JV Notice Period** and, together with the Investor Put Notice Period and the CoC Notice Period, each a **Notice Period**),

the Issuer will redeem such Note on the Optional Redemption Date (which shall, unless otherwise specified in the Final Terms, be the Business Day which is 7 days after the expiration of the relevant Notice Period) and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the relevant Notice Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 6.4 and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must (within the relevant Notice Period) give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

For the purposes of these Conditions:

(i) a **Change of Control** will be deemed to have occurred if Crédit Agricole ceases at any time to be the beneficial owner, directly or indirectly, of at least 50 per cent. of the issued voting share capital of FCA Bank;

(ii) **Crédit Agricole** means Caisses Régionales de Crédit Agricole, Crédit Agricole S.A. and its subsidiaries from time to time and their successors or assigns;

(iii) **Investment Grade**, with reference to a Rating, means a credit rating at least equal to BBB-/Baa3 or better;

(iv) a **JV Put Event** will be deemed to have occurred if, as at the JV Put Option Date, the JVA Termination Date falls before the Maturity Date of the relevant Series of Notes;

(v) **JV Put Option Date** means the date specified as such in the applicable Final Terms;

(vi) **JVA Termination Date** means 31 December 2021, subject to any public announcement of any extension in accordance with the terms of the joint venture agreement entered into between FCA Italy S.p.A. and Crédit Agricole Consumer Finance S.A. on 28 December 2006, as subsequently amended and/or supplemented;

(vii) a **Negative Rating Action** will be deemed to have occurred if:

(A) a Rating that is Investment Grade is either withdrawn or reduced to below Investment Grade; or

(B) a Rating that is already below Investment Grade is either withdrawn or lowered at least one notch (for illustration, Ba1 to Ba2 and BB+ to BB being one notch);

(viii) a **Negative Rating Event** will be deemed to have occurred if:

(A) the Issuer does not, either prior to or not later than the 14th day after the date of the public announcement of the occurrence of the relevant Change of Control, seek, and thereupon use all reasonable endeavours to obtain, a Rating; or

(B) the Issuer does seek a Rating and use such endeavours to obtain it, but it is unable, as a result of such Change of Control, to obtain a Rating of Investment Grade;

(ix) a **Put Event** will be deemed to have occurred if, during the period from and including the Issue Date to but excluding the Maturity Date, there occurs a Change of Control and, during the period ending on the 30th day after the date of the public announcement of the occurrence of the Change of Control, either (A) (if at the time that the Change of Control occurs there is a Rating) a Rating Downgrade resulting

from that Change of Control occurs or (B) (if at such time there is no Rating) a Negative Rating Event resulting from that Change of Control occurs;

(x) **Rating** means any long-term rating assigned to the Issuer by any Rating Agency;

(xi) **Rating Agency** means Moody's Investors Service Ltd. or any of its subsidiaries or their successors (**Moody's**), Fitch Ratings Ltd. or any of its subsidiaries or their successors (**Fitch**) and Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. or any of its subsidiaries or their successors (**S&P**), or any rating agency substituted for any of them (or any permitted substitute of them) from time to time; and

(xii) a **Rating Downgrade** will be deemed to have occurred if:

(A) there are one or two then current Ratings and a Negative Rating Action occurs in relation to any such Rating; or

(B) there are three then current Ratings and a Negative Rating Action occurs in relation to any two such Ratings;

(xiii) **Subsidiary** means in relation to any person (the **first person**) at any particular time, any other person (the **second person**):

(A) whose affairs and policies the first person controls or has power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or

(B) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = RP × (1 + AY)y

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be)

the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.6 Purchases

The Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature (**Taxes**) imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or

deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in any Tax Jurisdiction; or

(b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.6);

(d) in relation to any payment or deduction of any interest, principal or other proceeds on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of l April 1996 and any related implementing regulations (as the same may be amended or supplemented from time to time); or

(e) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or

(f) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or to a non-Italian resident individual either of which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

(g) presented for payment in Ireland by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent outside Ireland.

As used herein:

(i) **Tax Jurisdiction** means Ireland (exclusive of Northern Ireland) or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction in which the Issuer is organised or resident for tax purposes or any political subdivision or any authority thereof or therein having power to tax; and

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.3 or any Talon which would be void pursuant to Condition 5.3.

9. EVENTS OF DEFAULT

If any of the following events (each an **Event of Default**) shall occur:

(i) there is a default for more than 14 days after the date when due in the payment of principal or interest (if any) due in respect of the Notes; or

(ii) there is a default in the performance of any other obligation under the Notes (a) which is incapable of remedy or (b) which, being a default capable of remedy, continues for 30 days after written notice of such default has been given through the Agent by the holder of any Note to the Issuer; or

(iii) if:

(A) any Indebtedness for Borrowed Money of the Issuer (other than the Notes) in an aggregate principal amount of €50,000,000 or more or its equivalent in any other currency is declared prematurely repayable by reason of a default in the payment thereof and such acceleration has not been validly waived, rescinded or annulled within 10 Business Days of the declaration thereof or otherwise in accordance with the terms of the relevant Indebtedness for Borrowed Money;

(B) the Issuer fails to honour any guarantee for Indebtedness for Borrowed Money in an aggregate amount of €50,000,000 or more or its equivalent in any other currency; or

(iv) any final order shall be made by any competent court or other authority or resolution passed by the Issuer for the dissolution, liquidation, examinership, administration or winding-up of the Issuer or for the appointment of a liquidator, receiver, examiner or trustee of the Issuer or of all or a substantial part of their respective assets; or

(v) the Issuer shall stop payment or shall be unable to, or shall admit to creditors generally an inability to pay its debts as they fall due, or shall be finally adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangement with its creditors generally (including without limitation, the procedures of *amministrazione straordinaria* or *liquidazione coatta amministrativa*, within the meanings ascribed to those expressions by the laws of Italy); or

(vi) the Issuer ceases, or threatens to cease, to carry on business unless such cessation, or threatened cessation, is in connection with a merger, consolidation or any other form of combination with another company and such company in the case of the Issuer, assumes all obligations of the Issuer under the Notes,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6.5), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of this Condition 9:

Business Day means a day on which commercial banks settle payments and are open for general business in London, Dublin and Turin; and

Indebtedness for Borrowed Money means any loan or other indebtedness for borrowed money, present or future, of any person.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.5. Notice of any variation, termination, appointment or change will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if

such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if (a) published in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on and listed on the Official List of the Irish Stock Exchange and if the guidelines of that exchange so require, filed with the Companies Announcements Office of the Irish Stock Exchange. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION, WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest

thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-quarters of the persons voting on the resolution upon a show of hands or, if a poll was demanded, by a majority consisting of not less than three-quarters of the votes given on the poll, (ii) a resolution in writing signed by or on behalf of all the Noteholders or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Agent) by or on behalf of all the Noteholders, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on or, in the case of a written Extraordinary Resolution or an Extraordinary Resolution passed by electronic consents, signed or provided electronic consents to, the resolution, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which, in the sole opinion of the Issuer, is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

17.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

17.3 Appointment of Process Agent

The Issuer appoints FCA Automotive Services UK Ltd at its registered office at Fiat House, 240 Bath Road, Slough, Berkshire, SL1 4DX for the time being in England as its agent for service of process, and undertakes that, in the event of FCA Automotive Services UK Ltd ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

17.4 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by FCA Bank for its general corporate purposes, including refinancing of existing indebtedness and making a profit.

DESCRIPTION OF FCA BANK

1. OVERVIEW

FCA Bank S.p.A. (**FCA Bank**), formerly named FGA Capital S.p.A., was incorporated in the Republic of Italy on 15 January 2002 with a limited duration to 31 December 2100, and is currently incorporated in the form of a joint-stock company (*societá per azioni*) pursuant to the provisions of the Italian Civil Code and operating under the laws of the Republic of Italy. It is registered at the company registry in Turin, Italy under number 08349560014. Its registered office is at Corso G. Agnelli 200, 10135 Turin, Italy and its telephone number is +39 011 0034910. For the purposes of the Programme, FCA Bank is acting through its Irish branch. FCA Bank S.p.A., Irish branch was registered with the Irish Companies Registration Office under external company number 908579 on 9 December 2016.

FCA Bank is both the holding company of a group of companies composed of FCA Bank and its consolidated subsidiaries (the **FCA Bank Group**), which is one of the largest car finance and leasing groups in Europe, and the Italian operational arm of the FCA Bank Group. FCA Bank was granted a banking licence by the Bank of Italy in December 2014 and was enrolled in the register of banks and in the register of banking groups on 14 January 2015. As at 31 December 2016, FCA Bank's authorised share capital was €700,000,000 divided into 700,000,000 ordinary shares with a nominal value of €1 each. FCA Bank's shareholders are FCA Italy S.p.A. (formerly Fiat Group Automobiles S.p.A. and Fiat Auto S.p.A.) (**FCA Italy**), a wholly-owned subsidiary of Fiat Chrysler Automobiles N.V. (**FCA**) and Crédit Agricole Consumer Finance S.A. (**Crédit Agricole Consumer Finance**), a wholly-owned subsidiary of Crédit Agricole S.A. (**Crédit Agricole**, and together with its subsidiaries, **Crédit Agricole Group**) operating in the consumer credit sector. FCA Italy and Crédit Agricole Consumer Finance each hold 50 per cent. of FCA Bank's issued share capital pursuant to a joint venture agreement (the **JVA**).

2. HISTORY AND DEVELOPMENT

The FCA Bank Group comprises subsidiaries that have been operating in the financing business for a number of years. FCA Italy has extended credit to its customers directly since the early part of the 1920s. Until the mid-1980s, the existing international retail and wholesale finance activities were carried out by Fiat Credit International and its European subsidiaries. In Italy, the financial services activities were carried out by various companies, headed by Fiat Sava S.p.A. Subsequently, and prior to 1996, the activities now conducted by the FCA Bank Group were part of Fidis S.p.A., which was a publicly-listed company. Fiat S.p.A. (**Fiat**) was its major shareholder with a 52 per cent. shareholding, while the remaining 48 per cent. of the shares was held by the public. In February 1996, Fiat launched a public tender offer for the publicly-held portion and subsequently de-listed Fidis S.p.A. In the same year, Fiat reorganised and transferred control of Fidis S.p.A. to Fiat Auto S.p.A. (currently FCA Italy S.p.A.), its car division.

In May 2003, Fidis Retail Italia S.p.A., currently FCA Bank S.p.A. (**FRI**), then a recently-incorporated corporation, was de-merged from FCA Italy, with a 51 per cent. stake transferred to Synesis Finanziaria S.p.A., a company owned by a pool of major Italian banks. FRI managed, through its subsidiaries, the retail financing activities of FCA Italy in Europe.

On 24 July 2006, a JVA between FCA Italy and Crédit Agricole Consumer Finance was announced. A stock purchase agreement was signed on 14 October 2006 and the transaction was approved by the European Antitrust Commission on 5 December 2006. On 28 December

2006, the JVA was executed and became effective, providing for a minimum term of eight years and the possibility of being indefinitely extended thereafter. On the same date:

- FCA Italy exercised a call option on the 51 per cent. stake of FRI formerly owned by Synesis Finanziaria S.p.A.;
- FRI's wholly-owned Italian subsidiary, Fiat SAVA S.p.A., was merged into FRI;
- FRI was included in the special register of financial intermediaries held by the Bank of Italy under Article 107 of Italian Legislative Decree No. 385 of 1 September 1993, as amended (the Italian Banking Law);
- all of FCA Italy's equity interests in companies operating in the dealer network financing and fleet rental sectors in Europe were brought together under FRI;
- FCA Italy financed a share capital increase in order to provide the Joint Venture with financial resources adequate for the increased portfolio and in line with the foreseen expansion of volumes; and
- FCA Italy sold to Sofinco S.A. (currently Crédit Agricole Consumer Finance) 50 per cent. of the share capital of FRI.

The name of FCA Bank was then changed the day after to Fiat Auto Financial Services S.p.A. and subsequently to Fiat Group Automobiles Financial Services S.p.A., when Fiat Auto S.p.A. changed its name to Fiat Group Automobiles S.p.A.

On 1 January 2009, FCA Bank changed its name to FGA Capital S.p.A and subsequently, on 14 January 2015, to FCA Bank S.p.A.

In July 2008, the FCA Bank Group signed a co-operation agreement with Jaguar and Land Rover, on the basis of which it has gradually been developing a comprehensive range of financial products (both retail financing and dealer network financing) for Jaguar and Land Rover dealers and customers in certain European countries, with a minimum term up to 31 January 2014 which has been extended up to 31 December 2017 for the mainland European countries.

Since October 2009 and in connection with the global alliance between Fiat and Chrysler Group LLC (**Chrysler** or the **Chrysler Group**), the FCA Bank Group has entered into an agreement to finance the Chrysler group retail financing and dealer network financing business in Europe.

Since December 2006, FCA Italy, Crédit Agricole and Crédit Agricole Consumer Finance, as the original parties to the JVA, , have entered into numerous amendment agreements (the **JVA Amendments**) to, amongst other things, extend the duration of the JVA up to 31 December 2021, with the possibility of subsequent automatic renewals for additional three-year periods, unless a termination notice is served in the period from 1 January 2019 to 30 June 2019. The parties agreed to extend the term of the JVA in order to ensure the long-term sustainability of FCA Bank Group, which will continue to benefit from the financial support of the Crédit Agricole Group. For the purposes of good order, the parties executed a restated and consolidated version of the JVA on 8 November 2013 (the **Restated JVA**).

The Restated JVA confirms the contractual agreements undertaken in the JVA Amendments and provides, inter alia, for the shares of FCA Bank to be subject to a lock-up period of five years. Such lock-up period, commencing on 1 January 2014 and ending on 31 December

2018, is in compliance with Article 2355-*bis*, first paragraph, of the Italian Civil Code. On 12 December 2013, FCA Bank filed an amended version of its by-laws reflecting the lock-up of its shares for the aforementioned period with the companies' register of Turin.

On 21 January 2014, Fiat announced the acquisition of the remaining equity interests in Chrysler Group LLC from VEBA Trust, following which the Chrysler group became a wholly-owned subsidiary of Fiat.

The FCA Group was formed as a result of the merger (the **Merger**) of Fiat into Fiat Investments N.V., a Dutch public limited liability company (*naamloze vennootschap*) established on April 1, 2014 for the purposes of carrying out the reorganisation of the Fiat Group. Fiat Investments N.V. was subsequently renamed Fiat Chrysler Automobiles N.V. on 12 October 2014, upon the completion of the Merger.

With effect from 15 December 2014, Fiat Group Automobiles S.p.A. changed its name to FCA Italy S.p.A.

Having obtained its banking license in December 2014, on 14 January 2015, FCA Bank was enrolled in the register of banks and the register of banking groups with registration number 5764 and bank code 3445.

On 7 November 2016, FCA Bank acquired a majority interest in Ferrari Financial Services GmbH (**FFS GmbH**), an indirect subsidiary of Ferrari N.V. (**Ferrari**), for €18.6 million, pursuant to an agreement entered into by the parties in 2016. Thus, FCA Bank laid the groundwork for significant business growth: the alliance with Ferrari for the provision of financial services in Europe. FFS GmbH's mission is to finance purchases of Ferraris in Germany, Switzerland and United Kingdom and, to that end, it has a substantial credit portfolio.

The acquisition completed the alliance between FCA Bank and Ferrari. As early as 2015, an agreement had been signed whereby FCA Bank would provide financing both to Ferrari dealers in all the markets served by the FCA Bank and, at the retail level, to end buyers, except in markets covered by FFS GmbH. Now, FCA Bank provides Ferrari's customers with a full range of services.

Thus, a new avenue was opened for two new important challenges, the progressive integration of FFS GmbH in the FCA Bank Group and the provision of financing, in cooperation with Ferrari's specialists, to a highly demanding clientele that settles for nothing less than excellence. Integration can occur by taking advantage of possible operational synergies, albeit without losing sight of the specific needs and totally peculiar characteristics of Ferrari buyers.

The consummation in 2016 of this transaction confirms the payoff of the "*Growth and Diversification*" strategy, which is allowing the bank to take different opportunities in the market so as enhance its standing in the automotive and financial market.

On 25 May 2016, the board of directors of FCA Bank analysed and preliminarily approved a project involving the potential transformation of certain of its current subsidiaries into foreign branches of FCA Bank, including, amongst others, the transformation of FCA Capital Ireland p.l.c into an Irish branch of FCA Bank.

The project, which is not expected to have a material impact on the FCA Bank Group's business and geographical presence, is aimed at simplifying the FCA Bank Group structure and, in certain jurisdictions, its implementation is on-going and remains subject to the obtaining of the relevant regulatory approvals.

As part of such project, the cross-border merger (the **Merger**) of FCA Capital Ireland plc with and into FCA Bank was completed and became effective on 1 January 2017 (the **Effective Date**) following the obtaining of the required authorisations from the Bank of Italy and the European Central Bank as well as the execution of the deed of merger relating to the Merger.

Pursuant to the Merger, as of the Effective Date, FCA Capital Ireland p.l.c. ceased to exist as a legal entity and FCA Bank, under universal succession, succeeded to and assumed by operation of law all of the obligations, rights, interests, assets and liabilities of FCA Capital Ireland plc and, contemporaneously, all such obligations, rights, interests, assets and liabilities were allocated automatically to FCA Bank S.p.A., Irish branch.

Following the Merger, as of the Effective Date, the business, activities and operations of FCA Capital Ireland p.l.c. are carried out by FCA Bank S.p.A., Irish branch.

3. BUSINESS OVERVIEW

3.1 Principal Activities

The FCA Bank Group's business volumes are related to trends in the European car market, which saw 14.7 million new passengers cars and commercial vehicles registrations in 2016 (up 6 per cent. compared to 2015), in the markets where the FCA Bank Group works. FCA Bank registered approximately 1,121,000 new cars in 2016 (up 15 per cent. compared to 2015).

In addition to the business activities related to the Italian market, FCA Bank operates as a financing company for the FCA Bank Group, raising funds through bond issuances, loans, and other facilities. It provides intra-group credit facilities and specialised financial services to the FCA Bank Group companies. FCA Bank may also subscribe for asset backed securities issued by special purpose vehicles in the context of securitisation transactions originated by FCA Bank Group companies. In order to optimise the management of cash resources at group level, FCA Bank has in place a cross-border cash management system to serve the FCA Bank Group companies with a zero-balancing structure.

The FCA Bank Group has a diverse geographical spread, with operations in 17 European countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, The Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom) and Morocco.

The FCA Bank Group operates in its European perimeter providing financial support for the sales of prime automotive manufacturers in Europe, such as the FCA Group (including the brands of Abarth, Alfa Romeo, Chrysler, Ferrari, Fiat, Fiat Professional, Jeep, Lancia and Maserati), Jaguar and Land Rover and for the manufacturer of motorhomes and caravans Erwin Hymer Group (**EHG**). In 2016, FCA brands' overall combined market share in Europe reached 7.6 per cent. (up 0.6 per cent. compared to 2015).

In more details, the co-operation agreement between Maserati S.p.A. and FCA Bank in the field of car financing concerning all of Maserati's financing activities for its distribution network, end customers and rental fleets, was announced in 2013, and is effective in the countries in which the FCA Bank Group operates. In the European markets in which FCA Bank operates, Maserati completed 7,300 deliveries in 2016 (up 37 per cent. compared to 2015). FCA Bank's commercial penetration settled at 34.8 per cent. of Maserati's new car registrations with total financing.

In 2015, FCA Bank became the financial services provider of EHG, offering a comprehensive range of services dedicated to the dealer network and customer financing of the German multinational group. The cooperation agreement between FCA Bank and EHG relates to the distribution network and to final customers of all EHG brands, and covers all FCA Bank's European countries where EHG sells motorhomes and caravans. Since the cooperation project with EHG was announced in July 2015, the volumes of financial services provided totalled €29.9 million across the markets where the partnership operates.

FCA Bank S.p.A. entered into a co-operation agreement with Ferrari S.p.A. on 7 November 2016, under which FCA Bank S.p.A. will offer a comprehensive range of services dedicated to the dealer network and customer financing of Ferrari S.p.A. The agreement intends to cover certain European countries where FCA Bank has its operations and so far has been implemented in Belgium, Germany, Switzerland, United Kingdom for dealer financing and in Italy for retail financing. In 2016, FCA Bank's commercial penetration as a share of total Ferrari car registration was 28.1 per cent., with financed volumes in the amount of €350.2 million.

The most important activities of the FCA Bank Group in terms of portfolio size are located in Italy, Germany and the UK.

The FCA Bank Group has three main business lines:

- Retail financing and leasing;
- Dealer network financing; and
- Long-term rental activities.

The following table shows the average managed receivables portfolio (calculated on a year-to-date daily average basis) of the FCA Bank Group by business line and the percentage this represented of the FCA Bank Group's total loan portfolio, as at 31 December 2016 and 31 December 2015, respectively.

Average Managed Receivables Portfolio by Business Line

	As at 31 December 2016		*As at 31 December 2015*	
	Average managed receivables	*Percentage of FCA Bank Group loans*	*Average managed receivables*	*Percentage of FCA Bank Group loans*
	*(€/mln)**		*(€/mln)**	
Retail financing and leasing	11,768	64%	10,452	65%
Dealer Network financing	5,150	28%	4,232	26%
Long-term Rental	1,580	8%	1,404	9%
Total	**18,498**	**100%**	**16,088**	**100%**

* Calculated on a year-to-date daily average basis

(a) Retail Financing

The Retail Financing business line supports the sales to final customers of automotive manufacturers in Europe, in particular for the brands of FCA (and namely Abarth, Alfa Romeo, Chrysler, Ferrari, Fiat, Fiat Professional, Jeep, Lancia and Maserati), EHG, Jaguar and Land Rover.

The FCA Bank Group's retail financing business is carried out directly through local subsidiaries in most of the countries in which it operates.

Product lines

The Retail financing business line offers a wide range of flexible and customised solutions, created to meet the various financing and mobility requirements of customers. The main products are:

- Auto loans – these loans are aimed at private clients. They are generally fixed rate and are intended to finance the purchase of new or used vehicles with a number of pre-defined instalments payable over the contractual duration of the loan. The customer has the possibility to choose both the financed amount as a percentage of the vehicle list price and the duration of the contract.

- Leasing – the vehicle is made available to the client in return for a monthly payment. At the end of the agreed period, the vehicle is purchased by the client or the dealer at a pre-agreed price. In some cases, additional maintenance and assistance services are also provided. The contract duration, the amount of down-payment and the residual value can be customised according to the requirements of customers, who are mainly professionals, self-employed persons or entrepreneurs.

- Personal Contract Purchase (**PCP**) – a financing programme that aims to provide clients with a way to manage their mobility requirements. The loan is repaid by the client in pre-defined instalments over a given period (if any, otherwise the product would be a so-called Advance Payment Plan or APP), followed by a larger, final repayment. When the final repayment falls due, the client is given the option of concluding the loan by making the final repayment, refinancing the final repayment through a new loan, or ending the contract by returning the vehicle to the dealer in settlement of the final repayment.

The percentage of the total Retail financing loan portfolio generated in 2016 by product was around 70 per cent. for auto loans, 15 per cent. for leasing and 15 per cent. for PCP loans.

The FCA Bank Group is the exclusive partner of the various brands with which it cooperates in case of financial promotional campaigns (i.e. vehicles sold with promotional interest rate financing, where the brand pays to the financing institution the difference between the promotional interest rate and the market rate).

In 2016 the FCA Bank Group commercial penetration rate was 48 per cent. (up 1 per cent. compared to 2015) for the FCA brands (excluding Maserati, accounting for 35 per cent.), and 36 per cent. (up 2 per cent. compared to 2015) for Jaguar and Land Rover.

In 2016, new financing provided by the FCA Bank Group amounted to €11.6 billion (including long-term rentals), of which Jaguars and Land Rover (JLR) accounted for €1.7 billion (up 28 per cent. compared to 2015) and FCA vehicles amounted to €9.4 billion in 2016 (up 16 per cent. compared to 2015).

Additional services

The FCA Bank Group in cooperation with prime international insurance companies, offers its clients a series of customised services linked to the relevant loan product, such as credit protection insurance, third party liability, glass etching, roadside assistance, fire/theft insurance policies, kasko policies, GAP (Guaranteed Asset Protections) insurance, service and

maintenance and extended warranties. Other insurance provided includes coverage in relation to death, disability, hospitalisation and job loss.

Credit analysis

Distribution of the Retail Financing division's products occurs through car dealers, as customers are not generally targeted directly and direct marketing is utilised only in selected cases, for instance, in respect of previous customers with good credit histories. Dealerships are monitored by dedicated company representatives and receive regular training and visits. The performance of each dealer is monitored using a matrix system of penetration (defined as the percentage of total new car sales financed by the FCA Bank Group) and the net present value of contracts generated (adjusted by reference to historic prepayments and defaults). Dealers are categorised on a sliding scale depending on their performance and prioritised accordingly. Their rating on this scale also determines the level of incentives they receive.

The FCA Bank Group's portfolio is characterised by low concentration, with a very large and diversified customer base. The underwriting procedure is managed based upon statistical models that are continuously tracked and verified in order to ensure their continuing predictive capabilities. Three key elements drive the underwriting process, namely:

- credit score;
- credit bureaux; and
- documentary evidence analysis.

In determining credit scores, "Score-Cards" are utilised. "Score-Cards" are based upon a portfolio-specific statistical model designed to assess the creditworthiness of each applicant. The "Score-Card" system takes into account a number of factors which are proven statistical indicators of the probability of default, in order to assign to each applicant a score that can be either above or below a fixed "cut-off" level. The "Score-Cards" are constantly monitored to test their effectiveness.

Different "Score-Cards" are used in different countries and for different products and tend to be reviewed periodically, (typically, every 2 or 3 years). The development of "Score-Cards" is carried out by specialised third parties (such as Experian, Crif Equifax, Dun & Bradstreet) in order to ensure the highest level of sophistication, while monitoring of their performance is carried out internally. In addition, the prospective borrower's credit record is checked against credit bureaux information in countries where such databases are available and the results are taken into account in the ultimate credit decision. Finally, applicants must provide documentary evidence supplementing or supporting the information given in the "Score-Card".

Where the amount financed exceeds certain levels, an analyst must specifically approve the loan application. The larger the amount to be financed, the more experienced the analyst must be.

In certain countries, the FCA Bank Group uses "early warning" anti-fraud software and, in those countries, its operating subsidiaries subscribe to the relevant national fraud database.

The board of directors of FCA Bank approves changes to underwriting and credit collection policies as well as changes to "Score-Cards".

(b) Dealer Network Financing

The business line provides support to the respective automotive manufacturers' dealer networks in Europe.

The FCA Bank Group's dealer network financing business is carried out directly through local subsidiaries in most of the countries in which it operates.

The FCA Bank Group grants credit lines (*plafond*) to dealers with specific credit risk assessments through a complete system of scoring and internal-rating based on:

- financial information about the dealer;
- dealer behavioural history (payment punctuality, stock audits, reports to credit bureaux); and
- guarantees.

The dealer network financing business line is characterised by:

- extensive knowledge of the client base. FCA Bank has a competitive advantage over other lenders in this business thanks to its close relationship with the car manufacturers which it supports and due to the fact that the latter have extensive knowledge of their dealers. This allows FCA Bank to react promptly in case of early signs of financial difficulties for the dealer; and
- strong documentary protection (in case of bankruptcy) in respect of car ownership title, which is held by the financing companies.

The purpose of dealer network financing is to handle the financial requirements deriving from the dealer's activity, with particular reference to the financing of the dealer's working capital. The product range is tailored to meet the specific dealer's financial needs.

The main product of the dealer network financing business line is the inventory (new vehicle stock) financing, also known as "floor-plan". It is an asset-based financing product, which ensures a solid level of security through collateral coverage of the business.

(c) Long-term Rental

The business line provides medium and long term rental solutions to small, medium and large corporates, in cooperation with a wide range of automotive manufacturers in Europe.

The FCA Bank Group operates in the long-term rental business line in some of the countries in which it operates and offers a wide range of flexible and customised solutions, created to meet the specific needs of small, medium and large companies.

Long-term rental is designed to meet the mobility requirements of corporates, managing their vehicle fleet through an "all-in" financial service. The wide and customised range of products allows customers to pay a single monthly fee comprehensive of administrative, management, insurance and maintenance fees.

The key activities which determine customer retention rates are as follows:

- providing consultancy in choosing the best-fitting fleet for the client;
- determining the appropriate contract duration and the bundle of services offered; and

– promoting flexible billing processes.

The main services offered by the FCA Bank Group in the long-term rental business are the following:

– Long-term rental: a monthly fee is paid to rent the vehicle, whose ownership is maintained by the rental company; and

– Fleet management: a monthly fee is paid to cover services such as maintenance, insurance, and a courtesy car facility for fleets owned by the customer.

In Italy, FCA Bank carries out its rental activities through its subsidiary, Leasys, which targets small and medium-sized corporates, whose contracts are finalised through the dealer network, and medium and large-sized customers such as corporates, banks and public sector entities (which may have fleets of both FCA Italy and other manufacturers' vehicles), whose contracts are finalised directly via the Long-term Rental division.

Currently, FCA Bank operates directly in the long-term rental sector in Italy, the UK, the Netherlands, France and Greece and has a presence in the other markets where FCA Bank operates through white-label agreements. After observing trends in the European fleet management and long-term rental markets, FCA Bank has developed strategic plans to internationalise Leasys in Europe and in countries in which it is not present directly. These include the opening of the first Leasys branch in Spain in April 2017, followed by Germany in July 2017 and further markets in 2018.

The approval process for long-term rental activities assesses customers based on information obtained from credit bureaux and internal and external databases and also on the basis of specific assessments. Client approval may be subject to the existence of guarantees.

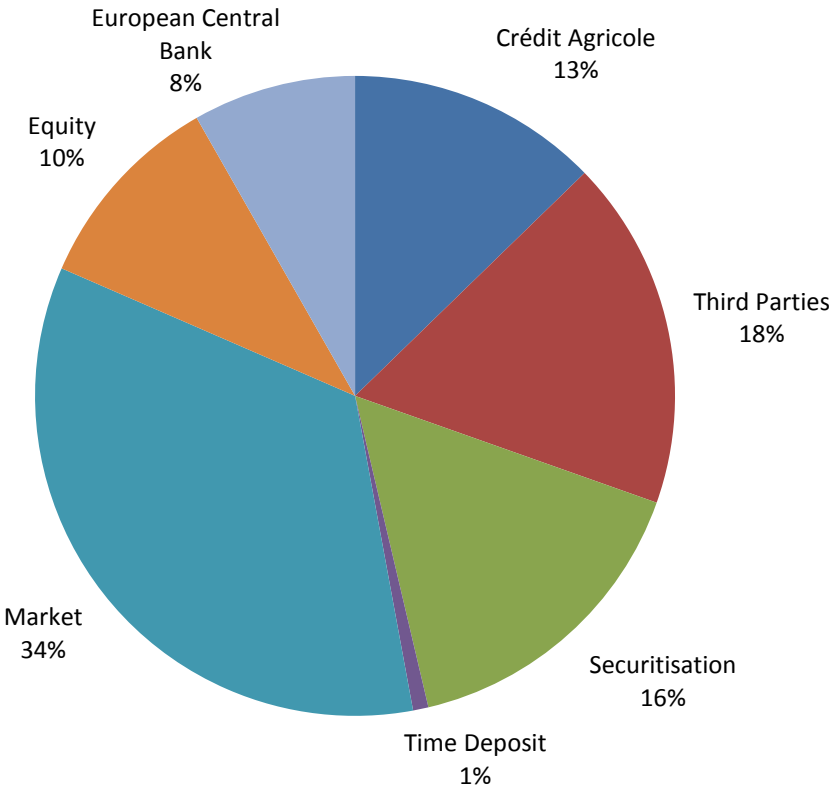
In October 2016, Fiat brand and Leasys launched BE-FREE, a mobility concept for individuals. BE-FREE offers the possibility of managing all the services related to the rented vehicle through a smartphone app (Leasys App) and features an option to return the vehicle starting from the 13th month, without any prepayment penalty. In addition, Fiat brand and Leasys have developed BE-FREE PLUS, a service that includes damage repair, theft and fire insurance as well as routine and non-routine maintenance.

3.2 Funding Activities

(a) Sources of funding

The FCA Bank Group currently has five main sources of funding: debt capital markets, credit facilities with banks, securitisations, funding from the Crédit Agricole Group and loans from the European Central Bank (**ECB**) (as further described paragraph 3.2(e) below).

As at 31 December 2016, FCA Bank's liabilities structure was the following:



(b) Funding strategy

FCA Bank's Treasury department ensures liquidity and financial risk management at group level, in accordance with the FCA Bank Group's risk management policies.

Within the regulatory requirements for banks, the FCA Bank Group's financial strategy has the following aims:

- maintaining a stable and diversified structure of sources of finance;
- managing liquidity risk effectively by pursuing the objective of a fully funded position in all maturity brackets and relying on the availability of funding provided by its shareholder Crédit Agricole Consumer Finance; and
- minimising exposure to counterparty, interest rate and foreign exchange risks.

The interest rate risk management policy is intended to safeguard consolidated financial margin from the effects of interest rate fluctuation and involves minimising risk by aligning the maturity profile of the FCA Bank Group's liabilities (based on the relevant interest rate reset date) to that of the receivables portfolio. Alignment of maturity profiles is achieved using liquid derivative instruments including interest rate swaps and forward rate agreements. The FCA Bank Group's risk management policies do not allow for the use of structured instruments.

In terms of exchange rate risk, the FCA Bank Group's policy is not to hold any positions in foreign currency. Accordingly, portfolios in currencies other than euro are financed in the same currencies. In some cases, this is achieved synthetically through the joint use of interest rate and currency swaps or through the use of foreign exchange swaps. Counterparty risk is

minimised, according to criteria set out in FCA Bank Group risk management policies, through the carrying out of transactions with banking counterparties with high standing and ratings, and through the use of standard derivative contracts in the International Swaps and Derivatives Association (**ISDA**) form.

(c) Securitisations

Securitisation transactions represent an alternative source of funding for the FCA Bank Group at competitive financing rates. During 2016, securitisations accounted for a larger share of funding, the FCA Bank Group is currently managing 10 securitisation transactions.

In particular, in 2016, FCA Bank Group's main securitisation financing activities included:

- a new securitisation of retail receivables in Italy (**A-Best Fourteen**), for a total portfolio amount of €1,112 million, with the senior bonds used to collateralise loans provided by the European Central Bank;
- an extension of the securitisation programme involving receivables from German, French and Spanish dealers (**Erasmus**), for a maximum financed amount of €1,000 million; and
- an extension of the securitisation programme involving receivables from Italian dealers (**Fast3**), for a maximum financed amount of €680 million.

As at 31 December 2016, the FCA Bank Group had subscribed the total nominal amount of the junior notes, and some of the mezzanine and senior notes (in the latter case, also in connection with ECB open market operations according to which a posting of collateral is required) issued under securitisation transactions originated within the FCA Bank Group, while the FCA Bank Group funding deriving from securitisations totalled 16 per cent. of the liabilities.

The FCA Bank Group services the securitised receivables and, in carrying out this role, acts in accordance with the same guidelines and procedures that it applies in relation to servicing its own loan portfolio.

(d) Loans from Third Party Banks

As at 31 December 2016, the FCA Bank Group had funding granted by third party banks (excluding the Crédit Agricole Group) totalling 18 per cent. of the liabilities. A significant portion of such indebtedness is subject to a change of control clause.

(e) Loans from the Crédit Agricole Group

In October 2016, FCA Bank and Cariparma Crédit Agricole announced a medium-term loan for €1 billion. The new line of credit, which refinanced lines of credit in place since 2013, have been disbursed in tranches with differing maturities (2 and 3 years) for the benefit of FCA Bank and its subsidiaries.

As at 31 December 2016, the funding granted by the Crédit Agricole Group to the FCA Bank Group was equal to 13 per cent. of the liabilities.

(f) Loans from the European Central Bank (ECB)

During 2016, securitisations accounted for a larger share of funding, as FCA Bank expanded the size of the Erasmus programme and increased its participation in the ECB's "*Targeted Long Term Refinancing Operations*" (**T-LTRO**) programme. In particular, in 2016 loans

received from the ECB in connection with the T-LTRO 2 programme, and collateralised with notes issued and retained under the Group's securitisation programmes, amounted to €1,230 million (of which €430 million to refinance borrowings under the pre-existing T-LTRO1 and €800 million in new funds allotted in the auctions of June and December 2016). These loans are in addition to the €570 million received in 2015 under the pre-existing T-LTRO1.

As at 31 December 2016, the outstanding loans received from the ECB in connection with open market operations (namely the T-LTRO, as defined below) and according to the Eurosystem monetary policy, totalled 8 per cent. of the liabilities.

(g) Medium-term Notes

Prior to the date of this Base Prospectus, a subsidiary of FCA Bank, FCA Capital Ireland p.l.c., acted as issuer under the Programme and FCA Bank acted as guarantor. Pursuant to the Merger, as of the Effective Date, FCA Capital Ireland p.l.c. ceased to exist as a legal entity and FCA Bank, under universal succession, succeeded to and assumed by operation of law all of the obligations, rights, interests, assets and liabilities of FCA Capital Ireland plc and, contemporaneously, all such obligations, rights, interests, assets and liabilities were allocated automatically to FCA Bank S.p.A., Irish branch, including all obligations, rights, interests and liabilities of FCA Capital Ireland p.l.c. under the notes that had been issued under the Programme prior to the Effective Date, which are listed on the Irish Stock Exchange.

The year 2016 was characterised by different economic and political events (i.e. Brexit in the United Kingdom, U.S. presidential elections and constitutional referendum in Italy) that gave rise to uncertainty and high volatility in financial markets, which made it necessary to further shore up the liability profile. Against this backdrop, in addition to being able to draw on short- and medium-term lines of credit from the banking shareholder, Crédit Agricole Consumer Finance, the FCA Bank Group continued to be active in capital markets, issuing notes in both euro and pounds sterling in order to diversify the sources of funding in different currencies. Furthermore, in June 2016, FCA Bank guaranteed an issue by its Swiss subsidiary, FCA Capital Suisse S.A., for CHF 100 million, with a coupon at 0.750 per cent., maturing in 5.5 years, in order to refinance debt at a local level.

As at 31 December 2016, the outstanding amount issued under the Programme by FCA Capital Ireland p.l.c., and guaranteed by FCA Bank, was €6.82 billion and £0.4 billion, either in public or private form. Other issuances originated outside the Programme within the FCA Bank Group were also outstanding as at 31 December 2016, denominated in domestic currencies different from euro.

(h) Deposits

On 22 July 2015, the board of directors of FCA Bank preliminarily approved a deposit taking project, giving power to the Chief Executive Officer to implement such project through FCA Bank's management, together with an external technical provider.

On 14 April 2016, the board of directors of FCA Bank further resolved to carry out the initial implementation phase of the project in June 2016, entailing the offer of the retail deposit products envisaged by the project to the employees of FCA Bank, and subsequently to retired employees.

At the end of June 2016, FCA Bank launched its first savings product (**Conto Deposito**). As of September 2016, Conto Deposito is available to FCA Bank's customers and all savers who wish to invest in a reliable and remunerative manner.

In addition to transparency and investment safety, guaranteed by FCA Bank's positive ratings and membership in the Interbank Deposit Protection Fund, access and flexibility are among the product's main strengths.

Available solely online, FCA Bank's offering consists of three distinct products with growing returns:

- Conto Deposito Libero, redeemable on demand;
- Conto Deposito Tempo, with a 15-month maturity date; and
- Conto Deposito Tempo+, with a 24-month maturity date, dedicated to buyers of a vehicle from the FCA Group with financing or leasing from FCA Bank.

Due to Conto Deposito, FCA Bank funding sources were further diversified, as total deposit inflows in Italy reached as much as €168 million since its introduction.

The deposit-taking project, which was initially rolled out in Italy, could potentially be expanded in other European markets in the future, leveraging on the European Passport.

(i) Liability diversification and strengthening

The refinancing activities conducted allowed FCA Bank to secure the liquidity necessary to fund the growing business, diversifying funding sources and reducing liquidity risk.

In 2016, two projects were completed in relation to cash management and financial risks. On one hand, the FCA Bank Group's cash pooling system was updated and re-modulated, with a more streamlined and efficient structure and a new banking partner; on the other, membership was obtained in the derivative clearing system of the London Clearing House, in accordance with European Market Infrastructure Regulation standards, allowing the management of counterparty risks at group level.

4. STRATEGY

The FCA Bank Group's three main business lines have been combined under a single management structure pursuant to the JVA, based on the following rationale:

(a) to provide dealers with a `one-stop shop' for all their financing needs, including:

- financing of their retail customers;
- fleet rental for their corporate clients; and
- dealers' own financing needs (floorplan, working capital);

(b) using the dealer network as a key element to support incremental growth in the retail and rental business;

(c) to ensure an efficient commercial structure, closer to customers and the dealer network; and

(d) to create a simplified organisation, with centralised staff functions and a reduction of structural costs.

FCA Bank aims to manage the three business areas as a single structure. The integration of these activities allows FCA Bank to provide its industrial partners' dealer networks with

highly competitive and integrated financing products for their retail customers, fleet rental products for their corporate clients and products to meet each dealer's own financing needs (i.e. floorplan, working capital).

FCA Bank's business model is based on the concept of centralised planning and control and decentralised execution and operations. Control over key business areas is exercised centrally, most crucially in the case of credit risk and underwriting procedures, recovery and arrears procedures and finance and treasury. Commercial policies and product development are maintained locally.

In terms of competitors, in offering standard consumer finance products, the FCA Bank Group competes with the consumer finance arms of the major domestic banks in each of the countries in which it operates. The markets in which the FCA Bank Group operates are highly fragmented, however, and the FCA Bank Group considers that its integration of dealer network financing services and retail and corporate financing services gives it a competitive advantage.

5. REGULATION

In most of the countries in which it operates, the activities of the FCA Bank Group are subject to regulation and supervision, typically from the local central bank or financial services authority. In addition, most jurisdictions require a minimum capital ratio for the operations of the FCA Bank Group. FCA Bank Group subsidiaries have been granted the required authorisations (where necessary) to operate in their respective countries and are compliant with the relevant minimum capital requirements.

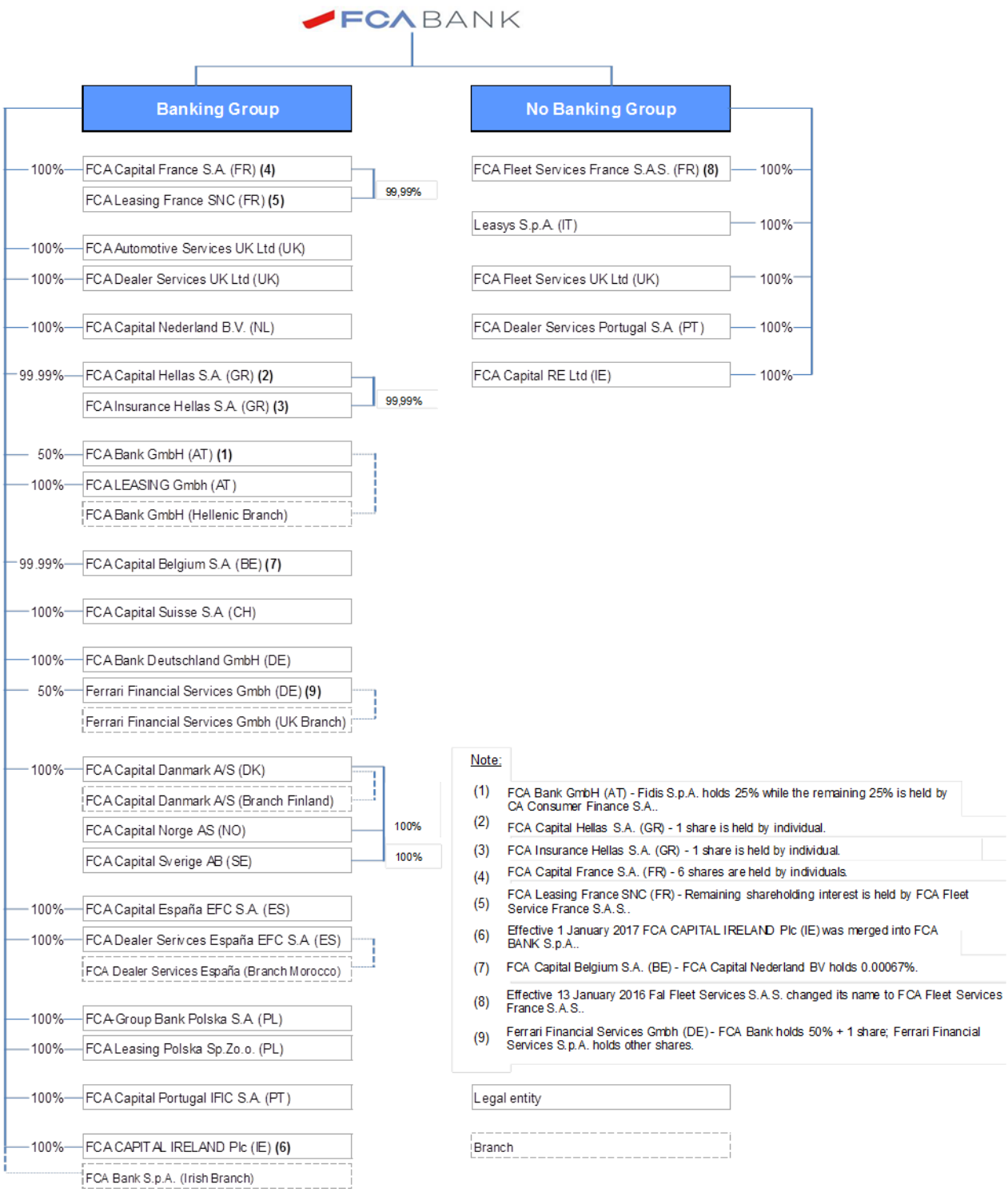
In Italy, FCA Bank is currently supervised by the Bank of Italy as a banking entity, authorised pursuant to article 14 of Legislative Decree no. 385 of 1 September 1993 (the **Italian Banking Law**) and is subject to the supervisory regime applicable to banks.

In Germany, Austria and Poland, the FCA Bank Group's activities are carried out by companies with banking licences. In most of the other countries in which it operates, the FCA Bank Group carries out its activities in accordance with local regulations and subject to local supervision, generally as a "non-bank financial institution".

On 3 March 2016, the ECB notified Crédit Agricole of the decision made on FCA Bank's supervision, according to which FCA Bank is considered, for prudential purposes, within Crédit Agricole's scope of prudential consolidation and, consequently, as a "significant" banking entity. FCA Bank is therefore a "significant supervised entity" subject to direct supervision by the ECB for prudential supervisory purposes, in the context of the ECB's direct supervision of the Crédit Agricole Group.

6. ORGANISATIONAL STRUCTURE

The diagram below sets out the structure of the FCA Bank Group as at 31 December 2016.



7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

7.1 Board of Directors

The table below sets out certain information regarding the members of the board of directors of FCA Bank as at the date of this Base Prospectus.

Name	Position	Year first Appointed to the Board of Directors	Principal Offices Outside of the FCA Bank Group
P. Dumont	Chairman of the Board	2009	Deputy Managing Director of Crédit Agricole S.A. for Specialized Financial Services; CA Consumer Finance SA – Chief Executive Officer Group; member of the Comité Executif and of the Comité de Direction of Crédit Agricole; Agos Ducato S.p.A – Chairman of the Board
G. Carelli	Chief Executive Officer and General Manager	2014	
C. Grave	Director	2014 (already in charge as Director since December 2006 until September 2009)	CA Consumer Finance SA – Deputy C.E.O., General Secretary and Credit Group, Head of Group Risk and Permanent Control
G. Maioli	Director	2012	Cariparma S.p.A., CEO and General Manager – Italy Senior Country Manager of Crédit Agricole Group and member of the Comité Executif of Crédit Agricole
R.K. Palmer	Director	2010	Fiat Chrysler Automobiles Group – Chief Financial Officer
B. Manuelli	Director	2006	CA Consumer Finance SA – Head of International Automotive Partnerships
A. Altavilla	Director	2013	Fiat Chrysler Automobiles Group- Chief Operating Officer EMEA Region and EVP Business Development
A. Faina	Director	2014	FCA – Head of Group Financial Services; Fidis S.p.A. – Chief Executive Officer and General

Name	Position	Year first Appointed to the Board of Directors	Principal Offices Outside of the FCA Bank Group
			Manager
A. Giorio	Independent Director	2014	AUXE Partners s.r.l. – Risk & Capital Management Advisory, Managing Director
M. M. Busso.....	Independent Director	2014	Chairman of the Statutory Auditors' Committee in the following companies: SAIPEM S.p.A., Ersel SIM S.p.A., Tubiflex S.p.A

The business address of each member of the board of directors is Corso G. Agnelli, 200, 10135 Turin, Italy. Of the ten directors, four members (of which one being independent) were appointed from the list of candidates put forward by the shareholder FCA Italy and four members were appointed from the list of candidates put forward by the shareholder Crédit Agricole Consumer Finance, and a further two were appointed as independent directors.

The Chief Executive Officer **(CEO)** is appointed by the board of directors from the list of directors put forward by the shareholder FCA Italy and is responsible for the day-to-day management of the JV, within the limits of the powers delegated to him by the board of directors. The Chief Financial Officer (**CFO**) is appointed by the board of directors following designation by the shareholder Crédit Agricole Consumer Finance.

7.2 Statutory Auditors

The board of statutory auditors is composed of three regular auditors and two alternate auditors. They may hold other positions as directors or regular auditors within the limits prescribed by law and regulation.

Following the resolutions adopted at the shareholders' meeting of 26 March 2015, the board of statutory auditors is currently made up of the Chairman Piergiorgio Re, the regular auditors Vincenzo Maurizio Dispinzeri and Francesco Pisciotta, and the alternate auditors Pietro Bernasconi and Vittorio Sansonetti.

7.3 Committees and Meetings

In order to ensure continuous monitoring of business developments and effective decision-making, various committees and "meetings", which meet or take place (as the case may be) on a regular basis, have been established. In particular:

- Board Committees: in accordance with the Italian banking legislation and rules, certain Board committees have been set up to support the Board of Directors, the company body with strategic supervision responsibility;
- Committees: the role of the committees is to facilitate the transmission of information between FCA Bank and its shareholders and the decision-making process; and
- "Meetings": the meetings are designed to ensure the correct internal functioning of the FCA Bank Group's main activities.

The table below sets out certain information regarding the current structure of the Committees:

Name	*Permanent Members*
Advisory Board	Chairman of the Board of Directors, CEO, CFO, shareholders' representatives (equally represented), Financial Planning & Analysis Director (secretary)
Board Executive Credit Committee	Two Board of Directors representatives of each shareholder (including the CEO) and Chief Credit Officer (secretary with no voting rights)
Credit Committee	CEO, CFO, Chief Credit Officer (no voting rights), shareholders' representatives (equally represented), Corporate Credit Director (no voting rights), Head of Risk & Permanent Control (no voting rights)
Finance & Control Committee	CFO, Shareholders' representatives (equally represented), Treasury Director, Tax Director , CAO, Financial Planning & Analysis Director
Internal Control Committee	CEO, Head of Internal Audit (secretary), CFO, Head of Risk & Permanent Control, Head of Compliance & Supervisory Relations.
Nomination Committee	One independent Board Director (Chair). Meetings of the Committee can be attended, without voting rights, by the Chairman of the Board of Statutory Auditors (or by a Statutory Auditor designated by him), the CEO and General Manager, the heads of the control functions and the members of the Board.
Remuneration Committee	One independent Board Director (Chair). Meetings of the Committee can be attended, without voting rights, by the Chairman of the Board of Statutory Auditors (or by a Statutory Auditor designated by him), the CEO and General Manager, the heads of the control functions and the members of

	the Board
Risk & Audit Committee	Two independent Board Directors, the chairman of the Board of Statutory Auditors (no voting rights) and Head of Internal Audit (secretary with no voting rights)

7.4 Potential Conflicts of Interest

As described above, 50 per cent. of FCA Bank's share capital is owned by Crédit Agricole Consumer Finance, a subsidiary of Crédit Agricole. FCA Bank currently has ten directors, of which four members (of which one being independent) were appointed from the list of candidates nominated by the shareholder FCA Italy and four members were appointed from the list of candidates nominated by the shareholder Crédit Agricole Consumer Finance, plus two independent directors.

Crédit Agricole Consumer Finance and other entities of the Crédit Agricole Group extend to FCA Bank and certain of its subsidiaries loan facilities which amounted to 13 per cent. of the total liabilities of the FCA Bank Group as of 31 December 2016. As a result, Crédit Agricole Consumer Finance and other entities of the Crédit Agricole Group may have interests which could conflict with the interests of the holders of Notes issued under the Programme.

Other than as set out above under "*Principal Offices Outside of the FCA Bank Group*", the directors of FCA Bank do not hold any principal executive directorship outside of the FCA Bank Group which are significant with respect to the Issuer, and there are no potential conflicts of interest of the members of the Board of Directors of FCA Bank between their duties to the Issuer and their private interests and/or other duties.

Subject as aforesaid, there are no potential conflicts of interest of the members of FCA Bank's board of directors, senior management team or board of statutory auditors between their duties to FCA Bank and their private interests or other duties.

7.5 Major Shareholders

Each of FCA Italy and Crédit Agricole Consumer Finance currently holds 50 per cent. of FCA Bank's issued share capital.

For the purposes of Article 2497-bis of the Italian Civil Code, FCA Bank is not subject to the direction or control of FCA Italy or Crédit Agricole Consumer Finance or any other entity.

7.6 Dividends paid

In the first half of 2016, FCA Bank S.p.A. paid a dividend to its shareholders in the amount of €125,000,000.

7.7 Human Resources

The FCA Bank Group had 2,028 employees as at 31 December 2016, compared with 1,946 at 31 December 2015. This increase was due to specific requirements in certain markets and to the acquisition of Ferrari Financial Services. In particular, 10 employees were hired under the "*Cross Path*" programme, which is designed to enlarge the pool of candidates for management positions.

7.8 Corporate Governance

FCA Bank is in compliance with those corporate governance laws of Italy to which it may be subject, if any.

8. LEGAL PROCEEDINGS

The FCA Bank Group is subject to certain claims and is party to a number of legal proceedings relating to the ordinary course of its business. Although it is difficult to predict the outcome of such claims and proceedings with certainty, FCA Bank believes that liabilities related to such claims and proceedings are unlikely to have, in the aggregate, significant effects on the financial position or profitability of FCA Bank or the FCA Bank Group.

On 15 July 2014, the Swiss anti-trust authority (*Wettbewerbskommission*) announced publicly the start of an inquiry into the finance lease business in Switzerland involving a total of nine captive companies, among others. The Swiss subsidiary of FCA Bank, FCA Capital Suisse S.A. (formerly Fidis Finance (Suisse) S.A.), is one of the companies involved in the inquiry.

Should the authority determine that a breach of the anti-trust law has been committed by such Swiss subsidiary, it may levy penalties against FCA Capital Suisse S.A., in accordance with the applicable laws. These penalties depend on the length, seriousness and nature of the breach. The potential fine may represent as much as 10 per cent. of revenues generated in the relevant markets in Switzerland for the past three financial years.

In July 2015, the Italian antitrust authority (*Autorita' Garante della Concorrenza e del Mercato, AGCM*), opened an inquiry involving initially several long-term rental companies. In December 2015, the inquiry was expanded to encompass other long-term rental companies, including FCA Bank's subsidiary, Leasys S.p.A. The possible objectives of this inquiry are information exchanges designed to coordinate the commercial strategies of the companies involved and the trade association, ANIASA (*Associazione Nazionale Industria dell'Autonoleggio e Servizi Automobilistici*), which Leasys left in 2012

These procedures will lead to a possible decision within two to three years. FCA Bank continues to monitor the development of such inquiry.

TAXATION

Taxation in Ireland

The following is a general summary of certain material Irish tax consequences applicable to holders of Notes in respect of the purchase, ownership and disposition of the Notes.

This general summary is based on Irish taxation laws currently in force, regulations promulgated thereunder, specific proposals to amend any of the foregoing publicly announced prior to the date hereto and the currently published administrative practices of the Irish Revenue Commissioners, all as of the date hereof. Taxation laws are subject to change, from time to time, and no representation is or can be made as to whether such laws will change or what impact, if any, such changes will have on the statements contained in this summary. It is assumed for the purposes of this summary that any proposed amendments will be enacted in the form proposed. No assurance can be given that proposed amendments will be enacted as proposed or that legislative or judicial changes or changes in administrative practice will not modify or change the statements expressed herein.

This summary is of a general nature only. It does not constitute tax or legal advice and does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes (including but not limited to social welfare taxes and universal social charges).

HOLDERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE APPLICATION OF IRISH TAXATION LAWS TO THEIR PARTICULAR CIRCUMSTANCES IN RELATION TO THE PURCHASE, OWNERSHIP OR DISPOSITION OF NOTES.

This summary only applies to persons (including companies) that legally and beneficially hold their Notes as capital assets (i.e. investments) and does not address certain classes of persons including, but not limited to persons who hold more than 10 per cent. of the issued share capital of any class in FCA Bank S.p.A., dealers in securities, insurance companies, pension schemes, employment share ownership trusts, collective investment undertakings, charities, tax exempt organisations, financial institutions and close companies each of which may be subject to special rules not discussed below.

Income Tax, PRSI, Universal Social Charge and Corporation Tax

Notwithstanding that a Noteholder may receive interest, discount or premium on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to interest, premium or discount on the Notes. Persons resident or ordinarily resident in Ireland are generally liable to Irish income tax on their worldwide income. In the case of persons that are individuals, interest (including discounts) from the Notes will be liable to income tax at the marginal rate (currently either 20 per cent. or 40 per cent. depending on their circumstances). In the case of corporate entities resident in Ireland, corporation tax at 25 per cent. will apply. Noteholders resident or ordinarily resident in Ireland who are individuals may also be liable to pay Irish social insurance (**PRSI**) contributions and the universal social charge in respect of interest, premium or discount they receive on the Notes.

Persons who are neither resident nor ordinarily resident in Ireland are generally liable to Irish tax only in respect of Irish source income. As the Issuer is an Irish branch of an Italian company, interest, discounts and premium on the Notes may be considered to have an Irish source and therefore come within the charge to Irish income tax.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope except in respect of:

(a) interest paid by the Issuer in the ordinary course of the trade or business carried on by the Issuer, to a company, where such company is not resident in Ireland and is either resident for taxation purposes in a Relevant Territory which imposes a tax that generally applies to interest receivable in the Relevant Territory from sources outside the Relevant Territories or the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come into force once all ratification procedures have been completed. A relevant territory is a Member State of the European Union (other than Ireland) or a country with which Ireland has a double taxation agreement in force or that is signed and which will come into force once all ratification procedures have been completed (**Relevant Territory**);

(b) interest paid by the Issuer on a quoted Eurobond which is paid free of withholding tax in accordance with the conditions set out below under the heading "Withholding Tax", first paragraph thereof, to: (1) a person who is not resident in Ireland and who is resident for tax purposes in a Relevant Territory; or (2) companies which are under the control, whether directly or indirectly, of person(s) who by virtue of the law of a Relevant Territory are resident for the purposes of tax in a Relevant Territory and are not under the control of person(s) who are not so resident; or (3) 75 per cent. subsidiary companies of a company or companies the principal class of shares in which is substantially and regularly traded on a recognised stock exchange;

(c) interest paid by the Issuer which is paid free of withholding tax in accordance with the conditions set out below under the heading "Withholding Tax", third paragraph thereof, to a person who is not resident in Ireland and who is resident for tax purposes in a Relevant Territory; and

(d) a discount arising to a person who is not resident in Ireland and who is resident for tax purposes in a Relevant Territory and the Issuer has issued the securities in the ordinary course of the trade or business carried on by it.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a relevant double tax treaty.

Interest, premium and discount on the Notes which does not fall within the above exemptions is within the charge to income tax. In the past the Irish Revenue Commissioners have not pursued liability to income tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as the interest paid on the relevant Note falls within one of the following categories:

(a) **Interest paid on a quoted Eurobond**: A quoted Eurobond is a security which is issued by a company (such as the Issuer), is listed on a recognised stock exchange (such as the Irish Stock

Exchange) and carries a right to interest. Provided that the Notes issued under this Programme are interest bearing and are listed on the Irish Stock Exchange (or any other recognised stock exchange), interest paid on them can be paid free of withholding tax provided:

(i) the person by or through whom the payment is made is not in Ireland; or

(ii) the payment is made by or through a person in Ireland and either:

(A) the Note is held in a clearing system recognised by the Irish Revenue Commissioners; (Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or

(B) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Thus, so long as the Notes continue to be quoted on the Irish Stock Exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by any Paying Agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland.

(b) **Short interest**: Short interest is interest payable on a debt for a fixed period that is not intended to exceed, and, in fact, does not exceed, 365 days. The test is a commercial test applied to the commercial intent of each series of Notes issued under the Programme. For example, if there is an arrangement or understanding (whether legally binding or not) for the relevant series of Notes (or particular Note within a series) to have a life of 365 days of more, the interest paid on the relevant Note(s) will not be short interest and, unless an exemption applies, a withholding will arise.

(c) **Interest paid on a wholesale debt instrument**: A "wholesale debt instrument" includes commercial paper (as defined in Section 246A(1) of the Taxes Consolidation Act, 1997, of Ireland (the **TCA**)). In that context "commercial paper" means a debt instrument, either in physical or electronic form, relating to money in any currency, which is issued by a company, recognises an obligation to pay a stated amount, carries a right to interest or is issued at a discount or at a premium, and matures within 2 years. The exemption from Irish withholding tax applies if:

(i) the wholesale debt instrument is held in a recognised clearing system (which includes Clearstream, Luxembourg and Euroclear); and

(ii) the wholesale debt instrument is of an approved denomination; and in this context an approved denomination means a denomination of not less than:

(A) in the case of an instrument denominated in euro, €500,000;

(B) in the case of an instrument denominated in United States Dollars, US$500,000; or

(C) in the case of an instrument denominated in a currency other than euro or United States Dollars, the equivalent in that other currency of €500,000 using

the conversion rate applicable at the time the programme under which the instrument is to be issued is first publicised.

(d) **Interest paid to certain non-residents**: If, for any reason, the exemptions referred to above cease to apply, interest payments may still be made free of withholding tax provided that the interest is paid in the ordinary course of the Issuer's business and the Noteholder is a company which is either resident in a Relevant Territory which imposes a tax that generally applies to interest receivable in that Relevant Territory from sources outside the Relevant Territory or the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is in force or which will come into force once all ratification procedures have been completed and further provided that the interest is not paid to the Noteholder in connection with a trade or business carried on by the Noteholder in Ireland through a branch or agency.

The Issuer must be satisfied that the respective terms of the exemptions are satisfied. The test of residence in each case is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident. For other holders of Notes, interest may be paid free of withholding tax if the Noteholder is resident in a double tax treaty country and under the provisions of the relevant treaty with Ireland such Noteholder is exempt from Irish tax on the interest and clearance in the prescribed form has been received by the Issuer before the interest is paid.

Discounts paid on Notes will not be subject to Irish withholding tax.

Deposit Interest Retention Tax (DIRT)

The interest on the Notes will not be liable to DIRT on the basis that the Issuer is not a relevant deposit taker as defined in the legislation.

Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Capital Gains Tax (CGT)

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is either resident or ordinarily resident in Ireland or carries on a trade or business in Ireland through a branch or agency in respect of which the Notes were used or held.

Capital Acquisitions Tax (CAT)

Definitive Notes will constitute Irish assets for CAT purposes. Bearer Notes will constitute Irish assets for CAT purposes if they are physically located in Ireland. Irish gift or inheritance tax may arise where the donor or beneficiary is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the done/successor) on the relevant date or the Notes in question are regarded as Irish assets at the date of disposition or inheritance. Where the value of the gift or inheritance exceeds applicable exemption thresholds the excess is subject to CAT (currently at a rate of 33 per cent.). No CAT is payable on a gift or inheritance from a spouse.

Stamp Duty

Issuance of Notes

No stamp duty arises on the issue of the Notes.

Transfer of the Notes

As the Issuer is not an Irish registered company, the transfer on sale or gift of Notes should not attract Irish stamp duty unless the transfer is related to (i) shares or securities of a company having its register in Ireland or (ii) Irish land and buildings.

Taxation in Italy

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996 (**Decree 239**), as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks (including FCA Bank S.p.A acting through its Irish branch). For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or of control of) to management of the issuer.

Italian Resident holders

Where the Italian resident holder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see "*Capital Gains Tax*" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that the holders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the **Finance Act 2017**).

Where an Italian resident holder of the Notes is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant holder's income tax return and are therefore subject to general Italian Corporate taxation (**IRES**) (and, in certain circumstances, depending on the "status" of the holder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), Law Decree No. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended,, payments of interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994, or to Italian real estate investment companies with fixed capital (**Real Estate SICAFs**) are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund or Real Estate SICAF.

If the investor is resident in Italy and is a fund, a SICAF (an Italian investment company with fixed capital) or a SICAV (an Italian investment company with variable capital) established in Italy and either (i) the fund, the SICAF or the SICAV or their manager is subject to the supervision of a regulatory authority (the **Fund**) and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such result, but a withholding tax of 26 per cent. (the **Collective Investment Fund Tax**) will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident holder of a Note is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an **Intermediary**).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of the Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a holder of a Note.

Non-Italian Resident holders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a

satisfactory exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 9 August 2016 and possibly further amended by future decree issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the **White List**); or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign state; or (d) is an institutional investor which is resident in a country included in the White List, even if it does not possess the status of taxpayer in its own country of residence.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. The Noteholder statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption. Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for a total or partial reduction (generally to 10 per cent.) of the *imposta sostitutiva* under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Atypical securities

Interest payments relating to the Notes that are neither deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay an amount not lower than their nominal value.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes not having 100 per cent. capital protection guaranteed by the Issuer if such Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected; (b) an Italian company or a similar Italian commercial entity; (c) a permanent establishment in Italy of a foreign entity; (d) an Italian commercial partnership; or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.Capital Gains Tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the holder, also as part of the net

value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident holder of the Notes is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such holder of the Notes from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Holders of the Notes may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individuals holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 (**Decree 66**), capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant holder of the Notes. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the holder of the Notes or using funds provided by the holder of the Notes for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the holder of the Notes is not required to declare the capital gains in its annual tax return. Pursuant to Decree 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised

intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the holder of the Notes is not required to declare the capital gains realised in its annual tax return. Pursuant to Decree 66, depreciations may be carried forward to be offset against increases in value of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations realised before 1 January 2012; (ii) 76.92 per cent. of the depreciations realised from 1 January 2012 to 30 June 2014.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017.

Any capital gains realised by a holder of the Notes which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a holder of the Notes which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

Any capital gains realised from the disposal of the Notes by Italian resident real estate investment funds or Real Estate SICAFs are subject neither to substitute tax nor to any other income tax in the hands of the Italian real estate investment fund or the Real Estate SICAF.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes issued by an Italian resident issuer, which are traded on regulated markets (and, in certain cases, subject to filing of required documentation) are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country included in the White List, even if it does not possess the status of taxpayer in its own country of residence. The list of countries which allow for an exchange of information with Italy should be amended as pointed out above.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the imposta sostitutiva at the current rate of 26 per cent. On the contrary, should the Notes be traded on regulated markets, capital gains realised by non-Italian resident Noteholders would not be subject to Italian taxation.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax

residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006 converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

- transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

- any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of €200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary in Italy. As of 1 January 2014, the stamp duty applies at a rate of 0.2 per cent. and, for taxpayers different from individuals, cannot exceed €14,000. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on Notes deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory.

Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring obligations

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return) the amount of investments directly or indirectly held abroad. The disclosure requirements are not due if the foreign financial investments (including the Notes) are held through an Italian resident intermediary or are only comprised of deposits and/or bank accounts having an aggregate value not exceeding an €15,000 threshold throughout the year.

The proposed European financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, the **participating Member States**). However, Estonia has ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Italy and Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGA**s), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding

would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under Condition 15 (*Further Issues*) of the Conditions of the Notes) that are not distinguishable from previously issued Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 20 March 2017, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

(a) the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to

decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;

(b) the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended, the **MiFID Regulations**), including, without limitation, Regulations 7 (*Authorisation*) and 152 (*Restrictions on advertising*) thereof, any codes of conduct made under the MiFID Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);

(b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 (as amended, the **Companies Act**), the Central Bank Acts 1942 - 2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended); and

(c) it will not underwrite the issue of, place or otherwise act in the Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) and any rules and guidance issued by the Central Bank of Ireland under Section 1370 of the Companies Act.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(ii) in circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, and/or any other Italian authority).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No.228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The updating of the Programme and the issue of Notes have been duly authorised by resolution of the Board of Directors of FCA Bank dated 19 January 2017.

Listing and admission to trading of Notes

The Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (as defined below) or any other regulated market for the purposes of Directive 2004/39/EC, as amended, or which are to be offered to the public in any member state of the European Economic Area. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the 12 months from the date of the Base Prospectus to be admitted to the Official List and trading on its regulated market. However, Notes may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For the life of this Base Prospectus copies in printed form of the following documents will, when published, be available from the registered offices of the Issuer and from the specified offices of the Principal Paying Agent for the time being in Dublin:

(a) the constitutional documents of the Issuer (with an English translation thereof);

(b) the audited consolidated financial statements of FCA Bank in respect of the financial years ended 31 December 2016 and 2015, in each case together with the audit reports prepared in connection therewith;

(c) the most recently published audited consolidated annual financial statements and the most recently published unaudited consolidated interim financial statements (if any) of FCA Bank (in each case with an English translation thereof), together with any audit or review reports prepared in connection therewith. FCA Bank currently prepares audited consolidated and non-consolidated accounts on an annual basis and unaudited consolidated accounts on a semi-annual basis;

(d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(e) a copy of this Base Prospectus;

(f) any future base prospectus, prospectuses, information memoranda and supplements including Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(g) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of FCA Bank or the FCA Bank Group since 31 December 2016 and there has been no material adverse change in the financial position or prospects of FCA Bank or the FCA Bank Group since 31 December 2016.

Litigation

Save as disclosed under "*Legal Proceedings*" at page 101 of this Base Prospectus, neither the Issuer nor any other member of the FCA Bank Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the FCA Bank Group.

Auditors

The auditors of FCA Bank for the periods ended 31 December 2016 and 2015 are EY S.p.A., chartered accountants and registered auditors. The auditors of FCA Bank have no material interest in FCA Bank. EY S.p.A. is authorised and regulated by The Italian Ministry of Economy and Finance (**MEF**) and registered on the special register of auditing firms held by the MEF. The registered office of EY S.p.A. is at Via Po 32, 00198 Rome, Italy, whereas the business address of EY S.p.A. is Via Meucci, 5, 10121 Turin, Italy. EY S.p.A. is a member of ASSIREVI, the Italian association of auditing firms.

The reports of the auditors of the Issuer are incorporated in the form and context in which they are incorporated, with the consent of the relevant auditors.

Post-issuance information

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing in investment banking and/or commercial banking transactions with, and may perform services for the

Issuer and their respective affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer (as applicable) consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, "affiliates" includes also parent companies.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the official list of the Irish Stock Exchange or to trading on the regulated market for the purposes of the Prospectus Directive.

ISSUER

FCA Bank S.p.A., acting through its Irish branch
29 Fitzwilliam Place
Dublin 2
Ireland

PRINCIPAL PAYING AGENT

Citibank, N.A., London Branch
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

LEGAL ADVISERS

To the Issuer
as to English and Italian law

Allen & Overy
Corso Vittorio Emanuele II
00186 Rome
Italy

Allen & Overy
Via Alessandro Manzoni, 41/43
20121 Milan
Italy

as to Irish law

Arthur Cox
Earlsfort Centre, Earlsfort Terrace
Dublin 2
Ireland

To the Dealers as to English law

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

AUDITORS

To the Issuer

EY S.p.A.
Via Meucci, 5
10121 Turin
Italy

ARRANGERS

Crédit Agricole Corporate and Investment Bank

12 Place des Etats-Unis
CS 70052, 92547 Montrouge Cédex
France

The Royal Bank of Scotland plc
(trading as NatWest Markets)
250 Bishopsgate
London EC2M 4AA
United Kingdom

DEALERS

Banca IMI S.p.A.
Largo Mattioli 3
20121 Milan
Italy

Banco Santander, S.A.
Ciudad Grupo Santander
Avenida de Cantabria s/n
Edificio Encinar, planta baja
28660, Boadilla del Monte
Madrid
Spain

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Crédit Agricole Corporate and Investment Bank
12 Place des Etats-Unis
CS 70052, 92547 Montrouge Cédex
France

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Mediobanca – Banca di Credito Finanziario S.p.A.
Piazzetta Enrico Cuccia, 1
20121 Milan
Italy

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Morgan Stanley & Co. International plc

25 Cabot Square
Canary Wharf
London E14 4QA

The Royal Bank of Scotland plc
(trading as NatWest Markets)
250 Bishopsgate
London EC2M 4AA
United Kingdom

UBS Limited
5 Broadgate
London EC2M 2QS
United Kingdom

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

Unione di Banche Italiane S.p.A.
Piazza Vittorio Veneto 8
24122 Bergamo
Italy

IRISH LISTING AGENT
Arthur Cox Listing Services Limited
10 Earlsfort Terrace
Dublin 2
D02 T38
Ireland