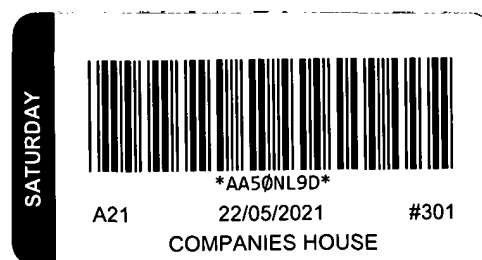


**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**REGISTERED NUMBER: 03420615**



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**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

**PRINCIPAL ACTIVITIES**

The company is a wholly owned subsidiary of CNH Industrial Capital Europe SAS, a joint operation between BNP Paribas Lease Group SA and CNH Industrial NV.

The principal activities of the Company comprise the provision of retail finance by way of hire purchase, leasing and loans to customers of the CNHI group's UK dealer network.

**BUSINESS REVIEW**

The results of the company for the period to 31 December 2020 are stated in the Statement of Comprehensive Income on page 14 and show a profit before tax of £9,502k (2019: Profit of £8,560k) and a profit after tax of £7,788k (2019: profit of £6,921k). The Company has net assets of £42,394k (2019: £42,406k).

**KEY PERFORMANCE INDICATORS**

The directors consider the Key Performance Indicators (KPIs) used by the business to be:

	2020	2019
Profit Before Tax /Assets	1.93%	1.66%
Net Interest Income / Income Generating Assets	2.73%	2.59%
Equity Asset Ratio	8.59%	8.24%
Income Generating Assets	£414,170,000	£433,748,000
New Business Volumes	£247,311,000	£257,560,000

The Net Interest Income ratio for the period is in line with expectations. There is an increase in profit before tax due to a reduction in expenses.

New Business Volumes are down circa 4% on the prior year as a result of a reduced performance in the agricultural and commercial vehicle sectors. This reduction is the primary driver for the decrease in Income Generating Assets.

The increase in Equity Asset Ratio arises from the reduction in Income Generating Assets.

**FUTURE OUTLOOK**

The Company expects to maintain business at current levels, however the future outlook for agricultural equipment sales is likely to continue to be less buoyant than in recent years.

The Directors' views on the impacts of the COVID-19 coronavirus and Brexit are disclosed in the Section 172 Statement and on page 9.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties faced by the Company which are associated with its activities are liquidity risk, interest rate risk, credit risk, bad debt risk and loan to value risk.

**Interest rate and liquidity risk**

Fixed rate borrowings are taken from BNP Paribas, a related party, to match fixed rate lending and minimise exposure to interest rate risk.

The Company manages cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of its businesses.

**Credit risk**

Investments of cash surpluses and borrowings are made with BNP Paribas, a related party.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on going basis and provision is made for doubtful debts where necessary.

**Bad debt risk**

Bad debt risk arises from the non-payment of instalment or rentals by customers. The company has stringent risk management procedures, covering acceptance of clients, follow up of non payment of lease rentals through to recovery of assets, by which it aims to mitigate this risk as far as possible.

**Loan to value risk**

Loan to value risk arises from the ratio of the exposure of the company, to the value of the asset financed. The company manages this risk by careful client acceptance procedures, coupled with stringent asset valuation methodologies, using third party asset valuations where appropriate.

**SECTION 172 STATEMENT**

Section 172 of the Companies Act 2006 (the **Act**) sets out the general duty of directors of a company to promote the success of the company. Section 172 of the Act provides that a director must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In so doing, the director must have regard (among other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The directors of the Company are well aware of their duty under section 172 of the Act. The purpose of this statement is to describe how the directors of the Company have had regard to the matters noted above when performing their duty in the year to 31 December 2020.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**The Company's stakeholders**

The Company is a wholly owned subsidiary of CNH Industrial Capital Europe SAS (**CNH Industrial Capital**), which is a joint venture operation established between BNP Paribas Lease Group SA (50.1% shareholder) and CNH Industrial NV (49.9% shareholder); there is a formal joint venture agreement (the **Joint Venture Agreement**) in place between the two shareholders. The principal activities of the Company relate to the provision of retail finance by way of finance leasing, hire purchase and loan to customers originated via the UK dealer networks of CNH Industrial NV, according to trading agreements with the relevant dealers. The Company sources its funding from within the BNP Paribas group. The Company provides asset finance in volumes and at rates that enable it to provide competitive equipment finance products in the real economy, meeting the needs of business customers in the farm, construction and commercial vehicle markets. To facilitate its activities, the Company is provided with management services and systems of the connected company BNP Paribas Leasing Solutions Limited (**BNPPLS**), for which it pays a management fee. The Company operates ethically in a regulated environment. To achieve all this it requires a skilled and motivated workforce and the support of its shareholders.

The directors of the Company recognise the importance of engaging effectively with the Company's stakeholders. The Company has identified and reviewed its key stakeholder relationships:-

Stakeholder	Description of relationship	Means of engagement
Funder	The Company receives its funding via the London branch of BNP Paribas SA ( <b>BNPP SA</b> ).	The Company has credit lines with <b>BNPP SA</b> and engages with its funder through normal group communication protocols.
Customers	The Company's customers are those businesses to which it provides retail finance by means of hire purchase, leasing and loans.	Once the customers have been introduced to the Company, the credit and underwriting checks are carried out and if approved, the Company provides finance to the customer in order to finance the customer's use of the equipment. Finance terms are documented under the relevant lease, hire purchase agreement and (to a lesser extent) loan/ credit agreements. The Company engages with the customer under the terms of the relevant agreement.
Suppliers	The Company purchases the goods and services it requires from suppliers in the course of its business.	The Company engages with its suppliers in accordance with the BNP Paribas group procurement policy and guidelines.
Regulators	The Company is registered with and regulated by the Financial Conduct Authority ( <b>FCA</b> ).	The Company is authorised and regulated by the <b>FCA</b> as it is a provider of "consumer finance" including Consumer Credit Act regulated agreements, albeit always in accordance with the Company's business to business model. The Company's senior management were enrolled on the <b>FCA</b> 's Senior Managers and Certification Regime ( <b>SM&amp;CR</b> ) in December 2019.
Compliance	<b>BNPPLS</b> provides the Company with Compliance, Legal and Risk services with reporting direct to <b>BNPPLS</b> group control functions.	The Company's control functions (Compliance, Legal and Risk) are provided by <b>BNPPLS</b> . These functions have independent reporting lines into <b>BNP PLS</b> group. The control functions attend group compliance and regulatory reform committees, which facilitates a global overview of compliance and management of compliance matters. The Company sets high standards to adhere to in its own policies and procedures which are reviewed at least every 18 months.
Trade Body – Finance and Leasing Association ( <b>FLA</b> )	<b>BNPPLS</b> is a member of the <b>FLA</b> , an established UK trade body in the asset finance sector and represents the interests of the Company through this forum.	<b>BNPPLS</b> attends <b>FLA</b> committees, including regulatory reform and legal committees, and pursues its asset financier business in accordance with the <b>FLA</b> 's Business Finance Code (which can be downloaded from <a href="https://www.flc.org.uk/business-information/documents/fla-business-finance-code/">https://www.flc.org.uk/business-information/documents/fla-business-finance-code/</a> ).

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

Shareholder	The Company is a wholly owned subsidiary of CNH Industrial Capital. The Company engages with its shareholder, and through the CNH Industrial NV dealer network. This is crucial in order to support the purpose of the joint venture i.e. to provide the retail financing of equipment manufactured by the CNH Industrial NV group.	The Company engages with its shareholder in accordance with the terms of the Joint Venture Agreement.
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The Company's approach to decision making and key decisions in the period

In the year to 31 December 2020, the Company has endeavoured, where at all possible, to help customers who have encountered payment difficulties due to COVID-19, by offering payment holidays and rescheduling their contracted payments. In light of this, the Company's key decisions in the year to 31 December 2020 related to achieving its objective to maintain a stable performance of its business against the levels attained in the previous financial year. This objective was considered by the directors to be likely to promote the success of the Company for the benefit of its members as a whole. In their decision-making, the directors of the Company had regard to their duty under section 172 of the Act, including the considerations noted above, and engaged with stakeholders using the methods described above.

The Company's key decisions in the year included:

- COVID-19 - considering and reporting on the Company's status as a going concern and applying best and worst case scenarios for the Company generally throughout 2020;
- COVID 19 - Where services are carried out for the Company by group companies, the directors of the Company have been mindful of the need to allow these services to be carried out by remote -working individuals whilst ensuring that appropriate controls have been maintained;
- in the context of customer requirements and market expectations, the amount of financial resource required from its funder to service customers and that market at competitive rates. In making this decision, the directors had regard to the anticipated demand for the Company's products and services, the pricing in the market and the need to produce an appropriate return on borrowed funds;
- a decision as to those areas of the market in which it could deliver appropriate products and customer service, and the partnerships which would assist it to do so. In making this decision, the Company had regard to the needs of its customers and the market, and the sector-specific skills of its workforce, in addition to the long-term sustainability of its business in the market in which it operates; and
- compliance with financial services regulation and maintenance of its reputation as a trusted financial institution. In all decisions the Company sought to maintain high standards of business conduct and ensure compliance with the rules and standards imposed upon it by its regulators.

Ultimately the Company sought to minimise the impact of COVID-19 on its business whilst balancing a realistic growth strategy as a responsible provider of asset finance with the generation of profit attributable to its shareholders each year, and on an interim basis where appropriate.

Dividends

The decision as to whether or not to pay a dividend is made in accordance with the dividend policy agreed as part of the Joint Venture Agreement and whether the Company would continue as a going concern.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**Culture**

The Company and the BNP Paribas group are committed to their roles as responsible funders. The BNP Paribas group has adopted four pillars in its approach to its responsibility: i) financing the economy in an ethical manner; ii) developing and engaging its people responsibly; iii) being a positive agent for change in its markets; and iv) adopting a responsible approach to the environment. The Company, as a member of the BNP Paribas group, conducts its business in a manner which reflects these commitments. The directors adhere to these commitments in their decision making. In addition, as the wholly-owned subsidiary of a joint venture operation, the Company has regard to the cultural approach of the joint venture partner.

**Community and environment**

Being a positive agent for change in its community and combating climate change are two of the pillars in BNP Paribas' commitment to being a responsible funder. As a member of the BNP Paribas group, the Company shares this commitment. In particular, the BNP Paribas group is helping to achieve the 17 United Nations Sustainable Development Goals (SDGs). In addition, as the wholly-owned subsidiary of a joint venture operation, the Company has regard to the approach to community and environment of the joint venture partner.

**Website publication**

This statement is available to read and download from its website:

<https://cnhindustrialcapitaleurope.uk/>

Approved by the Board of Directors and signed by order of the Board.

  
JM Boyer (Apr 20, 2021 14:22 GMT+1)

J-M. Boyer  
Director

20 April 2021

**Registered Office Address:**  
Cranes Farm Road  
Basildon  
Essex  
SS14 3AD

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**RESULTS AND DIVIDENDS**

The results of the company for the period to 31 December 2020 are stated in the Statement of Comprehensive Income on page 14 and show a profit before tax of £9,502k (2019: Profit of £8,560k).

A dividend of £7,800k (2019: £14,100k) was paid during the year. Further information can be found in note 10 to the financial statements.

**SHARE CAPITAL**

The issued share capital is £9,000,000. There was no movement in the share capital during the year. Further details are shown in Note 16 to the financial statements.

**DIRECTORS**

The directors of the Company who served during the year, and up to the date of signing the financial statements, were as follows:

J-M. Boyer  
A. Costa  
D. Humphreys  
F. Millot  
M. Richards  
M. Tarasuik

**DIRECTOR INTERESTS**

No director of the Company has at any time had any interest in the shares of the Company.

**DIRECTORS' INDEMNITIES**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**GOING CONCERN**

The directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Directors' views on the impacts of the COVID-19 coronavirus and Brexit are disclosed in the Section 172 Statement, and on page 9.

**PAYMENT OF SUPPLIERS**

It is the Company's general policy to pay trade creditors when they fall due for payment. In the case of a number of major suppliers, specific terms and conditions of business have been agreed, and it is the Company's policy to pay in accordance with these terms provided that the supplier is also meeting all relevant terms and conditions.



**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**INDEPENDENT AUDITORS**

Mazars LLP will continue to hold office in accordance with Section 487 of the Companies Act 2006.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors have taken all the necessary steps they reasonably ought to have taken, as directors, to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

**THE IMPACT OF BREXIT**

The United Kingdom left the European Union (EU) on 31 January 2020. A transition period was in place until 31 December 2020, during which all EU rules and laws continued to apply to the United Kingdom (UK)

The new partnership agreement between the EU and UK sets out the rules that apply as of 1 January 2021 and covers such areas as: trade in goods and service and aviation and road transport.

The Company had previously evaluated Brexit on the most prudent basis and concluded that the impact on the business was not material, the conclusion remains unchanged.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Strategic Report, the Directors' 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 International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 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 judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS in conformity with the requirements of the Companies Act 2006 have been followed subject to any material departures disclosed and explained in the financial statements ;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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.

Approved by the Board of Directors and signed by order of the Board.

*JM Boyer*

JM Boyer (Apr 20, 2021 14:22 GMT+1)

J-M. Boyer  
Director

20 April 2021

**Registered Office Address:**  
Cranes Farm Road  
Basildon  
Essex  
SS14 3AD

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**

**Opinion**

We have audited the financial statements of CNH Industrial Capital Europe Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity 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. 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 course of 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

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

In 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 the Directors' Report.

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

- adequate accounting records have not been kept by the company, 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 10, 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 controls 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.

**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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit 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.



Rudi Lang (Apr 21, 2021 20:37 GMT+1)

Rudi Lang (Senior Statutory Auditor)  
For and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

21 April 2021

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

<b><u>CONTINUING OPERATIONS</u></b>	Notes	2020		2019	
		£'000	£'000	£'000	£'000
<b>REVENUE</b>					
Interest Income	2	19,193		19,994	
Fee Income	3	893		983	
Other Income	4	201		270	
<b>TOTAL INCOME</b>			20,287		21,247
Interest Expense	5	(7,872)		(8,779)	
Movement on Bad Debt Impairment	6	(440)		(729)	
Administrative Expenses	7	(2,473)		(3,179)	
			(10,785)		(12,687)
<b>PROFIT BEFORE TAX</b>			9,502		8,560
Tax Expense	9		(1,714)		(1,639)
<b>PROFIT FOR THE YEAR</b>					
Attributable to Equity Holders			7,788		6,921
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			7,788		6,921

The accompanying notes on pages 18 to 40 are an integral part of this statement.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020		2019	
ASSETS	Notes	£'000	£'000	£'000	£'000
<b>Non Current Assets</b>					
Deferred Tax Assets	17	78		21	
Finance Lease Receivables	11	44,399		52,819	
Loans due from Customers	12	56		129	
Amounts due from Hire Purchase Agreements	13	187,857		177,974	
<b>Total Non Current Assets</b>			<b>232,390</b>		<b>230,943</b>
<b>Current Assets</b>					
Finance Lease Receivables	11	37,552		50,550	
Loans due from Customers	12	936		991	
Amounts due from Hire Purchase Agreements	13	143,370		151,286	
Amounts due from Group Undertakings	20	-		3,715	
Cash and Cash Equivalents	14	67,083		67,164	
Other Receivables	15	12,206		10,146	
<b>Total Current Assets</b>			<b>261,147</b>		<b>283,852</b>
<b>TOTAL ASSETS</b>			<b>493,537</b>		<b>514,795</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share Capital	16	9,000		9,000	
Retained Earnings		33,394		33,406	
<b>TOTAL EQUITY</b>			<b>42,394</b>		<b>42,406</b>
<b>Non Current Liabilities</b>					
Amounts due to Group Undertakings	18	228,400		246,300	
<b>Total Non Current Liabilities</b>			<b>228,400</b>		<b>246,300</b>
<b>Current Liabilities</b>					
Amounts due to Group Undertakings	18	203,439		213,692	
Other Payables	19	19,304		12,397	
<b>Total Current Liabilities</b>			<b>222,743</b>		<b>226,089</b>
<b>Total Liabilities</b>			<b>451,143</b>		<b>472,389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>493,537</b>		<b>514,795</b>

The accompanying notes on pages 18 to 40 are an integral part of this statement.

These financial statements were approved by the Board of Directors on 20 April 2021 and signed on its behalf.

  
JM Boyer (Apr 20, 2021 14:22 GMT+1)

J-M. Boyer  
Director

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Ordinary Shares £'000	Retained Earnings £'000	Total £'000
Opening balance sheet as at 1 January 2019		9,000	40,585	49,585
Profit for the year		-	6,921	6,921
Total Comprehensive Income for the year		-	6,921	6,921
Transactions with owners:				
Dividends paid for the year	10	-	(14,100)	(14,100)
<b>Opening balance sheet as at 1 January 2020</b>		<b>9,000</b>	<b>33,406</b>	<b>42,406</b>
Profit for the year		-	7,788	7,788
Total Comprehensive Income for the year		-	7,788	7,788
Transactions with owners:				
Dividends paid for the year	10	-	(7,800)	(7,800)
<b>Equity as at 31 December 2020</b>		<b>9,000</b>	<b>33,394</b>	<b>42,394</b>

The accompanying notes on pages 18 to 40 are an integral part of this statement.



**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020		2019	
		£'000	£'000	£'000	£'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit before Taxation		9,502		8,560	
Adjustments for:					
Impairment Losses		440		729	
			9,942		9,289
<b>Movements in working capital</b>					
Decrease in Finance Lease Receivables		20,978		14,690	
Decrease in Loans Due from Customers		128		1,821	
(Increase)/Decrease in Amounts due from Hire Purchase agreements		(1,967)		12,354	
(Increase)/Decrease in Other Receivables		(2,039)		236	
Increase/(Decrease) in Trade and other payables		7,532		(1,258)	
<b>Cash flow from operating activities before tax</b>		24,632		27,843	
Corporation Tax Paid		(2,417)		(2,171)	
			22,215		25,672
<b>Net cash flow from operating activities</b>			32,157		34,961
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Dividends paid		(7,800)		(14,100)	
Decrease in borrowings from Group Undertakings		(24,438)		(12,291)	
<b>Net cash flow from financing activities</b>			(32,238)		(26,391)
(Decrease)/Increase in cash and cash equivalents			(81)		8,570
Cash and cash equivalents at the start of the year	14		67,164		58,594
Cash and cash equivalents at the end of the year	14		67,083		67,164

The accompanying notes on pages 18 to 40 are an integral part of this statement.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

CNH Industrial Capital Europe Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Cranes Farm Road, Basildon, Essex, SS14 3AD[No Value].

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company does not have any subsidiary undertakings.

**1. ACCOUNTING POLICIES**

**Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under IFRS.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Management are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

The Directors' views on the impacts of the COVID-19 coronavirus and Brexit are disclosed on pages 6 and 9 respectively.

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods and services provided in the normal course of business. Revenue includes interest income arising from finance lease receivables, amounts due from hire purchase agreements and loan receivables, interest income arising from financial assets, rental income from operating leases and income from the disposal of recovered assets, which are subject to lease arrangements. Revenue is stated net of any discounts, value-added taxes and other sales taxes.

**Fee and other income**

Other fees and income including administration fees and management fees are recognised in accordance with IFRS 15 in that they are recognised as the related services are performed.

**Leases - Lessor Accounting**

Leases contracted by the Company as lessor are categorised as either finance leases or operating leases.

**Finance Leases**

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a finance lease receivable. The lease payments are spread over the lease term, and are allocated to reduce the principal and interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease. Finance lease income allocated to accounting periods is taken to the Statement of Comprehensive Income as interest income.

A lease contract may contain a provision giving the lessee an option to acquire title to the asset upon payment of a final rental. These contracts are known as hire purchase contracts and are disclosed separately as amounts due from hire purchase agreements.

Individual and collective impairments of finance lease receivables are determined using the same principles as applied to financial asset loans and receivables.

**Operating Leases (the company as a lessor)**

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee. The Company does not hold any operating leases.

**Operating Leases (the company as a lessee)**

As of 1 January 2019, the company applied the new accounting standard IFRS 16, however due to there being no contracts currently identified as an operating lease, the impact is immaterial.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
**COMPANY NUMBER 3420615**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**Recovered Assets Subject to Lease Arrangements**

Assets, which are subject to lease arrangements, and that have been surrendered to the Company are included within finance lease receivables or amounts due from hire purchase agreements at the lower of net book value or net realisable value at the date of surrender. These assets are held with the intention of resale. Revenue relating to the disposal of recovered assets is recognised upon the transfer of legal title of the asset.

**Financial Assets - Loans and Receivables**

The Impairment of loans and receivables is accounted for under IFRS 9 'Financial Instruments'. Loans and receivables comprise loans due from customers, loans due from Group Undertakings, other receivables and cash and cash equivalents. Financial assets are managed within the business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument.

**Financial Assets at Amortised Cost**

Financial assets are classified at amortised cost if the following two criteria are met: the business model objective is to hold the instrument in order to collect the contractual cash flows and the cash flows consist solely of payments relating to principal and interest on the principal. Such financial assets include most loans and receivables.

Loans and receivables are initially recognised at fair value, plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses.

**Impairment**

The impairment model for credit risk is based on expected losses. This model applies to loans and debt instruments measured at amortised cost or fair value through equity, to loan commitments and financial guarantee contracts that are not recognised at fair value, as well as to lease receivables, trade receivables and contract assets. Impairment losses are presented under credit risk.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Where applicable, bank overdrafts are included within Borrowings in current liabilities of the Statement of Financial Position.

**Financial Liabilities and Equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities measured at amortised cost comprise amounts due to group undertakings and other payables.

**Income and expenses arising from financial assets and financial liabilities**

Income and expenses arising from financial instruments measured at amortised cost are recognised in the profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the asset or liability in the Statement of Financial Position. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs and premiums and discounts.

The effective interest method used by the Company to recognise service-related fee income and expenses depends on the nature of the service. Fees treated as an additional component of interest is included in the effective interest rate, and is recognised in profit or loss in "Interest Income or Interest Expense". Fees payable or receivable on execution of a significant transaction is recognised in the profit or loss account in full on execution of the transaction, under "Fee Income or Costs from Operations". Fees payable or receivable for recurring services is recognised over the term of the service, also under "Fee Income or Cost from Operations".

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred taxation. The liability for current tax is calculated using tax rates that have been substantively enacted by the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax rates used in the determination of deferred income tax are the rates which are expected to apply when the asset is realised or the liability settled, based on the tax rates that have been substantively enacted at the reporting date of that period. They are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Group Undertakings**

The immediate holding Company is CNH Industrial Capital Europe SAS, which is registered in France. The ultimate parent Company is BNP Paribas SA, which is registered in France.

**Dividends**

Dividends are recognised when they become legally payable.

**Critical Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This applies to:

- The measurement of expected credit losses. This applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses, the determination of the different economic scenarios and their weighting. (see note 22)

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**Standards, amendments and interpretations adopted during the year**

During the year, the following new standards, amendments and interpretations have become effective:

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material - Effective 1 January 2020.

Conceptual Framework: Amendments to related references in IFRS Standards - Effective 1 January 2020.

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Amendments arising from the Interest Rate Benchmark Reform –Phase 1 Effective 1 January 2020.

IFRS 3 Business Combinations: Amendments in relation to the definition of a business - Effective 1 January 2020

IFRS 16 Leases: Amendments in relation to Covid-19-related rent concessions- Effective 1 June 2020

IFRS 4 Insurance Contracts: Amendments in relation to the temporary exemption from applying IFRS 9 Effective 25 June 2020

None of these new standards, amendments or interpretations above had a material impact on these financial statements in the year.

**Standards, amendments and interpretations in issue, but not yet effective**

At the date of authorisation of these financial statements the following standards, amendments and interpretations were in issue but not yet effective. These standards, amendments, and interpretations have not been adopted early and have not been applied to these financial statements.

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases: Amendments arising from the Interest Rate Benchmark Reform–Phase 2 Effective 1 January 2021

IAS16 Property, Plant and Equipment: Amendments in relation to proceeds before intended use -Effective 1 January 2022

IAS37 Provisions, Contingent Liabilities and Contingent Assets: Amendments in relation to the cost of fulfilling a contract when assessing onerous contracts Effective 1 January 2022

IFRS 3 Business Combinations: Amendments to update references to the Conceptual Framework - Effective 1 January 2022

Annual Improvements to IFRSs (2018 –2020 cycle) -Effective 1 January 2022

IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current - Effective 1 January 2023

IFRS 17 Insurance Contracts - Effective 1 January 2023

Amendments to IFRS 17 Insurance Contracts - Effective 1 January 2023

The adoption of these standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**2. INTEREST INCOME**

	2020 £'000	2019 £'000
Interest Income from Loans	5	23
Interest Income from Hire Purchase	18,687	19,425
Interest Income from Finance Lease	5,123	4,889
Interest Income from Group Undertakings (see note 20)	148	499
Amortised Commissions and Origination Fees	(4,770)	(4,842)
	<u>19,193</u>	<u>19,994</u>

All interest income is derived from the United Kingdom.

**3. FEE INCOME**

	2020 £'000	2019 £'000
Administration fees	829	863
Fees on Default	64	120
	<u>893</u>	<u>983</u>

**4. OTHER INCOME**

	2020 £'000	2019 £'000
Other Interest Income	99	93
Interest on tax payments	1	-
Other Revenue	101	177
	<u>201</u>	<u>270</u>

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**5. INTEREST EXPENSE**

	2020 £'000	2019 £'000
Interest Expense to Group Undertaking (see note 20)	(7,872)	(8,779)
	<u>(7,872)</u>	<u>(8,779)</u>

Interest payable to group undertakings is payable on loans advanced by related parties in the BNP Paribas Group (Note 20).

**6. IMPAIRMENT GAINS AND LOSSES**

	2020 £'000	2019 £'000
Net Provision Movement (see note 22)	914	(1,326)
Cost of Write Off	(1,354)	597
	<u>(440)</u>	<u>(729)</u>

**7. ADMINISTRATION EXPENSES**

	2020 £'000	2019 £'000
Professional Costs	(78)	(99)
Bank Levy	464	(50)
Management Charges	(2,742)	(2,720)
IT Costs	(9)	(12)
Other administration costs	(108)	(298)
	<u>(2,473)</u>	<u>(3,179)</u>

The Bank Levy is recharged to the Company from BNP Paribas London Branch, on the basis of the Company's liabilities which are subject to the Bank Levy.

**Emoluments of Directors**

No remuneration has been paid to the Directors of the Company in the current or prior year.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**8. AUDITOR'S REMUNERATION**

The following is included within professional costs in administration expenses:

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company	<u>(11)</u>	<u>(11)</u>

**9. TAXATION**

The analysis of the tax charge for the year is as follows:

	2020 £'000	2019 £'000
<b>Current Tax</b>		
UK Corporation tax on profits of the current year	(1,798)	(1,712)
Adjustments in respect of prior years	<u>27</u>	<u>74</u>
Current Tax Charge	(1,771)	(1,638)
<b>Deferred Tax</b>		
Current Year	81	73
Adjustments in respect of prior years	<u>(24)</u>	<u>(74)</u>
Deferred Tax Credit/(Charge) (see note 17)	<u>57</u>	<u>(1)</u>
Total Tax Charge for the year	<u>(1,714)</u>	<u>(1,639)</u>

Corporation Tax is calculated at 19% (2019: 19%) of the taxable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	(9,502)	(8,560)
Tax charge at the UK standard rate of Corporation Tax of 19% (2019: 19%)	(1,805)	(1,626)
Tax effect of expenses that are not deductible	88	(10)
Adjustments in respect of prior years	3	-
Adjustment to deferred tax due to rate change	<u>-</u>	<u>(3)</u>
Total Tax Charge for the year	<u>(1,714)</u>	<u>(1,639)</u>



**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**10. DIVIDENDS**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Prior Year Final Dividend: 34.44 pence (2019: nil) per share	<b>3,100</b>	-
Current Year Interim Dividend: 52.22 pence (2019 : 156.67 pence) per share	<b>4,700</b>	14,100
	<b>7,800</b>	14,100

**11. FINANCE LEASE RECEIVABLES**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Finance Lease receivables	<b>83,376</b>	105,928
Impairment of finance lease receivables	<b>(1,425)</b>	(2,559)
Total of Finance Lease receivables due from customers net of impairment provisions	<b>81,951</b>	103,369

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b><u>Finance Lease Receivables</u></b>		
Gross Investment	<b>88,554</b>	112,755
Gross Receivable within 1 year	<b>41,585</b>	56,460
Gross Receivable between 1 and 5 years	<b>46,050</b>	54,611
Gross Receivable after 5 years	<b>919</b>	1,684
Unearned Interest Income	<b>(5,178)</b>	(6,827)
Net Investment before impairment provisions	<b>83,376</b>	105,928
Net Receivable within 1 year	<b>38,977</b>	53,109
Net Receivable between 1 and 5 years	<b>43,517</b>	51,245
Net Receivable after 5 years	<b>882</b>	1,574
Impairment Provisions	<b>83,376</b>	105,928
	<b>(1,425)</b>	(2,559)
	<b>81,951</b>	103,369

The cost of the assets acquired during the year for onwards finance leasing was £36,368k (2019: £46,966k).

Included within the net investment above is £3,896k (2019: £3,292k) which relates to the unguaranteed residual value receivable from leased assets.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

The below table represents the movement in the year by stage for finance lease receivables:

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
At 1 January	100,265	10,411	2,079	112,755	(395)	(305)	(1,859)	(2,559)
Transfers due to changes in credit risk:								
New into Stage 1	26,511			26,511	(126)			(126)
New into Stage 2		3,343		3,343		(41)		(41)
New into Stage 3			548	548			(71)	(71)
From Stage 1 to Stage 2	(4,322)	3,146		(1,176)	15	(88)		(73)
From Stage 1 to Stage 3	(1,456)		717	(739)	9		(130)	(121)
From Stage 2 to Stage 1	2,798	(4,081)		(1,283)	(8)	80		72
From Stage 2 to Stage 3		(581)	250	(331)		40	(13)	27
From Stage 3 to Stage 1	-		(1,204)	(1,204)	-		1,163	1,163
From Stage 3 to Stage 2		40	-	40		(1)	-	(1)
Remeasurements within existing stage	(24,733)	(1,034)	(148)	(25,915)	100	89	2	191
Exits from Stage 1	(22,630)			(22,630)	61			61
Exits from Stage 2		(1,296)		(1,296)		9		9
Exits from Stage 3			(69)	(69)			44	44
	<b>76,433</b>	<b>9,948</b>	<b>2,173</b>	<b>88,554</b>	<b>(344)</b>	<b>(217)</b>	<b>(864)</b>	<b>(1,425)</b>

Remeasurements within the existing stage arise from the change in exposure for customers through run-down of the exposure.

When moving between stages, the movement out of the stage is the exposure at the beginning of the year, and the balance moving into the new stage is the exposure at the end of the year, therefore the difference is the run-down of the exposure.

Exits from a stage include write-offs.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**12. LOANS DUE FROM CUSTOMERS**

	2020 £'000	2019 £'000
Loans due from Customers before impairment	992	1,121
Impairment of loans receivable	-	(1)
	<u>992</u>	<u>1,120</u>
Loans due from customers net of impairment provisions		
	<u>992</u>	<u>1,120</u>
Loans due from Customers within 1 year	936	991
Loans due from Customers after 1 year	56	129
	<u>992</u>	<u>1,120</u>
Total Loans due from Customers before impairment		
	<u>992</u>	<u>1,120</u>

The below table represents the movement in the year by stage for loans due from customers:

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
At 1 January	1,135	-	-	1,135	(1)	-	-	(1)
Transfers due to changes in credit risk:								
New into Stage 1	80	-	-	80	-	-	-	-
Remeasurements within existing stage	(206)	-	-	(206)	1	-	-	1
Exits from Stage 1	(9)	-	-	(9)	-	-	-	-
	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Remeasurements within the existing stage arise from the change in exposure for customers through run-down of the exposure.

When moving between stages, the movement out of the stage is the exposure at the beginning of the year, and the balance moving into the new stage is the exposure at the end of the year, therefore the difference is the run-down of the exposure.

Exits from a stage include write-offs.

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

**13. AMOUNTS DUE FROM HIRE PURCHASE AGREEMENTS**

	2020 £'000	2019 £'000
Amounts due from hire purchase agreements before impairment	333,132	330,617
Impairment of hire purchase agreements	(1,905)	(1,357)
	<u>331,227</u>	<u>329,260</u>
Amounts due from hire purchase agreements net of impairment provisions		
	<u>331,227</u>	<u>329,260</u>
	2020 £'000	2019 £'000
<b><u>Amounts due from hire purchase agreements</u></b>		
Gross Receivables	358,654	354,657
Gross Receivable within 1 year	158,412	165,364
Gross Receivable between 1 and 5 years	196,888	186,877
Gross Receivable after 5 years	3,354	2,416
Unearned Interest Income	(25,522)	(24,040)
	<u>333,132</u>	<u>330,617</u>
Net Investment before impairment provisions		
	<u>333,132</u>	<u>330,617</u>
Net Receivable within 1 year	145,275	152,643
Net Receivable between 1 and 5 years	184,617	175,645
Net Receivable after 5 years	3,240	2,329
	<u>333,132</u>	<u>330,617</u>
Impairment Provisions	(1,905)	(1,357)
	<u>331,227</u>	<u>329,260</u>

The cost of the assets acquired during the year for use in hire purchase agreements was £210,848k (2019: £210,538k )

**CNH INDUSTRIAL CAPITAL EUROPE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Continued**

The below table represents the movement in the year by stage for hire purchase agreements:

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
At 1 January	342,783	10,519	1,355	354,657	(352)	(162)	(843)	(1,357)
Transfers due to changes in credit risk:								
New into Stage 1	154,141			154,141	(247)			(247)
New into Stage 2		7,844		7,844		(123)		(123)
New into Stage 3			2,107	2,107			(269)	(269)
From Stage 1 to Stage 2	(7,279)	5,131		(2,148)	9	(69)		(60)
From Stage 1 to Stage 3	(986)		492	(494)	3		(131)	(128)
From Stage 2 to Stage 1	2,383	(3,665)		(1,282)	(6)	42		36
From Stage 2 to Stage 3		(311)	171	(140)		8	(27)	(19)
From Stage 3 to Stage 1	58		(12)	46	(1)		3	2
From Stage 3 to Stage 2		37	(31)	6		(1)	9	8
Remeasurements within existing stage	(86,063)	(1,549)	(232)	(87,844)	64	31	(66)	29
Exits from Stage 1	(66,095)			(66,095)	58			58
Exits from Stage 2		(1,870)		(1,870)		20		20
Exits from Stage 3			(274)	(274)			145	145
	<b>338,942</b>	<b>16,136</b>	<b>3,576</b>	<b>358,654</b>	<b>(472)</b>	<b>(254)</b>	<b>(1,179)</b>	<b>(1,905)</b>

Remeasurements within the existing stage arise from the change in exposure for customers through run-down of the exposure.

When moving between stages, the movement out of the stage is the exposure at the beginning of the year, and the balance moving into the new stage is the exposure at the end of the year, therefore the difference is the run-down of the exposure.

Exits from a stage include write-offs.

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**14. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Balances held with Group bank (see note 20)	<b>67,083</b>	67,159
Balances held with non-group bank	-	5
	<u><b>67,083</b></u>	<u>67,164</u>

**15. OTHER RECEIVABLES**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Prepayments	75	100
Trade Debtors (Stage 1)	<b>10,470</b>	8,386
Corporation tax receivable	<b>21</b>	-
Other Receivables (Stage 1)	<b>1,640</b>	1,660
	<u><b>12,206</b></u>	<u>10,146</u>

**16. SHARE CAPITAL**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b><u>Authorised</u></b>		
9,000,000 ordinary shares of £1 each	<b>9,000</b>	9,000
<b><u>Allotted and fully paid</u></b>		
9,000,000 ordinary shares of £1 each	<u><b>9,000</b></u>	<u>9,000</u>

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**17. DEFERRED TAXATION**

Deferred tax has been provided in full at 19% (2019: 17%) as follows:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Excess of tax allowances over book depreciation	<b>78</b>	21
Deferred Taxation asset	<b>78</b>	21

The movement in deferred taxation is reconciled as follows:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Opening balance as at 1 January	<b>21</b>	22
Deferred Tax Credit/(Charge)	<b>57</b>	(1)
Closing balance as at 31 December	<b>78</b>	21

The Finance Act 2020 received Royal Assent on 22 July 2020. The main rate of corporation tax of 19% has been enacted to apply from April 2017 to March 2022. The rate used to calculate deferred tax is the rate substantively enacted or enacted at the balance sheet date at which the various timing differences are expected to reverse.

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**18. AMOUNTS DUE TO GROUP UNDERTAKINGS**

	Notes	2020 £'000	2019 £'000
Amount owed to Group Undertakings - current liability	20	203,439	213,692
Amount owed to Group Undertakings - non current liability	20	228,400	246,300
		<u>431,839</u>	<u>459,992</u>

All bank loans and overdrafts are owed to related parties in the BNP Paribas Group and have been classified as financial liabilities measured at amortised cost. These amounts are all non secured.

**19. OTHER PAYABLES**

	2020 £'000	2019 £'000
Accruals and Deferred Income	3,526	4,495
Trade Creditors	10,510	4,385
Corporation Tax payable	-	624
Other Payables	5,268	2,893
	<u>19,304</u>	<u>12,397</u>



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**20. RELATED PARTY TRANSACTIONS**

The accounts reflect the following transactions with related parties:

	Notes	2020 £'000	2019 £'000
BNP Paribas Leasing Solutions Limited - Management charges payable		2,162	2,177
BNP Paribas Leasing Solutions Limited - Bank Levy		(464)	50
BNP Paribas Leasing Solutions Luxembourg SA - Interest Payable	5	253	587
BNP Paribas London Branch - Interest Payable	5	7,619	8,192
BNP Paribas London Branch - Interest Receivable	2	(148)	(499)
CNH Industrial Financial Services SA - Management charges payable		581	543
CNH Industrial Financial Services SA - Commissions and Fees payable		3,549	3,635
CNH UK Ltd - RV interest received		(99)	(93)
Iveco Limited - Risk Guarantee Commission payable		185	45
		<u>13,638</u>	<u>14,637</u>
<b>Amounts due to group undertakings</b>		<b>£'000</b>	<b>£'000</b>
BNP Paribas Leasing Solutions Limited - Current Liability		2,088	-
BNP Paribas London Branch - Current Liability		192,136	197,066
BNP Paribas London Branch - Non Current Liability		226,100	235,900
BNP Paribas Leasing Solutions Luxembourg SA - Current Liability		8,129	15,473
BNP Paribas Leasing Solutions Luxembourg SA - Non Current Liability		2,300	10,400
Iveco Limited - Current Liability		1,086	1,153
	18	<u>431,839</u>	<u>459,992</u>
<b>Amounts due from group undertakings</b>		<b>£'000</b>	<b>£'000</b>
Balances held with Group Bank		67,083	67,159
BNP Paribas Leasing Solutions Limited		-	3,715
		<u>67,083</u>	<u>70,874</u>

**21. CAPITAL COMMITMENTS AND CONTINGENCIES**

There were no capital commitments and contingencies at 31 December 2020 (2019: Nil)

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**Continued**

**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Financial Risk Management**

**Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk
- Foreign Currency Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits.

The Company manages its capital in order to safeguard its ability to continue as a going concern and in order to provide adequate returns for equity holders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or issue new ordinary share capital.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company's maximum exposure to credit risk is the carrying value of the financial assets held at the reporting date £493,537k (2019: £514,795k).

**General model**

The impairment model for credit risk is based on expected losses, the calculation of which is conducted in two steps;

First the company places facilities in one of three 'stages' to determine the scope of application.

- 'Stage 1' (Performing) where, at the reporting date, the credit risk represented by the facility has not increased significantly since its origination
- 'Stage 2' (Underperforming) where, at the reporting date, the credit risk represented by the facility has deteriorated significantly but the facility is not credit impaired.
- "Stage 3" (Credit Impaired) where, at the reporting date, there are potential losses.

Secondly, the Expected Credit Loss (ECL) is calculated. The ECL is determined by projecting the probability of default (PD), Exposure at default (EAD) and Loss Given Default (LGD) for each future month and for each collective segment. For "Stage 1" a one year ECL is calculated and for "Stage 2" a lifetime ECL is calculated. Facilities in "Stage 3" are covered by specific provisions which correspond to lifetime ECL.

This general model is applied to all instruments within the scope of IFRS 9 impairment.

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**Forward looking**

PD projection methodologies allow the integration of forward looking information, not otherwise captured when assessing credit deterioration individually. The final ECL is the outcome of the linear combination of 3 weighted ECLs, whose computation is based on forward looking PDs.

The methodology to build forward looking PD term structures requires:

- The construction of a 'Through the (economic) cycle' rating migration probability matrix based on a collected historical time series of rating transitions.
- The construction of a default time series and an econometric model that defines the relationship between the default rate and macroeconomic variables.
- Transformation of the above default rate time series into "Z" time series representing the position in the credit risk cycle (Z-factor) and into a parameter<sup>P</sup> representing the sensitivity of annual probability of default to the economic environment.
- The projection of three one year point in time migration matrices, one for each year of the forward looking horizon whose length corresponds to the horizon of the economic projections supplied by the economists. Each matrix takes into account the impact of the economic forecasts (Baseline, Optimistic and Adverse) on the probability of migration from one rating to another.
- The construction of a cumulative default probability term structure, from these yearly rating migration matrices.

Forward-looking information is considered when assessing significant increase in credit risk and when measuring expected credit losses.

The determination of significant increase in credit risk is supplemented by the consideration of more systemic forward looking factors (such as macro-economic, sectorial or geographical risk drivers) that could increase the credit risk of some exposures. These factors can lead to tighten the transfer criteria into stage 2, resulting in an increase of ECL amounts for exposures deemed vulnerable to these risk drivers.

**Significant increase in credit risk**

Significant increase in credit risk may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics) taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

The indicator used for assessing increase in credit risk is the counterparty rating, which could take the form of an expert rating (corporate customers), statistical rating (retail customers) or a default rating (government, local authorities). There is also a factor in the rating model that, in accordance with the standard, considers that the credit risk of an instrument has increased since initial recognition when the contractual payments are more than 30 days past due.

Credit risk is measured through the allocation of internal credit gradings to each counterparty from a range of 1 – 12. For performing exposures, a rating of 4- or better is automatically classified as Stage 1. Ratings between 5+ and 8- are monitored for deterioration since origination, to determine which stage they should be classified within, whilst ratings of 9+ or worse are automatically classified as Stage 2.

In the general principles of the Standard, significant increase in credit risk since initial recognition is assessed at each reporting date at financial instrument level in order to determine in which stage the financial instrument should be placed.

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**Measurement of expected credit losses**

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls)

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts over the expected life of the financial instrument. They are measured on an individual basis for all exposures.

In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the PD, LGD and EAD, discounted at the effective interest rate of the exposure (EIR). For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument.

A financial asset is considered doubtful and classified in “stage 3” when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred for example, the financial instrument becomes 90 days past due or knowledge or indications of significant financial difficulties.

**Definition of default**

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past-due.

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**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Gross Exposure Movement**

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the maximum exposure to credit risk on these assets.

	Internal grading
Low Risk	1+ to 5-
Medium Risk	6+ to 8-
High Risk	9+ to 10-
In Default	11 and 12

**Year Ended 31 December 2020**

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Low Risk	270,157	1,898	-	272,055	(57)	(5)	-	(62)
Medium Risk	158,348	19,068	-	177,416	(701)	(231)	-	(932)
High Risk	-	5,118	-	5,118	-	(235)	-	(235)
In Default	-	-	5,749	5,749	-	-	(2,042)	(2,042)
	<b>428,505</b>	<b>26,084</b>	<b>5,749</b>	<b>460,338</b>	<b>(758)</b>	<b>(471)</b>	<b>(2,042)</b>	<b>(3,271)</b>

**Year Ended 31 December 2019**

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Low Risk	277,324	1,042	-	278,366	(370)	(1)	-	(371)
Medium Risk	176,904	15,603	-	192,507	(645)	(234)	-	(879)
High Risk	-	4,285	-	4,285	-	(231)	-	(231)
In Default	-	-	3,435	3,435	-	-	(2,704)	(2,704)
	<b>454,228</b>	<b>20,930</b>	<b>3,435</b>	<b>478,593</b>	<b>(1,015)</b>	<b>(466)</b>	<b>(2,704)</b>	<b>(4,185)</b>

The year on year allowance for expected credit losses has decreased by £914k, mainly due to the decrease in Stage 3 provisions required (see notes 11, 12 and 13).

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**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The following table represents the carrying amount of the financial assets that are past due but not impaired (by age of past due), and impaired assets. The credit risk is mitigated due to the Company retaining legal title to assets subject to finance leases and hire purchase agreements. The Company does not have any further credit enhancements. The amounts shown are stated before any provision on a portfolio basis.

**Balances in Arrears**

**Year Ended 31 December 2020**

	Not past due £'000	0-29 days £'000	30-59 days £'000	60 - 89 days £'000	Over 90 days £'000	Total £'000
Finance Leases	75,490	4,432	1,030	447	1,977	83,376
Loans to Customers	992	-	-	-	-	992
Hire Purchase	325,068	4,407	992	607	2,058	333,132
	<u>401,550</u>	<u>8,839</u>	<u>2,022</u>	<u>1,054</u>	<u>4,035</u>	<u>417,500</u>

**Year Ended 31 December 2019**

	Not past due £'000	0-29 days £'000	30-59 days £'000	60 - 89 days £'000	Over 90 days £'000	Total £'000
Finance Leases	97,481	4,042	1,707	771	1,927	105,928
Loans to Customers	1,120	-	-	-	-	1,120
Hire Purchase	324,949	2,923	814	270	1,661	330,617
	<u>423,550</u>	<u>6,965</u>	<u>2,521</u>	<u>1,041</u>	<u>3,588</u>	<u>437,665</u>

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to borrow from BNP Paribas, a related party, at a fixed rate matching fixed rate lending. Access to sources of funding is sufficiently available and debt maturing within 12 months can be replaced with Group companies.

**Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by funding the loans with fixed rate funding within the Group. Finance lease receivables and loans due to customers are at fixed rate and as a result the Company has a limited exposure to variable rates of interest.

Since all loans are borrowed at a fixed rate at the time of the financing the interest sensitivity is minimal.

**Foreign Currency Risk**

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to this risk as it does not transact with overseas companies or operate in overseas countries. The Company's exposure to foreign exchange risk is therefore not considered to be significant and accordingly sensitivity analysis information has not been provided.

The net exposure to foreign exchange is minimal therefore no further disclosure is considered appropriate.

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**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Maturity Profile of Assets and Liabilities**

The tables below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments

**Financial Assets**

**Year Ended 31 December 2020**

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Finance Lease Receivables	16,528	25,057	46,050	919	88,554
Loans due from Customers	844	98	58	-	1,000
Amounts due from Hire Purchase	46,776	111,636	196,888	3,354	358,654
Other Receivables	12,130	-	-	-	12,130
	<u>76,278</u>	<u>136,791</u>	<u>242,996</u>	<u>4,273</u>	<u>460,338</u>

**Year Ended 31 December 2019**

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Finance Lease Receivables	23,582	32,878	54,611	1,684	112,755
Loans due from Customers	877	125	133	-	1,135
Amounts due from Hire Purchase	54,899	110,465	186,877	2,416	354,657
Other Receivables	10,046	-	-	-	10,046
	<u>89,404</u>	<u>143,468</u>	<u>241,621</u>	<u>4,100</u>	<u>478,593</u>

**Financial Liabilities**

**Year Ended 31 December 2020**

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts due to Group Undertakings	64,943	144,335	230,679	2,620	442,577
Other Payables	15,778	-	-	-	15,778
	<u>80,721</u>	<u>144,335</u>	<u>230,679</u>	<u>2,620</u>	<u>458,355</u>

**Year Ended 31 December 2019**

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts due to Group Undertakings	67,551	153,133	250,106	2,135	472,925
Other Payables	7,901	-	-	-	7,901
	<u>75,452</u>	<u>153,133</u>	<u>250,106</u>	<u>2,135</u>	<u>480,826</u>

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**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Reconciliation of liabilities from financing activities**

The tables below summarise the changes in liabilities arising from financing activities.

**Year Ended 31 December 2020**

	2019 £'000	Cash flows £'000	Non-Cash changes £'000	2020 £'000
<b><u>Short term borrowings</u></b>				
Share Capital and Reserves	42,406	-	(12)	42,394
Amounts payable to Group Undertakings	472,925	(24,438)	(5,910)	442,577
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Year Ended 31 December 2019**

	2018 £'000	Cash flows £'000	Non-Cash changes £'000	2019 £'000
<b><u>Short term borrowings</u></b>				
Share Capital and Reserves	49,585	-	(7,179)	42,406
Amounts payable to Group Undertakings	489,333	(12,291)	(4,117)	472,925
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**23. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For finance lease receivables and hire purchase agreements, the carrying value is a reasonable approximation of fair value.

For all other financial assets and liabilities the carrying value approximates the fair value due to the short-term nature of these financial assets and liabilities.

**24. PARENT AND ULTIMATE CONTROLLING PARTY**

The immediate parent is CNH Industrial Capital Europe SAS, which is incorporated in France. The ultimate parent company and the ultimate controlling party is BNP Paribas SA which is incorporated in France.

The parent undertaking of the smallest group in which the results of the Company are consolidated is BGL BNP Paribas SA which is incorporated in Luxembourg. The parent undertaking of the largest group in which the results of the Company are consolidated is BNP Paribas SA. The consolidated financial statements of BGL BNP Paribas SA and BNP Paribas SA are available to the public and may be obtained from 16 Boulevard des Italiens, 75009 Paris, France.

**25. EVENTS AFTER THE REPORTING PERIOD**

As the global pandemic progresses, the impact on the company is being closely monitored, however in view of its currently evolving nature it is still not currently possible to estimate the future impact of Covid-19 on the Company.