

CNH Industrial Financial Services A/S

Roholmsvej 19
2620 Albertslund
CVR No. 20950137

Annual report 2020

The Annual General Meeting adopted the
annual report on 18.03.2021

Hans Peter Sørensen

Chairman of the General Meeting

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Entity details

Entity

CNH Industrial Financial Services A/S

Roholmsvej 19

2620 Albertslund

CVR No.: 20950137

Registered office: Albertslund

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Hans Peter Sørensen, formand

Francois Thierry Millot

Frans Alpaert

Executive Board

Stefano Izzo

Auditors

EY Godkendt Revisionspartnerselskab

Dirch Passer Allé 36

2000 Frederiksberg

CVR No.: 30700228

Statement by Management

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Albertslund, 18.03.2021

Executive Board

Stefano Izzo

Board of Directors

Hans Peter Sørensen
formand

Francois Thierry 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 01.01.2020 - 31.12.2020, 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 Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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.

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 Entity'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 Entity 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:

- 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.
- 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 Entity'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 Entity 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.

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, 18.03.2021

EY Godkendt Revisionspartnerselskab

CVR No. 30700228

Mogens Andreasen

State Authorised Public Accountant

Identification No (MNE) mne28603

Dennis Dupont

State Authorised Public Accountant

Identification No (MNE) mne36192

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

During 2020 the retail lending business has slightly increased compared to 2019, resulting in a slightly higher vendor fee income. The segment which suffered the most from the COVID-19 pandemic is the commercial vehicles business which decreased. The agriculture & construction business have performed better than in 2019 and this in both countries, Denmark and Sweden. Since Q4 2020 the Baltics retail business has been incorporated in CNH Industrial Financial Services A/S which is triggering also the higher income compared to 2019.

On the commercial lending side we notice a decrease on the income from our loan facilities offered to dealers however the income from the factoring activities has performed slightly better.

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 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	1	16,113,727	14,788,038
Staff costs	2	(6,341,341)	(5,943,316)
Depreciation, amortisation and impairment losses	3	(1,416)	(1,416)
Operating profit/loss		9,770,970	8,843,306
Profit/loss before tax		9,770,970	8,843,306
Tax on profit/loss for the year	4	(2,151,069)	(1,947,581)
Profit/loss for the year		7,619,901	6,895,725
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		15,000,000	3,250,000
Retained earnings		(7,380,099)	3,645,725
Proposed distribution of profit and loss		7,619,901	6,895,725

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		7,436	8,852
Property, plant and equipment	5	7,436	8,852
Fixed assets		7,436	8,852
Receivables from group enterprises		20,664,252	31,412,283
Deferred tax	6	119,943	171,405
Other receivables		26,873,273	35,295,284
Prepayments		2,086,281	2,183,131
Receivables		49,743,749	69,062,103
Cash		5,201,297	16,241,163
Current assets		54,945,046	85,303,266
Assets		54,952,482	85,312,118

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	7	500,000	500,000
Retained earnings		29,520,058	36,900,157
Proposed dividend		15,000,000	3,250,000
Equity		45,020,058	40,650,157
Trade payables		494,863	645,170
Payables to group enterprises		203,062	38,306,824
Income tax payable		580,065	485,625
Other payables		4,966,573	2,196,870
Deferred income	8	3,687,861	3,027,472
Current liabilities other than provisions		9,932,424	44,661,961
Liabilities other than provisions		9,932,424	44,661,961
Equity and liabilities		54,952,482	85,312,118
Contingent liabilities	9		
Assets charged and collateral	10		
Related parties with controlling interest	11		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	36,900,157	3,250,000	40,650,157
Ordinary dividend paid	0	0	(3,250,000)	(3,250,000)
Profit/loss for the year	0	(7,380,099)	15,000,000	7,619,901
Equity end of year	500,000	29,520,058	15,000,000	45,020,058

Notes

1 Gross profit/loss

	2020	2019
	DKK	DKK
Interest income	12.388.118	12.816.780
Interest income from group enterprises	20.576.500	19.394.792
Sundry	-1.101.665	-2.200.584
Interest expenses to group enterprises	-12.326.623	-10.657.377
Losses and provisions for loss	21.678	185.625
Other External expenses	-3.444.281	-4.751.198
	16.113.727	14.788.038

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	5,527,758	4,925,005
Pension costs	409,512	339,491
Other social security costs	321,025	279,825
Other staff costs	83,046	398,995
	6,341,341	5,943,316

Average number of full-time employees	6	5
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3 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Depreciation of property, plant and equipment	1,416	1,416
	1,416	1,416

4 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	2,098,065	1,844,981
Change in deferred tax	51,462	88,537
Adjustment concerning previous years	1,542	14,063
	2,151,069	1,947,581

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	571,955
Cost end of year	571,955
Depreciation and impairment losses beginning of year	(563,103)
Depreciation for the year	(1,416)
Depreciation and impairment losses end of year	(564,519)
Carrying amount end of year	7,436

6 Deferred tax

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

7 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	500	1.000	500,000
	500		500,000

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

8 Deferred income

Deferred income comprises income received to be recognised in the subsequent financial year.

9 Contingent liabilities

The company has entered into lease agreements on company cars with a total value of DKK 447 thousand.

The Entity participates in a Danish joint taxation arrangement where IVECO Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10 Assets charged and collateral

No mortgages and securities.

11 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

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 to these financial statements are consistent with those applied last year.

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 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 comprises 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, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of a nd 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.

The Entity is jointly taxed with all Danish group enterprises. 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).

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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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and 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 the tax-based value of assets and liabilities, for which the tax-based value 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.

Other financial liabilities

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

Tax receivable or payable

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.