

**CNH INDUSTRIAL FINANCIAL  
SERVICES A/S**  
**Central Business Registration No**  
**20950137**  
**Arnold Nielsens Boulevard 140**  
**2650 Hvidovre**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 18.03.2016

**Chairman of the General Meeting**



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Name: Peter Sørensen

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## **Entity details**

### **Entity**

CNH INDUSTRIAL FINANCIAL SERVICES A/S  
Arnold Nielsens Boulevard 140  
2650 Hvidovre

Central Business Registration No: 20950137

Registered in: Hvidovre

Financial year: 01.01.2015 - 31.12.2015

### **Board of Directors**

Peter Sørensen, Chairman

Francois T. Millot

Frans Alpaert

### **Executive Board**

Stefano Izzo

### **Auditors**

Ernst & Young Godkendt Revisionsaktieselskab

Osvald Helmuths Vej 4

2000 Frederiksberg

**Statement by Management on the annual report**

The Board of Directors and the Executive Board have today considered and approved the annual report of CNH INDUSTRIAL FINANCIAL SERVICES A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hvidovre, 11.03.2016

**Executive Board**

Stefano Izzo



**Board of Directors**

Peter Sørensen  
Chairman



Francois T. Millot



Frans Alpaert



## **Independent auditor's reports**

### **To the owners of CNH INDUSTRIAL FINANCIAL SERVICES A/S**

#### **Report on the financial statements**

We have audited the financial statements of CNH INDUSTRIAL FINANCIAL SERVICES A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

## Independent auditor's reports

### Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Frederiksberg, 11.03.2016

### **Ernst & Young**

Godkendt Revisionsaktieselskab

  
Mogens Andreasen  
State Authorised Public Accountant

CVR-nr. 30700228

## **Management commentary**

### **Primary activities**

The company's activity is mainly financing of agricultural and construction machines as well as commercial vehicles, in cooperation with consolidated enterprise, including retail financing of purchase contracts and lease contracts as well as stock financing for consolidated enterprise and dealers.

It is the opinion of Management that all material information for the assessment of the Company's financial position and the profit for the year appears from the annual report and this management commentary.

### **Development in activities and finances**

Similar to the trend in most European countries the investment climate in the agricultural and construction business continued to suffer from the Russian embargo during 2015. This has strongly affected the retail and dealer financing business. At the same time, the business of the company has been extended to commercial vehicles of the brand IVECO (IVECO Capital) and to the Swedish market for agriculture equipment. On the retail financing side, the Swedish business is managed through a vendor program with Nordea. The IVECO Capital activities have been included in the existing vendor program for Denmark with SG Finans.

The portfolios sold to SG Finans during respectively 2010 and 2014 continued to decrease and reached a level below the outstanding loss pool. As the loss pool was fully reserved, this resulted in a release of bad debt reserves.

### **Particular risks**

For its retail financing activities the company is working on the Danish market through a vendor program with Société Générale and on the Swedish market through a vendor program with Nordea. This allows to company to cope with potential future financial risks.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## **Accounting policies**

### **Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

The balance sheet layout has been adjusted in accordance with the Company's core business, in order to give a true and fair view of the earnings in a finance company. This is in compliance with the Danish Financial Statements Act.

### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.



## **Accounting policies**

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprise revenue, cost of sales and external expenses.

#### **Revenue**

The finance income is recognized in the income statement concurrently with interest being earned according to contracts.

#### **Cost of sales**

Cost of sales is finance cost recognized at cost.

#### **Other external expenses**

Other external expenses comprise losses on receivables and expenses for running the company other than wages and cost for personnel, and depreciation on fixed assets.

#### **Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions etc. for entity staff.

#### **Income taxes**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Accounting policies

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	4-5 years
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An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

#### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

#### Cash

Cash comprises cash in hand and bank deposits.

## **Accounting policies**

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### **Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### **Income tax receivable or payable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

**Income statement for 2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
<b>Gross profit</b>	1	27.251.683	11.819.412
Staff costs	2	<u>(3.801.499)</u>	<u>(2.437.205)</u>
<b>Operating profit/loss</b>		<b>23.450.184</b>	<b>9.382.207</b>
Tax on profit/loss from ordinary activities	3	<u>(5.663.554)</u>	<u>(2.479.380)</u>
<b>Profit/loss for the year</b>		<b><u>17.786.630</u></b>	<b><u>6.902.827</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		50.000.000	0
Retained earnings		<u>(32.213.370)</u>	<u>6.902.827</u>
		<b><u>17.786.630</u></b>	<b><u>6.902.827</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Other fixtures and fittings, tools and equipment		0	0
<b>Property, plant and equipment</b>	4	<u>0</u>	<u>0</u>
Other receivables		568.928	10.486.510
<b>Fixed asset investments</b>	5	<u>568.928</u>	<u>10.486.510</u>
<b>Fixed assets</b>		<u>568.928</u>	<u>10.486.510</u>
Deferred tax assets		1.741.176	4.271.452
Other short-term receivables	6	157.202.824	81.041.241
Income tax receivable		0	205.195
Prepayments		686.269	564.823
<b>Receivables</b>		<u>159.630.269</u>	<u>86.082.711</u>
<b>Cash</b>	7	<u>114.492.208</u>	<u>112.432.936</u>
<b>Current assets</b>		<u>274.122.477</u>	<u>198.515.647</u>
<b>Assets</b>		<u>274.691.405</u>	<u>209.002.157</u>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	8	500.000	500.000
Retained earnings		26.032.136	58.245.506
Proposed dividend		<u>50.000.000</u>	<u>0</u>
<b>Equity</b>		<b><u>76.532.136</u></b>	<b><u>58.745.506</u></b>
Other credit institutions		<u>5.158.702</u>	<u>13.891.444</u>
<b>Non-current liabilities other than provisions</b>	<b>9</b>	<b><u>5.158.702</u></b>	<b><u>13.891.444</u></b>
Other credit institutions	10	568.928	6.550.840
Debt to group enterprises		186.799.423	119.615.069
Income tax payable		2.431.738	0
Other payables	11	<u>3.200.478</u>	<u>10.199.298</u>
<b>Current liabilities other than provisions</b>		<b><u>193.000.567</u></b>	<b><u>136.365.207</u></b>
<b>Liabilities other than provisions</b>		<b><u>198.159.269</u></b>	<b><u>150.256.651</u></b>
<b>Equity and liabilities</b>		<b><u>274.691.405</u></b>	<b><u>209.002.157</u></b>
Contingent liabilities	12		
Assets charged and collateral	13		
Ownership	14		

**Statement of changes in equity for 2015**

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	58.245.506	0	58.745.506
Profit/loss for the year	0	(32.213.370)	50.000.000	17.786.630
<b>Equity end of year</b>	<b>500.000</b>	<b>26.032.136</b>	<b>50.000.000</b>	<b>76.532.136</b>

## Notes

### 1. Gross profit

	<u>2015</u> DKK	<u>2014</u> DKK
Interest income	15,551,780	10,377,051
Interest income from group enterprises	14,600,024	16,133,052
Interest income, leasing	0	72,977
Sundry	1,500,123	209,049
Amortization, interest expenses on sold portfolio	(648,417)	(1,643,162)
Interest expenses to group enterprises	(7,432,103)	(10,826,856)
Losses and provisions for loss	9,575,297	4,649,206
Other external expenses	(5,895,021)	(7,151,905)
	<u>27,251,683</u>	<u>11,819,412</u>

	<u>2015</u> DKK	<u>2014</u> DKK
<b>2. Staff costs</b>		
Wages and salaries	3.274.008	2.092.739
Pension costs	272.707	172.053
Other social security costs	198.683	143.318
Other staff costs	56.101	29.095
	<u>3.801.499</u>	<u>2.437.205</u>

	<u>2015</u> DKK	<u>2014</u> DKK
<b>3. Tax on ordinary profit/loss for the year</b>		
Current tax	2.431.738	(205.595)
Change in deferred tax for the year	2.530.276	2.685.599
Adjustment relating to previous years	583.423	(624)
Effect of changed tax rates	118.117	0
	<u>5.663.554</u>	<u>2.479.380</u>

The Company is jointly taxed with all Danish consolidated companies, with IVECO Denmark A/S as the administration company, and is jointly and severally liable with other jointly taxed companies to pay any income taxes as of the accounting year 2015 as well as for tax at source regarding interest, royalties and dividends due for payment 1 July 2012 or later.



## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>4. Property, plant and equipment</b>	
Cost beginning of year	<u>557.793</u>
Cost end of year	<u>557.793</u>
Depreciation and impairment losses beginning of the year	<u>(557.793)</u>
Depreciation and impairment losses end of the year	<u>(557.793)</u>
Carrying amount end of year	<u>0</u>
	<b>Other receivables DKK</b>
<b>5. Fixed asset investments</b>	
Cost beginning of year	10.486.510
Disposals	<u>(9.917.582)</u>
Cost end of year	<u>568.928</u>
Carrying amount end of year	<u>568.928</u>

The item comprises long-term finance debtors of DKK 568,928.

**6. Other short-term receivables**

The item comprises short-term finance debtors of DKK 156,938,832 and other receivables of DKK 263,989.

**7. Cash and cash equivalents**

	<b>2015 DKK</b>	<b>2014 DKK</b>
Danske Bank - Cash pool accounts	83,008,133	104,352,673
Danske Bank (only accessible with approval from SG)	8,080,263	8,080,263
Danske Bank - SEK	23,400,633	0
Bankstatement Transit	<u>3,179</u>	<u>0</u>
	<u>114,492,208</u>	<u>112,432,936</u>

## Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>8. Contributed capital</b>			
Ordinary shares	500	1.000,00	500.000
	<u>500</u>		<u>500.000</u>

The share capital of the company has remained unchanged for an amount of DKK 500,000 during the last 5 years.

### 9. Long-term liabilities other than provisions

Non-current liabilities other than provisions comprises long-term finance creditors of DKK 5,158,702.

### 10. Other short-term bank loans

The item comprises short-term finance creditors of DKK 187,368,350. Of this creditors to group enterprises amount to DKK 186,799,422.

	<u>2015 DKK</u>	<u>2014 DKK</u>
<b>11. Other short-term payables</b>		
Wages and salaries, personal income taxes, social security costs, etc. payable	105.159	78.390
Holiday pay obligation	544.712	349.458
Other costs payable	<u>2.550.607</u>	<u>9.771.450</u>
	<u>3.200.478</u>	<u>10.199.298</u>

### 12. Contingent liabilities

The company has entered into lease agreements on company cars with a total value of DKK 116 thousand. Lease expires within 8 months.

The company has entered into an agreement of lease of premises with a total value of DKK 376 thousand. The contract can be terminated at the earliest within 9 months.

### 13. Assets charged and collateral

None.

**Notes**

**14. Ownership**

Consolidated financial statements for the foreign parent companies can be ordered from the following addresses:

CNH Industrial NV  
Cranes Farm Road  
Basildon  
Essex SS14 3AD  
U.K.

