THIRD SUPPLEMENT DATED 11 SEPTEMBER 2014 TO THE BASE PROSPECTUS DATED 27 SEPTEMBER 2013

FGA CAPITAL IRELAND P.L.C.

(incorporated with limited liability in Ireland)

€4,000,000,000
Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by

FGA CAPITAL S.p.A.

(incorporated with limited liability in the Republic of Italy)

This third Supplement (the **Supplement**) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 27 September 2013, as previously supplemented by the supplements dated 9 January 2014 and 4 April 2014 (the **Base Prospectus**) relating to the €4,000,000,000 Euro Medium Term Note Programme established by FGA Capital Ireland p.l.c. (the **Issuer**) and unconditionally and irrevocably guaranteed by FGA Capital S.p.A. (the **Guarantor**). This Supplement constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**) and is prepared in order to update the Base Prospectus. Unless otherwise stated herein, terms defined in the Base Prospectus have the same meaning when used in this Supplement.

The purpose of this Supplement is (a) to disclose the Guarantor's unaudited consolidated interim financial statements for the six month period ended 30 June 2014, (b) to update the paragraph headed "7. Administrative, Management and Supervisory Bodies" in the "Description of the Guarantor" section of the Base Prospectus, (c) to update the paragraph headed "8 Legal Proceedings" in the "Description of the Guarantor" section of the Base Prospectus, (d) to update the paragraph headed "Taxation in Italy" in the "Taxation" section of the Base Prospectus, and (e) to include a new "Significant or Material Change" statement.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The language of the Supplement 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.

The Issuer accepts responsibility for the information contained in this Supplement and the Guarantor accepts responsibility for the information relating to itself contained in this Supplement. To the best of the knowledge and belief of the Issuer and, in respect of the information relating to itself only, the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

GUARANTOR FINANCIAL STATEMENTS

On 25 July 2014 the Guarantor's unaudited consolidated interim financial statements for the six months ended 30 June 2014, which have been subjected to a limited review by Reconta Ernst & Young S.p.A. (the **Guarantor Financial Statements**), were presented to the Guarantor's board of directors.

The Guarantor Financial Statements are set out in Annex 2 of this Supplement, at pages F-1 to F-19.

UPDATE TO THE PARAGRAPH ENTITLED "7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES" IN THE SECTION "DESCRIPTION OF THE GUARANTOR"

On 25 July 2014, the Guarantor amended its by-laws in order to, *inter alia*, amend the structure of its board of directors by increasing the maximum amount of members from eight to ten. Two independent directors were subsequently appointed to the Guarantor's board of directors. Further to such changes, the paragraph entitled "7. Administrative, Management and Supervisory Bodies" on page 67 of the Base Prospectus in the section "Description of the Guarantor" is hereby deleted in its entirety and replaced as follows:

"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 the Guarantor as at the date hereof.

Name	**Position**	**Year first Appointed to the Board of Directors**	**Principal Offices Outside of the FGA Capital Group**
P. Dumont	Chairman of the Board	2009	CA Consumer Finance SA – Chief Executive Officer Group; member of the Comité Executif and of the Comité de Direction of Crédit Agricole; and 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
G. Maioli	Director	2012	Cariparma S.p.A., CEO and General Manager – Italy Senior Country Manager of Crédit Agricole Group and

Name	Position	Year first Appointed to the Board of Directors	Principal Offices Outside of the FGA Capital Group
			member of the Comité Executif of Crédit Agricole.
R.K. Palmer.................	Director	2010	Fiat S.p.A. – Chief Financial Officer; and Chrysler Group LLC-Chief Financial Officer.
B. Manuelli	Director	2006	CA Consumer Finance SA – Head of International Automotive Partnerships.
A. Altavilla..................	Director	2013	Fiat/Chrysler Group-Chief Operating Officer EMEA Region and EVP Business Development.
A. Picca Piccon	Director	2011 (already in charge as C.E.O. and General Manager since April 2010)	Fiat S.p.A. – Group Treasurer; and Fidis S.p.A. – Chairman.
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, five members (of which one being independent) were appointed from among candidates nominated by the shareholder Fiat Group Automobiles and five members (of which one being independent) were appointed from among candidates nominated by the shareholder Crédit Agricole Consumer Finance,

The Chief Executive Officer **(CEO)** is appointed by the board of directors from among the directors nominated by the shareholder Fiat Group Automobiles 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 Potential Conflicts of Interests

Other than as set out above under "*Principal Offices Outside of the FGA Capital Group*", the directors of the Guarantor do not hold any principal executive directorship outside of the FGA Capital 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 between their duties to the Issuer and their private interests and/or other duties.

7.3 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 21 March. 2012, the board of statutory auditors is currently made up of the Chairman Francesco Pisciotta, the regular auditors Valter Cantino and Piergiorgio Re, and the alternate auditors Pietro Bernasconi and Vittorio Sansonetti.

7.4 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:

- Committees: the role of the committees is to facilitate the transmission of information and the decision- making process between the Guarantor and its shareholders: and
- "Meetings": the meetings are designed to ensure the correct internal functioning of the FGAC Group's main activities.

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

Name	*Permanent Members*
Management Committee..................................	Chairman of the BoD, CEO, CFO, shareholders' representatives (equally represented), Financial Planning & Analysis (secretary)
Credit Committee..	CEO, CFO, Chief Credit Officer (no voting rights), shareholders' representatives (equally represented), Corporate Credit, Risk and Permanent Control (no voting rights)
Finance & Control Committee.........................	CFO, Shareholders' representatives (equally represented), Treasury, Tax, CAO, Financial Planning & Analysis

7.5 Potential Conflicts of Interest

As described above, 50 per cent. of the Guarantor's share capital is owned by Crédit Agricole Consumer Finance, a subsidiary of Crédit Agricole. The Guarantor currently has ten directors, of which five members (of which one being independent) were appointed from among candidates nominated by the shareholder Fiat Group Automobiles and five members (of which one being independent) were appointed from among candidates nominated by the shareholder Crédit Agricole Consumer Finance.

Crédit Agricole Consumer Finance and other entities of the Credit Agricole Group extend to the Guarantor and certain of its subsidiaries loan facilities which amounted to approximately 27 per cent, of the total liabilities of the FGAC Group as of 30 June 2014. As a result, Crédit Agricole Consumer Finance and other entities of the Credit Agricole Group may have interests which could conflict with the interests of the holders of Notes issued under the Programme.

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

7.6 Major Shareholders

Each of Fiat Group Automobiles and Crédit Agricole Consumer Finance currently holds 50 per cent. of the Guarantor's issued share capital.

For the purposes of Article 2497-bis of the Italian Civil Code, the Guarantor is not subject to the direction or control of Fiat Group Automobiles or Crédit Agricole Consumer Finance or any other entity.

7.7 Human Resources

The FGAC Group had 1,909 employees as at 30 June 2014, compared with 1,919 at 30 June 2013. 112 new hires were made in the twelve month period to June 2014, while 122 persons left the FGAC Group's employment.

7.8 Corporate Governance

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

UPDATE TO THE PARAGRAPH "8 LEGAL PROCEEDINGS" IN THE SECTION "DESCRIPTION OF THE GUARANTOR"

The paragraph "8 Legal Proceedings" on page 69 of the Base Prospectus in the section "Description of the Guarantor" is hereby deleted in its entirety and replaced as follows:

"The FGAC 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, the Guarantor 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 the Guarantor or the FGA Capital Group.

In May 2011, the Guarantor became aware of a fraud perpetrated by a car dealer based in Switzerland which has caused damage to the Guarantor's Swiss subsidiary, Fidis Finance (Suisse) S.A., and its customers. Legal proceedings have been initiated against the car dealer. The Guarantor believes that any such damage is unlikely to have significant effects on the financial position or profitability of the Guarantor or the FGAC Group. The Guarantor has made provisions to cover its conservative estimate of what this damage may amount to.

On 15 July 2014, the Swiss Competition Commission (*Wettbewerbskommission*) publicly announced the opening of an investigation on car lease financing activities in Switzerland involving the automotive captive financing companies (nine in total). Fidis Finance (Suisse) S.A. is one of the car lease providers subject to investigation."

UPDATE TO THE SECTION "TAXATION"

The paragraphs entitled "Taxation in Ireland" and "Taxation of Italy" on page 70 and following of the Base Prospectus in the section "Taxation" are hereby deleted in their entirety and replaced with the text set out in Annex 1 hereto.

SIGNIFICANT OR MATERIAL CHANGE

The paragraph "Significant or Material Change" on page 85 of the Base Prospectus shall be deemed deleted and replaced with the following paragraph:

"There has been no significant change in the financial or trading position of the Issuer since 31 December 2013, there has been no significant change in the financial or trading position of the Guarantor or the FGAC Group since 30 June 2014 and there has been no material adverse change in the financial position or prospects of the Issuer, the Guarantor or the FGAC Group since 31 December 2013."

GENERAL

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

ANNEX 1

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 FGA Capital 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 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 41 per cent. depending on their circumstances). In the case of corporate entities resident in Ireland, corporation tax at 25 per cent. will apply.

Persons who are neither resident nor ordinarily resident in Ireland are generally liable to Irish tax only in respect of Irish source income. 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 or wholesale debt instrument which is paid free of withholding tax in accordance with the conditions set out below under the heading "Withholding Tax", first paragraph or third paragraph thereof, to:

    (i) a person who is not resident in Ireland and who is resident for tax purposes in a Relevant Territory;

    (ii) a company not resident in Ireland which is 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 is not under the control of person(s) who are not so resident; or

    (iii) a company not resident in Ireland where the principal class of shares of the company or its 75% parent is substantially and regularly traded on a recognised stock exchange; and

(c) 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 double tax treaty between Ireland and the country of residence of the recipient.

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 London 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; (DTC, 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 DTC, Euroclear and/or Clearstream, 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, DTC 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)

Gains realised on the disposal or redemption of Notes held by a person who is either resident or ordinarily resident in Ireland will be subject to CGT to the extent not already subject to income tax.

Gains realised on the disposal or redemption of Notes held by a person who is neither resident nor ordinarily resident in Ireland at the time of the disposal will not be liable to CGT on the disposal unless the Notes are situated in Ireland and have been used in or for the purpose of a trade carried on by such person in Ireland through a branch or agency or are unquoted and derive their value or the greater part of their value directly or indirectly from land, mineral rights or exploration rights in Ireland.

Bearer instruments will be situated in Ireland if they are physically located in Ireland at the time of the disposal or redemption.

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 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

The transfer on sale or gift of Notes by written document is liable to stamp duty at the rate of 1 per cent. of the consideration passing or market value, if higher. There is an exemption from stamp duty on the transfer of loan capital (the **Loan Capital Exemption**), provided the loan capital:

– does not carry a right of conversion into stocks or marketable securities (other than loan capital) having a register in Ireland or into loan capital having such a right;

– does not carry rights of the same kind as shares in the capital of the company including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;

– is issued for a price which is not less than 90 per cent. of the nominal value; and

– does not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to such loan capital.

Where the above exemption is not applicable due to the characteristics of some of the Notes, a second exemption may apply to those Notes. The transfer of foreign loan securities issued by an Irish company is exempt from stamp duty. “Foreign loan security” is a security issued outside Ireland in respect of a loan which is expressed in a currency other than Euro and is neither offered for subscription in Ireland nor offered for subscription with a view to an offer for sale in Ireland of securities in respect of the Loan. A “foreign loan security” must also be an instrument of such a description as to be capable of being sold in any stock market in Ireland.

Notes in bearer form which are transferred by delivery and which transfer does not consist of nor is evidenced by any written document whatsoever will not attract Irish stamp duty.

Stamp duty if chargeable is payable by the transferee within 30 days after the date of execution of the transfer. Late or inadequate payment of stamp duty may result in a liability for interest and penalties.

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.

*Law Decree No. 66 of 24 April 2014, published in the Official Gazette No. 95 of 24 April 2014 (**Decree 66**), as converted into law with amendments by Law No. 89 of 23 June 2014 (**Law 89**) introduced tax provisions amending certain aspects of the tax treatment of the Notes, as summarised below. The new rules are effective as of 1 July 2014. With reference to the imposta sostitutiva set out by Decree 239 (as defined below) the increased rate applies on interest accrued as of 1 July 2014.*

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 non-Italian resident issuers. 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. (20 per cent on interest accrued up to 30 June 2014). 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.

Pursuant to Law 89, non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Notes) from 1 July 2014 to 31 December 2014, as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

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 IRAP – the regional tax on productive activities).

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, as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, 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, are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is a fund or a SICAV (an Italian investment company with variable capital) established in Italy and either (i) the fund or 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. For an interim period, in certain circumstances, the Collective Investment Fund Tax may remain applicable at a rate of 20 per cent. for income accrued as of 30 June 2014.

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 11 per cent. substitute tax. (increased to 11.5 per cent. pursuant to Law 89).

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

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident holder of the Notes of interest or premium relating to the Notes provided that, if the Notes are deposited with an Intermediary in Italy, the non-Italian resident holder of the Notes declares itself to be a non-Italian resident according to Italian tax regulations.

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. (20 per cent. with reference to any interest due and payable up to 30 June 2014). For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay an amount not lower than their nominal value.

The withholding tax mentioned above does not apply to payments made to a non-Italian resident holder and to an Italian resident holder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

Payments made by an Italian resident guarantor

In accordance with a certain interpretation, any such payment made by an Italian resident guarantor will be treated as a payment by the relevant issuer and will thus be subject to the tax regime described in the previous paragraph of this section.

According to another interpretation, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional or final withholding tax at the rate of 26 per cent. (20 per cent. up to 30 June 2014) pursuant to Presidential Decree No. 600 of 29 September 1973 (**Decree 600**), as subsequently amended. In the case of payments to non-Italian resident holders, double taxation treaties entered into by Italy may apply allowing for a lower (or in certain cases, nil) rate of withholding tax.

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. (20 per cent. on capital gains realised up to 30 June 2014). Holders of the Notes may set off losses with gains.

Pursuant to Law 89, non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Notes) from 1 July 2014 to 31 December 2014, as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

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 Decree No. 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 No. 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 (20 per cent. up to 30 June 2014), 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 No. 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.

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 11 per cent. substitute tax (increased to 11.5 per cent. pursuant to Law 89).

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, as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, capital gains realised from the disposal of the Notes by 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 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

Capital gains realised by non-Italian resident holders from the sale and redemption of the Notes issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Notes are (i) traded on regulated markets, or (ii) if not traded, are held outside Italy.

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 9 February 2011) 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 composed by deposits and/or bank accounts having an aggregate value not exceeding an €10,000 threshold throughout the year.

ANNEX 2

INDEX TO THE GUARANTOR FINANCIAL STATEMENTS

FGA Capital S.p.A - Corso Agnelli 200 - 10135 Torino - www.fgacapital.com

FGA CAPITAL

CONSOLIDATED HALF-YEAR FINANCIAL REPORT **JUNE 30, 2014**

FGA CAPITAL

CONSOLIDATED HALF-YEAR FINANCIAL REPORT **JUNE 30, 2014**

CONSOLIDATED BALANCE SHEET

ASSETS					(€/thousands)
ITEMS	30/06/2014		31/12/2013		
10. Cash and cash equivalent		24		48	
20. Financial assets held for trading		29,584		36,823	
50. Financial assets held to maturity		9,708		9,665	
60. Receivables		14,049,759		14,372,526	
70. Hedging derivatives		64,806		17,958	
80. Adjustments of financial assets related to macrohedge (+/-)		62,846		47,141	
90. Equity investments		108		108	
100. Fixed assets		1,067,898		1,040,508	
110. Intangibles		214,556		215,216	
120. Tax assets		206,292		183,999	
a) current	46,840		29,889		
b) deferred	159,452		154,110		
140. Other assets		630,613		638,788	
TOTAL ASSETS		16,336,194		16,562,780	

LIABILITIES AND EQUITY					(€/thousands)
ITEMS	30/06/2014		31/12/2013		
10. Debts		6,247,357		7,483,711	
20. Notes issued		7,244,948		6,366,608	
30. Financial liabilities held for trading		31,146		38,643	
50. Hedging derivatives		85,162		69,971	
70. Tax liabilities		79,434		86,605	
a) current	32,946		41,139		
b) deferred	46,488		45,466		
90. Other liabilities		575,033		535,713	
100. Employee termination indemnities		12,511		12,630	
110. Allowances for risks and charges		184,292		166,650	
a) related to personnel	29,722		29,220		
b) other	154,570		137,430		
TOTAL LIABILITIES		14,459,883		14,760,531	
120. Share capital		700,000		700,000	
150. Share premium reserve		192,746		192,746	
160. Reserves		861,490		719,746	
170. Valuation differences		17,487		5,335	
180. Net income (loss) for the year		89,875		170,330	
190. Minority interests		14,713		14,092	
TOTAL SHAREHOLDERS' EQUITY		1,876,311		1,802,249	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,336,194		16,562,780	

CONSOLIDATED INCOME STATEMENT

(€/thousands)

ITEMS		30/06/2014		30/06/2013
10. Interest and similar income		376,678		385,776
20. Interest and similar expenses		(191,649)		(195,306)
FINANCIAL MARGIN		**185,029**		**190,470**
30. Fees and commission income		74,882		77,153
40. Fees and commission expenses		(21,080)		(27,497)
NET FEES AND COMMISSION		**53,802**		**49,656**
60. Profits (Losses) on trading activities		(29)		(932)
BANKING INCOME		**238,802**		**239,194**
100. Net provisions for risk on:		(43,420)		(49,635)
a) receivables from customers	(43,420)		(49,635)	
110. Administrative expenses		(107,056)		(110,232)
a) personnel expenses	(67,670)		(68,776)	
b) other administrative expenses	(39,386)		(41,456)	
120. Net adjustments to fixed assets		(124,475)		(132,446)
130. Net adjustments to fixed intangibles		(2,635)		(2,298)
150. Net provisions for risk and charges		(25,355)		(11,696)
160. Other operating expenses and income		190,928		190,385
OPERATING MARGIN		**126,789**		**123,272**
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**126,789**		**123,272**
190. Taxes on income from continuing operations		(36,293)		(38,562)
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**90,496**		**84,710**
NET INCOME (LOSS) FOR THE YEAR		**90,496**		**84,710**
210. Minority interests Net income (loss)		621		665
220. Group Net income (loss)		89,875		84,045

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/thousands)

DESCRIPTION	30/06/2014	30/06/2013
10. Profit (loss) for the year	**90,496**	**84,710**
Other items of comprehensive income after taxes that will not be reclassified to profit or loss		
40. Defined-benefit plans	–	(871)
Other items of comprehensive income after taxes that may be reclassified to profit or loss		
80. Exchange rate differences	12,628	(17,396)
90. Cash flow hedge	(476)	5,608
130. Total other items of comprehensive income after taxes	**12,152**	**(12,659)**
140. Comprehensive income (loss) (items 10+130)	**102,648**	**72,051**
150. Total comprehensive income (loss) attributable to non-controlling interests	621	665
160. Total comprehensive income (loss) attributable to owners of the parent	**102,027**	**71,386**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
AS OF 30/06/14 AND 30/06/13

(€/thousands)

	Closing Balance as at 31.12.13	Changes on opening balance	Balance as at 1.1.14	Allocation of Net income – Reserves	Allocation of Net income – Dividends and other allocations	Changes during the period – Changes in reserves	Operations on shareholders' equity carried out in the period – Issue new shares	Purchase treasury shares	Extra-ordinary dividend distrib.	Treasury share changes	Other changes	Consolidated group profitability for the period	Group net equity as at 30.06.2014	Minority interests as at 30.06.2014
Share capital	700,000		700,000										700,000	
Share premium reserve	192,746		192,746										192,746	
Reserves													–	
a) retained earning	*719,746*		*719,746*	*141,744*									*861,490*	
b) other													–	
Valuation reserve	5,335		5,335									12,152	17,487	
Treasury share													–	
Own share													–	
Net income (loss) for the year	170,330		170,330	(141,744)	(28,586)							89,875	89,875	
Group net equity	**1,788,157**	–	**1,788,157**	–	(28,586)	–	–	–	–	–	–	**102,027**	**1,861,598**	–
Minority interests	**14,092**		**14,092**									**621**		**14,713**
TOTAL SHAREHOLDERS' EQUITY	1,802,249	–	1,802,249	–	(28,586)	–	–	–	–	–	–	102,648	1,876,311	

(€/thousands)

	Closing Balance as at 31.12.12	Changes on opening balance	Balance as at 1.1.13	Allocation of Net income – Reserves	Allocation of Net income – Dividends and other allocations	Changes during the period – Changes in reserves	Operations on shareholders' equity carried out in the period – Issue new shares	Purchase treasury shares	Extra-ordinary dividend distrib.	Treasury share changes	Other changes	Consolidated group profitability for the period	Group net equity as at 30.06.2013	Minority interests as at 30.06.2013
Share capital	700,000		700,000										700,000	
Share premium reserve	192,746		192,746										192,746	
Reserves													–	
a) retained earning	*584,206*	*(739)*	*583,467*	*134,138*									*717,605*	
b) other													–	
Valuation reserve	8,012	(1,398)	6,614									(12,659)	(6,045)	
Treasury share													–	
Own share													–	
Net income (loss) for the year	165,475	(783)	164,692	(134,138)	(30,554)							84,045	84,045	
Group net equity	**1,650,439**	(2,920)	**1,647,519**	–	(30,554)	–	–	–	–	–	–	**71,386**	**1,688,351**	–
Minority interests	**12,759**		**12,759**			(6)						**665**		**13,418**
TOTAL SHAREHOLDERS' EQUITY	1,663,198	(2,920)	1,660,278	–	(30,554)	(6)	–	–	–	–	–	72,051	1,701,769	

CONSOLIDATED CASH FLOW STATEMENT

(€/thousands)

A. OPERATING ACTIVITY	30/06/2014	30/06/2013
1. BUSINESS ACTIVITY	**262,199**	**79,575**
- interest and similar income	376,235	304,016
- interest and similar expense	(176,439)	(180,566)
- fees and commission income/expenses	53,802	49,656
- personnel expenses	(63,192)	(72,976)
- other expenses	(233,291)	(304,102)
- other income	345,319	327,886
- taxes on income	(40,235)	(44,340)
2. CASH FLOW FROM INCREASE/DECREASE OF FINANCIAL ASSETS:	**205,598**	**(165,059)**
- financial assets held for trading	7,239	12,001
- receivables from banks	112,694	(107,826)
- receivables from financial institutions	(19,876)	(28,637)
- receivables from customers	186,972	(93,250)
- other assets	(81,431)	52,653
3. CASH FLOW FROM INCREASE/DECREASE OF FINANCIAL LIABILITIES:	**(297,504)**	**252,271**
- payables from banks	(1,251,572)	(54,596)
- payables from customers	21,724	(4,411)
- notes issued	856,624	353,855
- financial liabilities held for trading	(7,497)	(11,383)
- other liabilities	83,217	(31,194)
NET CASH FLOW INCREASED/DECREASED FROM OPERATING ACTIVITY (A)	**170,293**	**166,786**
B. INVESTMENT ACTIVITY		
1. CASH FLOW FROM DECREASE OF	**–**	**875**
- financial assets held to maturity	–	875
2. CASH FLOW FROM INCREASE OF	**(153,883)**	**(124,444)**
- financial assets held to maturity	(43)	–
- fixed assets	(151,865)	(122,926)
- intangible assets	(1,975)	(1,518)
NET CASH FLOW INCREASED/DECREASED FROM INVESTMENT ACTIVITY (B)	**(153,883)**	**(123,569)**
C. FINANCIAL ACTIVITY		
- dividend distribution and other equity changes	(16,434)	(43,219)
NET CASH FLOW INCREASED/DECREASED FROM FINANCIAL ACTIVITY (C)	**(16,434)**	**(43,219)**
NET CASH FLOW INCREASED/DECREASED DURING THE PERIOD (A+B+C)	**(24)**	**(1)**
RECONCILIATION	30/06/2014	30/06/2013
Net cash and cash equivalent at beginning of the period	48	63
Total net cash flow increased / decreased in t he period	(24)	(1)
Net cash and cash equivalent at the end of the period	24	62

NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS**

ACCOUNTING POLICIES

GENERAL INFORMATION

1. Statement of compliance with IFRS

The consolidated financial statements as of and for the six months ended 30th June 2014 have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) and the related official interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission with Regulation no 1606 of 12th July, 2002.

The consolidated half-year financial report was prepared by using IAS/IFRS as of 30th June 2014 (ICS and IFRIC included), as endorsed by the EU Commission.

2. Basis of preparation

The consolidated half-year financial report comprises the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated half-year financial report.

These half-year financial statements, which were prepared according to IAS 34 Intermediate Financial Reporting, use was made of the same accounting standards adopted to prepare the consolidated half-year financial report for the year ended 31st December 2013 except for the new accounting standards concerning consolidation which, however, did not have any effect on the accounts for the first half of 2014.

More specifically, reference is made to the mandatory adoption of Regulation 1254/2012, which came into force on 1 January 2014, regarding the endorsement of IFRS 10, IFRS 11 and IFRS 12 and amending IAS 27 and IAS 28. The rules on consolidation introduced by Regulation 1254/2012 were subsequently supplemented by Regulations no. 313 and no. 1174 of 2013, which also came into force on 1 January 2014.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Reference should be made to the section Use of estimates in the Consolidated financial statements for the year ended December 31, 2013 for a detailed description of the more significant valuation procedures used by the Group.

Moreover, these valuation procedures, in particular those of a more complex nature, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary. At the date of this Half-year report, however, there were no indicators of impairment requiring immediate consideration to be made as to the existence of any impairment losses. In the same way the actuarial valuations that are required for the determination of employee benefit provisions are also usually carried out during the preparation of the annual financial statements.

Income taxes are recognized based upon the best estimate of the actual income tax rate expected for the full financial year.

These half-year financial statements have been prepared on a going-concern basis and in accordance with the accrual basis of accounting.

These half-year financial statements have been prepared in thousands of Euros.

These half-year financial statements have been reviewed by Reconta Ernst & Young S.p.A..

Accounting standards, amendments and interpretations adopted as of 1 January 2014

IFRS 10 – Consolidated Financial Statements", IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities

Starting 1 January 2014 companies are required to adopt, retrospectively as of 1 January 2013, IFRS 10, IFRS 11, IFRS 12, the amended IAS 27 "Separate Financial Statements" and the amended IAS 28 "Investments in Associates and Joint Ventures".

Starting from existing standards, IFRS 10 defines the principle of control applicable to all companies, including "structured entities" (SPEs, special purpose entities). This standard provides guidance on how to determine the existence of control where this is difficult to ascertain. Based on the transition rules of IFRS 10, the Group reviewed the concept of control applied to its investees as of 1 January 2014 in light of the new standard without any significant effect.

IFRS 11 calls for the classification of investments in joint ventures pursuant to IAS 31 "Interests in Joint Ventures" in investments in "joint operations" (if the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement) and investments in "joint ventures" (if the Group has rights on the net assets of the arrangement).

Arrangements are classified on the basis of their rights and obligations rather than their legal form. Under the new standard, interests in joint ventures are accounted for with the equity method while for interests in joint operations the Group recognizes its share of assets, liabilities, costs and revenues (under IAS 31, these investments were accounted for with the equity method).

IFRS 12, for its part, combines, strengthens and replaces disclosure requirements for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The adoption of the new standards did not have any effects on the accounts for the first half.

Accounting standards, amendments and interpretations not yet applicable and not adopted early by the Group

As of the date of these Consolidated Financial Statements, the European Union's competent authorities did not complete the endorsement process necessary for the adoption of the following accounting standards, amendments and interpretations:

- On 12 November 2009, IASB published IFRS 9 "Financial Instruments". The same standard was issued again in October 2010 and amended in November 2013. IFRS 9 addresses both the classification, recognition and measurement of financial assets and liabilities and hedge accounting and is intended to replace, in these areas, IAS 39 "Financial Instruments: Recognition and Measurements". With the amendments of November 2013, in addition to other changes, IASB eliminated the date of first-time adoption, which had been previously set at 1 January 2015. The new date will be reintroduced with the publication of a full standard, at the end of the IFRS 9 project.

- On 21 November 2013, IASB published certain minor amendments to IAS 19 "Employee Benefits" entitled "Defined Benefit Plans: Employee Contributions". These narrow-scope amendments concern the simplification of the accounting treatment of employee or third-party contributions to defined-benefit plans. The amendments are applicable, retrospectively, for fiscal years commencing 1 July 2014 and early adoption is permitted.

- On 12 December 2013, IASB issued certain amendments to IFRSs (Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle). These amendments focused a number of important areas, including, among others: the definition of vesting conditions in IFRS 2 "Share-based Payments"; disclosure of estimates and judgments used in the aggregation of operating segments in IFRS 8 Operating Segments"; the identification and disclosure of a related-party transaction when entities provide key management personnel services to the reporting entity in IAS 24 "Related Party Disclosure"; the exclusion from the scope of IFRS 3 "Business Combinations" of all types of joint arrangements (as defined in IFRS 11 "Joint Arrangements"); and certain clarifications on the exceptions to the applications of IFRS13 "Fair Value Measurement".

The Group will adopt these new standards, amendments and interpretations on the basis of the expected date of application and will determine their potential impacts when these will be endorsed by the European Union.

3. Subsequent events

On 15 July 2014, the Swiss Competition Commission (Wettbewerbskommission) publicly announced the opening of an investigation on car lease financing activities in Switzerland involving the automotive captive financing companies (nine in total). Fidis Finance (Suisse) SA is one of the car lease providers subject to investigation.

4. Scope and method of consolidation

Scope of consolidation
The consolidated financial statements for the first half of 2014 includes the accounts of the Parent Company, FGA Capital S.p.A., and those of the Italian and foreign companies over which FGA Capital exercises control, within the meaning of IFRS 10, which replaces in part IAS 27 – "Consolidated and Separate Financial Statements" and completely SIC 12 – "Consolidation – Special Purpose Entities", introducing a single control model applicable to each company, including special purpose entities under SIC 12.

Based on the new definition of "control", an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Similarly, the scope of consolidation includes the structured entities established to carry out securitization transactions, in the presence of effective control, regardless of the existence of an equity investment.
The following is a detailed list of such entities:

COMPANY	REGISTERED OFFICE	TYPE OF RELATIONSHIP	% OF OWNERSHIP
FGA Capital S.p.A.	Turin -Italy		
Leasys S.p.A.	Turin -Italy	1	100.00
FC France S.A.	Trappes - France	1	99.99
FAL Fleet Services S.A.S.	Trappes - France	1	100.00
FGA Bank Germany GmbH	Heilbronn - Germany	1	100.00
FGA Capital UK Ltd	Slough - UK	1	100.00
FGA Wholesale UK Ltd.	Slough - UK	1	100.00
FGA Contracts UK Ltd.	Slough - UK	1	100.00
FGA Capital Spain EFC SA	Alcala de Henares - Spain	1	100.00
FGA Capital Services Spain SA	Alcala de Henares - Spain	1	100.00
FGA Capital IFIC S.A.	Lisbon - Portugal	1	100.00
FGA Distribuidora Portugal S.A.	Lisbon - Portugal	1	100.00
Fidis Finance S.A.	Schlieren - Switzerland	1	100.00
FGA Leasing Polska Sp. Zo.o.	Warsaw - Poland	1	100.00
Fiat Bank Polska S.A.	Warsaw - Poland	1	100.00
FGA Capital Netherland B.V.	Lijnden - Nederland	1	100.00
FGA Capital Danmark A/S	Glostrup - Denmark	1	100.00
FGA Capital Belgium SA	Auderghem - Belgium	1	100.00
FGA Bank GmbH	Vienna - Austria	2	50.00
FGA Leasing GMBH	Vienna - Austria	1	100.00
FGA Capital Hellas SA	Athens - Greece	1	99.99
FGA Insurance Hellas SA	Athens - Greece	1	99.98
FGA Capital Ireland PLC	Dublin - Ireland	1	99.99
FGA Capital Re Ltd	Dublin - Ireland	1	100.00

Type of relationship:
1 = majority of voting rights at ordinary meetings
2 = dominant influence at ordinary meetings.

The scope of consolidation includes 50%-held FGA Bank GmbH (Austria) because FGA Capital S.p.A. has a dominant influence on the company.

The table below provides details of the SPEs included in the scope of consolidation:

COMPANY	REGISTERED OFFICE
A-Best Four S.r.l.	Conegliano (TV) - Italy
A-Best Five S.A.	Luxembourg
A-Best Seven S.r.l.	Milan - Italy
A-Best Eight PLC	London - UK
A-Best Nine S.r.l.	Conegliano (TV) - Italy
Erasmus Finance Limited	Dublin - Ireland
FCT Fast 2	Courbevoie - France
Nixes Three PLC	Dublin - Ireland
Nixes Four S.r.l.	Milan - Italy
Nixes Five Ltd	Island of Jersey
Nixes Six PLC	London - UK
Star Limited	London - UK

Consolidation methods
In preparing the consolidated half-year financial report, the financial statements of the parent company and its subsidiaries (approved by each Board and prepared according to IAS/IFRS) are consolidated on a line-by-line basis by adding together like items of assets, liabilities, equity, income and expenses.
The book value of the parent's investment in each subsidiary company and the corresponding portion of the equity of each subsidiary of the parent company are eliminated.
Any differences arising from the consolidation process are stated – after allocating amounts to the assets and liabilities of the consolidated subsidiary, where possible – as goodwill at the date of the first time consolidation and, subsequently, as other reserves.
Non-controlling interests in the net profit of consolidated subsidiaries for the reporting period are identified and adjusted against the profit of the Parent Company's shareholders so as to arrive at the net profit attributable to the shareholders of the parent company.
Intercompany balances and transactions and related unrealized profits are eliminated in full.

The financial statements of the Parent Company and of other companies used to prepare the half-year consolidated financial statements are prepared as at the same reporting date.

When the financial statements of foreign companies are prepared in a currency other than the Euro, assets and liabilities are translated at the spot rate at the reporting date while income and expense items are translated at the average exchange rate for the period.

In translating the financial statements of a foreign subsidiary, income and expense items are translated at the average exchange rates while assets and liabilities are translated at the spot exchange rate prevailing on the reporting date.
All resulting exchange differences are recorded under equity until the disposal of the net investment, when the algebraic sum of these differences is released through profit and loss.
The exchange rates used for the consolidated half-year financial report are as follows:

	AVERAGE FOR THE SIX MONTHS ENDED 30/06/2014	EQUAL TO 30/06/2014	AVERAGE FOR THE SIX MONTHS ENDED 30/06/2013	EQUAL TO 30/06/2013
Danish krone (DKK)	7.463	7.456	7.457	7.459
Swiss franc (CHF)	1.221	1.216	1.230	1.234
Polish zloty (PLN)	4.176	4.157	4.177	4.338
British pound (GBP)	0.821	0.802	0.851	0.857

MAIN ITEMS IN THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Recognition method
Financial assets and liabilities are initially recognized on the settlement date.
Financial assets and liabilities held for trading are initially recognized at their fair value, without considering transaction costs or income directly attributable to the instrument.

Classification criteria
This item only includes the positive and negative value of derivative financial instruments held for trading, including those relating to securitization transactions.

Valuation method
After initial recognition, financial assets and liabilities held for trading are measured at their fair value.
The fair value of the derivative contracts is determined using valuation models that take account of risks relating to the instruments and that are based on information available on the market such as interest rate.

Derecognition criteria
Financial assets and liabilities held for trading are derecognized when the contractual rights to the cash flows deriving therefrom expire or when the financial asset or liability is sold, substantially transferring all related risks and rewards.

FINANCIAL ASSETS AVAILABLE FOR SALE

Recognition method
Financial assets held for sale are recognized on the date of settlement.
They are initially recorded at fair value, inclusive of directly attributable costs or revenues. Instruments reclassified out of Financial assets held to maturity are measured at their fair value at the time they are transferred.

Classification criteria
This item includes debt securities that are not classified as "Financial assets held for trading", "Financial assets held to maturity" or as "Receivables". In addition to bonds not held for trading, bonds not accounted for as "Financial assets held to maturity" or as "Receivables", this item includes shares that are not held for trading or that might not be qualified as controlling interests or investments in associates or joint ventures.

Valuation method Recognition of gains and losses
After the initial recognition, Available-for-sale financial assets are measured at fair value, with the corresponding amortized cost reported in the income statement and gains and losses resulting from changes in fair value recognized in Other comprehensive income, until the asset is either disposed of or impaired. When the asset is sold or impaired, the relevant cumulative gain or loss is reversed to profit or loss. Fair value is measured on the basis of the criteria already illustrated for Financial assets held for trading.
The existence of objective evidence of impairment is checked at fiscal year-end or at half-year end. In the presence of any such evidence, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate.
Reversals of impairment are recognized in profit or loss, in case of debt instruments, and in equity, in case of shares. Reversals cannot result in a carrying amount that exceeds what the amortized cost would have been had no impairment been recognized.

FINANCIAL ASSETS HELD TO MATURITY

Recognition method
Financial assets held to maturity are recognized on the date of settlement.
They are initially recorded at fair value, inclusive of directly attributable costs or revenues.

Classification criteria
This item includes debt securities with fixed or determinable payments and a fixed maturity date that the entity has the intention and ability to hold until maturity.

Valuation method
After initial recognition, financial assets held to maturity are stated at amortized cost, using the effective interest rate method. Gains or losses relating to financial assets held to maturity are recorded in the income statements when the assets are derecognized or impaired and through the amortization of the difference between book value and the amount repayable at maturity.
As part of year-end and interim closing procedures, a test is performed to determine whether there is objective evidence of possible impairment.
If such evidence exists, the loss is measured as the difference between the book value of the asset and the present value of estimated future cash flow, as discounted at the original effective rate of interest. Any such losses are recorded in the income statement.

If the reasons for impairment cease to exist because of events taking place after impairment losses were recorded, the value of the asset may be restored through profit and loss.

Derecognition criteria
Financial assets held to maturity are derecognized when the contractual rights to cash flow from the assets expire or when the financial asset is sold, substantially transferring all related risks and rewards.

RECEIVABLES

Recognition method
Initial recognition of a receivable occurs at disbursement date. They are initially recorded at fair value, that is normally equivalent to the amount disbursed, inclusive of costs/revenues directly attributable to the single receivable and which can be determined right from the start of the transaction, even if they are liquidated at a later date.

Classification criteria
Receivables include financial instruments with fixed and determinable payments that are not listed on an active market and are not classified as "Financial assets held for trading", "Financial assets held for sale" and "Financial assets held to maturity".
"Due from customers" includes receivables arising from retail finance and finance lease transactions and loans assigned on a recourse basis. Receivables assigned on a non-recourse basis are reported after it is determined that there are no contractual clauses precluding their recognition.

Lease contracts are classified as finance leases when the terms of the contract transfer substantially all the risks and benefits of ownership to the lessee. All other leases are considered operating leases.
Amounts due from lessees under finance lease contracts are recognized as receivables for the amount of the Group's investment in the leased assets.

Valuation method
After initial recognition, receivables are measured at amortized cost, equal to the initial value plus/minus principal repayments, write-downs / write-backs of value and amortization – calculated using the effective interest rate method – of the difference between the amount disbursed and the amount to be reimbursed at maturity, considering also the costs/revenues directly related to each loan.
The effective rate of interest is determined as the rate that equals the present value of future cash flow from the receivable – for principal and interest – as applied to the amount disbursed net of costs/revenues attributable to the loan.
By focusing on the cash movements, this accounting method allows the effect of the costs/revenues to be spread over the expected residual life of the loan.
The amortized cost method is not used for short-term loans, given that the effect of applying the discounting method to them is negligible. Such loans are stated at historical cost.

Receivables are regularly tested for impairment to check whether their estimated realizable value has decreased. This is performed by applying a statistical method to measure collectively, in homogeneous categories, groups of loans that are not meaningful individually. The estimated cash flows from the assets are reduced by expected losses as determined based on historical data, taking account of corrective measures derived from the qualitative analysis of the loans.
Significant individual receivables are tested separately.

The impairment adjustment is determined as the difference between the book value and the amount expected to be collected. Collective adjustments are recorded in the income statement.
Financial income is recognized in the various periods so as to smooth out the return.

Derecognition criteria
Loans are derecognized in part or in full when they are no longer considered recoverable. The losses are recorded in the income statement net of write-downs / provisions previously made.
Amounts recovered on loans previously written down are recorded against the item "net adjustments to non-performing loans".
Loans sold are derecognized if the transaction involves the substantial transfer of all risks and benefits relating to the loans. However, if the risks and benefits relating to the loans sold remain with the Group, the loans continue to be reported, even though title to them has actually been transferred.
If it is not possible to determine whether or not all risks and benefits have been substantially transferred, the loans are derecognized if no form of control has been maintained over them. Meanwhile, if some form of control has been maintained, the loans continue to be reported in proportion to the remaining control, as measured based on the Group's exposure to changes in the value of the loans sold and to changes in cash flows from the loans. Finally, the loans sold are derecognized if the contractual rights to receive related cash flows have been retained while a commitment has been made to pay said cash, and only it, to other third parties.

Other information – Securitized portfolio
Certain companies of FGA Capital Group take part in securitization programmes as issuers of and investors in securities from such transactions. Other companies take part in third party securitization transactions solely as investors in the securities issued.
Securitization transactions involve the sale of a portfolio of receivables, on a non-recourse basis, to a special purpose entity that finances the purchase of the receivables by issuing Asset Backed Securities i.e. securities whose repayment and interest flow depend on the cash flow generated by the portfolio of receivables.
Asset-backed securities are divided into different classes depending on their seniority and rating: the senior ones are issued on the market and subscribed by investors; the junior ones, which are redeemed after the senior ABS, are subscribed by FGA Capital Group companies.
Pursuant to IFRS 10, SPEs are included in the scope of consolidation as investment in junior asset-backed securities and the involvement of the originator company in drafting the contracts imply substantial control over the SPE.

HEDGING TRANSACTION

Types of hedges
Hedging transactions are intended to neutralize potential losses on a specific item or group of items, attributable to a specific risk, through the gains generated on another instrument or group of instruments in the event that the specific risk in question materializes.
FGA Capital Group applies, with the aim of covering its exposure to changes in future cash flows, with reference to retail financing portfolio, the Fair Value Hedge method. Starting in 2011, this methodology is applied to derivative financial instruments with the purpose of hedging the interest rate risk associated with bonds issued.
This approach is not applied to derivative financial instruments with the purpose of hedging the interest rate risk associated with the funding related to long term rental activity, on which it is applied the Cash Flow Hedge methodology.
Only those entered into with a counterparty not belonging to the Group may be treated as hedging instruments.

Valuation method
Hedging derivatives are stated at fair value and changes in their fair value are allocated, for the effective portion of the hedge, to a specific equity reserve in the case of Cash Flow Hedge, while in the case of Fair Value Hedge they are recognized through profit and loss.
Fair value is calculated on the basis of interest rates and exchange rates quoted on the market and represents the discounted cash flows on single contracts.
A derivative instrument is designated to be a hedge if the relationship between the hedged item and the hedging instrument is documented and if it is effective from the time the hedge starts and throughout the entire period of the hedge.

In the case of Cash Flow Hedge, the effectiveness of the hedge depends on the extent to which variations in the fair value of the hedged item or related expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appraised by comparing the aforementioned variations, considering the intent of the entity at the time it entered into the hedging transaction. A hedge is effective (in a range between 80% and 125%) when the changes in the fair value (or cash flows) of the hedging financial instrument almost entirely offset the changes in hedged item with regard to the risk being hedged.

In the case of Fair Value Hedge, FGA Capital Group applies the so-called Macrohedge to homogeneous risk groups. The risk exposure is determined by comparing the nominal amount of underlying receivable portfolio with the notional amount of hedging derivatives until the next re-pricing date (maturity date for fixed-rate positions). The effectiveness of the hedge is based on a comparison between the remaining notional amount of the hedging derivatives and the remaining nominal amount of the hedged portfolio.
In both cases, if these tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued and the hedging derivative is reclassified to instruments held for trading.

EQUITY INVESTMENTS

This item includes interests held in:
- associated companies – recorded using the equity method;
- joint ventures, which the Group opted to account for with the equity method;
- certain equity investments that, due to their being immaterial, are recognized at cost.

If there is any evidence that the value of an investment has been impaired, the recoverable value of the investment is estimated, taking account of the future cash flows that it will generate, including its disposal value.
If the recovery value is lower than book value, the difference is recorded in the income statement.
In later periods, if the reasons for the impairment cease to exist, the original value may be restored through the income statement.

PROPERTY, PLANT AND EQUIPMENT

Recognition method
Property, plant and equipment are recognized at cost. This includes the purchase price paid and all incidental charges directly attributable to the purchase and to make the asset fully operational. Property, plant and equipment are not revalued. Costs incurred after purchase are only capitalized if they lead to an increase in the future economic benefits deriving from the asset to which they relate. All other costs are recorded in the income statement as incurred.

Classification criteria
Tangible assets include land, buildings, furniture, fittings, plants, other machinery and equipment.
These are tangible assets held for use in the production or supply of goods and services, for rental to third parties or for administrative purposes and which are expected to be used during more than one accounting period.
Leased assets include vehicles given to clients under operating leases by the Group's leasing companies. Trade receivables under operating lease agreements that are being collected or are subject to recovery procedures are classified under "Other assets". Operating lease agreements with buyback clauses are also classified under "Other assets".

Valuation method
Depreciation is calculated on a straight line basis considering the remaining useful life and value of the asset.
At every reporting date, if there is any evidence that an asset might be impaired, the book value of the asset is compared with its realizable value – equal to the higher of fair value, net of any selling costs, and the value in use of the asset, defined as the net present value of future cash flows generated by the asset. Any impairment losses and adjustments are recorded in the income statement.

Operating lease income is recorded in equal instalments over the period of the contract. Initial direct costs incurred when negotiating and agreeing on the operating lease are added to the value of the leased assets in equal instalments over the duration of the contract.
The costs relating to operating lease agreements are recorded on a straight line basis in the income statement over the period of the operating lease contract.

Derecognition criteria
Property, plant and equipment are derecognized when they are disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal.

INTANGIBLE ASSETS

Recognition method
Intangible assets are recognized when it is likely that their use will generate future economic benefits and the cost of the asset can be reliably measured.
An intangible asset may be recorded as goodwill when the positive difference between and the acquisition cost of the investment (including incidental charges) and the fair value of the net asset value of the business acquired is representative of the future profitability of the investment (goodwill). If the goodwill is not justified by the future profitability of the company or investment acquired, the difference is charged directly to the income statement.

Classification criteria
The item mainly comprise Goodwill, "intellectual property rights" and software applications for long term use.
Goodwill represents the positive difference between the cost and the fair value of the assets and liabilities of the business acquired.

Valuation method
Intangible assets are valued at purchase or production cost and amortized except for goodwill on a straight line basis over their estimated useful lives.
At every reporting date, where there is evidence of impairment losses, the recovery value of the intangible asset is estimated. The impairment loss, recorded in the income statement, is equal to the difference between the book value of the assets and its recovery value.
Goodwill is subjected to an impairment test every year (or whenever there is evidence that its value has been impaired). The cash generating unit to which to allocate the goodwill is identified for this purpose. The amount of any impairment is determined based on the book value of the goodwill and its recovery value. The recovery value is equal to the greater of the fair value of the cash generating unit, net of any selling costs, and the related value in use. Resulting impairment losses are recorded in the income statement and reversal are prohibited.

Derecognition criteria
Intangible assets are derecognized upon disposal or if no future economic benefits are expected.

PAYABLES, SECURITIES ISSUED AND OTHER LIABILITIES

Recognition method
Initial recognition is based on the fair value of the liabilities. This normally equals the amount collected or the issue price, considering any transaction costs and income that may be directly allocated to the instrument.

Classification criteria
Borrowings from banks and other lenders and securities issued mainly include the various forms of funding used by the Group. In particular, securities issued comprise bonds issued by Special Purpose Entities in relation to securitization transactions.

Valuation method
After initial recognition, financial liabilities are measured at amortized cost as calculated with the effective interest method. On the other hand, short term liabilities where the time factor has a negligible effect are recorded at amount collected.

Derecognition criteria
Financial liabilities are derecognized when they expire or are extinguished. Derecognition also takes place upon the repurchase of securities previously issued. The difference between the book value of the liability and the amount paid to repurchase it is recorded in the income statement.

POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Pension Plans
FGA Capital Group employees take part in several different defined benefit and defined contribution pension plans in accordance with local conditions and practice in the countries in which the Group operates. Defined benefit pension plans are based on the employees' years of service and the remuneration earned by the employee during a pre-determined period of service.

The obligation to fund defined benefit pension plans and the annual cost recorded in the income statement are determined by independent actuaries using the projected unit credit method.

The post-employment benefit obligation recorded in the statement of financial position the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses and costs related to past service not previously recognized, reduced by the fair value of plan assets.
Any net assets arising from this calculation are recognized at the lower of their amount and the total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan. Payments relating to defined contribution plans are recorded in the income statement as incurred.

Post-employment plans other than pensions
The FGA Capital Group provides certain defined benefit post-employment schemes, mainly healthcare plans. The applicable accounting method and the frequency of their calculation are similar to those used for defined-benefit pension plans.
The employee severance indemnity (TFR) reserve for Italian companies is considered a defined benefit plan and is accounted for accordingly.

Retirement funds and similar obligations
Internal retirement funds are set up in accordance with company specific agreements and classified as defined benefit plans. Under these plans, employees leaving the company with the minimum period of service defined therein are entitled to a loyalty bonus equal to a number of months' salary.
Liabilities under these funds and the related employment cost are determined based on actuarial assumptions.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are intended to cover costs and charges of a determinate nature and which are certain or probable but whose amount and due date were uncertain at the reporting date. Provisions for risks and charges are only created when:
a) there is a current obligation (legal or constructed) as a result of a past event;
b) it is likely that fulfilment of the obligation will involve a cost;
c) the amount of the obligation can be reliably estimated.
Where time value is significant, the provision is stated at the present value of the cost expected to be incurred to fulfil the obligation.

REVENUE RECOGNITION

Revenues are recognized when they are collected or, in any case, when it is probable that future benefits will be received and they can be reliably quantified. In particular, interest income on receivables and commissions from customers and interest income on receivables from banks are classified under "Interest and similar income" and recorded on an amortized cost basis.
Commission and interest received or paid in relation to financial instruments are accounted for on an accruals basis.
Income from services is recorded when the services are rendered.
Dividends payable are shown as movements in equity in the year they are approved by the Shareholders in the General Meeting.

COST RECOGNITION

Costs are recognized when they are incurred. In particular, interest expenses on financial instruments accounted at amortized cost and determinable from the start, regardless of when they are paid, are recognized through profit and loss.
Write-downs are recognized in the year they are incurred.

INSURANCE ASSETS AND LIABILITIES

IFRS 4 describes an insurance contract as a contract under which one party (the issuer) accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.
The Group's insurance activity is related to the reinsurance of life and non-life policies sold to retail customers in order to protect the repayment of their debt.
The financial and operating effects of the reinsurance contracts issued and held were accounted, as required by Paragraph 2 of IFRS 4, in the items described below.

Other assets – Item 140 in Assets
This item includes reinsurance assets under contracts entered into by Group companies.

Other liabilities – Item 90 in Liabilities
This item includes reinsurance liabilities under contracts entered into by Group companies.

Fees and commissions income – Item 30 in Income Statement
This item includes:
- premiums received during the period in relation to insurance contracts, net of cancellations;
- commission income and other revenues received in connection with re-insurance activities.

Fees and commissions expenses – Item 40 in Income Statements
This item includes:
- costs related to premiums ceded to reinsurers;
- commissions expenses and others expenses related to the insurance activity.

TAXATION

Corporate income tax is calculated in accordance with current tax law.
The tax charge (income) for the period represents the sum of both current and deferred tax charges included in determining the result for the year.
Current taxation represents the corporate income tax due (recoverable) on the taxable income (tax loss) for the year.
Deferred tax liabilities represent corporate income taxes due in future tax periods on taxable timing differences. Deferred tax assets regard corporate income tax that may be recovered in future tax periods and relate to:
a) deductible timing differences;
b) unused tax losses carried forward;
c) unused tax credits carried forward.

Timing differences relate to differences between the book value of an asset or a liability and the corresponding tax base. They may relate to:

a) taxable timing differences i.e. timing differences that, in determining taxable income (tax loss) in future years, will give rise to taxable amounts when the book value of the assets or liabilities is realized or extinguished;

b) deductible timing differences i.e. timing differences that, in determining taxable income (tax loss) in future years, will give rise to deductible amounts when the book value of the assets or liabilities is realized or extinguished.

The tax base of an asset or liability is the value attributed to the asset or liability under applicable tax law. Deferred tax liabilities are recorded in respect of all taxable timing differences in accordance with IAS 12. Deferred tax assets are recognized for all deductible timing differences under IAS 12 only if it is probable that there will be taxable income against which to utilize the deductible timing difference.

Tax assets and liabilities for deferred tax assets and liabilities are calculated using the tax rate in force in the periods in which the asset will be realized or the liability extinguished.

Current and deferred taxes are recorded in the income statement except for that relating to gains or losses on available-for-sale financial assets and to changes in the fair value of derivative hedging instruments (cash flow hedges), which they are recognized, net of taxation, directly in equity.

USE OF ESTIMATES

The consolidated financial statements are prepared in accordance with IFRS which require the use of estimates, judgements and assumptions that affect the carrying amount of assets and liabilities, the disclosures relating to contingent assets and liabilities and the amounts of income and expense reported for the period.

The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant.

In this respect, the situation caused by the continuing difficulties of the economic and financial environment, in particular in the Eurozone, led to the need to make assumptions regarding future performance which are characterised by significant uncertainty; as a consequence, therefore, it cannot be excluded that results may arise in the future which differ from estimates, and which therefore might require adjustments, even significant, to be made to the carrying amount of the items in question, which at the present moment can clearly neither be estimated nor predicted. The main items affected by these situations of uncertainty are non-current assets (tangible and intangible assets), deferred tax assets, provision for employee benefits, and allowances for contingencies liabilities.

The estimates and underlying assumptions are reviewed periodically and continuously by the Group. If the items considered in this process perform differently, then the actual results could differ from the estimates, which would accordingly require adjustment. The effects of any changes in estimate are recognised in profit or loss in the period in which the adjustment is made if it only affects that period, or in the period of the adjustment and future periods if it affects both current and future periods.

The following are the critical measurement processes and key assumptions used by the Group in applying IFRSs which may have significant effects on the amounts recognised in the consolidated financial statements or for which there is a risk that a significant difference may arise in respect to the carrying amounts of assets and liabilities in the future.

Recoverability of non-current assets

Non-current assets include property, plant and equipment, goodwill, other intangible assets, equity investments and other financial assets. The Group periodically reviews the carrying amount of non-current assets held and used and that of assets held for sale when events and circumstances warrant such a review. For goodwill such analysis is carried out at least annually and when events and circumstances warrant such a review. The analysis of the recoverable amount of non-current assets is usually performed using estimates of future expected cash flows from the use or disposal of the asset and a suitable discount rate in order to calculate present value.

The estimates and assumptions used as part of that analysis reflect the current state of the Group's available knowledge as to the expected future development of the business of the various sectors and are based on a realistic assessment of the future development of the markets and the car industry, which remain subject to a high degree of uncertainty due to the continuation of the economic and financial crisis and its effects on that industry. Although current Group estimates do not indicate any other situations concerning possible impairment losses on non-current assets, any different developments in the economic environment or Group performance could result in amounts that differ from the original estimates, needing the carrying amount of certain non-current assets being adjusted.

Recoverability of deferred tax assets

At 31 December 2013, the Fiat Group had deferred tax assets on deductible temporary differences and theoretical tax benefits arising from tax loss carryforwards. The Group has recorded these valuation because it believes it is probable will be recovered. In the definition of this amount, management has taken into consideration figures from budgets and forecasts consistent with those used for impairment testing and discussed in the preceding paragraph relating to the recoverable amount of non-current assets. Moreover, the adjustments that have been recognised are considered to be sufficient to protect against the risk of a further deterioration of the assumptions in these forecasts, taking account of the fact that the net deferred assets accordingly recognised relate to temporary differences and tax losses which, to a significant extent, may be recovered over a very long period, and are therefore consistent with a situation in which the time needed to exit from the crisis and for an economic recovery to occur extends beyond the term implicit in the above-mentioned estimates.

Pension plans and other post-retirement benefits

Employee benefit liabilities with the related assets, costs and net interest expense are measured on an actuarial basis which requires the use of estimates and assumptions to determine the net liability or net asset. The actuarial method takes into consideration parameters of a financial nature such as the discount rate and the expected long term rate of return on plan assets, the growth rate of salaries and the growth rates of health care costs and the likelihood of potential future events by using demographic assumptions such as mortality rates, dismissal or retirement rates. In particular, the discount rates selected are based on yields curves of high quality corporate bonds in the relevant market. The expected returns on plan assets are determined considering various inputs from a range of advisors concerning long-term capital market returns, inflation, current bond yields and other variables, adjusted for any specific aspects of the asset investment strategy. Salary growth rates reflect the Group's long-term actual expectation in the reference market and inflation trends. Trends in health care costs are developed on the basis of historical experience, the near-term outlook for costs and likely long-term trends. Changes in any of these assumptions may have an effect on future contributions to the plans.

Contingent liabilities

The Group makes a provision for pending disputes and legal proceedings when it is considered probable that there will be an outflow of funds and when the amount of the losses arising from such can be reasonably estimated. If an outflow of funds becomes possible but the amount cannot be estimated, the matter is disclosed in the notes. The Group is the subject of legal and tax proceedings covering a range of matters which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the outflow of funds which will result from such disputes with any certainty. Moreover, the cases and claims against the Group often derive from complex and difficult legal issues which are subject to a different degree of uncertainty, including the facts and circumstances of each particular case, the jurisdiction and the different laws involved. In the normal course of business the Group monitors the stage of pending legal procedures and consults with legal counsel and experts on legal and tax matters. It is therefore possible that the provisions for the Group's legal proceedings and litigation may vary as the result of future developments of the proceedings in progress.

DISCLOSURE ON FAIR VALUE

1 Portfolio transfers
During the year no portfolio transfers occurred.

2 Hierarchy of fair value
A.4.5.1 Assets and liabilies held at fair value : breakdown by level of fair value.

FINANCIAL ASSETS/LIABILITIES HELD AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
1. Financial assets held for trading		29.584		29.584
2. Financial assets at fair value				-
3. Available-for-sale financial assets				-
4. Hedging derivatives		64.806		64.806
5. Property,plant and equipment				
6. Intangible assets				
TOTAL	-	94.390	-	94.390
1. Financial liabilities held for trading		31.146		31.146
2. Financial liabilities held at fair value				-
3. Hedging derivatives		85.162		85.162
TOTAL	-	116.308	-	116.308

Below, a comparison is provided between carrying amount and fair value, in accordance with IAS 34.16A.

A.4.5.4 Assets and liabilies non held at fair value : breakdown by level of fair value.

	30/06/14				31/12/13			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets held to maturity	9.708	9.835			9.665	9.213		
2. Receivables	14.049.759		14.112.605		14.372.526		14.419.667	
3. Investments	108		108		108		108	
4. Fixed assets held for investment								
5. Non-current assets held for sale								
TOTAL	14.059.575	9.835	14.112.713	-	14.382.299	9.213	14.419.775	-
1. Payables	6.247.357		6.341.607	-	7.483.711		7.625.574	-
2. Notes issued	7.244.948	4.110.990	3.269.188	-	6.366.608	2.655.827	3.745.370	-
3. Non-current liabilities held for sale								
TOTAL	13.492.305	4.110.990	9.610.795	-	13.850.319	2.655.827	11.370.944	-

CA = Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

According to IFRS 13, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). IFRS 7 introduces instead the definition of "fair value hierarchy". This standard calls for fair value to be determined in accordance with a three-level hierarchy based on the significance of the inputs used in such measurement. The objective is to set the price at which the asset can be sold.

The three levels are as follows:
a) Level 1 (L1): quoted prices (without adjustments) in an active market – as defined by IAS 39 – for the assets and liabilities to be measured;
b) Level 2 (L2): inputs other than quoted market prices included within Level 1 that are observable either directly (prices) or indirectly (derived from prices) in the market;
c) Level 3 (L3): inputs that are not based on observable market data.

Below, the methods adopted by the Company to determine fair value are illustrated:

Financial instruments **classified as (L1)**, whose fair value is their market price (securities traded in an active market), refer to:

- Austrian government bonds purchased by the Austrian subsidiary, quoted in regulated markets (Caption: assets held to maturity);
- Bonds issued by the subsidiary FGAC IE under the Euro Medium Term Notes programme and listed in regulated markets (Caption: bonds outstanding);
- Bonds issued in connection with securitization transactions, placed with the public or with private investors, by different Group entities (Caption: bonds outstanding).

For listed bonds issued in connection with securitization transactions, reference to prices quoted by Bloomberg.

Financial assets and liabilities **classified as (L2)**, whose fair value is determined by using inputs other than quoted market prices that are observable either directly (prices) or indirectly (derived from prices) in the market, refer to:
- OTC trading derivatives to hedge securitization transactions,
- OTC derivatives entered into to hedge Group companies' receivables,
- trade receivable portfolio (Caption: Receivables),
- borrowings,
- bonds issued in connection with securitization transactions, placed with the public or with private investors, by different Group entities.

Derivatives are measured by discounting their cash flows at the rates plotted on the yield curves provided by Bloomberg. Receivables and payables are measured in the same way.

Bonds outstanding reflect the prices published by Bloomberg. For unlisted bonds reference is made to quoted prices for comparable transactions.

For listed bonds issued in connection with private securitization transactions, reference is provided by prime banks active in the market taking as reference equivalent transactions, or made to the nominal value of the bonds or the fair value attributed by the banking counterparty that subscribed to them.

The Group uses measurement methods (mark to model) in line with those generally accepted and used by the market. Valuation models are based on the discount of future cash flows and the estimation of volatility; they are reviewed both when they are developed and from time to time, to ensure that they are fully consistent with the objectives of the valuation.

These methods use inputs based on prices prevailing in recent transactions on the instrument being measured and/or prices/ quotations of instruments with similar characteristics in terms of risk profile.

RELATED-PARTY TRANSACTIONS

FGA Capital Group has transactions with associated companies and other related parties. In particular, the main related-party transactions give rise to financial assets and liabilities with companies of the Fiat Group and the Crédit Agricole Group. These transactions are entered into at arm's length in the relevant markets and are in line with the disclosures made in the 2013 consolidated financial statements. The next tables provide details of the main related-party transactions.

BALANCE SHEET

ITEM	ITEM NAME	SHAREHOLDERS	OTHER RELATED PARTIES	TOTAL RELATED PARTIES	INCIDENCE ON ITEM
20	Financial assets held for trading	–	21.805	21.805	74%
60	Receivables	77.466	213.245	290.711	2%
70	Hedging derivatives	–	27.854	27.854	43%
140	Other assets	227.944	120.747	348.691	55%
10	Debts	3.087.385	1.011.601	4.098.986	66%
20	Notes issued	621.366	–	621.366	9%
30	Financial liabilities held for trading	–	22.490	22.490	72%
50	Hedging derivatives	–	38.729	38.729	45%
90	Other liabilities	53.392	85.143	138.536	24%

INCOME STATEMENT

ITEM	ITEM NAME	SHAREHOLDERS	OTHER RELATED PARTIES	TOTAL RELATED PARTIES	INCIDENCE ON ITEM
10	Interest and similar income	25.095	47.701	72.796	19%
20	Interest and similar expenses	(35.098)	(14.984)	(50.082)	26%
30	Fees and commission income	–	25.995	25.995	35%
40	Fees and commission expenses	–	(835)	(835)	4%
110	Administrative expenses	(4.022)	(3.124)	(7.146)	7%
160	Other operating expenses	(3)	(329)	(332)	0%
160	Other operating income	7.920	15.780	23.700	7%

Turin, 25th July 2014
On behalf of the Board of Directors

Chief Executive Officer and General Manager
Giacomo Carelli

INDEPENDENT AUDITOR'S REPORT **JUNE 30, 2014**

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Auditors' review report on the consolidated half-year financial report
(Translation from the original Italian text)

To the Shareholders of
FGA Capital S.p.A.

1. We have reviewed the consolidated half-year financial report, comprising consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated cash flow statement and the related notes, of FGA Capital S.p.A. and its subsidiaries (the "FGA Capital Group") as of June 30, 2014. Management of FGA Capital S.p.A. is responsible for the preparation of the consolidated half-year financial report in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the consolidated half-year financial report and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial report. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the consolidated half-year financial report as we expressed on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year and the consolidated half-year financial report of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 4, 2014 and on July 26, 2013, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated half-year financial report of the FGA Capital Group as of June 30, 2014 is not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, July 28, 2014

Reconta Ernst & Young S.p.A.
Signed by: Ettore Abate, Partner

This report has been translated into the English language solely for the convenience of international readers