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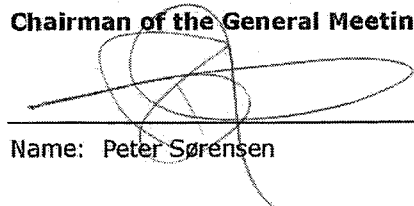
**CNH INDUSTRIAL  
FINANCIAL SERVICES A/S**  
Arnold Nielsens Boulevard 140  
2650 Hvidovre  
Central Business Registration No  
20950137

**Annual report 2016**

The Annual General Meeting adopted the annual report on

*23 March 2017*

**Chairman of the General Meeting**



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: 01.01.2016 - 31.12.2016

### Board of Directors

Peter Sørensen, Chairman

Francois T. Millot

Frans Alpaert

### Executive Board

Stefano Izzo

### Entity 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 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

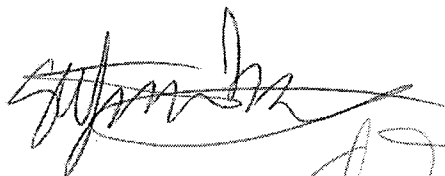
We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Hvidovre, 22 MARCH 2017

### Executive Board

Stefano Izzo

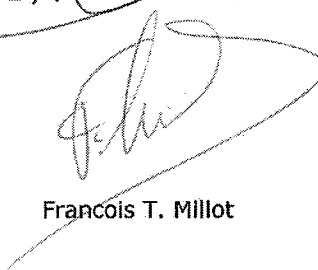


### Board of Directors

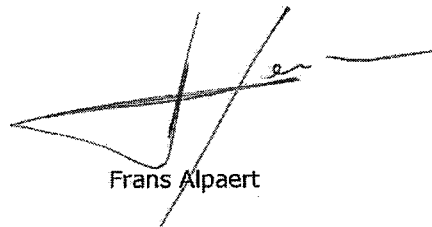
Peter Sørensen  
Chairman



Francois T. Millot



Frans Alpaert



## Independent auditor's report

### To the shareholders of CNH INDUSTRIAL FINANCIAL SERVICES A/S

#### Opinion

We have audited the financial statements of CNH INDUSTRIAL FINANCIAL SERVICES A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for 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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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:

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Entity's internal control.

### Independent auditor's report

- 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 content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Independent auditor's report

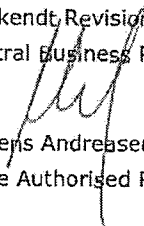
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.


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

Frederiksberg, 22 March 2017

### Ernst & Young

Godkendt Revisionspartnerselskab  
Central Business Registration No: 30 70 02 28

  
Mogens Andreasen  
State Authorised Public Accountant

  
Dennis Dupont  
State Authorised Public Accountant

## 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

For both, Retail Lending & Commercial Lending, the financing of agricultural equipment has increased heavily compared to previous year. This is driven by the extension of the activities to the Swedish market since end 2015. The activities on the Danish market remained relatively stable. During 2016 we realized also an increase of the IVECO Capital Retail Financing activities which we offer through our vendor partner SG Finans on the Danish market.

The portfolios sold to SG Finans during respectively 2010 and 2014 have been fully run off. The Loss pool outstanding on the dedicated bank account has been released to our current bank account. This resulted also in a release of the bad debt reserve covering the loss pool.

### 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 the 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.



## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
<b>Gross profit</b>	1	<b>22.313.181</b>	<b>27.251.683</b>
Staff costs	2	(4.979.696)	(3.801.499)
Depreciation, amortisation and impairment losses	3	(1.062)	0
<b>Operating profit/loss</b>		<b>17.332.423</b>	<b>23.450.184</b>
<b>Profit/loss before tax</b>		<b>17.332.423</b>	<b>23.450.184</b>
Tax on profit/loss for the year	4	(3.900.817)	(5.663.554)
<b>Profit/loss for the year</b>		<b>13.431.606</b>	<b>17.786.630</b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		15.000.000	50.000.000
Retained earnings		(1.568.394)	(32.213.370)
		<b>13.431.606</b>	<b>17.786.630</b>

**Balance sheet at 31.12.2016**

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Other fixtures and fittings, tools and equipment		13.100	0
<b>Property, plant and equipment</b>	<b>5</b>	<b>13.100</b>	<b>0</b>
Other receivables		0	568.928
<b>Fixed asset investments</b>	<b>6</b>	<b>0</b>	<b>568.928</b>
<b>Fixed assets</b>		<b>13.100</b>	<b>568.928</b>
Receivables from group enterprises	7	67.025.512	833.191
Deferred tax		356.425	1.741.176
Other receivables		148.703	156.369.633
Prepayments		1.897.387	686.269
<b>Receivables</b>		<b>69.428.027</b>	<b>159.630.269</b>
<b>Cash</b>	<b>8</b>	<b>14.963.016</b>	<b>114.492.208</b>
<b>Current assets</b>		<b>84.391.043</b>	<b>274.122.477</b>
<b>Assets</b>		<b>84.404.143</b>	<b>274.691.405</b>

**Balance sheet at 31.12.2016**

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital	9	500.000	500.000
Retained earnings		24.463.742	26.032.136
Proposed dividend		15.000.000	50.000.000
<b>Equity</b>		<b><u>39.963.742</u></b>	<b><u>76.532.136</u></b>
Debt to other credit institutions		0	5.158.702
<b>Non-current liabilities other than provisions</b>		<b><u>0</u></b>	<b><u>5.158.702</u></b>
Payables to other credit institutions		0	568.928
Payables to group enterprises	10	34.283.390	186.799.423
Income tax payable		2.392.381	2.431.738
Other payables	11	7.764.630	3.200.478
<b>Current liabilities other than provisions</b>		<b><u>44.440.401</u></b>	<b><u>193.000.567</u></b>
<b>Liabilities other than provisions</b>		<b><u>44.440.401</u></b>	<b><u>198.159.269</u></b>
<b>Equity and liabilities</b>		<b><u>84.404.143</u></b>	<b><u>274.691.405</u></b>
Contingent liabilities	12		
Mortgages and securities	13		
Related parties with controlling interest	14		

**Statement of changes in equity for 2016**

	<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	26.032.136	50.000.000	76.532.136
Ordinary dividend paid	0	0	(50.000.000)	(50.000.000)
Profit/loss for the year	0	(1.568.394)	15.000.000	13.431.606
<b>Equity end of year</b>	<b>500.000</b>	<b>24.463.742</b>	<b>15.000.000</b>	<b>39.963.742</b>

## Notes

### 1. Gross profit

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
Interest income	10,181,585	15,551,780
Interest income from group enterprises	23,442,195	14,600,024
Interest income, leasing	0	0
Sundry	(1,180,162)	1,500,123
Amortization, interest expenses on sold portfolio	(212,689)	(648,417)
Interest expenses to group enterprises	(9,252,280)	(7,432,103)
Losses and provisions for loss	5,746,357	9,575,297
Other external expenses	(6,411,825)	(5,895,021)
	<b>22,313,181</b>	<b>27,251,683</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Staff costs</b>		
Wages and salaries	4.364.470	3.274.008
Pension costs	320.496	272.707
Other social security costs	219.073	198.683
Other staff costs	75.657	56.101
	<b>4.979.696</b>	<b>3.801.499</b>
Average number of employees	<b>5</b>	<b>5</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	1.062	0
	<b>1.062</b>	<b>0</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable income	2.428.381	2.431.738
Change in deferred tax for the year	1.381.619	2.530.276
Adjustment concerning previous years	90.817	583.423
Effect of changed tax rates	0	118.117
	<b>3.900.817</b>	<b>5.663.554</b>

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.

	<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>5. Property, plant and equipment</b>	
Cost beginning of year	557.793
Additions	14.162
<b>Cost end of year</b>	<b>571.955</b>
Depreciation and impairment losses beginning of the year	(557.793)
Depreciation for the year	(1.062)
<b>Depreciation and impairment losses end of the year</b>	<b>(558.855)</b>
<b>Carrying amount end of year</b>	<b>13.100</b>
	<b>Other receivables DKK</b>
<b>6. Fixed asset investments</b>	
Cost beginning of year	568.928
Disposals	(568.928)
<b>Cost end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>

## Notes

### 7. Receivables from group enterprises

The item comprises short-term finance receivables from group enterprises

### 8. Cash

	<u>2016</u> DKK	<u>2015</u> DKK
Danske Bank - Cash pool accounts	-14.542.159	83,008,133
Danske Bank (only accessible with approval from SG)	0	8,080,263
Danske Bank - SEK	29,505,175	23,400,633
Bankstatement Transit	0	3,179
	<u>14,963,016</u>	<u>114,492,208</u>

	<u>Number</u>	<u>Par value</u> DKK	<u>Nominal</u> value DKK
<b>9. Contributed capital</b>			
Ordinary shares	500	1000	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.

### 10. Payables to group enterprises

The item comprises short-term finance creditors to group enterprises of DKK 34,283,390.

	<u>2016</u> DKK	<u>2015</u> DKK
<b>11. Other payables</b>		
Wages and salaries, personal income taxes, social security costs, etc payable	190.324	105.159
Holiday pay obligation	549.581	544.712
Other costs payable	7.024.725	2.550.607
	<u>7.764.630</u>	<u>3.200.478</u>

### 12. Contingent liabilities

The company has entered into lease agreements on company cars with a total value of DKK 327 thousand. The company has entered into an agreement of lease of premises with a total value of DKK 256 thousand. The contract can be terminated at the earliest within 6 months.

## Notes

### **13. Mortgages and securities**

No mortgages and securities.

### **14. Related parties with controlling interest**

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



## Accounting policies

### Reporting class

The annual report of CNH INDUSTRIAL FINANCIAL SERVICES A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement in the following area:

#### 1. Yearly reassessment of residual values of property, plant and equipment

Re 1: In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

The above change has no impact on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of 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.

## Accounting policies

### 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 rate in effect at the payment date, or the rate at the balance sheet date are recognised 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.

### 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.

#### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

#### Tax on profit/loss for the year

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.

### Balance sheet

#### Property, plant and equipment

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

## Accounting policies

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

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 writedowns 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.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. 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.

## Accounting policies

### Income tax receivable or payable

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

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. Changes in deferred tax due to changes in the tax rate are recognized in the income statement.