

# **CNH Industrial UK Limited**

## **Report and Financial Statements**

31 December 2019

Company Registration Number: 10551189



## CNH Industrial UK Limited



### **Directors**

S M McCarthy

F Catasta

### **Secretary**

S M McCarthy

### **Auditor**

Ernst and Young LLP

1 More London Place

London

SE1 2AF

### **Registered Office**

25 St James's Street

London

SW1A 1HA

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## Strategic Report

The Company's main activity is to participate in and finance CNH Industrial N.V. group companies (the "Group"). However, it may carry out any transactions whatsoever, whether commercial or financial, connected with its purpose.

### Review of the Business

In 2017 the Company was party to a restructuring of the group debt. As part of that restructuring the Company issued 100 ordinary shares of US\$ 1 each for a consideration of US\$ 1.2 billion and holds a Promissory Note of US\$ 1.2 billion nominal value.

During the current year, the Company earned interest on the Promissory Note for a total amount of € 54.9 million (2018: € 50.5 million) which represented the main revenue.

In addition, due to the strengthening of the US dollar to Euro the revaluation of the Promissory Note generated a significant income of €20.2 million (2018: €48.1 million).

### Principal Risks and uncertainties

The principal risk of the company is the foreign exchange risk on the revaluation of the Promissory Note which is denominated in US\$, whereas the functional currency of the Company is the Euro.

In order to cover the potential losses that could arise in the foreseeable future, due to the volatility of the exchange rate between the US dollar and the Euro, the Company has obtained a comfort letter from the parent company, CNH Industrial N.V. to support the company for the period of at least twelve months following the signing of the financial statements.

By order of the Board



S M McCarthy

Director

12 August 2020

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2019.

### Results and dividends

The profit for the year after taxation amounted to €66.8 million (2018: profit of €89.3 million) and was mainly made up of interest income matured on the Promissory Note of €54.9 million (2018: €50.5 million) and of the foreign exchange gain arisen from the revaluation of the Promissory Note of €20.2 million (2018: €48.1 million).

### Future developments

For the foreseeable future, the company will continue to operate in its current capacity.

### Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In order to cover potential future losses from foreign exchange variances, the Company has obtained a comfort letter from the parent company, CNH Industrial N.V. to support the company for the period of at least twelve months following the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Directors

The directors who served the company during the year were as follows:

P J Hunter (resigned on 15 September 2019)

S M McCarthy

F Catasta (appointed on 4 October 2019)

The directors held no interests in the share capital of the company.

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

### Post Balance Sheet Event


The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion, affect supply chain or otherwise impact the business of the CNH Industrial Group to which the Company belongs to. Governments in affected countries are imposing travel bans, quarantines and other emergency public safety measures. Those measures, though temporary in nature, may continue and increase depending on developments in the virus' outbreak. The ultimate severity of the Coronavirus outbreak is uncertain at this point in time and therefore the Company cannot reasonably estimate the impact it may have at the end on the Group.

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CNH Industrial UK Limited



By order of the Board



S M McCarthy

Director

12 August 2020

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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# **Independent auditor's report**

**to the members of CNH Industrial UK Limited**

## **Opinion**

We have audited the financial statements of CNH Industrial UK Limited for the year ended 31 December 2019 which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial position, the Statement of Changes in Equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

## **Emphasis of Matter – Effects of Covid-19**

We draw attention to note 1 and note 14 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report set out on pages 1 to 5, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

## **Independent auditor's report (continued)**

### **to the members of CNH Industrial UK Limited**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## **Independent auditor's report (continued)**

**to the members of CNH Industrial UK Limited**

### **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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Jacqueline Ann Geary (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
12 August 2020

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## Statement of Profit or loss

for the year ended 31 December 2019

	Notes	2019 €000	2018 €000
Administrative expenses	3	(9)	(9)
<b>Operating loss</b>		<b>(9)</b>	<b>(9)</b>
Interest receivable and similar income	4	56'201	50'896
Other financial income	5	21'169	48'051
<b>Profit before taxation</b>		<b>77'361</b>	<b>98'938</b>
Tax on profit	7	(10'548)	(9'685)
<b>Profit for the year</b>		<b>66'813</b>	<b>89'253</b>

## Statement of Comprehensive Income

for the year ended 31 December 2019

	2019 €000	2018 €000
Profit for the year	66'813	89'253
<b>Total comprehensive income / (loss) for the year</b>	<b>66'813</b>	<b>89'253</b>

The notes on pages 12 to 20 form part of the financial statements.

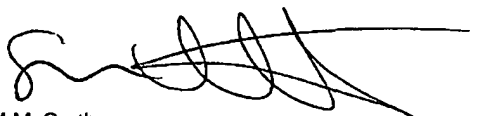
**Statement of Financial Position**

as at 31 December 2019

	Notes	2019 €000	2018 €000
<b>Fixed assets</b>			
Financial assets of a long-term nature	8	1'068'186	1'048'035
		<u>1'068'186</u>	<u>1'048'035</u>
<b>Current assets</b>			
Cash and cash equivalents		9	-
Debtors	9	112'756	41'630
Accrued Interest	8	2'221	25'741
Current financial Assets		22	2
		<u>115'008</u>	<u>67'373</u>
<b>Creditors: amounts falling due within one year</b>	10	(10'691)	(9'695)
<b>Current financial liabilities</b>	11	-	(23)
<b>Net current assets</b>		<u>104'317</u>	<u>57'655</u>
<b>Total assets less current liabilities</b>		<u>1'172'503</u>	<u>1'105'690</u>
<b>Net assets</b>		<u><u>1'172'503</u></u>	<u><u>1'105'690</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Share premium		1'046'938	1'046'938
Retained earnings		125'564	58'751
<b>Shareholders' funds</b>		<u><u>1'172'503</u></u>	<u><u>1'105'690</u></u>

These financial statements of CNH Industrial UK Limited, registered number 10551189 were approved and authorised by the board of Directors on 12 August 2020.

Signed on behalf of the Directors



S M McCarthy

## Statement of changes in equity

For the year ended 31 December 2019

	Share Capital	Share Premium	Retained Earnings /Accumulated losses	Total Equity
	€ 000	€ 000	€ 000	€ 000
<b>At 31 December 2017</b>	<b>1</b>	<b>1'046'938</b>	<b>(30'502)</b>	<b>1'016'437</b>
Total comprehensive income for the financial year	-	-	89'253	89'253
<b>At 31 December 2018</b>	<b>1</b>	<b>1'046'938</b>	<b>58'751</b>	<b>1'105'690</b>
Total comprehensive income for the financial year	-	-	66'813	66'813
<b>At 31 December 2019</b>	<b>1</b>	<b>1'046'938</b>	<b>125'564</b>	<b>1'172'503</b>

## Notes to the financial statements

at 31 December 2019

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of CNH Industrial UK Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 12 August 2020 and the balance sheet was signed on the board's behalf by S M McCarthy. CNH Industrial UK Limited is incorporated and domiciled in England and Wales.

The Company has adopted Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Euros and all values are rounded to the nearest thousand euros (€000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

### Going Concern

The directors have received notice from CNH Industrial N.V. that they will support the operational needs of CNH Industrial UK Limited for twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due unless circumstances change in a manner such as it would or might no longer be open for them to provide such financial support.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 2. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and in compliance with the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 7 Statement of Cash Flows;
  - (b) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
  - (c) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
  - (d) The requirements of IFRS 7 Financial Instruments: Disclosures;
  - (e) The requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement; and
  - (f) The requirement of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective.
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## Notes to the financial statements

at 31 December 2019

### 2. Accounting policies (continued)

#### *New standards and amendments effective from 1 January 2019*

##### *IFRS 16 – Leases*

On 13 January 2016, the IASB issued IFRS 16 - Leases, replacing IAS 17 - Leases. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases, as required by IAS 17, introduces a single lessee accounting model, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessees are required to recognize a right-of-use asset representing its right to use the underlying leased asset, and a lease liability, representing its obligation to make lease payments, and to recognize depreciation of leased assets separately from interest on lease liabilities in the income statement. Lessor accounting under IFRS 16 is largely unchanged from the previous accounting standard.

The Company has adopted the new standard effective 1 January 2019, using the modified retrospective approach, without recasting prior periods. The adoption did not lead to any effect in the Company's Financial Statements.

##### *IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments*

On 7 June 2017, the IASB issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments* which clarifies application of recognition and measurement requirements in IAS 12 - *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances.

In September 2019, the IFRIC finalized its agenda decision regarding the presentation of liabilities or assets related to uncertain tax treatments which have been recognized through applying IFRIC Interpretation 23. The agenda decision concluded that uncertain tax liabilities should be presented as current tax liabilities, or deferred tax liabilities, and uncertain tax assets as current tax assets, or deferred tax assets.

CNH Industrial UK Ltd has adopted the Interpretation effective 1 January 2019 under the retrospective approach. The adoption did not lead to any effect in the Company's Financial Statements.

##### *Other accounting standards, amendments and interpretations effective from 1 January 2019*

On 12 December 2017, the IASB issued the Annual Improvements to IFRSs 2015 - 2017 Cycle. The most important topics addressed in these amendments are: (i) on IFRS 3 - *Business Combinations*, clarifying that a company shall remeasure its previously held interest in a joint operation when it obtains control of the business, and on IFRS 11 - *Joint Arrangements*, clarifying that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business, (ii) on IAS 12 - *Income Taxes*, clarifying that all income tax consequences of dividends (i.e. distribution of profits) should be recognized according to where the entity originally recognized the past transactions or events generating distributable profits, and (iii) on IAS 23 - *Borrowing Costs*, clarifying that a company treats as part of general borrowing any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. These amendments are effective from 1 January 2019. The application of these improvements did not have any material effect on these Company's Financial Statements.

## Notes to the financial statements

at 31 December 2019

### 2. Accounting policies (continued)

On 7 February 2018, the IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19), requiring an entity after remeasuring its defined benefit obligations as a consequence on a plan amendment, curtailment or settlement, to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The amendments are effective prospectively from 1 January 2019. The application of these amendments did not have any material effect on these Company's Financial Statements.

#### *Foreign currency transactions*

The Company's financial statements are presented in euros, which is also the Company's functional currency.

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in profit or loss.

#### *Financial Assets*

Non-current financial assets comprise securities, non-current loans and receivables and other non-current financial assets.

Current financial assets include trade receivables, receivables from financing activities, current securities and other current financial assets, as well as cash and cash equivalents.

Non-current financial assets, as well as current financial assets are accounted for at nominal value which is deemed to approximate their fair value.

Assessments are made regularly as to whether there are any expected credit losses. If such losses are determined they are included in profit or loss for the year.

#### *Provisions*

The Company records provisions when it has an obligation, legal or constructive, to a third party or to a Group company, as a result from a past event, when it is probable that an outflow of Company resources will be required to satisfy the obligation and when a reliable estimate of the amount can be made.

Changes in estimates are reflected in profit or loss in the period in which the change occurs.

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## Notes to the financial statements

at 31 December 2019

### 2. Accounting policies (continued)

#### *Taxation*

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### *Deferred taxation*

Deferred taxation is recognized in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Current Financial Liabilities*

Current financial liabilities are recognized at fair value through profit or loss.

### 3. Administrative expenses

	<b>2019</b>	<b>2018</b>
	<b>€ 000</b>	<b>€ 000</b>
Audit fees	9	9
<b>Total administrative expenses</b>	<b>9</b>	<b>9</b>



## Notes to the financial statements

at 31 December 2019

### 4. Interest receivable and similar income

	2019 € 000	2018 € 000
Interest Income from CNH Industrial Finance Europe SA	1'332	423
Interest income from Promissory Note	54'869	50'473
<b>Total interest receivable and similar income</b>	<b>56'201</b>	<b>50'896</b>

Interest income from Promissory Note is due from Group undertaking. See note 8.

### 5. Other financial Income/(costs)

	2019 € 000	2018 € 000
Net foreign currency exchange differences	21'169	48'051
<b>Total other financial income / (costs)</b>	<b>21'169</b>	<b>48'051</b>

### 6. Staff costs and directors' remuneration

The Directors did not receive any remuneration in respect of services to the company during the period.  
The company had no other employees during the period.

### 7. Tax on Profit

#### a) Current tax

The tax charge comprises:

	2019 € 000	2018 € 000
<b>Current tax:</b>		
Current year 19% (2018: 19%)	10'681	9'685
Prior year adjustment	(133)	-
<b>Total tax on profit</b>	<b>10'548</b>	<b>9'685</b>

## Notes to the financial statements

at 31 December 2019

b) Profit for the year

The differences between the total tax shown above and amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	<i>2019</i> € 000	<i>2018</i> € 000
Profit before tax	<u>77'361</u>	<u>98'938</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	14'699	18'798
Effects of:		
Income not taxable for tax purposes	(4'018)	(9'113)
Prior year adjustment	(133)	-
<b>Overall tax charge</b>	<u><b>10'548</b></u>	<u><b>9'685</b></u>

### ***Deferred tax***

There is no deferred tax liability arising at 31 December 2019 (none in 2018).

### ***Change in corporation tax rate***

The Finance Act 2016 provides for a further reduction in the main rate of Corporation Tax from 18% to 17% from 1 April 2020. The previous enacted tax reduction to 17% on 1 April 2020 was cancelled in the Budget of 11 March 2020, and a resolution effecting this passed by Parliament on 17 March 2020.

The 19% rate has been substantively enacted at the Balance Sheet date and accordingly this rate has been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2019.

## Notes to the financial statements

at 31 December 2019

### 8. Financial assets of a long-term nature

	2019 € 000	2018 € 000
Promissory note due from group undertaking	1'068'186	1'048'035
Accrued interest income	2'221	25'741
	<u>1'070'407</u>	<u>1'073'776</u>

The promissory note was signed on 19 July 2017 and it has a maturity date of 19 July 2024. Interest was earned at a rate of 1 year LIBOR (on USD deposits) plus a margin of 2.5%. Interest was payable annually for each year prior to the Promissory Note reaching the maturity date. The interest period run from 20 July to 19 July, and interest was payable on 19 July each year, commencing on 19 July 2018.

On 14 June the Amendment No. 1 was signed, whereas from 15 June 2019 through the maturity date, the applicable interest rate is 6 Month LIBOR plus a margin of 2.5% per annum. In addition, the interest period is now a period of six months.

The promissory note is neither past due nor impaired at 31 December 2019 and 31 December 2018.

### 9. Debtors

	2019 € 000	2018 € 000
Amounts due from group undertakings	112'756	41'630
	<u>112'756</u>	<u>41'630</u>

Amounts due from group undertakings of €112'756 thousand (€41'630 thousand in 2018) represents cash balances held in the Group treasury company. The amount is readily convertible to cash and it is not pledged. This forms part of a cash pooling arrangement whereas floating interest at market rates are paid by the Group treasury company.

### 10. Creditors: amounts falling due within one year

	2019 € 000	2018 € 000
Corporation tax payable	10'681	9'685
Accruals	10	10
	<u>10'691</u>	<u>9'695</u>

## Notes to the financial statements

at 31 December 2019

### 11. Current financial liabilities

	2019 € 000	2018 € 000
Liability from derivative financial instruments	-	23
	<u>-</u>	<u>23</u>

Liability from derivative financial instruments consists of derivative financial instruments measured at fair value at the balance sheet date. Derivative instruments are classified as Level 2 in the fair value hierarchy.

CNH Industrial UK Ltd utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency fluctuations. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract.

### 12. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	2019 €	2018 €
Ordinary shares of US\$ 1 each			
Issued on incorporation	100	95	95
Issued after the incorporation	100	87	87
		<u>182</u>	<u>182</u>

On 6 January 2017, 100 ordinary shares with an aggregate nominal value of US\$100 were issued at US\$1 each for a cash consideration.

On 17 July 2017, 100 ordinary shares with an aggregate nominal value of US\$100 were issued at US\$1 each for a consideration of US\$1,200,000,000. The parent Company, CNH Industrial N.V. transferred a Promissory Note of a nominal value of US\$ 1,200,000,000 which was contributed to the Company in exchange of the shares.

### 13. Ultimate parent undertaking and controlling party

For the period ended 31 December 2019, the directors regard CNH Industrial N.V., a company incorporated in the Netherlands, as the ultimate parent undertaking and controlling party.

CNH Industrial N.V. is the parent undertaking of the largest and smallest group of which the company is a member and for which group accounts are drawn up.

Copies of the 2019 financial statements of CNH Industrial Group are available at the Corporate Offices of CNH Industrial N.V., 25 St. James's Street, London SW1A 1HA and also on the CNH Industrial Company website [cnhindustrial.com](http://cnhindustrial.com).

## Notes to the financial statements

at 31 December 2019

### 14. Subsequent events

The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion, affect supply chain or otherwise impact the business of the CNH Industrial Group to which the Company belongs to. Governments in affected countries are imposing travel bans, quarantines and other emergency public safety measures. Those measures, though temporary in nature, may continue and increase depending on developments in the virus' outbreak. The ultimate severity of the Coronavirus outbreak is uncertain at this point in time and therefore the Company cannot reasonably estimate the impact it may have at the end on the Group.