

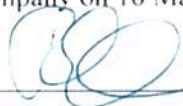
Mercedes-Benz Finans Danmark A/S

**Digevej 114, 4.
2300 København S**

CVR no. 16 04 76 86

Annual report for 2017

The annual report was presented and
adopted at the annual general meeting of
the Company on 16 May 2018



Florian Peterl

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Mercedes-Benz Finans Danmark A/S for the financial year 1 January - 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the result of the Company's operations for the year 1 January - 31 December 2017.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 16 May 2018

Executive Board



Ralf Ewald
CEO



Florian Peterl
CFO

Board of Directors



Bernd Barth
Chairman



Björn Hauber



Ralf Ewald

Independent auditor's report

Independent auditor's report

To the shareholders of Mercedes-Benz Finans Danmark A/S

Opinion

We have audited the financial statements of Mercedes-Benz Finans Danmark A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

Independent auditor's report

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 44 98



Kenn Wolff Hansen

State Authorised Public Accountant

mne 30154

Management's review

Company details

The Company

Mercedes-Benz Finans Danmark A/S
Digevej 114
Postboks 132
2300 København S

Telephone: 33 78 89 00
Fax: 33 78 89 01
E-mail: kundeservice@daimler.com
Website: www.mercedes-benz.dk

CVR no.: 16 04 76 86
Financial Period: 1 January - 31 December
Incorporated: 25 March 1992
Municipality of reg. office: Copenhagen

Board of directors

Bernd Barth, Chairman
Björn Hauber
Ralf Ewald

Executive Board

Ralf Ewald, CEO
Florian Peterl, CFO

Auditors

KPMG P/S
Dampfærgevej 28
DK-2100 København Ø

General meeting

The annual general meeting is held on 16 May 2018

Management's review

	2017 DKKkm	2016 DKKkm	2015 DKKkm	2014 DKKkm	2013 DKKkm
Key figures					
Profit/loss					
Revenue	383	309	274	269	258
Operating profit	71	82	61	58	61
Net profit for the year	55	64	51	51	48
Balance sheet					
Investment in property, plant and equipment	751	441	291	270	247
Total assets	4,539	4,195	3,615	3,081	2,616
Equity	227	235	222	223	216
Ratios					
Net profit ratio	18.6%	26.4%	22.2%	21.6%	23.6%
Return on assets	1.6%	2.1%	1.8%	2.0%	2.6%
Solvency ratio	5.0%	5.6%	6.1%	7.2%	8.3%
Return on equity	24.0%	28.1%	23.0%	23.2%	22.9%
Average number of employees	11	8	8	7	6

Reference for calculation of Ratios is made to definitions and terms under accounting policies.

The Company has in 2017 changed classification for presentation of certain items in the income statement and the balance sheet. The key figures and the ratios for the years 2013 to 2016 has been changed accordingly.

Management's review

Operating review

Principal activities

The Company's principal activities comprise credit granting in the form of financing and leasing of new and used Mercedes-Benz cars, vans and trucks as well as other makes of vehicles marketed by Mercedes-Benz authorised dealers.

Development in activities and financial position

Operating profit amounted to DKK 71.1 million (2016: DKK 81.6 million), which is a decrease in comparison to last year's result and below last year's outlook. The decrease of the profit can mainly be attributed to higher cost of risk.

The Danish market environment improved during 2017. Credit reserves for bad and doubtful debts were slightly higher in 2017 compared to 2016. The cost of risk are higher compared to last year also due to reserve releases in 2016. Write-offs were lower in 2017 compared to 2016. The sound portfolio quality is a result of a tightened debt recovery process, and a stricter underwriting policy during the last years. Refinancing costs were stable.

New business increased further in 2017, and the Company's total assets increased to DKK 4.5 billion (2016: DKK 4.2 billion).

Capital resources

At 31 December 2017, the Company's equity amounted to DKK 226.6 million (31 December 2016: DKK 235.4 million) corresponding to a solvency ratio of 5.0% (31 December 2016: 5.6%). Management considers the Company's capital resources to be satisfactory.

Outlook

Significant improvements in market conditions were observed in 2017. The Company has made investments to further improve processes and systems. This will further enhance the Company's value propositions towards costumers.

Supported by the strong forecasted sales of Mercedes-Benz vehicles in the Danish market, the Company's assets are planned to increase further in 2018. A higher profit is expected in 2018 compared to 2017.

Management's review

Operating review

Special risks

The Company's risks primarily include credit risks, market risks and liquidity risks.

Credit risks

The decisive basis for decision for the Company's credit granting is the borrower's repayment ability. In order to further minimise the risk, the majority of the Company's credits are also hedged through underlying assets subject to restrictions on title. Significant fluctuations in the market prices of the underlying assets will therefore affect the Company's credit risk.

The Company's risk diversification is sound. This is a result of the fact that the Company has relatively few large-scale borrowers and the majority of customers have commitments including only one or a few cars.

Market risks

The Company's most significant market risks are interest rate and liquidity risk. For both risk areas, the Company is following the matched funded principle to minimise the exposure. The existing portfolio is analysed and the expected new volume is simulated on a monthly basis to determine the funding requirements.

The majority of the Company's loans and leases consist of lease agreements where the interest rate and lease payment, respectively, are adjusted in relation to the development of the short-term market rate. Similarly, the Company's refinancing consists of loan arrangements adjusted in relation to the development in the short-term market rate.

The Company is continuously matching the Company's loans and depreciation of leases to refinancing with similar terms. If funding cannot be raised with the required terms through external banks, funding is raised through Daimler AG Group.

Liquidity risks

Mercedes-Benz Finans Danmark A/S funds itself with external bank loans and Daimler group internal financing. The structure of the funding is done in a way to eliminate any liquidity risk. Mercedes-Benz Finans Danmark A/S runs a monthly Asset Liability Management analysis takes into account the run-off of the portfolio and the financial liabilities as well as non-interest bearing assets and liabilities. Based on those results as well as the new acquisitions in the Company's portfolios the funding is determined and executed.

Management's review

Operating review

Social responsibility

At Mercedes-Benz Finans Danmark AS, we believe corporate social responsibility is an integral part of our identity as a global company. The Company is therefore participating as part of the Daimler Financial Services Group in multifaceted activities reflecting its social commitment. The global key focus areas are education and community advancement where Daimler Financial Services assists through donations, cash contributions and the development of sustainable programmes.

For example, for many years now, Daimler Financial Services helped company founders in numerous countries achieve lasting success. The company founders' innovative business ideas have been deserving of support and the entrepreneurs' courage and new ideas serve as the basis of a flourishing and dynamic economy. They create jobs and thereby give people security. Entrepreneurs have a positive impact on their environment, each in his or her own way - for example, in Mozambique, Scotland, and South Africa.

Consumer demand for individual mobility is growing worldwide. Daimler wants to continue to satisfy this demand as optimally as possible in the future, and this is only possible with concepts and products for sustainable mobility. Above all, this includes safe, fuel-efficient, and low-emission vehicles. One of our goals is to minimise our products' impact on the climate and the environment - from production and operation all the way to end-of-life vehicle recycling. On the "Road to Emission free Mobility," our focus is on innovative drive concepts supplemented by improved and alternative fuels. During the development phase, we optimise consumption of primary energy, the use of raw materials, and recyclability.

Besides these factors, our product strategy also focuses on vehicle safety. We are therefore employing a range of different safety technologies as we progress along the "Road to Accident-free Driving." A key role is played here by innovative assistance systems, which can prevent accidents. They are very effective in protecting the life and health of vehicle occupants and other road users. The consolidated group statement on the policy, cf. Article 99a of the Danish Financial Statements Act, can be found in Daimler's annual report 2017, p. 214 - 235 (link: <https://www.daimler.com/investors/reports-news/>).

Statutory statement regarding gender quotation in Management

In 2013, Mercedes-Benz Danmark Group set a target for Mercedes-Benz Finance Denmark A/S to have 1 female representative hired on the Board level by the end of 2017. However, this target was not achieved and at the current stage our Board still consists of 3 male representatives. Therefore, we have decided to continue the target and aim to have 1 female representative on the Board of Directors by 2022. The difficulty with completing our initial target was mostly related to industry conditions, in regards to gender diversity. We are dedicated to complete the new target within the defined timeframe.

For FY17, Mercedes-Benz Finance has less than 50 employees, therefore no policy has been prepared to other management levels, which is in accordance with 99b of the Danish Financial Statements Act.

Financial statements 1 January - 31 December

Income statement

	Note	2017 DKK'000	2016 DKK'000
Revenue	2	382,965	308,804
Cost relating to leases and purchase contracts, etc.	3	-71,387	-39,464
Other operating income		6,351	4,817
Other external costs	4	<u>-22,192</u>	<u>-15,649</u>
Gross profit		295,737	258,508
Staff expenses	5	-31,279	-27,554
Depreciation on property, plant and equipment		<u>-193,358</u>	<u>-149,337</u>
Operating profit		71,100	81,617
Tax on profit for the year	6	<u>-15,679</u>	<u>-17,365</u>
Profit for the year	7	<u>55,421</u>	<u>64,252</u>

Financial statements 1 January - 31 December

Balance Sheet

	Note	<u>2017</u> DKK'000	<u>2016</u> DKK'000
Assets			
Lease automobiles		1,178,483	770,690
Fixtures and fittings, tools and equipment		<u>0</u>	<u>91</u>
Property, plant and equipment	8	<u>1,178,483</u>	<u>770,781</u>
Finance leases		2,072,515	2,023,103
Purchase contracts		<u>494,156</u>	<u>601,412</u>
Investments	9	<u>2,566,671</u>	<u>2,624,515</u>
Total non-current assets		<u>3,745,154</u>	<u>3,395,296</u>
Financing of inventories, distributors	10	602,702	607,288
Trade receivables		110,039	99,368
Receivables from group entities		0	12,102
Other receivables		2,107	18,299
Prepayments	11	<u>78,736</u>	<u>62,308</u>
Receivables		<u>793,584</u>	<u>799,365</u>
Total current assets		<u>793,584</u>	<u>799,365</u>
Total assets		<u>4,538,738</u>	<u>4,194,661</u>

Financial statements 1 January - 31 December

Balance sheet

	Note	<u>2017</u> DKK'000	<u>2016</u> DKK'000
Equity and liabilities			
Equity	12	57,500	57,500
Retained earnings		113,674	113,674
Proposed dividend for the year		<u>55,421</u>	<u>64,252</u>
Total equity		<u>226,595</u>	<u>235,426</u>
Deferred tax	13	<u>178,112</u>	<u>142,465</u>
Total provisions		<u>178,112</u>	<u>142,465</u>
Bank loans and overdrafts		195,000	385,000
Loans from group enterprises		<u>1,652,147</u>	<u>1,094,395</u>
Non-current liabilities other than provisions	14	<u>1,847,147</u>	<u>1,479,395</u>
Bank loans and overdrafts	14	190,008	250,258
Trade payables		23,780	41,369
Amounts owed to group entities		249,266	101,939
Loans from group entities	14	1,687,696	1,845,709
Other payables		116,908	82,717
Deferred income	15	<u>19,226</u>	<u>15,383</u>
Current liabilities other than provisions		<u>2,286,884</u>	<u>2,337,375</u>
Total liabilities other than provisions		<u>4,134,031</u>	<u>3,816,770</u>
Total equity and liabilities		<u>4,538,738</u>	<u>4,194,661</u>
Contingent liabilities and securities	16		
Related parties	17		
Subsequent events	18		

Financial statements 1 January - 31 December

Statement of changes in equity

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Share Capital at 1 January 2017	57,500	113,674	64,252	235,426
Dividend paid	0	0	-64,252	-64,252
Transferred; see the profit appropriation	<u>0</u>	<u>0</u>	<u>55,421</u>	<u>55,421</u>
Equity at 31 December 2017	<u>57,500</u>	<u>113,674</u>	<u>55,421</u>	<u>226,595</u>

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Mercedes-Benz Finans Danmark A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. There has been made changes to the presentation of certain expenses in the statement of profit and loss as well as there has been made some reclassifications between current assets and liabilities. Comparative figures have been restated accordingly.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

Income Statement

Revenue

Income for the year from leases and purchase contracts, etc., comprises interest income, fees, and service income, etc., from finance leases, purchase contracts, financing of inventories for distributors and lease payments from operating leases.

The revenue from the rental and leasing business results from operating leases and is recognized on a straight line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles.

Revenue from receivables from financial services is recognized using the effective interest method. When loans are issued below market rates, related receivables are recognized at present value and revenue is reduced for the interest incentive granted. If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

Revenues are valued according to fair value of what has been received or will be received, with deductions for rebates.

Financial statements 1 January - 31 December

Notes

Costs relating to leases and purchase contracts etc.

Costs relating to leases and purchase contracts etc. comprise interest expense concerning financing of the portfolio, service costs as well as losses on contracts, etc.

Loan receivables are initially recorded in the balance sheet at acquisition value, i.e. the amount lent to the borrower including direct transaction costs. In subsequent periods, loan receivables are recorded at acquisition value less write-offs and provisions for credit losses. The amount recorded as credit losses consists of both stated credit losses during the year as well as provision for expected losses.

Other operating income

Gains and losses on the disposal of fixtures and fittings, tools and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains and losses are recognised in the income statement as depreciation on property, plant and equipment.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises etc.

Staff expenses

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Tax on profit for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Mercedes-Benz Group's Danish subsidiaries.

The parent company Mercedes-Benz Danmark A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year - due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January - 31 December

Notes

Balance Sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis to the anticipated scrap value over the expected useful lives of the assets of 3-5 years.

Depreciation is recognised in the income statement as depreciation on property, plant and equipment.

Fixtures and fittings, tools and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Lease automobiles

Lease automobiles, which comprise operating lease contracts are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis to the anticipated scrap value over the term of the lease agreement.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as cost relating to leases and purchase contracts, etc.

Lease automobiles are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of leasing automobiles are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains and losses are recognised in the income statement as other operating income/other operation expenses.

Financial statements 1 January - 31 December

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Investments

Finance leases

Finance leases are recognised as a financial receivable from the lessee. At the conclusion of the contract, the receivable is measured at the cost of the underlying asset.

Lease payments are divided into interest and instalments according to the principle of annuities. Interest is recognised in the income statement whereas instalments reduce the amount owed by the lessee.

Leases are measured at the balance due from the lessee. Provisions are made for losses according to an individual assessment.

Gains and losses from the disposal of the underlying assets are calculated as the difference between the selling price less distribution costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as revenue.

Purchase contracts

Purchase contracts are measured at the nominal value at the balance sheet date less provision for losses according to an individual assessment.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Prepayments

Prepayments comprise costs incurred in connection with the conclusion of leases and purchase contracts as well as bonus to distributors. The costs are recognised in the income statement as interest is added to the contracts.

The item also comprises costs incurred concerning subsequent financial years.

Capital and reserves – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements 1 January - 31 December

Notes

Corporation tax and deferred tax

According to the joint taxation rules, the Company's liability towards the tax authorities is settled in line with payment of joint taxation contribution to the administrative company.

Joint taxation contribution payable and receivable is recognised separately in the balance sheet.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning the establishment of purchase contracts. The income is recognised in the income statement as interest payments are added to the contracts.

The item also comprises payments received concerning income in subsequent years.

Financial statements 1 January - 31 December

Notes

Cash Flow Statement

Pursuant to section 86(4) of the Danish Financial Statements Act. The Company has not prepared a cash flow statement, as the Company is included in the consolidated financial statements of Daimler AG.

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Net profit ratio:	$\frac{\text{Profit / loss before tax} \times 100}{\text{Revenue}}$
Return on assets:	$\frac{\text{Profit / loss before tax} \times 100}{\text{Average operating assets}}$
Solvency ratio:	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity:	$\frac{\text{Profit / loss for the year} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes

	<u>2017</u> DKK'000	<u>2016</u> DKK'000
2 Revenue		
Operational leasing	259,412	190,282
Financial leasing and loans	92,742	92,088
Other income	<u>30,811</u>	<u>26,434</u>
	<u>382,965</u>	<u>308,804</u>

Revenue is solely generated in Denmark.

	<u>2017</u> DKK'000	<u>2016</u> DKK'000
3 Cost relating to leases and purchase contracts, etc.		
Operational leasing	4,826	4,084
Financial leasing and loans expense	62,035	28,618
Financial expenses from group entities	<u>4,526</u>	<u>6,762</u>
	<u>71,387</u>	<u>39,464</u>

	<u>2017</u> DKK'000	<u>2016</u> DKK'000
4 Fee paid to auditors appointed at the general meeting		
Total fees to KPMG:		
Statutory audit	<u>202</u>	<u>216</u>
Hereof other non-audit services	<u>3</u>	<u>3</u>

	<u>2017</u> DKK'000	<u>2016</u> DKK'000
5 Staff expenses		
Wages and salaries	8,567	7,862
Pensions	505	428
Other social security costs	27	11
Other staff costs	<u>22,180</u>	<u>19,253</u>
	<u>31,279</u>	<u>27,554</u>

Average number of employees	<u>11</u>	<u>8</u>
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Staff expenses include DKK 20,694 thousand in relation to salary recharges from Mercedes-Benz Finans Sverige AB. Wages to the Executive Board is included in the recharges and amounts to DKK 2,308 thousand.

Financial statements 1 January - 31 December

Notes

	<u>2017</u> DKK'000	<u>2016</u> DKK'000
6 Tax on profit for the year		
Adjustment of deferred tax	<u>15,679</u>	<u>17,365</u>
	<u>15,679</u>	<u>17,365</u>

	<u>2017</u> DKK'000	<u>2016</u> DKK'000
7 Profit appropriation		
Proposed dividend for the year	55,421	64,252
Retained earnings	<u>0</u>	<u>0</u>
	<u>55,421</u>	<u>64,252</u>

8 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Lease automobiles	<u>Total</u>
Cost at 1 January 2017	2,937	1,028,179	1,031,116
Additions during the year	0	750,862	750,862
Disposals during the year	<u>-91</u>	<u>-283,783</u>	<u>-283,874</u>
Cost at 31 December 2017	<u>2,846</u>	<u>1,495,258</u>	<u>1,498,104</u>
Depreciation at 1 January 2017	2,846	257,489	260,335
Depreciation for the year	0	193,358	193,358
Depreciation of disposed assets	<u>0</u>	<u>-134,072</u>	<u>-134,072</u>
Depreciation at 31 December 2017	<u>2,846</u>	<u>316,775</u>	<u>319,621</u>
Carrying amount at 31 December 2017	<u>0</u>	<u>1,178,483</u>	<u>1,178,483</u>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>	

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9 Investments

	<u>Finance leases</u>	<u>Purchase contracts</u>	<u>Total</u>
DKK'000			
Residual value at 1 January 2017	2,040,743	606,656	2,647,399
Additions for the year	1,342,177	123,857	1,466,034
Instalments and repayments	<u>-1,289,592</u>	<u>-231,394</u>	<u>-1,520,986</u>
Residual value at 31 December 2017	<u>2,093,328</u>	<u>499,119</u>	<u>2,592,447</u>
Impairment and write downs at 1 January 2017	17,640	5,244	22,884
Adjustments for the year	<u>3,173</u>	<u>-281</u>	<u>2,892</u>
Impairment and write downs at 31 December 2017	<u>20,813</u>	<u>4,963</u>	<u>25,776</u>
Carrying amount at 31 December 2017	<u>2,072,515</u>	<u>494,156</u>	<u>2,566,671</u>

Outstanding finance leases and purchase contracts that fall due for payment within one year after the end of the financial year amounts to DKK 808,232 thousand.

10 Financing of inventories, distributors

	<u>2017</u>	<u>2016</u>
	DKK'000	DKK'000
External distributors	<u>602,702</u>	<u>607,288</u>
	<u>602,702</u>	<u>607,288</u>

Financing of inventories, distributors, comprises financing of distributors' purchase of Mercedes-Benz automobiles. Financing is granted against security provided in automobiles.

11 Prepayments

	<u>2017</u>	<u>2016</u>
	DKK'000	DKK'000
Accrual of dealer bonus	<u>78,736</u>	<u>62,308</u>
	<u>78,736</u>	<u>62,308</u>

12 Equity

The equity consists of 57,500 shares of DKK 1,000 each. All shares carry equal voting rights. There have been no changes in the share capital within the last five years.

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	<u>2017</u> DKK'000	<u>2016</u> DKK'000
13 Deferred tax		
Deferred tax at 1 January	142,465	115,343
Reclassification to joint taxation receivable	19,968	9,757
Adjustment for the year of deferred tax	<u>15,679</u>	<u>17,365</u>
	<u>178,112</u>	<u>142,465</u>
	<u>2017</u> DKK'000	<u>2016</u> DKK'000
14 Loans		
Loans raised to finance leases and purchase contracts, etc., are recognised in the balance sheet as follows:		
Long-term liabilities other than provisions	1,847,147	1,479,395
Short-term liabilities other than provisions	<u>1,877,704</u>	<u>2,095,967</u>
	<u>3,724,851</u>	<u>3,575,362</u>
The liabilities fall due as follows:		
Within 1 year	1,877,704	2,095,967
Between 1 and 5 years	1,782,004	1,398,360
After 5 years	<u>65,143</u>	<u>81,035</u>
	<u>3,724,851</u>	<u>3,575,362</u>
	<u>2017</u> DKK'000	<u>2016</u> DKK'000
15 Deferred income		
Accrual of establishment income etc,	17,614	14,759
Accrual of subsidies	<u>1,612</u>	<u>624</u>
	<u>19,226</u>	<u>15,383</u>

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16 Contingent liabilities and security

Contingent liabilities

The Company is jointly taxed with the Danish group companies in Daimler group. As Group Company, the Company has joint and several unlimited liability for Danish corporation taxes within the joint taxation.

Security

The Company's assets are not provided as security.

17 Related parties

Mercedes-Benz Finans Danmark A/S' related parties comprise:

Control

Mercedes-Benz Danmark A/S, Digevej 114. 4., P.O. Box 132, 2300 København S owns all the shares.

Daimler AG with head offices in Stuttgart, Germany, is the Company's ultimate parent company. The Company is included in the consolidated financial statements of Daimler AG. The consolidated financial statements of Daimler AG can be found here: <https://www.daimler.com/investors/>

Significant influence

The Company's related parties exercising significant influence comprise the Executive Board and the Board of Directors. Further, related parties comprise companies in which the above persons have substantial interests.

Related party transactions

Pursuant to section 98c(7) of the Danish Financial Statements Act, the Company has not disclosed related party transactions as they have been carried out on an arm's length basis.

18 Subsequent events

No significant subsequent events have occurred during 2018, that can affect the financial statements for 2017.