
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 000-55510

CNH INDUSTRIAL CAPITAL LLC

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

39-1937630

(I.R.S. Employer
Identification Number)

5729 Washington Avenue

Racine, Wisconsin

(Address of principal executive offices)

53406

(Zip code)

(262) 636-6011

(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes* No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of March 4, 2016, all of the limited liability company interests of the registrant were held by CNH Industrial America LLC, a wholly-owned subsidiary of CNH Industrial N.V.

The registrant meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form with certain reduced disclosures as permitted by those instructions.

* Pursuant to Paragraph (1)(ii)(C) of the definition of "Well-Known Seasoned Issuer" in Rule 405 under the Securities Act.

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PART I

Item 1. Business

Overview

CNH Industrial Capital LLC (together with its consolidated subsidiaries, “CNH Industrial Capital,” the “Company” or “we”) is an indirect wholly-owned subsidiary of CNH Industrial N.V. (“CNHI” and, together with its consolidated subsidiaries, “CNH Industrial”) and is headquartered in Racine, Wisconsin. As a captive finance company, our primary business is to underwrite and manage financing products for end-use customers and dealers of CNH Industrial America LLC (“CNH Industrial America”) and CNH Industrial Canada Ltd. (collectively, “CNH Industrial North America”) and provide other related financial products and services to support the sale of agricultural and construction equipment sold by CNH Industrial North America. We also provide wholesale and retail financing related to new and used agricultural and construction equipment manufactured by entities other than CNH Industrial North America. We are often able to offer financing to customers at advantageous interest rates or other terms (such as longer contract terms, longer warranty terms or reward cards redeemable for parts or services), due to our participation in subsidized financing programs sponsored by CNH Industrial North America, which reimburses us for some or all of the cost of such terms. The primary operating subsidiaries of CNH Industrial Capital LLC include CNH Industrial Capital America LLC (“CNH Industrial Capital America”), New Holland Credit Company, LLC (“New Holland Credit”) and CNH Industrial Capital Canada Ltd. (“CNH Industrial Capital Canada”). CNH Industrial Capital America is the primary financing and business entity of CNH Industrial Capital for the United States that enters into retail and wholesale financing arrangements with end-use customers and equipment dealers, and CNH Industrial Capital Canada performs the same functions in Canada, while New Holland Credit acts as the servicer for retail and wholesale receivables originated by CNH Industrial Capital America.

CNH Industrial is the company formed by the merger, completed September 29, 2013, between Fiat Industrial S.p.A. (“Fiat Industrial”) and CNH Global N.V. (“CNH Global”), the former indirect parents of CNH Industrial Capital. As a result of the merger, CNH Industrial Capital LLC and its primary operating subsidiaries, including CNH Industrial Capital America, New Holland Credit and CNH Industrial Capital Canada, have become indirect wholly-owned subsidiaries of CNHI (with all of the equity interests in CNH Industrial Capital LLC owned by CNHI through intermediate companies, through which CNHI exercises indirect control over CNH Industrial Capital LLC). CNHI is incorporated in and under the laws of The Netherlands. CNHI has its corporate seat in Amsterdam, The Netherlands, and its principal office in London, England.

CNH Industrial Capital offers retail loan and lease financing to end-use customers for the purchase of new and used equipment and components, as well as other financial services. CNH Industrial Capital also provides wholesale financing to CNH Industrial North America equipment dealers and distributors (all of which are independently owned and operated). Wholesale financing consists primarily of dealer floorplan financing and gives dealers the ability to maintain a representative inventory of new products. In addition, CNH Industrial Capital provides financing to dealers for used equipment taken in trade, equipment utilized in dealer-owned rental yards, parts inventory, working capital and other financing needs. As a holding company, CNH Industrial Capital LLC generally does not conduct operations of its own, but relies on its subsidiaries for the generation and distribution of profits.

CNH Industrial Capital’s revenue is primarily generated through the income of its portfolio and the income generated through marketing programs with CNH Industrial North America. The size of the portfolio is in part related to the level of equipment sales by CNH Industrial North America. The portfolio profitability is linked to the difference between lending and borrowing rates, the credit quality of the borrowers and the value of collateral. For the years ended December 31, 2015 and 2014, the percentage of revenue derived by us from CNH Industrial North America and other CNH Industrial subsidiaries was 44% and 47%, respectively.

Our retail borrowers are generally commercial entities and, in many cases, have had a previous borrowing relationship with CNH Industrial Capital. Retail receivables are secured by the purchased equipment, which generally has a longer useful life than the term of the receivable. Wholesale financings are likewise secured by the equipment purchased by the dealer.

CNH Industrial Capital funds its operations and lending activity through a combination of term receivables securitizations, committed secured and unsecured facilities, unsecured bonds, affiliate financing and retained earnings. CNH Industrial Capital's current funding strategy is to maintain sufficient liquidity and flexible access to a wide variety of financial instruments and funding options.

To help fund its retail and wholesale financing business, CNH Industrial Capital participates in the asset backed securitization markets. CNH Industrial Capital periodically transfers retail and wholesale receivables originated from end-use customers and dealers to special purpose entities, in exchange for cash proceeds from asset backed securities issued by these special purpose entities. Investors in these asset-backed securities in turn receive payments on their securities based on the cash flows from the transferred receivables. CNH Industrial Capital continues to service the transferred receivables and maintains a cash reserve account, which provides security to investors in the event that cash collections from the receivables are not sufficient to permit principal and interest payments to the holders of the securities. These special purpose entities and the investors in the asset backed securities have no recourse, beyond the applicable cash reserve account, for failure of any end-use customers or dealers to make payments on the transferred receivables when due.

In addition to portfolio quality and funding costs, CNH Industrial Capital's long-term profitability is also dependent on service levels and operational effectiveness. CNH Industrial Capital performs billing and collection services, customer support, repossession and remarketing functions, reporting and data management operations and marketing activities.

As of December 31, 2015, CNH Industrial Capital had total assets of \$15.1 billion and total stockholder's equity of \$1.5 billion. For the year ended December 31, 2015, CNH Industrial Capital had total revenues of \$929.1 million and net income attributable to CNH Industrial Capital LLC of \$217.3 million. As of December 31, 2015, CNH Industrial Capital had outstanding debt (excluding debt owed to affiliates) of \$12.8 billion, approximately 74% of which represented secured debt as of such date.

Relationship with CNH Industrial

CNH Industrial organizes its operations into five operating segments: Agricultural Equipment, Construction Equipment, Commercial Vehicles, Powertrain and Financial Services. CNH Industrial's five segments design, produce, market, sell and finance agricultural and construction equipment, trucks, commercial vehicles, buses and specialty vehicles for firefighting, defense and other uses, as well as engines and transmissions for those vehicles and engines for marine and power generation applications. CNH Industrial has industrial and financial service companies located in 45 countries and a commercial presence in approximately 180 countries around the world.

CNH Industrial's Agricultural Equipment segment designs, manufactures and distributes a full line of farm machinery and implements, including two-wheel and four-wheel drive tractors, crawler tractors (Quadtrac®), combines, cotton pickers, grape and sugar cane harvesters, hay and forage equipment, planting and seeding equipment, soil preparation and cultivation implements and material handling equipment. Agricultural equipment is sold in North America under the New Holland Agriculture and Case IH Agriculture brands. Following CNH Industrial's acquisition of substantially all of the assets of Miller-St. Nazianz, Inc. ("Miller") in November 2014, certain agricultural equipment products are also sold under the Miller brand, primarily in North America.

CNH Industrial's Construction Equipment segment designs, manufactures and distributes a full line of construction equipment including excavators, crawler dozers, graders, wheel loaders, backhoe loaders,

skid steer loaders, compact track loaders and telehandlers. Construction equipment is sold in North America under the New Holland Construction and Case Construction brands.

As of December 31, 2015 and 2014, CNH Industrial had total assets of \$46.7 billion and \$51.9 billion and total equity of \$4.8 billion and \$5.0 billion, respectively.

For the years ended December 31, 2015 and 2014, CNH Industrial had total revenues of \$25.9 billion and \$32.6 billion, respectively, and net income attributable to CNH Industrial N.V. of \$253 million and \$710 million, respectively. For the year ended December 31, 2015, CNH Industrial's net sales of agricultural equipment and net sales of construction equipment generated in NAFTA (United States, Canada and Mexico) were \$4.7 billion and \$1.4 billion, respectively, representing decreases of 32% and 6% from the same period in 2014.

CNH Industrial Capital is a key financing source for CNH Industrial North America's end-use customers and dealers. CNH Industrial North America offers subsidized financing programs such as low-rate, interest-free or interest-only periods and other sales incentive programs. We participate in and receive reimbursement for these programs, which allow us to offer financing to customers at advantageous terms.

Although our primary focus is to finance CNH Industrial North America equipment, we also provide retail and wholesale financing related to new and used agricultural and construction equipment manufactured by entities other than CNH Industrial North America. We are dependent on CNH Industrial North America for substantially all of our business, with revenues related to financing provided to CNH Industrial North America dealers and retail customers purchasing and/or leasing from CNH Industrial North America and its dealers accounting for over 90% of our total revenues for the year ended December 31, 2015, and with loan portfolios attributable to such financing accounting for over 90% of our total managed receivables as of December 31, 2015.

The size of our lending portfolio is related to the level of equipment sales by CNH Industrial North America, which is driven by the strength of the agricultural and construction markets. The credit quality of our portfolio reflects the underwriting standards of CNH Industrial Capital, which are developed internally and independent of the sales volume goals of CNH Industrial North America.

We borrow from our affiliates as one of the funding sources for our operations and lending activity. As of December 31, 2015 and 2014, we had outstanding affiliate borrowings of \$22.6 million and \$862.4 million, respectively, representing 0.2% and 6.3% of our total debt.

CNH Industrial North America also provides us with other types of operational and administrative support, such as payroll and other human resource services. For the years ended December 31, 2015 and 2014, we incurred fees charged by our affiliates of \$46.8 million and \$49.5 million, respectively, representing 15% and 19% of our total administrative and operating expenses.

Effective as of September 29, 2013, in connection with the merger of CNH Global with and into CNHI, CNHI assumed all of CNH Global's obligations under a support agreement, pursuant to which CNHI has agreed to, among other things, (a) make cash capital contributions to us, to the extent necessary to cause our ratio of net earnings available for fixed charges to fixed charges to be not less than 1.05 for each fiscal quarter (with such ratio determined, on a consolidated basis and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP")), for such fiscal quarter and the immediately preceding three fiscal quarters taken as a whole), (b) generally maintain an ownership of at least 51% of the voting equity interests in us and (c) cause us to have, as of the end of any fiscal quarter, a consolidated tangible net worth of at least \$50 million. The support agreement is not intended to be and is not a guarantee by CNHI of our indebtedness or other obligations. The obligations of CNHI to us pursuant to this support agreement are to us only and do not run to, and are not enforceable directly by, any creditor of ours, including holders of our notes or the trustee under the indenture governing our notes. The support agreement may be modified, amended or terminated, at CNHI's election, upon thirty days'

prior written notice to us and the rating agencies, if (a) the modification, amendment or termination would not result in a downgrade of our rated indebtedness; (b) the modification, amendment or notice of termination provides that the support agreement will continue in effect with respect to our rated indebtedness then outstanding; or (c) we have no long-term rated indebtedness outstanding.

Products and Services

CNH Industrial Capital's financing products and services fall into the following main categories:

Retail (72.8% of managed portfolio as of December 31, 2015): CNH Industrial Capital provides and administers retail financing to end-use customers for the purchase or lease of new and used CNH Industrial North America equipment or other agricultural and construction equipment sold primarily through CNH Industrial North America dealers and distributors. Retail financing products primarily include retail installment sales contracts, finance leases and operating leases to end-use customers. The terms of retail contracts, finance leases and operating leases generally range from two to six years, and interest rates vary depending on prevailing market interest rates and certain incentive programs offered by CNH Industrial North America.

CNH Industrial Capital utilizes a proprietary credit scoring model as part of the retail credit approval and review process. CNH Industrial Capital also provides servicing and collection operations generally performed through its subsidiary, New Holland Credit, for the retail financing products.

Wholesale (27.2% of managed portfolio as of December 31, 2015): CNH Industrial Capital provides wholesale financing to dealers to finance purchases of new and used agricultural and construction equipment and parts. In addition, CNH Industrial Capital extends credit to dealers for working capital and other financing needs. Currently, credit is extended to approximately 1,000 CNH Industrial North America dealers (with each being a separate legal entity) with approximately 1,800 locations in North America.

The dealer financing agreements provide CNH Industrial Capital with a first priority security interest in the equipment and parts financed and possibly other collateral. A majority of dealers also provide a personal or corporate guaranty (from an affiliate of the dealer). The amount of credit extended is primarily based upon the dealer's expected annual sales, effective net worth, utilization of existing credit lines and inventory turnover. CNH Industrial Capital evaluates and assesses dealers on an ongoing basis as to their credit worthiness and conducts audits of dealer equipment inventories on a regular basis. The amounts of credit made available to dealers are reviewed on a regular basis, which is usually annually, and such amounts are adjusted when deemed appropriate by CNH Industrial Capital.

CNH Industrial Capital also offers other financial products and services, including insurance and equipment protection products underwritten through a third-party insurer.

In October 2014, CNH Industrial Capital closed on a series of agreements with Citibank, N.A. and certain affiliates of Citibank, N.A. (together, "Citi"), pursuant to which Citi acquired CNH Industrial Capital's portfolio of commercial revolving accounts ("CRA") receivables. Pursuant to these agreements, Citi offers a private-label CRA product through CNH Industrial dealers in North America.

Competition

CNH Industrial Capital's financing products and services are intended to be competitive with those available from third parties. CNH Industrial North America sponsors certain marketing programs that allow us to offer financing to customers at competitive or advantageous interest rates or other terms (such as longer contract terms, longer warranty terms or reward cards redeemable for parts or services). Under these programs, including our low-rate financing programs or interest waiver programs, we are

compensated by CNH Industrial North America for some or all of the cost of such terms. This support from CNH Industrial North America provides a material competitive advantage in offering financing to customers of CNH Industrial North America's products.

We compete primarily with banks, equipment finance and leasing companies, and other financial institutions. Typically, this competition is based upon financial products and services offered, customer service, financial terms and interest rates charged. In addition, some of our competitors may be eligible to participate in government programs providing access to capital at more favorable rates, which may create a competitive disadvantage for CNH Industrial Capital. CNH Industrial Capital believes that its strong, long-term relationship with the dealers and end-use customers and the ease-of-use of our products provides a competitive edge over other third-party financing options. In addition, the marketing programs offered by CNH Industrial North America have a positive influence on the proportion of CNH Industrial North America's equipment sales financed by CNH Industrial Capital.

Employees

As of December 31, 2015, CNH Industrial Capital had approximately 430 employees, none of which were represented by unions.

Item 1A. Risk Factors

CNH Industrial Capital LLC is an indirect wholly-owned subsidiary of CNHI. The results of operations of the Company are affected by its relationships with CNH Industrial North America.

The following risks are considered the most significant to the Company's business based upon current knowledge, information and assumptions. This discussion of risk factors should be considered in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 16 and the other risks described in the Cautionary Note Regarding Forward-Looking Statements beginning on page 28. These risks may affect our operating results and, individually or in the aggregate, could cause our actual results to differ materially from past and projected future results. Except as may be required by law, we undertake no obligation to publicly update these risks or any forward-looking statements, whether as a result of new information, future events, or otherwise.

Risks Related to Our Indebtedness and Liquidity

Credit rating changes could affect our access to funding and our cost of funds, which could in turn adversely affect our financial position and results of operations.

Our access to, and cost of, funding depends on, among other things, the credit ratings of us, CNHI and our asset-backed securitization ("ABS") transactions. The rating agencies may change our credit ratings or take other similar actions, which could affect our access to the capital markets and the cost and terms of future borrowings and, therefore, could adversely affect our financial position and results of operations. A lack of funding could result in our inability to meet customer demand for equipment financing, while increased funding costs could lead to deteriorating margins, decreased profits and could result in our inability to meet customer demand at attractive interest rates, which in turn may adversely affect our financial position and results of operations.

We have significant outstanding indebtedness, which may limit our ability to obtain additional funding and limit our financial and operating flexibility.

As of December 31, 2015, we had an aggregate of \$12.9 billion of consolidated indebtedness and our equity was \$1.5 billion.

The extent of our indebtedness could have important consequences to our operations and financial results, including:

- we may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- we may need to use a portion of our projected future cash flow from operations to pay principal and interest on our indebtedness, which may reduce the amount of funds available to us for other purposes;
- we may be more financially leveraged than some of our competitors, which could put us at a competitive disadvantage;
- we may not be able to adjust rapidly to changing market conditions, which may make us more vulnerable to a downturn in general economic conditions; and
- we may not be able to access the capital markets on favorable terms, which may adversely affect our ability to provide competitive retail and wholesale financing programs.

Restrictive covenants in our debt agreements could limit our financial and operating flexibility.

The indentures governing our outstanding indebtedness contain, and other credit agreements to which we are a party may contain, covenants that restrict our ability and/or that of our subsidiaries to, among other things:

- incur additional indebtedness;
- make certain investments;
- enter into certain types of transactions with affiliates;
- sell certain assets or merge with or into other companies;
- use assets as security in other transactions; and/or
- enter into sale and leaseback transactions.

These restrictive covenants could limit our financial and operating flexibility. For example:

- limits on incurring additional debt and using assets as security in other transactions could materially limit our future business prospects by restricting us from financing as many customers as we otherwise would, particularly if our traditional funding sources (including principally the ABS markets) were not available;
- limits on investments could result in a return on assets lower than that of our competitors; and
- limits on the sale of assets or merger with or into other companies could deny us a future business opportunity despite the benefits that could be realized from such a transaction.

In addition, we are required to maintain certain coverage levels for leverage and EBITDA. Our leverage ratio, defined as the ratio of total net debt to equity, is required not to exceed 9.00:1, and our EBITDA coverage ratio, defined as the ratio of EBITDA to finance charges (interest expenses on a consolidated basis), is required to be at least 1.15:1 until certain credit ratings are achieved.

Although we do not believe any of these covenants materially restrict our operations currently, a breach of one or more of the covenants could result in adverse consequences that could negatively impact our businesses, results of operations and financial position. These consequences may include the acceleration of amounts outstanding under certain of our credit facilities, triggering an obligation to redeem certain debt securities, termination of existing unused commitments by our lenders, refusal by our lenders to extend further credit under one or more of the facilities or to enter into new facilities or the lowering or modification of CNHI's or our credit ratings. We cannot assure you that we will continue to comply with each restrictive covenant at all times, particularly if we were to encounter challenging and volatile market conditions.

Risks Related to Our Business, Strategy and Operations

Reduced demand for agricultural and construction equipment would reduce the opportunities for us to finance equipment.

Our business is largely dependent upon the demand for CNH Industrial North America's products and its customers' willingness to enter into financing or leasing arrangements with respect thereto, which may be negatively affected by challenging global economic conditions. As a result, a significant and prolonged decrease in demand for CNH Industrial North America's products could have a material adverse effect on our business, financial position, results of operations and cash flows. Our primary business is to provide retail and wholesale financing alternatives for CNH Industrial North America's products to CNH Industrial North America's customers and dealers. The demand for CNH Industrial

North America's products and our financing products and services is influenced by a number of factors, including:

- general economic conditions;
- the price of agricultural commodities and the relative level of inventories;
- the profitability of agricultural enterprises, farmers' income and their capitalization;
- the demand for food products;
- agricultural policies, including aid and subsidies to agricultural enterprises provided by governments and/or supranational organizations as well as alternative fuel mandates;
- unfavorable climatic conditions, especially during the spring, a particularly important period for generating CNH Industrial North America's sales orders;
- public infrastructure spending;
- new residential and non-residential construction; and
- changes in currency exchange rates and interest rates.

In the equipment industry, changes in demand can occur suddenly, resulting in imbalances in inventories, product capacity, and prices for new and used equipment. If fewer pieces of equipment are sold, CNH Industrial Capital will be presented with fewer opportunities to finance equipment.

A decrease in government incentives may adversely affect our results.

Government initiatives that are intended to stimulate demand for products sold by CNH Industrial North America, such as changes in tax treatment or purchase incentives for new equipment, can substantially influence the timing and level of our revenues. The terms, size and duration of such government actions are unpredictable and outside of our control. Any adverse change in government policy relating to those initiatives could have a material adverse effect on our business prospects, operating results and/or financial position.

Change in support from CNH Industrial North America could limit our ability to offer competitively priced financing to our customers and reduce the percentage of CNH Industrial North America's products financed by us, which may in turn have a material adverse effect on our business, financial position, results of operations and cash flows.

CNH Industrial North America sponsors certain marketing programs that allow us to offer financing to customers at advantageous interest rates or other terms (such as longer contract terms, longer warranty terms or reward cards redeemable for parts or services). This support from CNH Industrial North America provides a material competitive advantage in offering financing to customers of CNH Industrial North America's products. Any elimination or reduction of these marketing programs, which affects our ability to offer competitively priced financing to customers, could in turn reduce the percentage of CNH Industrial North America's products financed by us and could have a material adverse effect on our business, financial condition, results of operations and cash flows. For the years ended December 31, 2015, 2014 and 2013, the revenues recognized by us from CNH Industrial North America for marketing programs were \$409.0 million, \$437.4 million and \$413.4 million, respectively, representing 44%, 47% and 48% of our total revenues.

CNH Industrial North America also provides us with other types of operational and administrative support, such as payroll and other human resource services. For the years ended December 31, 2015, 2014 and 2013, we incurred fees charged by our affiliates of \$46.8 million, \$49.5 million and \$56.4 million,

respectively, representing 15%, 19%, and 28%, respectively, of our total administrative and operating expenses.

An increase in customer credit risk may result in higher delinquencies and defaults, and deterioration in collateral valuation may reduce our collateral recoveries, which could increase losses on our receivables and operating leases and adversely affect our financial position and results of operations.

Fundamental to any organization that extends credit is the credit risk associated with its customers. The creditworthiness of each customer, rates of delinquency and default, repossessions and net losses on customer receivables are impacted by many factors, including:

- relevant industry and general economic conditions (in particular, those conditions most directly affecting the agricultural and construction industries);
- the availability of capital;
- the terms and conditions applicable to extensions of credit;
- changes in interest rates;
- the experience and skills of the customer's management team;
- commodity prices;
- political events;
- the weather; and
- the value of the collateral securing the extension of credit.

Deterioration in the quality of our financial assets, an increase in delinquencies or defaults, or a reduction in collateral recovery rates could have an adverse impact on our financial performance. These risks become more acute in an economic slowdown or recession due to decreased demand for (or availability of) credit, declining asset values, changes in government subsidies, reductions in collateral to receivable balance ratios, and an increase in insolvencies, foreclosures and losses. In such circumstances, our receivable servicing and litigation costs may also increase. In addition, governments may pass laws, or implement regulations, that modify rights and obligations under existing agreements, or which prohibit or limit the exercise of contractual rights.

When a borrower defaults on a receivable and we repossess collateral securing the repayment of the receivable, our ability to recover or mitigate losses by selling the collateral is subject to the current market value of such collateral. Those values are affected by levels of new and used inventory of agricultural and construction equipment on the market. They are also dependent upon the strength of market demand for new and used agricultural and construction equipment. In addition, repossessed collateral may be in poor condition, which would reduce its value. Finally, relative pricing of used equipment, compared with new equipment, can affect levels of market demand and the resale of repossessed equipment. An industry-wide decrease in demand for agricultural or construction equipment could result in lower resale values for repossessed equipment, which could increase losses on receivables and operating leases, adversely affecting our financial position and results of operations.

Changes in interest rates and market liquidity could have a material adverse effect on our earnings and cash flows.

Because a significant number of our receivables are generated at fixed interest rates, our business is subject to fluctuations in interest rates. Although we seek to match fund our assets, with approximately 69% of our receivables and approximately 74% of our funding at a fixed rate, respectively, as of December 31, 2015, changes in market interest rates may influence our financing costs, returns on financial investments and the valuation of derivative contracts and could reduce our earnings and/or cash flow. We

also rely on the capital markets and a variety of funding programs to provide liquidity for our operations, including committed asset-backed and unsecured facilities and the issuance of secured and unsecured debt. Significant changes in market liquidity conditions could affect our access to funding and the associated funding costs and reduce our earnings and cash flow.

Although we manage interest rate and market liquidity risks with a variety of techniques, including a match funding program, the selective use of derivatives and a diversified funding program, there can be no assurance that fluctuations in interest rates and market liquidity conditions will not have a material adverse effect on our earnings and cash flow. If any of the variety of instruments and strategies we use to hedge our exposure to these various types of risk is ineffective, we may incur losses.

If we are unable to obtain funding, in particular through the ABS market and committed asset-backed facilities, at competitive rates, our ability to conduct our financing business may be severely impaired and our financial position, results of operations and cash flows may be materially and adversely affected.

We have traditionally relied upon the term ABS market and committed asset-backed facilities as a primary source of funding and liquidity. Access to funding at competitive rates is essential to our business. A significant reduction in liquidity in the secondary market for ABS transactions could adversely affect our ability to sell receivables on a favorable or timely basis. Such conditions could have an adverse impact on our access to funding, financial position and results of operations.

If we breach our representations and warranties in connection with our ABS transactions, we may be required to repurchase non-conforming receivables from the securitization vehicles, which could have an adverse effect on our financial position, results of operations and cash flows.

In connection with our ABS transactions, we make customary representations and warranties regarding the receivables being securitized, as disclosed in the related offering documents. While no recourse provisions exist that allow holders of asset-backed securities issued by our trusts to require us to repurchase those securities, a breach of these representations and warranties could give rise to an obligation to repurchase non-conforming receivables from the trusts. Any obligation to make future repurchases could have an adverse effect on our financial position, results of operations and cash flows.

Certain of our operations are subject to supervision and regulation by governmental authorities and changes in applicable laws or regulations may adversely impact our ability to engage in related business activities or increase the cost of our operations, thus adversely affecting our business, financial position and results of operations.

Our operations are subject, in certain instances, to supervision and regulation by various governmental authorities. These operations are also subject to various laws, as well as judicial and administrative decisions and interpretations, imposing requirements and restrictions, which among other things:

- regulate credit granting activities, including establishing licensing requirements;
- establish maximum interest rates, finance and other charges;
- regulate customers' insurance coverage;
- require disclosures to customers;
- govern secured and unsecured transactions;
- set collection, foreclosure, repossession and claims handling procedures and other trade practices;
- prohibit discrimination in the extension of credit and administration of loans; and
- regulate the use and reporting of information related to a borrower.

To the extent that applicable laws are amended or construed differently, new laws are adopted to expand the scope of regulation imposed upon us or applicable laws prohibit interest rates we charge from rising to a level commensurate with risk and market conditions, such events could adversely affect our business and our financial position and results of operations.

The Dodd-Frank Act and future regulations may adversely affect us.

The various requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), including its many implementing regulations, may substantially affect our origination, servicing and securitization programs. For example, the Dodd-Frank Act strengthens the regulatory oversight of ABS securities and capital market activities by the SEC and increases the regulation of the ABS markets through, among other things, a mandated risk retention requirement for securitizers, a loan level disclosure requirement for certain securitizers and a direction to the SEC to regulate credit rating agencies. While we will continue to monitor these developments and their effect upon our access to the ABS market, these and future SEC regulations may affect our ability to engage in these activities or increase the effective cost of ABS transactions in the future, which could adversely affect our financial position, results of operations and cash flows.

Our business may be affected by unfavorable weather conditions, climate change or natural disasters.

Poor, severe or unusual weather conditions caused by climate change or other factors, particularly during the planting and early growing season, can significantly affect the purchasing decisions of CNH Industrial’s agricultural equipment customers. The timing and quantity of rainfall are two of the most important factors in agricultural production. Insufficient levels of rain prevent farmers from planting crops or may cause growing crops to die, resulting in lower yields. Excessive rain or flooding can also prevent planting or harvesting from occurring at optimal times and may cause crop loss through increased disease or mold growth. Temperature affects the rate of growth, crop maturity, crop quality and yield. Temperatures outside normal ranges can cause crop failure or decreased yields, and may also affect disease incidence. Natural disasters such as floods, hurricanes, storms and droughts can have a negative impact on agricultural production. The resulting negative impact on farm income can strongly affect demand for CNH Industrial’s agricultural equipment in any given period.

In addition, natural disasters, pandemic illness, equipment failures, power outages, disruptions to our information technology systems and networks or other unexpected events could result in physical damage to and complete or partial closure of one or more of CNH Industrial’s facilities or distribution centers, temporary or long-term disruption in the supply of component products from some local and international suppliers, disruption in the transport of CNH Industrial’s products to dealers and customers and delay in delivery of products to distribution centers. If such events occur, our financial results might be negatively impacted. Our existing insurance arrangements may not protect against all costs that may arise from such events.

Changes in demand for food and alternate energy sources could impact our revenues.

Changing worldwide demand for farm outputs to meet the world’s growing food and alternative energy demands, driven in part by government policies and a growing world population, are likely to result in fluctuating agricultural commodity prices, which affect sales of agricultural equipment. While higher commodity prices will benefit our crop producing agricultural equipment customers, higher commodity prices also result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchased by these customers. Lower commodity prices directly affect farm income, which could negatively affect sales of agricultural equipment. Moreover, changing alternative energy demands may cause farmers to change the types or quantities of the crops they grow, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilization

could affect demand for CNH Industrial North America's equipment and result in higher research and development costs related to equipment fuel standards.

Competitive activity or failure by us to respond to actions by our competitors could adversely affect our business, financial position and results of operations, in particular due to a cost of funds disparity between us and some of our competitors.

We operate in a highly competitive environment, with financing for owners or operators of CNH Industrial North America equipment available through a variety of sources, such as banks, finance companies and other financial institutions, including government sponsored entities. Some of our competitors enjoy certain regulatory, government support or credit rating advantages over CNH Industrial Capital today, which often enable them to access capital on favorable terms, among other things. Such cost of funds disparities between us and our competitors, or any additional regulatory, government support or credit rating changes that enhance the competitive position of our competitors, could result in our inability to effectively compete. The success of our business also depends on our ability to develop and market financing products and services and offer quality customer service that meet the evolving needs of existing and potential customers. Increasing competition may adversely affect our business if we are unable to match the products and services of our competitors. If we are unable to effectively compete, our business, financial position and results of operations will suffer.

Adverse economic conditions could place a financial strain on our dealers and adversely affect our operating results.

Global economic conditions may place financial stress on our dealers. Dealer financial difficulties may impact their equipment financing and inventory management decisions, as well as their ability to provide services to their customers purchasing CNH Industrial North America equipment. Accordingly, additional financial strains on members of the CNH Industrial North America dealer network resulting from current or future economic conditions could adversely impact our financial position and results of operations.

A decrease in the value of the equipment that we lease or higher than expected return volumes of our leased equipment could adversely affect our results.

We estimate the expected residual values of leased equipment at the inception of the lease, which is the estimated future value of leased equipment at the time of the expiration of the lease term. The residual values are reviewed quarterly. Changes in residual value assumptions would affect the amount of depreciation expense and the net amount of equipment on operating leases. If estimated future values significantly decline due to economic factors, obsolescence, the overall industry volume of lease returns, or other adverse circumstances, we may not realize such residual value, which could reduce our earnings.

Actual proceeds realized by us upon the sale of returned leased equipment at lease termination may be lower than the amount projected. Among the factors that can affect the value of returned lease equipment are the volume of equipment returned (primarily affected by contractual lease-end values relative to prevailing market values and marketing programs for new equipment), any significant trends in the used equipment market and any new product trends. Each of these factors, alone or in combination, has the potential to adversely affect our profitability if actual results were to differ significantly from our estimates.

As of December 31, 2015, our total operating lease residual values were \$1,452.6 million.

Our business operations may be impacted by various types of claims, lawsuits, and other contingent obligations.

We are involved in various lawsuits and other legal proceedings that arise in the ordinary course of our business. The ultimate outcome of the legal matters pending against us or our subsidiaries is uncertain. Furthermore, we could in the future become subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period. In

addition, while we maintain insurance coverage with respect to certain claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

Our affiliates may cease to provide us with financing support.

During the capital markets crisis, which had a material adverse effect on the ABS markets, we relied more heavily upon financing provided by CNH Industrial and its predecessors. In the event of a repeat of the severe downturn in the ABS markets, we would need to look to alternative funding sources, including CNH Industrial, though CNH Industrial would have no obligation to provide such financing (other than the obligations assumed by CNHI under the support agreement, dated November 4, 2011). To the extent CNH Industrial does not provide such financing to us when needed, we could suffer from a lack of funding and/or incur increased funding costs if funding is obtained through other third-party sources.

Our participation in cash management pools exposes us to CNH Industrial credit risk, which, in the event of a bankruptcy or insolvency of certain CNH Industrial entities, could render us unable to recover our deposits and in turn materially and adversely affect our financial position and results of operations.

We participate in a group-wide cash management system with other companies within CNH Industrial, including CNH Industrial America and CNH Industrial Canada Ltd. Our positive cash deposits with CNH Industrial, if any, are either invested by CNH Industrial treasury subsidiaries in highly rated, highly liquid money market instruments or bank deposits, or may be applied by CNH Industrial treasury subsidiaries to meet the financial needs of other CNH Industrial entities and vice versa. While we believe participation in such CNH Industrial treasury subsidiaries' cash management pools provides us with financial benefits, it exposes us to CNH Industrial credit risk.

In the event of a bankruptcy or insolvency of CNHI (or any other CNH Industrial entity, including CNH Industrial America and CNH Industrial Canada Ltd., in the jurisdictions with set off agreements) or in the event of a bankruptcy or insolvency of the CNH Industrial entity in whose name the deposit is pooled, we may be unable to secure the return of such funds to the extent they belong to us, and we may be viewed as a creditor of such CNH Industrial entity with respect to such deposits. It is possible that our claims as a creditor could be subordinated to the rights of third-party creditors in certain situations. If we are not able to recover our deposits, our financial position and results of operations may be materially and adversely impacted.

Our financial statements may be adversely impacted by changes in accounting standards.

Our financial statements are prepared in accordance with U.S. GAAP, which are periodically revised. At times, we are required to adopt new or revised accounting standards issued by recognized bodies. It is possible such changes could have a material adverse effect on our reported results of operations or financial position. See "Note 2: Summary of Significant Accounting Policies" to our audited consolidated financial statements for the year ended December 31, 2015 for additional information on the adoption of new accounting guidance.

Risks related to increased information technology security threats.

We rely upon information technology systems and networks in connection with a variety of business activities, some of which are managed by third parties, to operate our business, and we collect and store sensitive data. Operating these information technology systems and networks and processing and maintaining this data, in a secure manner, are critical to our business operations and strategy. Additionally, increased information technology security threats and more sophisticated computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data.

While we actively manage information technology security risks within our control, there can be no assurance that such actions will be sufficient to mitigate all potential risks to our systems, networks and data.

A failure or breach in security could expose us and our customers and dealers to risks of misuse of information or systems, the compromising of confidential information, manipulation and destruction of data and operations disruptions, which in turn could adversely affect our reputation, competitive position, businesses and results of operations. Security breaches could also result in litigation, regulatory action and potential liability, as well as higher operational and other costs of implementing further data protection measures. In addition, as security threats continue to evolve we may need to invest additional resources to protect the security of our systems.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive offices are located at 5729 Washington Avenue, Racine, WI 53406. We maintain the following offices:

<u>Location</u>	<u>Primary Function</u>	<u>Tenant</u>	<u>Ownership Status</u>
Burlington, ON . .	Office	CNH Industrial Capital Canada Ltd.	Leased
New Holland, PA .	Office	New Holland Credit Company, LLC	Leased from New Holland North America, Inc.
Racine, WI	Office	CNH Industrial Capital LLC	Leased from CNH Industrial America

Item 3. Legal Proceedings

CNH Industrial Capital is party to various litigation matters and claims arising from its operations. Management believes that the outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on CNH Industrial Capital’s financial position or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

All of CNH Industrial Capital LLC's limited liability company interests are owned by CNH Industrial America, which is indirectly wholly-owned by CNHI. There is currently no established trading market for CNH Industrial Capital LLC's limited liability company interests. CNH Industrial Capital LLC paid cash dividends of \$170 million, \$115 million and \$200 million to CNH Industrial America in 2015, 2014 and 2013, respectively. CNH Industrial Capital Canada paid a cash dividend on preferred stock of C\$0.7 million (\$0.6 million) and C\$26 million (\$24 million) to CNH Industrial Canada Ltd. in 2015 and 2014, respectively. In addition, in 2015, CNH Industrial Capital Canada redeemed all of its outstanding preferred stock for C\$77 million (\$60 million).

Item 6. Selected Financial Data

Omitted pursuant to General Instruction I of Form 10-K.

Item 7. Managements' Discussion and Analysis of Financial Condition and Results of Operations

Overview

Organization

We offer a range of financial products and services to the dealers and customers of CNH Industrial North America. The principal products offered are retail financing for the purchase or lease of new and used CNH Industrial North America equipment and wholesale financing to CNH Industrial North America dealers. Wholesale financing consists primarily of floor plan financing as well as financing equipment used in dealer-owned rental yards, parts inventory and working capital needs. In addition, we purchase equipment from dealers that are leased to retail customers under operating lease agreements.

Trends and Economic Conditions

Our business is closely related to the agricultural and construction equipment industries because we offer financing products for such equipment. For the year ended December 31, 2015, CNH Industrial's net sales of agricultural equipment and net sales of construction equipment generated in NAFTA were \$4.7 billion and \$1.4 billion, respectively, representing decreases of 32% and 6% from the same period in 2014.

In general, our receivable mix between agricultural and construction equipment financing directionally reflects the mix of equipment sales by CNH Industrial North America. As such, changes in the agricultural industry or with respect to our agricultural equipment borrowers ("farmers") may affect the majority of our portfolio.

Net income attributable to CNH Industrial Capital LLC was \$217.3 million for the year ended December 31, 2015, compared to \$258.0 million for the year ended December 31, 2014. The decrease in net income was primarily due to a reduction in net interest margin, increased costs associated with the operating lease portfolio and higher provisions for credit losses, partially offset by lower operating expenses due to ongoing cost reduction initiatives and the sale of our CRA portfolio in 2014. The receivables balance greater than 30 days past due as a percentage of managed receivables was 0.6%, 0.4% and 0.4% at December 31, 2015, 2014 and 2013, respectively.

Macroeconomic issues for us include the uncertainty of governmental actions in respect to monetary, fiscal and legislative policies, the global economic recovery, capital market disruptions, trade agreements, and financial regulatory reform. Significant volatility in the price of certain commodities could also affect CNH Industrial North America's and our results.

Results of Operations

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Revenues for the years ended December 31, 2015 and 2014 were as follows (dollars in thousands):

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Interest income on retail notes and finance leases	\$208,381	\$204,452	\$ 3,929	1.9%
Interest income on wholesale notes	72,326	74,450	(2,124)	(2.9)
Interest and other income from affiliates	408,979	437,435	(28,456)	(6.5)
Rental income on operating leases	214,187	165,914	48,273	29.1
Other income	25,207	52,500	(27,293)	(52.0)
Total revenues	<u>\$929,080</u>	<u>\$934,751</u>	<u>\$ (5,671)</u>	<u>(0.6)%</u>

Revenues totaled \$929.1 million for the year ended December 31, 2015 compared to \$934.8 million for the year ended December 31, 2014. A higher average operating lease portfolio primarily drove the year-over-year increase in rental income, which was more than offset by the decline in other income due to the sale of our CRA portfolio in 2014 and a reduction in income from affiliates. The average yield for the receivables was 5.1% for the year ended December 31, 2015, compared to 5.4% for the year ended December 31, 2014.

Interest income on retail notes and finance leases for the year ended December 31, 2015 was \$208.4 million, representing an increase of \$3.9 million from the year ended December 31, 2014. The increase was primarily due to a \$9.7 million favorable impact from higher interest rates, partially offset by a \$5.8 million unfavorable impact from lower average earning assets.

Interest income on wholesale notes for the year ended December 31, 2015 was \$72.3 million, representing a decrease of \$2.1 million from the year ended December 31, 2014. The decrease was primarily due to a \$10.9 million unfavorable impact from lower interest rates, partially offset by a \$8.8 million favorable impact from higher average earning assets.

Interest and other income from affiliates for the year ended December 31, 2015 was \$409.0 million compared to \$437.4 million for the year ended December 31, 2014. Compensation from CNH Industrial North America for retail low-rate financing programs and interest waiver programs offered to customers was \$193.0 million and \$228.0 million for the years ended December 31, 2015 and 2014, respectively. The decrease was primarily due to lower originations. For the year ended December 31, 2015, compensation from CNH Industrial North America for wholesale marketing programs was \$152.0 million compared to \$161.3 million for the prior year. The decrease was primarily due to lower originations and the mix of programs. For select operating leases, compensation from CNH Industrial North America for the difference between market rental rates and the amounts paid by customers was \$64.0 million and \$48.0 million for the years ended December 31, 2015 and 2014, respectively. The increase was primarily due to higher average earning assets.

Rental income on operating leases for the year ended December 31, 2015 was \$214.2 million, representing an increase of \$48.3 million from the year ended December 31, 2014. The increase was primarily due to a \$59.4 million favorable impact from higher average earning assets, partially offset by an \$11.1 million unfavorable impact from lower lease rates.

Other income for the year ended December 31, 2015 was \$25.2 million, representing a decrease of \$27.3 million from the year ended December 31, 2014. The decrease was largely due to the sale of our CRA portfolio in 2014.

Expenses

Expenses for the years ended December 31, 2015 and 2014 were as follows (dollars in thousands):

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Total interest expense	\$290,273	\$286,428	\$ 3,845	1.3%
Fees charged by affiliates	46,771	49,539	(2,768)	(5.6)
Provision for credit losses, net	21,895	14,124	7,771	55.0
Depreciation of equipment on operating leases	193,802	141,688	52,114	36.8
Other expenses	49,499	56,604	(7,105)	(12.6)
Total expenses	<u>\$602,240</u>	<u>\$548,383</u>	<u>\$53,857</u>	<u>9.8%</u>

Interest expense totaled \$290.3 million for the year ended December 31, 2015 compared to \$286.4 million for the year ended December 31, 2014. The increase was primarily due to a \$15.8 million unfavorable impact from higher average interest rates, partially offset by \$12.0 million favorable impact from lower average total debt. The average interest rate was 1.9% for the year ended December 31, 2015 compared to 1.8% for the year ended December 31, 2014.

The provision for credit losses was \$21.9 million for the year ended December 31, 2015 compared to a provision of \$14.1 million for the year ended December 31, 2014. The increase in 2015 was primarily due to higher net retail write-offs.

Depreciation of equipment on operating leases increased by \$52.1 million for the year ended December 31, 2015 compared to the year ended December 31, 2014, primarily due to a higher average operating lease portfolio.

Other expenses decreased by \$7.1 million for the year ended December 31, 2015 compared to the prior year as ongoing cost reduction initiatives and lower CRA related costs were partially offset by higher net operating lease expenses.

The effective tax rate for the year ended December 31, 2015 was 33.4%, compared to 32.9% for the year ended December 31, 2014. The increase in the effective tax rate in 2015 was primarily due to a discrete tax benefit recorded in 2014.

Receivables and Equipment on Operating Leases Originated and Held

Receivables and equipment on operating lease originations for the years ended December 31, 2015 and 2014 were as follows (dollars in thousands):

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Retail receivables	\$ 3,444,776	\$ 4,203,145	\$ (758,369)	(18.0)%
Wholesale receivables	10,565,812	13,883,697	(3,317,885)	(23.9)
Other receivables	—	953,139	(953,139)	(100.0)
Equipment on operating leases	937,917	996,858	(58,941)	(5.9)
Total originations	<u>\$14,948,505</u>	<u>\$20,036,839</u>	<u>\$(5,088,334)</u>	<u>(25.4)%</u>

Total originations for all product types decreased in 2015 compared to 2014, primarily due to the continued impact of the downturn in the agricultural equipment industry. An increased customer preference for leasing products versus retail products drove the year-over-year change in the originations mix.

Total receivables and equipment on operating leases held as of December 31, 2015 and 2014 were as follows (dollars in thousands):

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Retail receivables	\$ 8,081,866	\$ 8,745,923	\$(664,057)	(7.6)%
Wholesale receivables	3,649,883	4,138,646	(488,763)	(11.8)
Equipment on operating leases	1,796,501	1,458,325	338,176	23.2
Total receivables and equipment on operating leases	<u>\$13,528,250</u>	<u>\$14,342,894</u>	<u>\$(814,644)</u>	<u>(5.7)%</u>

The total retail receivables balance over 30 days past due as a percentage of the retail receivables was 0.9% and 0.6% at December 31, 2015 and 2014, respectively. The total wholesale receivables balance over 30 days past due as a percentage of the wholesale receivables was not significant at December 31, 2015 or 2014. Total retail receivables on nonaccrual status, which represent receivables for which we have ceased accruing finance income, were \$54.0 million and \$22.8 million at December 31, 2015 and 2014, respectively. Total wholesale receivables on nonaccrual status were \$81.7 million and \$61.0 million at December 31, 2015 and 2014, respectively.

Total receivable write-offs and recoveries, by product, for the years ended December 31, 2015 and 2014 were as follows (dollars in thousands):

	<u>2015</u>	<u>2014</u>
Write-offs:		
Retail	\$22,250	\$12,426
Wholesale	356	804
Other	—	4,281
Total write-offs	<u>22,606</u>	<u>17,511</u>
Recoveries:		
Retail	(2,555)	(2,941)
Wholesale	(27)	(514)
Other	—	(2,000)
Total recoveries	<u>(2,582)</u>	<u>(5,455)</u>
Write-offs, net of recoveries:		
Retail	19,695	9,485
Wholesale	329	290
Other	—	2,281
Total write-offs, net of recoveries	<u>\$20,024</u>	<u>\$12,056</u>

Our allowance for credit losses on all receivables financed totaled \$94.7 million at December 31, 2015 and \$95.5 million at December 31, 2014. The level of the allowance is based on quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions, collateral value and credit quality. We believe our allowance is sufficient to provide for losses in our receivable portfolio as of December 31, 2015.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Revenues for the years ended December 31, 2014 and 2013 were as follows (dollars in thousands):

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Interest income on retail notes and finance leases	\$204,452	\$181,342	\$23,110	12.7%
Interest income on wholesale notes	74,450	63,760	10,690	16.8
Interest and other income from affiliates	437,435	414,957	22,478	5.4
Rental income on operating leases	165,914	138,937	26,977	19.4
Other income	52,500	59,125	(6,625)	(11.2)
Total revenues	<u>\$934,751</u>	<u>\$858,121</u>	<u>\$76,630</u>	<u>8.9%</u>

Revenues totaled \$934.8 million for the year ended December 31, 2014 compared to \$858.1 million for the year ended December 31, 2013. A higher average portfolio primarily drove the year over year increase, partially offset by a decrease in our average yield. The average yield for retail and other notes, finance leases, wholesale receivables and CRA receivables was 5.4% for the year ended December 31, 2014, compared to 5.6% for the year ended December 31, 2013.

Interest income on retail notes and finance leases for the year ended December 31, 2014 was \$204.5 million, representing an increase of \$23.1 million from the year ended December 31, 2013. The increase was primarily due to a \$19.5 million favorable impact from higher average earning assets and a \$3.6 million favorable impact from higher interest rates.

Interest income on wholesale notes for the year ended December 31, 2014 was \$74.5 million, representing an increase of \$10.7 million from the year ended December 31, 2013. The increase was primarily due to the favorable impact from higher average earning assets.

Interest and other income from affiliates for the year ended December 31, 2014 was \$437.4 million compared to \$415.0 million for the year ended December 31, 2013. Compensation from CNH Industrial North America for retail low-rate financing programs and interest waiver programs offered to customers was \$228.0 million and \$219.2 million for the years ended December 31, 2014 and 2013, respectively. The increase was primarily due to higher average earning retail assets. For the year ended December 31, 2014, compensation from CNH Industrial North America for wholesale marketing programs was \$161.3 million compared to \$158.3 million for the prior year. The increase was primarily due to the mix of programs and products. For select operating leases, compensation from CNH Industrial North America for the difference between market rental rates and the amounts paid by customers was \$48.0 million and \$35.9 million for the years ended December 31, 2014 and 2013, respectively. The increase was primarily due to higher originations.

Rental income on operating leases for the year ended December 31, 2014 was \$165.9 million, representing an increase of \$27.0 million from the year ended December 31, 2013. The increase was primarily due to a \$46.8 million favorable impact from higher average earning assets, partially offset by a \$19.8 million unfavorable impact from lower rates on new and existing operating leases.

Other income for the year ended December 31, 2014 was \$52.5 million, representing a decrease of \$6.6 million from the year ended December 31, 2013. The decrease in 2014 was primarily due to accretion on the retained interests related to the off-book receivables in 2013 and lower income earned on CRA receivables, partially offset by higher insurance income earned.

Expenses

Expenses for the years ended December 31, 2014 and 2013 were as follows (dollars in thousands):

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Total interest expense	\$286,428	\$257,322	\$29,106	11.3%
Fees charged by affiliates	49,539	56,405	(6,866)	(12.2)
Provision (benefit) for credit losses, net . .	14,124	(5,904)	20,028	339.2
Depreciation of equipment on operating leases	141,688	114,053	27,635	24.2
Other expenses	56,604	35,083	21,521	61.3
Total expenses	<u>\$548,383</u>	<u>\$456,959</u>	<u>\$91,424</u>	<u>20.0%</u>

Interest expense totaled \$286.4 million for the year ended December 31, 2014 compared to \$257.3 million for the year ended December 31, 2013. The increase was primarily due to a \$14.0 million unfavorable impact from higher average debt and a \$15.1 million unfavorable impact from higher average interest rates. The average interest rate was 1.8% for the year ended December 31, 2014 compared to 1.7% for the year ended December 31, 2013.

The provision for credit losses was \$14.1 million for the year ended December 31, 2014 compared to a benefit of \$5.9 million for the year ended December 31, 2013. The increase in 2014 was primarily due to a higher average portfolio, while the benefits recognized in 2013 primarily represented collections from certain customers previously identified as impaired.

Depreciation of equipment on operating leases and other expenses increased for the year ended December 31, 2014 compared to the year ended December 31, 2013, primarily due to costs associated with the operating lease portfolio. Included in other expenses for the year ended December 31, 2014 were impairment losses on operating leases of \$12.3 million.

The effective tax rate for the year ended December 31, 2014 was 32.9%, compared to 33.6% for the year ended December 31, 2013. The lower rate in 2014 was primarily due to the favorable discrete tax benefits recorded in 2014 and the change in the geographic mix of income earned within the U.S.

Receivables and Equipment on Operating Leases Originated and Held

Receivables and equipment on operating lease originations for the years ended December 31, 2014 and 2013 were as follows (dollars in thousands):

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Retail receivables	\$ 4,203,145	\$ 4,939,764	\$ (736,619)	(14.9)%
Wholesale receivables	13,883,697	14,742,250	(858,553)	(5.8)
Other receivables	953,139	946,424	6,715	0.7
Equipment on operating leases	996,858	620,561	376,297	60.6
Total originations	<u>\$20,036,839</u>	<u>\$21,248,999</u>	<u>\$(1,212,160)</u>	<u>(5.7)%</u>

Retail and wholesale originations decreased in 2014 compared to 2013, primarily due to a decrease in unit sales of CNH Industrial North America equipment. The increase in equipment on operating lease originations for 2014 compared to 2013 was primarily due to financing programs offered in response to the expiration of additional tax depreciation deductions and an increased customer preference for operating lease programs.

Total receivables and equipment on operating leases held as of December 31, 2014 and 2013 were as follows (dollars in thousands):

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Retail receivables	\$ 8,745,923	\$ 8,480,893	\$ 265,030	3.1%
Wholesale receivables	4,138,646	3,573,524	565,122	15.8
Other receivables	—	230,817	(230,817)	(100.0)
Equipment on operating leases	1,458,325	974,307	484,018	49.7
Total receivables and equipment on operating leases	<u>\$14,342,894</u>	<u>\$13,259,541</u>	<u>\$1,083,353</u>	<u>8.2%</u>

The total retail receivables balance over 30 days past due as a percentage of the retail receivables was 0.6% and 0.4% at December 31, 2014 and 2013, respectively. The total wholesale receivables balance over 30 days past due as a percentage of the wholesale receivables was not significant at December 31, 2014 or 2013. Total retail receivables on nonaccrual status, which represent receivables for which we have ceased accruing finance income, were \$22.8 million and \$30.2 million at December 31, 2014 and 2013, respectively. Total wholesale receivables on nonaccrual status were \$61.0 million and \$30.4 million at December 31, 2014 and 2013, respectively.

Total receivable write-offs and recoveries, by product, for the years ended December 31, 2014 and 2013 were as follows (dollars in thousands):

	<u>2014</u>	<u>2013</u>
Write-offs:		
Retail	\$12,426	\$14,321
Wholesale	804	238
Other	4,281	5,780
Total write-offs	<u>17,511</u>	<u>20,339</u>
Recoveries:		
Retail	(2,941)	(3,488)
Wholesale	(514)	(674)
Other	<u>(2,000)</u>	<u>(3,066)</u>
Total recoveries	<u>(5,455)</u>	<u>(7,228)</u>
Write-offs, net of recoveries:		
Retail	9,485	10,833
Wholesale	290	(436)
Other	<u>2,281</u>	<u>2,714</u>
Total write-offs, net of recoveries	<u>\$12,056</u>	<u>\$13,111</u>

Our allowance for credit losses on all receivables financed totaled \$95.5 million at December 31, 2014 and \$102.0 million at December 31, 2013. The level of the allowance is based on quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions, collateral value and credit quality. We believe our allowance is sufficient to provide for losses in our receivable portfolio as of December 31, 2014.

Liquidity and Capital Resources

The following discussion of liquidity and capital resources principally focuses on our statements of cash flows, balance sheets and capitalization. CNH Industrial Capital's current funding strategy is to

maintain sufficient liquidity and flexible access to a wide variety of financial instruments and funding options.

In the past, securitization has been one of our most economical sources of funding and, therefore, the majority of our originated receivables are securitized with the cash generated from such receivables utilized to repay the related debt or, in the case of wholesale receivables, to purchase new receivables. We expect securitization to continue to represent a substantial portion of our liquidity plan.

In addition, we have committed secured and unsecured facilities, unsecured bonds, affiliate borrowings and cash to fund our liquidity needs. We have accessed the unsecured bond market in order to add more diversity to our funding sources. As of December 31, 2015, our outstanding unsecured senior notes totaled \$3.3 billion. We expect continued changes to our funding profile, with less reliance on the securitization market.

Cash Flows

For the years ended December 31, 2015, 2014 and 2013, our cash flows were as follows (dollars in thousands):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash flows from (used in):			
Operating activities	\$ 522,098	\$ 542,016	\$ 417,990
Investing activities	196,822	(1,626,504)	(2,006,105)
Financing activities	<u>(764,759)</u>	<u>734,867</u>	<u>1,499,810</u>
Net cash increase (decrease)	<u>\$ (45,839)</u>	<u>\$ (349,621)</u>	<u>\$ (88,305)</u>

Operating activities in the year ended December 31, 2015 generated cash of \$522 million, resulting primarily from net income of \$218 million, adjusted by depreciation and amortization of \$195 million, deferred income tax expense of \$78 million, provision for credit losses of \$22 million, and cash from working capital of \$9 million. The decrease in cash provided by operating activities in 2015 compared to 2014 was primarily due to a decrease in net income of \$42 million, a decrease in deferred income tax expense of \$8 million and a \$31 million reduction in cash from working capital, partially offset by \$53 million in higher depreciation expense and \$8 million higher provision for credit losses. Operating activities in 2014 generated cash of \$542 million, resulting primarily from net income of \$259 million, adjusted by depreciation and amortization of \$143 million and deferred income tax expense of \$86 million, and cash from working capital of \$39 million. The increase in cash provided by operating activities in 2014 compared to 2013 was primarily due to \$28 million higher depreciation expense, \$20 million higher provision for credit losses, an increase in deferred income tax expense of \$51 million, and a \$33 million increase in cash from working capital. Operating activities in 2013 generated \$418 million of cash, resulting primarily from net income of \$266 million, adjusted by depreciation and amortization of \$115 million and deferred income tax expense of \$35 million.

Investing activities in the year ended December 31, 2015 generated cash of \$197 million, resulting primarily from a net collection of receivables of \$778 million, a decrease in restricted cash of \$41 million and proceeds from the sale of equipment on operating leases of \$317 million, partially offset by \$938 million in expenditures for equipment on operating leases. The increase in cash generated in investing activities in 2015 compared to 2014 was primarily due to a \$1,588 million net decrease of receivables acquired, a \$128 million decrease in restricted cash, and an \$107 million decrease in net cash outflows for equipment on operating lease. Investing activities in 2014 used cash of \$1,627 million, resulting primarily from a net growth in receivables of \$810 million, \$997 million in expenditures for equipment on operating leases, and an increase in restricted cash of \$86 million, partially offset by proceeds from the sale of equipment on operating leases of \$269 million. The decrease in cash used in

investing activities in 2014 compared to 2013 was primarily due to a \$778 million net decrease of receivables acquired, partially offset by a \$378 million increase in net cash flows for equipment on operating lease. Investing activities in 2013 used cash of \$2,006 million, resulting primarily from a net growth in receivables of \$1,588 million, \$621 million in expenditures for equipment on operating leases, and an increase in restricted cash of \$66 million, partially offset by proceeds from the sale of equipment on operating leases of \$272 million.

Financing activities in the year ended December 31, 2015 used cash of \$765 million, resulting primarily from net cash paid on long-term debt and affiliated debt of \$835 million and \$132 million, respectively, \$170 million dividends paid to CNH Industrial America, and \$61 million redemption of preferred stock, partially offset by \$433 million in net cash received on short-term borrowings. The increase in cash used in financing activities in 2015 compared to 2014 was primarily due to a \$1,360 million increase and a \$1,037 million increase in net cash payment on affiliated debt and long-term debt, respectively, the \$60 million redemption of preferred stock of subsidiary and higher dividends of \$32 million paid to CNH Industrial America, partially offset by an increase in short-term borrowings of \$989 million. Financing activities in 2014 generated cash of \$735 million, resulting primarily from net proceeds from long-term debt and affiliated debt of \$905 million and \$525 million, respectively, partially offset by \$556 million in net cash paid on short-term borrowings, and \$139 million dividends paid to CNH Industrial North America. The decrease in cash from financing activities in 2014 compared to 2013 was primarily due to a \$1,460 million decrease in net cash received from long-term debt and a \$399 million increase in net payments of short-term borrowings, partially offset by the increase of \$1,033 million in net cash received from affiliated debt and lower dividends of \$61 million paid to CNH Industrial North America. Financing activities in 2013 generated cash of \$1,500 million, resulting primarily from net proceeds from long-term debt of \$2,365 million, partially offset by net cash paid for affiliated debt and short-term borrowings of \$508 million and \$158 million, respectively, and a \$200 million dividend paid to CNH Industrial America.

Securitization

CNH Industrial Capital and its predecessor entities have been securitizing receivables since 1992. Because this market generally remains a cost-effective financing source and allows access to a wide investor base, we expect to continue utilizing securitization as one of our core sources of funding in the near future. CNH Industrial Capital has completed public and private issuances of asset-backed securities in both the U.S. and Canada and, as of December 31, 2015, the amounts outstanding were approximately \$6.7 billion. Our securitizations are treated as financing arrangements for accounting purposes.

Committed Asset-Backed Facilities

CNH Industrial Capital has committed asset-backed facilities with several banks or through their commercial paper conduit programs. Committed asset-backed facilities for the U.S. and Canada totaled \$3.2 billion at December 31, 2015, with original borrowing maturities of up to two years. The unused availability under the facilities varies during the year, depending on origination volume and the refinancing of receivables with term securitization transactions and/or other financing. At December 31, 2015, approximately \$0.5 billion of funding was available for use under these facilities.

Unsecured Funding

As of December 31, 2015, we had outstanding unsecured senior notes of \$500 million at an annual fixed rate of 6.250% due 2016, \$500 million at an annual fixed rate of 3.250% due 2017, \$600 million at an annual fixed rate of 3.625% due 2018, \$600 million at an annual fixed rate of 3.875% due 2018, \$500 million at an annual fixed rate of 3.375% due 2019, and \$600 million at an annual fixed rate of 4.375% due 2020. These notes, which are senior unsecured obligations of CNH Industrial Capital LLC, are

guaranteed by CNH Industrial Capital America and New Holland Credit. On November 1, 2015, we repaid \$750 million of our 3.875% notes due 2015.

As of December 31, 2015, we had available a \$250 million, unsecured credit facility with a consortium of banks, with a final maturity in June 2017.

As of December 31, 2015, we had a \$100 million unsecured term loan with a final maturity date in March 2018.

On July 8, 2015, we terminated a \$250 million, unsecured facility, consisting of a \$150 million term loan and a \$100 million revolving credit facility.

Affiliate Sources

CNH Industrial Capital borrows, as needed, from CNH Industrial. This source of funding is primarily used to finance various assets and provides additional flexibility when evaluating market conditions and potential third-party financing options. We have obtained financing from CNHI treasury subsidiaries and, from time to time, have entered into term loan agreements. At December 31, 2015, we had affiliated debt of \$23 million compared to \$862 million at December 31, 2014.

Equity Position

Our equity position also supports our ability to access various funding sources. Our stockholder's equity at December 31, 2015 and 2014 was \$1.5 billion and \$1.6 billion, respectively.

During 2015, CNH Industrial Capital LLC paid cash dividends of \$170 million to CNH Industrial America and CNH Industrial Capital Canada paid a cash dividend on preferred stock of C\$0.7 million (\$0.6 million) to CNH Industrial Canada Ltd. In addition, in 2015, CNH Industrial Capital Canada redeemed all of its outstanding preferred stock for C\$77 million (\$60 million).

Liquidity

The majority of CNH Industrial Capital's debt is self-liquidating from the cash generated by the underlying receivables. Normally, additional liquidity should not be necessary for the repayment of such debt. New originations of retail receivables are usually warehoused in committed asset-backed facilities until being refinanced in the term ABS market or with other third-party debt. The majority of new wholesale receivables are financed through a master trust and funded by variable funding notes or on a term basis. Our liquidity available for use as of December 31, 2015 is as follows (dollars in thousands):

	<u>2015</u>
Cash, cash equivalents and restricted cash	\$ 1,097,869
Committed asset-backed facilities	3,231,990
Committed unsecured facilities	<u>250,000</u>
Total cash and facilities	4,579,859
Less: restricted cash	(795,721)
Less: facilities utilization	<u>(2,771,085)</u>
Total available for use	<u>\$ 1,013,053</u>

The liquidity available for use varies due to changes in origination volumes, reflecting the financing needs of our customers, and is influenced by the timing of any refinancing of underlying receivables.

In connection with a limited number of funding transactions, we provide financial guarantees to various parties on behalf of certain foreign financial services subsidiaries of CNHI for approximately

\$250.4 million as of December 31, 2015. The guarantees are in effect for the term of the underlying funding facilities plus 365 days. The underlying facilities are renewable annually.

Debt

Our consolidated debt as of December 31, 2015 and 2014 is set forth in the table below (dollars in thousands):

	<u>2015</u>	<u>2014</u>
Short-term debt (including current maturities of long-term debt)	\$ 5,031,218	\$ 4,632,208
Long-term debt	<u>7,805,199</u>	<u>8,193,039</u>
Total third-party debt	12,836,417	12,825,247
Affiliated debt	<u>22,642</u>	<u>862,445</u>
Total debt	<u>\$12,859,059</u>	<u>\$13,687,692</u>

The majority of our debt is secured third-party financing, including borrowings under committed asset-backed facilities and issuance of term securitization transactions.

Cash, Cash Equivalents and Restricted Cash

The following table shows cash and cash equivalents and restricted cash as of December 31, 2015 and 2014 (dollars in thousands):

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 302,148	\$ 347,987
Restricted cash	<u>795,721</u>	<u>858,825</u>
Total cash	<u>\$1,097,869</u>	<u>\$1,206,812</u>

Cash and cash equivalents and restricted cash are comprised of highly liquid investments with short-term original maturities. See “Liquidity and Capital Resources—Cash Flows” for a further discussion of the change in our cash position.

Restricted cash is principally held by depository banks in order to comply with securitization contractual agreements, such as providing cash reserve accounts for the benefit of securitization investors.

Off-Balance Sheet Arrangements

In connection with a limited number of funding transactions, we provide financial guarantees to various parties on behalf of certain foreign financial services subsidiaries of CNHI. For additional information, please see “Note 13: Commitments and Contingencies” to our consolidated financial statements for the year ended December 31, 2015.

Recent Developments

On February 17, 2016, we, through a bankruptcy-remote trust, issued \$850 million of amortizing asset-backed notes secured by U.S. retail loan contracts.

Contractual Obligations

The following table sets forth the aggregate amounts of our contractual obligations and commitments as of December 31, 2015 with definitive payment terms that will require significant cash outlays in the future (dollars in thousands).

	Payments Due by Period				
	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Short-term and long-term debt(1)	\$12,836,415	\$5,031,218	\$5,334,457	\$2,416,223	\$54,517
Affiliated debt	22,642	22,642	—	—	—
Interest on fixed rate debt	801,261	213,170	389,897	198,194	—
Interest on floating rate debt(2)	164,869	36,743	70,569	56,598	959
Operating leases(3)	12,500	2,500	7,500	2,500	—
Total contractual obligations	<u>\$13,837,687</u>	<u>\$5,306,273</u>	<u>\$5,802,423</u>	<u>\$2,673,515</u>	<u>\$55,476</u>

(1) Short-term debt shown as less than one year includes current maturities of long-term debt of \$3,373,150.

(2) The interest funding requirements are based on the year-end 2015 interest rates.

(3) Minimum rental commitments.

See “Liquidity and Capital Resources—Debt” for information relating to our consolidated debt as of December 31, 2015.

Other Data

	As of or for the Year Ended December 31,		
	2015	2014	2013
Ratio of earnings to fixed charges(1)	2.13	2.35	2.56
On-book receivables	\$11,731,749	\$12,884,569	\$12,285,234
Off-book receivables	—	—	13,217
Total managed receivables	11,731,749	12,884,569	12,298,451
Operating lease equipment	1,796,501	1,458,325	974,307
Total managed portfolio	\$13,528,250	\$14,342,894	\$13,272,758
Delinquency(2)	0.61%	0.44%	0.35%
Average managed receivables	\$12,292,048	\$13,104,635	\$11,937,157
Net credit loss(3)	0.16%	0.09%	0.11%
Profitability			
Average receivable yields(4)	5.09%	5.40%	5.64%
Average debt cost	2.24%	2.15%	2.15%
Return on average managed portfolio(5)	1.56%	1.82%	2.08%
Asset Quality			
Allowance for credit losses/total receivables	0.81%	0.74%	0.83%

- (1) For purposes of determining the ratio of earnings to fixed charges, earnings are defined as the sum of (i) income before income taxes, (ii) fixed charges and (iii) amortization of capitalized interest, less (i) interest capitalized and (ii) noncontrolling interest in pretax income of subsidiaries that have not incurred fixed charges. Fixed charges consist of (i) interest expense, including amortization of premiums, discounts and capitalized expenses related to indebtedness, (ii) interest capitalized and (iii) an estimate of the interest component of rental expense.
- (2) Delinquency means managed receivables that are past due over 30 days, expressed as a percentage of the managed receivables as of the end of the respective period.
- (3) Net credit losses on the managed receivables means write-offs, net of recoveries, for the preceding 12 months expressed as a percentage of the respective average managed receivables.
- (4) Yield on wholesale, retail and commercial revolving accounts receivables.
- (5) Net income for the period expressed as a percentage of average managed portfolio.

Cautionary Note Regarding Forward-Looking Statements

All statements other than statements of historical fact contained in this annual report, including statements regarding our competitive strengths; business strategy; future financial position or operating results; budgets; projections with respect to revenue, income, capital expenditures, dividends, capital structure or other financial items; costs; and plans and objectives of management regarding operations, products and services, are forward-looking statements. These statements may include terminology such as “may,” “will,” “expect,” “could,” “should,” “intend,” “estimate,” “anticipate,” “believe,” “outlook,” “continue,” “remain,” “on track,” “design,” “target,” “objective,” “goal,” “forecast,” “projection,” “prospects,” “plan,” or similar terminology. Forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside our control and are difficult to predict. If any of these risks and uncertainties materialize or other assumptions underlying any of the forward-looking

statements prove to be incorrect, the actual results or developments may differ materially from any future results or developments expressed or implied by the forward-looking statements.

Factors, risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others: the many interrelated factors that affect customer confidence and demand for our financing products and services; general economic conditions; changes in government policies regarding banking, monetary and fiscal policies; legislation, particularly relating to capital goods-related issues such as agriculture, the environment, debt relief and subsidy program policies, trade and commerce and infrastructure development; government policies on international trade and investment, including sanctions, import quotas, capital controls and tariffs; actions of competitors in the various industries in which CNH Industrial North America competes; interest rates and currency exchange rates; inflation and deflation; energy prices; prices for agricultural commodities; housing starts and other construction activity; our ability to obtain financing or to refinance existing debt; restrictive covenants in our debt agreements; actions by rating agencies concerning the ratings on our debt and asset-backed securities and the credit rating of CNHI; a decline in the price of used equipment; political and civil unrest; volatility and deterioration of capital and financial markets, including further deterioration of the Eurozone sovereign debt crisis, other similar risks and uncertainties and our success, and CNH Industrial North America's success, in managing the risks involved in the foregoing.

Forward-looking statements speak only as of the date on which such statements are made.

Furthermore, in light of difficult macroeconomic conditions, both globally and in the industries in which we operate, it is particularly difficult to forecast our results and any estimates or forecasts of particular periods that we provide are uncertain. Accordingly, investors should not place undue reliance on such forward-looking statements. We can give no assurance that the expectations reflected in our forward-looking statements will prove to be correct. Our outlook is based upon assumptions, which are sometimes based upon estimates and data received from third parties. Such estimates and data are often revised. Our actual results could differ materially from those anticipated in such forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements.

Additional factors which could cause actual results and developments to differ from those expressed or implied by the forward-looking statements are included in the section "Item 1A. Risk Factors" of this annual report.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses during the reported periods. Actual results may differ from these estimates under different assumptions and conditions. Our critical accounting policies and estimates, which require management assumptions and complex judgments, are summarized below.

Allowance for Credit Losses

The allowance for credit losses is our estimate of losses for receivables owned by us and consists of two components, depending on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which we have determined it is probable that we will not collect all the principal and interest as per the terms of the contract. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. These receivables are subject to impairment measurement at the loan level based either on the fair value of the collateral for collateral-dependent receivables or on the present value of expected future cash flows discounted at the receivables' effective interest rate.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for retail and wholesale credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The loss forecast models are updated on a quarterly basis. In addition, qualitative factors that are not fully captured in the loss forecast models, including industry trends, and macroeconomic factors are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

The total allowance for credit losses at December 31, 2015 and 2014 was \$94.7 million and \$95.5 million, respectively. Management's ongoing evaluation of the adequacy of the allowance for credit losses takes into consideration historical loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of underlying collateral and current economic conditions.

While management believes it has exercised prudent judgment and applied reasonable assumptions, there can be no assurance that, in the future, changes in economic conditions or other factors will not cause changes in the financial condition of our customers. If the financial condition of some of our customers deteriorates, the timing and level of payments received could be impacted and, therefore, could result in an increase in losses on the current portfolio.

Equipment on Operating Lease Residual Values

We purchase equipment from our dealers and other independent third parties and lease such equipment to retail customers under operating leases. Income from these operating leases is recognized over the term of the lease. Our decision on whether or not to offer lease financing to customers is based, in part, upon estimated residual values of the leased equipment, which are estimated at the lease inception date and periodically updated. Realization of the residual values, a component in the profitability of a lease transaction, is dependent on our ability to market the equipment at lease termination under the then prevailing market conditions. Equipment model changes and updates, as well as market strength and product acceptance, are monitored and adjustments are made to residual values in accordance with the significance of any such changes. Although realization is not assured, management believes that the estimated residual values are realizable.

Total operating lease residual values at December 31, 2015 and 2014 were \$1,452.6 million and \$1,163.5 million, respectively.

Estimates used in determining end-of-lease market values for equipment on operating leases significantly impact the amount and timing of depreciation expense. If future values for this equipment were to decrease 10% from our present estimates, the total impact would be to increase our depreciation expense on equipment on operating leases by approximately \$145.3 million. This amount would be charged to depreciation expense during the remaining lease terms such that the net amount of equipment on operating leases at the end of the lease terms would be equal to the revised residual values. Initial lease terms generally range from two to four years.

New Accounting Pronouncements Not Yet Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification 605—Revenue Recognition and most industry-specific guidance throughout the Codification. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those

goods or services. On August 12, 2015, the FASB approved deferring the effective date of ASU 2014-09 by one year to fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The FASB also permitted ASU 2014-09 to be adopted early, but not before the original effective date of annual periods beginning after December 15, 2016. We are currently assessing the method of adoption we will elect and the impact of the adoption of ASU 2014-09 on our financial position, results of operations and cash flows.

In August 2014, the FASB issued ASU No. 2014-15, Uncertainties About an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements. An entity must also provide certain disclosures if there is "substantial doubt" about the entity's ability to continue as a going concern. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted. We do not believe the adoption of this standard will have a material impact on our financial position or results of operations.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation ("ASU 2015-02"). ASU 2015-02 is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability companies and securitized structures. The new standard eliminates the previous deferral in Accounting Standards Codification 810, which allowed reporting entities with interests in certain investment funds to follow previously issued consolidations guidance, and makes changes to both the variable interest model and the voting model. ASU 2015-02 is effective for annual periods beginning after December 15, 2015. We do not believe the adoption of this standard will have a material impact on our financial position or results of operations.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"). ASU 2015-03 is intended to simplify the presentation of debt issuance costs. The new standard requires the debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying value of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual and interim periods beginning after December 15, 2015. We do not believe the adoption of this standard will have a material impact on our financial position or results of operations.

In August 2015, the FASB issued ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements ("ASU 2015-15"), which amends ASC 835-30, Interest—Imputation of Interest. ASU 2015-15 clarifies the presentation and subsequent measurement of debt issuance costs associated with lines of credit. These costs may be presented as an asset and amortized ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. ASU 2015-15 should be adopted concurrent with adoption of ASU 2015-03, which is effective for annual and interim periods beginning after December 15, 2015. We do not believe the adoption of this standard will have a material impact on our financial position or results of operations.

In November 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). ASU 2015-17 is intended to simplify the balance sheet classification of deferred taxes. The new standard requires an entity to classify deferred tax assets and liabilities as noncurrent on the balance sheet. ASU 2015-17 is effective for annual periods beginning after December 15, 2016, and interim periods thereafter. The guidance may be adopted prospectively or retrospectively and early adoption is permitted. We are currently assessing the impact of the adoption of ASU 2015-17 on our financial position or results of operations.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”). The purpose of this update is to enhance the reporting model for financial instruments to provide users with more decision-useful information. Accordingly, ASU 2016-01 updates and revises various requirements, including measurement of equity investments at fair value with changes recognized in net income (except equity method or consolidated investees), which supersedes the current guidance to classify equity securities with readily determinable fair values into different categories (e.g. trading or available for sale). It also requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (e.g., securities or loans and receivables) on the balance sheet and in the accompanying notes. The update is effective for annual reporting periods beginning after December 15, 2017 including interim periods within those fiscal years, and early adoption is not permitted. We are currently assessing the impact of the adoption of ASU 2016-01 on our financial position and results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks, primarily changes in interest rates. We monitor our exposure to these risks, and manage the underlying economic exposures on transactions using financial instruments such as forward contracts, interest rate swaps, interest rate caps and forward starting swaps. We do not hold or issue derivatives or other financial instruments for speculative purposes or to hedge translation risks. See “Note 10: Financial Instruments” in the notes to our consolidated financial statements for the year ended December 31, 2015 for a description of our risk management strategy and the methods and assumptions used to determine the fair values of financial instruments.

Interest Rate Risk

We are exposed to market risk from changes in interest rates. We monitor our exposure to this risk and manage the underlying exposure both through the matching of financial assets and liabilities and through the use of financial instruments, including swaps, caps, and forward starting swaps for the net exposure. The instruments aim to stabilize funding costs by managing the exposure created by the differing maturities and interest rate structures of our financial assets and liabilities. We do not hold or issue derivative or other financial instruments for speculative purposes.

We monitor interest rate risk to achieve a predetermined level of matching between the interest rate structure of our financial assets and liabilities. Fixed-rate financial instruments, including receivables, debt and other investments, are segregated from floating-rate instruments in evaluating the potential impact of changes in applicable interest rates. A sensitivity analysis was performed to compute the impact on fair value which would be caused by a hypothetical 10% change in the interest rates used to discount each category of financial assets and liabilities. The net impact on the fair value of the financial instruments and derivative instruments held as of December 31, 2015 and 2014, resulting from a hypothetical 10% change in interest rates, would be approximately \$7.9 million and \$8.8 million, respectively. For the sensitivity analysis the financial instruments are grouped according to the currency in which financial assets and liabilities are denominated and the applicable interest rate index. As a result, our interest rate risk sensitivity model may overstate the impact of interest rate fluctuations for such financial instruments, as consistently unfavorable movements of all interest rates are unlikely.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements are included in this annual report beginning on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision, and with the participation, of our management, including our President and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of December 31, 2015. Based on that evaluation, our President and Chief Financial Officer concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the three months ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013). Based on this assessment, management believes that, as of December 31, 2015, our internal control over financial reporting was effective.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management’s report in this annual report.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Omitted pursuant to General Instruction I of Form 10-K.

Item 11. Executive Compensation

Omitted pursuant to General Instruction I of Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Omitted pursuant to General Instruction I of Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Omitted pursuant to General Instruction I of Form 10-K.

Item 14. Principal Accounting Fees and Services

For the years ended December 31, 2015 and 2014, Ernst & Young LLP, the member firms of Ernst & Young and their respective affiliates (collectively, the “Ernst & Young Entities”) were appointed to serve as our independent registered public accounting firm.

We incurred the following fees for professional services performed by the Ernst & Young Entities for the years ended December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Audit fees	\$ 872,000	\$ 799,900
Audit-related fees	569,000	504,000
Total	<u>\$1,441,000</u>	<u>\$1,303,900</u>

“Audit Fees” are the aggregate fees billed for the audit of our consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. “Audit-related fees” are fees charged for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.” This category comprises fees for the audit of agreed-upon procedure engagements and other attestation services subject to regulatory requirements. There were no fees billed for professional services in connection with tax compliance, tax advice, tax planning or other fees not included above for the years ended December 31, 2015 and 2014.

Audit Committee’s Pre-Approval Policies and Procedures

As a wholly-owned subsidiary of CNHI, audit and non-audit services provided by our independent registered public accounting firm are subject to CNHI’s Audit Committee pre-approval policies and procedures. During the year ended December 31, 2015, all audit and non-audit services provided by our independent registered public accounting firm were pre-approved in accordance with such policies and procedures.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

1. Financial Statements
2. Financial Statement Schedules

See table of contents to financial statement and schedules immediately preceding the financial statements and schedules to the consolidated financial statements.

3. Exhibits.

Exhibit	Description
3.1	Certificate of Formation of CNH Industrial Capital LLC dated December 31, 2004, as amended by the Certificate of Amendment to the Certificate of Formation of CNH Industrial Capital LLC dated February 10, 2014. (Previously filed as Exhibit 3.1 to the annual report on Form 10-K of the registrant for the year ended December 31, 2014 (File No. 333-182411) and incorporated herein by reference).
3.2	Amended and Restated Limited Liability Company Agreement of CNH Industrial Capital LLC, amended on July 7, 2011. (Previously filed as Exhibit 3.2 to the registration statement on Form S-4 of the registrant (File No. 333-182411) and incorporated herein by reference).
4.1	Indenture, dated as of November 4, 2011, by and among CNH Industrial Capital LLC, as issuer, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee, regarding 6.250% Notes due 2016. (Previously filed as Exhibit 4.1 to the registration statement on Form S-4 of the registrant (File No. 333-182411) and incorporated herein by reference).
4.2	Indenture, dated as of April 8, 2013, by and among CNH Industrial Capital LLC, as issuer, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee, regarding 3.625% Notes due 2018. (Previously filed as Exhibit 4.1 to the current report on Form 8-K of the registrant on April 10, 2013 (File No. 333-182411) and incorporated herein by reference).
4.3	Indenture, dated as of October 8, 2013, by and among CNH Industrial Capital LLC, as issuer, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee, regarding 3.250% Notes due 2017. (Previously filed as Exhibit 4.1 to the current report on Form 8-K of the registrant on October 9, 2013 (File No. 333-182411) and incorporated herein by reference).
4.4	Indenture, dated as of June 30, 2014, by and among CNH Industrial Capital LLC, as issuer, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee, regarding 3.375% Notes due 2019. (Previously filed as Exhibit 4.1 to the current report on Form 8-K of the registrant on June 30, 2014 (File No. 333-182411) and incorporated herein by reference).
4.5	Indenture, dated as of June 26, 2015, by and among CNH Industrial Capital LLC, as issuer, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee, regarding 3.875% Notes due 2018. (Previously filed as Exhibit 4.1 to the current report on Form 8-K of the registrant on June 26, 2015 (File No. 333-182411) and incorporated herein by reference).

Exhibit	Description
4.6	Indenture, dated as of September 11, 2015, by and among CNH Industrial Capital LLC, as issuer, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Previously filed as Exhibit 4.9 to the registration statement on Form F-3 of the registrant (File No. 333-206891-03) and incorporated herein by reference).
4.7	Officers' Certificate, dated as of November 6, 2015 (including Form of 4.375% Note due 2020 included therein). (Previously filed as Exhibit 4.1 to the current report on Form 8-K of the registrant on November 6, 2015 (File No. 000-55510) and incorporated herein by reference).
10.1	Support Agreement, dated as of November 4, 2011, by and between CNH Industrial Capital LLC and CNH Global N.V. (Previously filed as Exhibit 10.1 to the registration statement on Form S-4 of the registrant (File No. 333-182411) and incorporated herein by reference).
10.2	Third Amended and Restated Wholesale and Parts CNH Industrial Capital Financing Agreement, dated November 3, 2011, by and between CNH Industrial America LLC and CNH Industrial Capital America LLC. (Previously filed as Exhibit 10.2 to the registration statement on Form S-4 of the registrant (File No. 333-182411) and incorporated herein by reference).
10.3	Amended and Restated Wholesale and Parts CNH Industrial Capital Financing Agreement, dated November 3, 2011, by and between CNH Industrial Canada Ltd. and CNH Industrial Capital Canada Ltd. (Previously filed as Exhibit 10.3 to the registration statement on Form S-4 of the registrant (File No. 333-182411) and incorporated herein by reference).
10.4	Supplemental Support Agreement, dated as of September 27, 2013, by and among CNH Industrial Capital LLC, CNH Global N.V. and CNH Industrial N.V. (formerly known as FI CBM Holdings N.V.). (Previously filed as Exhibit 10.1 to the quarterly report on Form 10-Q of the registrant for the quarter ended September 30, 2013 (File No. 333-182411) and incorporated herein by reference).
12.1	Statement regarding computation of ratio of earnings to fixed charges.
23.1	Consent of Ernst & Young LLP.
31.1	Certifications of President Pursuant to Exchange Act Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1†	Certification required by Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013, (iii) Consolidated Balance Sheets as of December 31, 2015 and 2014, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013, (v) Consolidated Statements of Changes in Stockholder's Equity for the years ended December 31, 2015, 2014 and 2013 and (vi) Notes to Consolidated Financial Statements.

† These certifications are deemed not filed for purposes of section 18 of the Exchange Act, or otherwise subject to the liability of that section; nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, copies of instruments defining the rights of holders of certain long-term debt have not been filed. The registrant will furnish copies thereof to the SEC upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CNH INDUSTRIAL CAPITAL LLC

Date: March 4, 2016

By: /s/ BRETT D. DAVIS

Name: Brett D. Davis

Title: *Chairman and President*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ BRETT D. DAVIS</u> Brett D. Davis	Chairman, President and Director (Principal Executive Officer)	March 4, 2016
<u>/s/ DOUGLAS MACLEOD</u> Douglas MacLeod	Chief Financial Officer and Assistant Treasurer (Principal Financial Officer and Principal Accounting Officer)	March 4, 2016
<u>/s/ RICHARD TOBIN</u> Richard Tobin	Director	March 4, 2016

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CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES

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Schedules Omitted

The following schedules are omitted because of the absence of conditions under which they are required or because the required information is included in the Notes to the Consolidated Financial Statements:

I, II, III, IV and V

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholder of CNH Industrial Capital LLC:

We have audited the accompanying consolidated balance sheets of CNH Industrial Capital LLC and subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows and changes in stockholder’s equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CNH Industrial Capital LLC and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Milwaukee, Wisconsin
March 4, 2016

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUES			
Interest income on retail notes and finance leases	\$208,381	\$204,452	\$181,342
Interest income on wholesale notes	72,326	74,450	63,760
Interest and other income from affiliates	408,979	437,435	414,957
Rental income on operating leases	214,187	165,914	138,937
Other income	25,207	52,500	59,125
Total revenues	<u>929,080</u>	<u>934,751</u>	<u>858,121</u>
EXPENSES			
Interest expense:			
Interest expense to third parties	269,091	255,951	233,217
Interest expense to affiliates	21,182	30,477	24,105
Total interest expense	<u>290,273</u>	<u>286,428</u>	<u>257,322</u>
Administrative and operating expenses:			
Fees charged by affiliates	46,771	49,539	56,405
Provision (benefit) for credit losses, net	21,895	14,124	(5,904)
Depreciation of equipment on operating leases	193,802	141,688	114,053
Other expenses	49,499	56,604	35,083
Total administrative and operating expenses	<u>311,967</u>	<u>261,955</u>	<u>199,637</u>
Total expenses	<u>602,240</u>	<u>548,383</u>	<u>456,959</u>
INCOME BEFORE TAXES	326,840	386,368	401,162
Income tax provision	109,241	127,118	134,822
NET INCOME	217,599	259,250	266,340
Net income attributed to noncontrolling interest	(259)	(1,227)	(1,460)
NET INCOME ATTRIBUTABLE TO CNH INDUSTRIAL CAPITAL LLC	<u>\$217,340</u>	<u>\$258,023</u>	<u>\$264,880</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
NET INCOME	\$ 217,599	\$259,250	\$266,340
Other comprehensive income (loss):			
Foreign currency translation adjustment	(112,281)	(57,822)	(44,158)
Pension liability adjustment	226	(342)	1,806
Change in unrealized gains on retained interests	—	(244)	(1,632)
Change in derivative financial instruments	445	2,408	3,408
Total other comprehensive loss	<u>(111,610)</u>	<u>(56,000)</u>	<u>(40,576)</u>
COMPREHENSIVE INCOME	105,989	203,250	225,764
Less: comprehensive income attributable to noncontrolling interest	<u>(259)</u>	<u>(1,227)</u>	<u>(1,460)</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO CNH			
INDUSTRIAL CAPITAL LLC	<u>\$ 105,730</u>	<u>\$202,023</u>	<u>\$224,304</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 302,148	\$ 347,987
Restricted cash	795,721	858,825
Receivables, less allowance for credit losses of \$94,724 and \$95,542, respectively	11,637,025	12,789,027
Affiliated accounts and notes receivable	171,658	58,731
Equipment on operating leases, net	1,796,501	1,458,325
Equipment held for sale	161,340	129,700
Goodwill	107,935	112,851
Other intangible assets, net	8,476	8,355
Other assets	84,365	145,764
TOTAL	<u>\$15,065,169</u>	<u>\$15,909,565</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities:		
Short-term debt (including current maturities of long-term debt)	\$ 5,031,218	\$ 4,632,208
Accounts payable and other accrued liabilities	754,678	645,941
Affiliated debt	22,642	862,445
Long-term debt	7,805,199	8,193,039
Total liabilities	<u>13,613,737</u>	<u>14,333,633</u>
Commitments and contingent liabilities (Note 13)		
Stockholder's equity:		
Member's capital	—	—
Paid-in capital	843,728	843,250
Accumulated other comprehensive loss	(161,538)	(49,928)
Retained earnings	769,242	746,758
Total CNH Industrial Capital LLC stockholder's equity	1,451,432	1,540,080
Noncontrolling interest	—	35,852
Total stockholder's equity	<u>1,451,432</u>	<u>1,575,932</u>
TOTAL	<u>\$15,065,169</u>	<u>\$15,909,565</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014
(Dollars in thousands)

The following table presents certain assets and liabilities of consolidated variable interest entities (“VIEs”), which are included in the consolidated balance sheets. The assets in the table include only those assets that can be used to settle obligations of consolidated VIEs. The liabilities in the table include third-party liabilities of the consolidated VIEs, for which creditors do not have recourse to the general credit of CNH Industrial Capital LLC.

	<u>2015</u>	<u>2014</u>
Restricted cash	\$ 795,621	\$ 858,725
Receivables, less allowance for credit losses of \$75,909 and \$78,960, respectively	9,064,834	9,266,204
Equipment on operating leases, net	—	83,195
TOTAL	<u>\$9,860,455</u>	<u>\$10,208,124</u>
Short-term debt (including current maturities of long-term debt)	\$4,517,207	\$ 3,853,058
Long-term debt	4,800,677	5,839,213
TOTAL	<u>\$9,317,884</u>	<u>\$ 9,692,271</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 217,599	\$ 259,250	\$ 266,340
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation on property and equipment and equipment on operating leases	193,837	141,727	114,090
Amortization of intangibles	1,581	1,125	1,002
Provision (benefit) for credit losses, net	21,895	14,124	(5,904)
Deferred income tax expense	78,118	85,645	34,897
Stock compensation expense	478	1,068	1,242
Changes in components of working capital:			
Change in affiliated accounts and notes receivables	(114,966)	50,815	(15,938)
Change in other assets and equipment held for sale	59,649	(87,357)	11,739
Change in accounts payable and other accrued liabilities	63,907	75,619	10,522
Net cash from (used in) operating activities	<u>522,098</u>	<u>542,016</u>	<u>417,990</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cost of receivables acquired	(14,010,588)	(19,051,010)	(20,631,860)
Collections of receivables	14,788,413	18,241,277	19,044,038
Change in restricted cash	41,489	(86,450)	(65,756)
Purchase of equipment on operating leases	(937,917)	(996,858)	(620,561)
Proceeds from disposal of equipment on operating leases	317,127	269,222	271,354
Capital expenditures for property and equipment and software	(1,702)	(2,685)	(3,320)
Net cash from (used in) investing activities	<u>196,822</u>	<u>(1,626,504)</u>	<u>(2,006,105)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of affiliated debt	1,473,676	2,041,129	1,346,492
Payment of affiliated debt	(2,308,981)	(1,516,433)	(1,854,288)
Proceeds from issuance of long-term debt	4,607,579	3,914,656	5,872,434
Payment of long-term debt	(4,739,516)	(3,009,731)	(3,507,341)
Change in short-term borrowings, net	433,450	(555,951)	(157,487)
Dividends paid to CNH Industrial America LLC	(170,000)	(115,000)	(200,000)
Preferred dividend paid to CNH Industrial Canada Ltd.	(551)	(23,803)	—
Redemption of preferred stock of subsidiary	(60,416)	—	—
Net cash from (used in) financing activities	<u>(764,759)</u>	<u>734,867</u>	<u>1,499,810</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(45,839)</u>	<u>(349,621)</u>	<u>(88,305)</u>
CASH AND CASH EQUIVALENTS			
Beginning of year	347,987	697,608	785,913
End of year	<u>\$ 302,148</u>	<u>\$ 347,987</u>	<u>\$ 697,608</u>
CASH PAID DURING THE YEAR FOR INTEREST	<u>\$ 281,529</u>	<u>\$ 274,358</u>	<u>\$ 250,697</u>
CASH PAID (RECEIVED) DURING THE YEAR FOR TAXES	<u>\$ (8,927)</u>	<u>\$ 101,933</u>	<u>\$ 130,271</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in thousands)

	Company Stockholder				Non- Controlling Interest	Total
	Member's Capital	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings		
BALANCE—January 1, 2013	\$—	\$840,940	\$ 46,648	\$ 538,855	\$ 56,968	\$1,483,411
Net income	—	—	—	264,880	1,460	266,340
Dividend paid to CNH Industrial America LLC	—	—	—	(200,000)	—	(200,000)
Foreign currency translation adjustment	—	—	(44,158)	—	—	(44,158)
Stock compensation	—	1,242	—	—	—	1,242
Pension liability adjustment, net of tax	—	—	1,806	—	—	1,806
Change in unrealized gain on retained interests, net of tax	—	—	(1,632)	—	—	(1,632)
Change in derivative financial instruments, net of tax	—	—	3,408	—	—	3,408
BALANCE—December 31, 2013	\$—	\$842,182	\$ 6,072	\$ 603,735	\$ 58,428	\$1,510,417
Net income	—	—	—	258,023	1,227	259,250
Dividend paid to CNH Industrial America LLC	—	—	—	(115,000)	—	(115,000)
Preferred dividend paid to CNH Industrial Canada Ltd.	—	—	—	—	(23,803)	(23,803)
Foreign currency translation adjustment	—	—	(57,822)	—	—	(57,822)
Stock compensation	—	1,068	—	—	—	1,068
Pension liability adjustment, net of tax	—	—	(342)	—	—	(342)
Change in unrealized gain on retained interests, net of tax	—	—	(244)	—	—	(244)
Change in derivative financial instruments, net of tax	—	—	2,408	—	—	2,408
BALANCE—December 31, 2014	\$—	\$843,250	\$ (49,928)	\$ 746,758	\$ 35,852	\$1,575,932
Net income	—	—	—	217,340	259	217,599
Dividends paid to CNH Industrial America LLC	—	—	—	(170,000)	—	(170,000)
Preferred dividend paid to CNH Industrial Canada Ltd.	—	—	—	—	(551)	(551)
Redemption of preferred stock of subsidiary	—	—	—	(24,856)	(35,560)	(60,416)
Foreign currency translation adjustment	—	—	(112,281)	—	—	(112,281)
Stock compensation	—	478	—	—	—	478
Pension liability adjustment, net of tax	—	—	226	—	—	226
Change in derivative financial instruments, net of tax	—	—	445	—	—	445
BALANCE—December 31, 2015	\$—	\$843,728	\$(161,538)	\$ 769,242	\$ —	\$1,451,432

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The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS

CNH Industrial Capital LLC and its primary operating subsidiaries, including New Holland Credit Company, LLC (“New Holland Credit”), CNH Industrial Capital America LLC (“CNH Industrial Capital America”) and CNH Industrial Capital Canada Ltd. (“CNH Industrial Capital Canada”) (collectively, “CNH Industrial Capital” or the “Company”), are each a subsidiary of CNH Industrial America LLC (“CNH Industrial America”), which is an indirect wholly-owned subsidiary of CNH Industrial N.V. (“CNHI” and, together with its consolidated subsidiaries, “CNH Industrial”). CNH Industrial America and CNH Industrial Canada Ltd. (collectively, “CNH Industrial North America”) design, manufacture, and sell agricultural and construction equipment. CNH Industrial Capital provides financial services for CNH Industrial North America dealers and end-use customers primarily located in the United States and Canada.

On September 29, 2013, Fiat Industrial S.p.A. and CNH Global N.V. (“CNH Global”), the former indirect parents of CNH Industrial Capital, completed a merger to combine their businesses, with CNHI as the surviving entity. As a result of the merger, CNH Industrial Capital LLC and its primary operating subsidiaries, including CNH Industrial Capital America, New Holland Credit and CNH Industrial Capital Canada, have become indirect wholly-owned subsidiaries of CNHI (with all of the equity interests in CNH Industrial Capital LLC owned by CNHI through intermediate companies, through which CNHI exercises indirect control over CNH Industrial Capital LLC). CNHI is incorporated in and under the laws of The Netherlands. CNHI has its corporate seat in Amsterdam, The Netherlands, and its principal office in London, England. The common shares of CNHI are listed on the New York Stock Exchange under the symbol “CNHI,” as well as on the Mercato Telematico Azionario managed by Borsa Italiana S.p.A.

In October 2014, CNH Industrial Capital closed on a series of agreements with Citibank, N.A. and certain affiliates of Citibank, N.A. (together, “Citi”), pursuant to which Citi acquired CNH Industrial Capital’s portfolio of commercial revolving accounts (“CRA”) receivables. Pursuant to these agreements, Citi offers a private-label CRA product through CNH Industrial dealers in North America.

To support CNH Industrial North America’s sales of agricultural and construction equipment products, the Company offers retail financing to end-use customers and wholesale financing to CNH Industrial North America equipment dealers, all of which are independently owned. Wholesale financing consists primarily of dealer floorplan financing and allows dealers the ability to maintain a representative inventory of products. In addition, the Company provides financing to dealers for equipment used in dealer-owned rental yards, parts inventory, working capital, and other financing needs. The Company provides and administers retail financing, primarily retail installment sales contracts, finance leases and operating leases to end-use customers for the purchase or lease of new and used CNH Industrial North America equipment and other agricultural and construction equipment sold primarily through CNH Industrial North America dealers and distributors. In addition, the Company purchases equipment from dealers that is leased to retail customers under operating lease agreements. Customers also use CRA products to purchase parts, service, rentals, implements, and attachments from CNH Industrial North America dealers. The Company also finances a variety of insurance and other products for end users and dealers in conjunction with the purchase of new and used equipment. As a captive finance company, the Company is reliant on the operations of CNH Industrial North America, its dealers and end-use customers.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The Company has prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements include the Company and its consolidated subsidiaries. The consolidated financial statements are expressed in U.S. dollars. The consolidated financial statements include the accounts of the Company’s subsidiaries in which the Company has a controlling financial interest and reflect the noncontrolling interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. A controlling financial interest may exist based on ownership of a majority of the voting interest of a subsidiary, or based on the Company’s determination that it is the primary beneficiary of a variable interest entity (“VIE”). The primary beneficiary of a VIE is the party that has the power to direct the activities that most significantly impact the economic performance of the entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity. The Company assesses whether it is the primary beneficiary on an ongoing basis, as prescribed by the accounting guidance on the consolidation of VIEs. The consolidated status of the VIEs with which the Company is involved may change as a result of such reassessments.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and reported amounts of revenues and expenses. Significant estimates in these consolidated financial statements include the allowance for credit losses and residual values of equipment on operating leases. Actual results could differ from those estimates.

Revenue Recognition

Finance and interest income on retail notes and finance leases and on wholesale notes is recorded using the effective yield method. Deferred costs on the origination of financing receivables are recognized as a reduction in finance revenue over the expected lives of the receivables using the effective yield method. Recognition of income on receivables is suspended when management determines that collection of future income is not probable or when an account becomes 120 days delinquent, whichever occurs earlier. Income accrual is resumed if the receivable becomes contractually current and collection doubts are removed. Previously suspended income is recognized at that time. The Company applies cash received on nonaccrual financing receivables to first reduce any unrecognized interest and then the recorded investment and any other fees. Receivables are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Delinquency is reported on receivables greater than 30 days past due. Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

A substantial portion of the Company’s interest income arises from retail sales programs offered by CNH Industrial North America on which finance charges are waived or below-market rate financing programs are offered. When the Company acquires retail installment sales contracts and finance leases subject to below-market interest rates, including waived interest rate financing, the Company receives compensation from CNH Industrial North America based on the Company’s estimated costs and a

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

targeted return on equity. This amount is initially recognized as an unearned finance charge and is recognized as interest income over the term of the retail notes and finance leases, and is included in “Interest and other income from affiliates” in the accompanying consolidated statements of income.

For selected wholesale receivables, CNH Industrial North America compensates the Company based on the Company’s estimated costs and a targeted return on equity. These amounts are included in “Interest and other income from affiliates” in the accompanying consolidated statements of income.

The Company is also compensated for lending funds to CNH Industrial North America. The amounts earned are included in “Interest and other income from affiliates” in the accompanying consolidated statements of income.

Income from operating leases is recognized over the term of the lease on a straight-line basis. For selected operating leases, CNH Industrial North America compensates the Company based on the Company’s estimated costs and a targeted return on equity. The amounts from CNH Industrial North America recognized as rental income on operating leases are included in “Interest and other income from affiliates.”

Foreign Currency Translation

The Company’s non-U.S. subsidiaries maintain their books and accounting records using local currency as the functional currency. Assets and liabilities of these non-U.S. subsidiaries are translated into U.S. dollars at period-end exchange rates, and net exchange gains or losses resulting from such translation are included in “Accumulated other comprehensive income” in the accompanying consolidated balance sheets. Income and expense accounts of these non-U.S. subsidiaries are translated at the average exchange rates for the period, and gains and losses from foreign currency transactions are included in net income in the period that they arise.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with an original maturity of three months or less. The carrying value of cash equivalents approximates fair value because of the short maturity of these investments.

Restricted Cash

Restricted cash includes principal and interest payments from retail notes and wholesale receivables owned by the consolidated VIEs that are payable to the VIEs’ investors, and cash pledged as a credit enhancement to the same investors. These amounts are held by depository banks in order to comply with contractual agreements.

Receivables

Receivables are recorded at amortized cost, net of allowances for credit losses and deferred fees and costs. Periodically, the Company sells or transfers retail notes and wholesale receivables to funding facilities or in securitization transactions. In accordance with the accounting guidance regarding transfers of financial assets and the consolidation of VIEs, the majority of the retail notes and wholesale receivables

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

sold in securitizations do not qualify as sales and are recorded as secured borrowings with no gains or losses recognized at the time of securitization. Receivables associated with these securitization transactions and receivables that the Company has the ability and intent to hold for the foreseeable future are classified as held for investment. The substantial majority of the Company's receivables, which include unrestricted receivables and restricted receivables for securitization investors, are classified as held for investment.

Allowance for Credit Losses

The allowance for credit losses is the Company's estimate of losses on receivables owned by the Company and consists of two components, depending on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which the Company has determined it is probable that it will not collect all the principal and interest payments as per the terms of the contract. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. These receivables are subject to impairment measurement at the loan level based either on the fair value of the collateral for collateral-dependent receivables or on the present value of expected future cash flows discounted at the receivables' effective interest rate.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for retail and wholesale credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The loss forecast models are updated on a quarterly basis. In addition, qualitative factors that are not fully captured in the loss forecast models, including industry trends, and macroeconomic factors, are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

Equipment on Operating Leases

The Company purchases leases and equipment from CNH Industrial North America dealers and other independent third parties that have leased equipment to retail customers under operating leases. The Company's investment in operating leases is based on the purchase price paid for the equipment. Income from these operating leases is recognized over the term of the lease. The equipment is depreciated on a straight-line basis over the term of the lease to the estimated residual value at lease termination. Residual values are estimated at the inception of the lease and are reviewed quarterly. Realization of the residual values is dependent on the Company's future ability to re-market the equipment under then prevailing market conditions. Equipment model changes and updates, as well as market strength and product acceptance, are monitored and adjustments are made to residual values in accordance with the significance of any such changes. Management believes that the estimated residual values are realizable. Expenditures for maintenance and repairs are the responsibility of the lessee.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company evaluates the carrying amount of equipment on operating leases for potential impairment when it determines a triggering event has occurred. When a triggering event occurs, a test for recoverability is performed comparing projected undiscounted future cash flows to the carrying amount of the asset. If the test for recoverability identifies a possible impairment, the asset's fair value is measured in accordance with the fair value measurement framework. An impairment charge would be recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Equipment returned to the Company upon termination of leases and held for subsequent sale or lease is recorded at the lower of net book value or estimated fair value of the equipment, less cost to sell, and is not depreciated.

Goodwill and Intangible Assets

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired. Goodwill is deemed to have an indefinite useful life and is reviewed for impairment at least annually. During 2015 and 2014, the Company performed its annual impairment review as of December 31, and concluded that there was no impairment in either year. Other intangible assets consist of software and are being amortized on a straight-line basis over five years.

Income Taxes

The provision for income taxes is determined using the asset and liability method. The Company recognizes a current tax liability or asset for the estimated taxes payable or refundable on tax returns for the current year and tax contingencies estimated to be settled with taxing authorities within one year. A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and tax loss carryforwards. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax law. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized based on available evidence.

Derivatives

The Company's policy is to enter into derivative transactions to manage exposures that arise in the normal course of business and not for trading or speculative purposes. The Company records derivative financial instruments in the consolidated balance sheets as either an asset or liability measured at fair value. The fair value of the Company's interest rate derivatives is based on discounting expected cash flows, using market interest rates, over the remaining term of the instrument. The fair value of the Company's foreign exchange derivatives is based on quoted market exchange rates, adjusted for the respective interest rate differentials (premiums or discounts). Changes in the fair value of derivative financial instruments are recognized in current income unless specific hedge accounting criteria are met. For derivative financial instruments designated to hedge exposure to changes in the fair value of a recognized asset or liability, the gain or loss is recognized in income in the period of change together with the offsetting loss or gain on the related hedged item. For derivative financial instruments designated to hedge exposure to variable cash flows of a forecasted transaction, the effective portion of the derivative financial instrument's gain or loss is initially reported in accumulated other comprehensive income and is subsequently reclassified into income when the forecasted transaction affects income. The ineffective portion of the gain or loss is reported in income immediately. For derivative financial instruments that are

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

not designated as hedges but held as economic hedges, the gain or loss is recognized immediately into income.

For derivative financial instruments designated as hedges, the Company formally documents the hedging relationship to the hedged item and its risk management strategy for all derivatives designated as hedges. This includes linking all derivatives that are designated as fair value hedges to specific assets and liabilities contained in the consolidated balance sheets and linking cash flow hedges to specific forecasted transactions or variability of cash flow. The Company assesses the effectiveness of the hedging instrument both at inception and on an ongoing basis. If a derivative is determined not to be highly effective as a hedge, or the underlying hedged transaction is no longer probable of occurring, or the derivative is terminated, the hedge accounting described above is discontinued and the derivative is marked to fair value and recorded in income through the remainder of its term.

New Accounting Pronouncements Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”). ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification 605—Revenue Recognition and most industry-specific guidance throughout the Codification. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. On August 12, 2015, the FASB approved deferring the effective date of ASU 2014-09 by one year to fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The FASB also permitted ASU 2014-09 to be adopted early, but not before the original effective date of annual periods beginning after December 15, 2016. The Company is currently assessing the method of adoption it will elect and the impact of the adoption of ASU 2014-09 on its financial position, results of operations and cash flows.

In August 2014, the FASB issued ASU No. 2014-15, Uncertainties About an Entity’s Ability to Continue as a Going Concern (“ASU 2014-15”). ASU 2014-15 provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date of issuance of the entity’s financial statements. An entity must also provide certain disclosures if there is “substantial doubt” about the entity’s ability to continue as a going concern. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted. The Company does not believe the adoption of this standard will have a material impact on its financial position or results of operations.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (“ASU 2015-02”). ASU 2015-02 is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability companies and securitized structures. The new standard eliminates the previous deferral in Accounting Standards Codification 810, which allowed reporting entities with interests in certain investment funds to follow previously issued consolidations guidance, and makes changes to both

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the variable interest model and the voting model. ASU 2015-02 is effective for annual periods beginning after December 15, 2015. The Company does not believe the adoption of this standard will have a material impact on its financial position or results of operations.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”). ASU 2015-03 is intended to simplify the presentation of debt issuance costs. The new standard requires the debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying value of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual and interim periods beginning after December 15, 2015. The Company does not believe the adoption of this standard will have a material impact on its financial position or results of operations.

In August 2015, the FASB issued ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (“ASU 2015-15”), which amends ASC 835-30, Interest—Imputation of Interest. ASU 2015-15 clarifies the presentation and subsequent measurement of debt issuance costs associated with lines of credit. These costs may be presented as an asset and amortized ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. ASU 2015-15 should be adopted concurrent with adoption of ASU 2015-03, which is effective for annual and interim periods beginning after December 15, 2015. The Company does not believe the adoption of this standard will have a material impact on its financial position or results of operations.

In November 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes (“ASU 2015-17”). ASU 2015-17 is intended to simplify the balance sheet classification of deferred taxes. The new standard requires an entity to classify deferred tax assets and liabilities as noncurrent on the balance sheet. ASU 2015-17 is effective for annual periods beginning after December 15, 2016, and interim periods thereafter. The guidance may be adopted prospectively or retrospectively and early adoption is permitted. The Company is currently assessing the impact of the adoption of ASU 2015-17 on its financial position or results of operations.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”). The purpose of this update is to enhance the reporting model for financial instruments to provide users with more decision-useful information. Accordingly, ASU 2016-01 updates and revises various requirements, including measurement of equity investments at fair value with changes recognized in net income (except equity method or consolidated investees), which supersedes the current guidance to classify equity securities with readily determinable fair values into different categories (e.g., trading or available for sale). It also requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (e.g. securities or loans and receivables) on the balance sheet and in the accompanying notes. The update is effective for annual reporting periods beginning after December 15, 2017 including interim periods within those fiscal years, and early adoption is not permitted. The Company is currently assessing the impact of the adoption of ASU 2016-01 on its financial position and results of operations.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 3: ACCUMULATED OTHER COMPREHENSIVE INCOME

AOCI is comprised of net income and other adjustments, including foreign currency translation adjustments, pension plan adjustments, changes in fair value of the retained interests in the off-book retail transactions and changes in the fair value of certain derivative financial instruments qualifying as cash flow hedges. The Company does not provide income taxes on currency translation adjustments (“CTA”), as the historical earnings from the Company’s foreign subsidiaries are considered to be permanently reinvested. If current year earnings are repatriated, the amount to be repatriated is determined in U.S. dollars and converted to the equivalent amount of foreign currency at the time of repatriation; therefore, the repatriation of current year earnings will not have an impact on the CTA component of the Company’s AOCI balance.

The following table summarizes the change in the components of the Company’s AOCI balance and related tax effects for the year ended December 31, 2015:

	<u>Currency Translation Adjustment</u>	<u>Pension Liability</u>	<u>Unrealized Gains on Retained Interests</u>	<u>Unrealized Losses on Derivatives</u>	<u>Total</u>
Beginning balance, gross	\$ (43,060)	\$(6,425)	\$—	\$(4,099)	\$ (53,584)
Tax asset (liability)	—	2,341	—	1,315	3,656
Beginning balance, net of tax	(43,060)	(4,084)	—	(2,784)	(49,928)
Other comprehensive income (loss) before reclassifications	(112,281)	(128)	—	(3,063)	(115,472)
Amounts reclassified from accumulated other comprehensive income (loss)	—	470	—	3,979	4,449
Tax effects	—	(116)	—	(471)	(587)
Net current-period other comprehensive income (loss)	(112,281)	226	—	445	(111,610)
BALANCE at December 31, 2015	<u><u>\$ (155,341)</u></u>	<u><u>\$(3,858)</u></u>	<u><u>\$—</u></u>	<u><u>\$(2,339)</u></u>	<u><u>\$(161,538)</u></u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 3: ACCUMULATED OTHER COMPREHENSIVE INCOME (Continued)

The following table summarizes the change in the components of the Company's AOCI balance and related tax effects for the year ended December 31, 2014:

	Currency Translation Adjustment	Pension Liability	Unrealized Gains on Retained Interests	Unrealized Losses on Derivatives	Total
Beginning balance, gross	\$ 14,762	\$(5,891)	\$ 388	\$(7,855)	\$ 1,404
Tax asset (liability)	—	2,149	(144)	2,663	4,668
Beginning balance, net of tax	14,762	(3,742)	244	(5,192)	6,072
Other comprehensive income (loss) before reclassifications	(57,822)	(1,030)	—	(747)	(59,599)
Amounts reclassified from accumulated other comprehensive income (loss)	—	496	(388)	4,502	4,610
Tax effects	—	192	144	(1,347)	(1,011)
Net current-period other comprehensive income (loss)	(57,822)	(342)	(244)	2,408	(56,000)
BALANCE at December 31, 2014	<u>\$(43,060)</u>	<u>\$(4,084)</u>	<u>\$ —</u>	<u>\$(2,784)</u>	<u>\$(49,928)</u>

The reclassifications out of AOCI and the location on the consolidated statements of income for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014	Affected Line Item
Amortization of defined benefit pension items:			
	<u>\$ (470)</u>	<u>\$ (496)</u>	Insignificant items
	(470)	(496)	Income before taxes
	159	178	Income tax benefit
	<u>\$ (311)</u>	<u>\$ (318)</u>	Net of tax
Unrealized gains on retained interests:			
	<u>\$ —</u>	<u>\$ 388</u>	Insignificant items
	—	388	Income before taxes
	—	(144)	Income tax provision
	<u>\$ —</u>	<u>\$ 244</u>	Net of tax
Unrealized losses on derivatives:			
	<u>\$(3,979)</u>	<u>\$(4,502)</u>	Interest expense to third parties
	(3,979)	(4,502)	Income before taxes
	1,283	1,545	Income tax benefit
	<u>\$(2,696)</u>	<u>\$(2,957)</u>	Net of tax

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES

A summary of receivables included in the consolidated balance sheets as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Retail note receivables	\$ 829,392	\$ 902,016
Wholesale receivables	761,128	984,832
Finance lease receivables	36,498	43,061
Restricted receivables	<u>10,104,731</u>	<u>10,954,660</u>
Gross receivables	11,731,749	12,884,569
Less:		
Allowance for credit losses	<u>(94,724)</u>	<u>(95,542)</u>
Total receivables, net	<u>\$11,637,025</u>	<u>\$12,789,027</u>

The Company provides and administers financing for retail purchases of new and used equipment sold through CNH Industrial North America’s dealer network. The terms of retail and other notes and finance leases generally range from two to six years, and interest rates vary depending on prevailing market interest rates and certain incentive programs offered by CNH Industrial North America.

Wholesale receivables arise primarily from the financing of the sale of goods to dealers and distributors by CNH Industrial North America, and to a lesser extent, the financing of dealer operations. Under the standard terms of the wholesale receivable agreements, these receivables typically have interest-free periods of up to twelve months and stated original maturities of up to twenty-four months, with repayment accelerated upon the sale of the underlying equipment by the dealer. During the interest-free period, the Company is compensated by CNH Industrial North America based on market interest rates. After the expiration of any interest-free period, interest is charged to dealers on outstanding balances until the Company receives payment in full. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. Interest rates are set based on market factors and the prime rate or LIBOR. The Company evaluates and assesses dealers on an ongoing basis as to their creditworthiness. CNH Industrial North America may be obligated to repurchase the dealer’s equipment upon cancellation or termination of the dealer’s contract for such causes as change in ownership, closeout of the business, or default. There were no significant losses in 2015, 2014 and 2013 relating to the termination of dealer contracts.

Maturities of retail and other notes, finance leases and wholesale receivables as of December 31, 2015, are as follows:

2016	\$ 6,132,081
2017	2,012,654
2018	1,620,435
2019	1,133,000
2020 and thereafter	<u>833,579</u>
Total receivables	<u>\$11,731,749</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

It has been the Company's experience that substantial portions of retail receivables are repaid or sold before their contractual maturity dates. As a result, the above table should not be regarded as a forecast of future cash collections. Retail, finance lease and wholesale receivables have significant concentrations of credit risk in the agricultural and construction business sectors. On a geographic basis, there is not a disproportionate concentration of credit risk in any area of the United States or Canada. The Company typically retains, as collateral, a security interest in the equipment associated with retail notes and wholesale receivables.

Restricted Receivables and Securitization

As part of its overall funding strategy, the Company periodically transfers certain receivables into VIEs that are special purpose entities ("SPEs") as part of its asset-backed securitization programs.

SPEs utilized in the securitization programs differ from other entities included in the Company's consolidated financial statements because the assets they hold are legally isolated from the Company's assets. For bankruptcy analysis purposes, the Company has sold the receivables to the SPEs in a true sale and the SPEs are separate legal entities. Upon transfer of the receivables to the SPEs, the receivables and certain cash flows derived from them become restricted for use in meeting obligations to the SPEs' creditors. The SPEs have ownership of cash balances that also have restrictions for the benefit of the SPEs' investors. The Company's interests in the SPEs' receivables are subordinate to the interests of third-party investors. None of the receivables that are directly or indirectly sold or transferred in any of these transactions are available to pay the Company's creditors until all obligations of the SPE have been fulfilled or the receivables are removed from the SPE.

The secured borrowings related to the restricted receivables are obligations that are payable as the receivables are collected. The following table summarizes the restricted receivables as of December 31, 2015 and 2014:

	Restricted Receivables	
	2015	2014
Retail note receivables	\$ 7,215,976	\$ 7,798,882
Wholesale receivables	2,888,755	3,153,814
Finance lease receivables	—	1,964
Total	<u>\$10,104,731</u>	<u>\$10,954,660</u>

Retail Receivables Securitizations

Within the U.S. retail receivables securitization programs, qualifying retail receivables are sold to limited purpose, bankruptcy-remote SPEs. In turn, these SPEs establish separate trusts to which the receivables are transferred in exchange for proceeds from asset-backed securities issued by the trusts. In Canada, the receivables are transferred directly to the trusts. These trusts were determined to be VIEs. In its role as servicer, CNH Industrial Capital has the power to direct the trusts' activities. Through its retained interests, the Company has an obligation to absorb certain losses, or the right to receive certain benefits, that could potentially be significant to the trusts. Consequently, the Company has consolidated these retail trusts.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

During the years ended December 31, 2015 and 2014, the Company executed \$3,183,138 and \$3,414,656, respectively, in retail asset-backed transactions in the U.S. and Canada. The securities in these transactions are backed by agricultural and construction equipment retail receivable contracts and finance leases originated through CNH Industrial North America's dealer network. As of December 31, 2015 and 2014, \$6,179,498 and \$6,736,423, respectively, of asset-backed securities issued to investors were outstanding with weighted average remaining maturities of 34 months and 37 months, respectively.

The Company also may retain all or a portion of the subordinated interests in the SPEs. No recourse provisions exist that allow holders of the asset-backed securities issued by the trusts to put those securities back to the Company although the Company provides customary representations and warranties that could give rise to an obligation to repurchase from the trusts any receivables for which there is a breach of the representations and warranties. Moreover, the Company does not guarantee any securities issued by the trusts. The trusts have a limited life and generally terminate upon final distribution of amounts owed to investors or upon exercise of a clean-up-call option by the Company, in its role as servicer.

The Company also has \$1,560,115 in committed asset-backed facilities through which it may sell on a monthly basis retail receivables generated in the United States and Canada. The Company has utilized these facilities in the past to fund the origination of receivables and has later repurchased and resold the receivables in the term asset-backed securitization ("ABS") markets or found alternative financing for the receivables. The Company believes that it is probable that it will continue to regularly utilize term ABS markets. The U.S. and Canadian facilities had an original funding term of two years and are renewable in September 2017 and December 2017, respectively. To the extent these facilities are not renewed, they will be repaid according to the amortization of the underlying receivables.

Wholesale Receivables Securitizations

With regard to the wholesale receivable securitization programs, the Company sells eligible receivables on a revolving basis to structured master trust facilities, which are limited-purpose, bankruptcy-remote SPEs. As of December 31, 2015, debt issued through the U.S. master trust facility consists of two short-term facilities renewable at the discretion of the investors: \$750,000 and \$500,000. In addition to the above facilities, the Company, through a U.S. wholesale trust, issued \$367,300 of asset-backed notes with a scheduled final bullet payment in August 2016 secured by a revolving pool of U.S. dealer wholesale receivables.

The Canadian master trust facility consists of a C\$585,750 (\$421,875) facility renewable December 2017 at the discretion of the investor.

These trusts were determined to be VIEs. In its role as servicer, CNH Industrial Capital has the power to direct the trusts' activities. Through its retained interests, the Company provides security to investors in the event that cash collections from the receivables are not sufficient to make principal and interest payments on the securities. Consequently, CNH Industrial Capital has consolidated these wholesale trusts.

Each of the facilities contains minimum payment rate thresholds that, if breached, could preclude the Company from selling additional receivables originated on a prospective basis and could force an early amortization of the debt.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

Allowance for Credit Losses

The allowance for credit losses is the Company's estimate of losses for receivables owned by the Company and consists of two components, depending on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which the Company has determined it is probable that it will not collect all the principal and interest payments as per the terms of the contract. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. These receivables are subject to impairment measurement at the loan level based either on the fair value of the collateral for collateral-dependent receivables or on the present value of expected future cash flows discounted at the receivables' effective interest rate.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for retail and wholesale credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The loss forecast models are updated on a quarterly basis. In addition, qualitative factors that are not fully captured in the loss forecast models, including industry trends, and macroeconomic factors are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

The Company's allowance for credit losses is segregated into three portfolio segments: retail, wholesale and other. A portfolio segment is the level at which the Company develops a systematic methodology for determining its allowance for credit losses. The retail segment includes retail notes and finance lease receivables. The wholesale segment includes wholesale financing to CNH Industrial North America dealers, and the other portfolio includes the Company's CRA receivables through October 2014.

Further, the Company evaluates its portfolio segments by class of receivable: United States and Canada. Typically, the Company's receivables within a geographic area have similar risk profiles and methods for assessing and monitoring risk. These classes align with management reporting.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

Allowance for credit losses activity for the year ended December 31, 2015 is as follows:

	<u>Retail</u>	<u>Wholesale</u>	<u>Other</u>	<u>Total</u>
Allowance for credit losses:				
Beginning balance	\$ 88,697	\$ 6,845	\$—	\$ 95,542
Charge-offs	(22,250)	(356)	—	(22,606)
Recoveries	2,555	27	—	2,582
Provision (benefit)	21,812	83	—	21,895
Foreign currency translation and other	(2,409)	(280)	—	(2,689)
Ending balance	<u>\$ 88,405</u>	<u>\$ 6,319</u>	<u>\$—</u>	<u>\$ 94,724</u>
Ending balance: individually evaluated for impairment . .	<u>\$ 18,220</u>	<u>\$ 3,185</u>	<u>\$—</u>	<u>\$ 21,405</u>
Ending balance: collectively evaluated for impairment . .	<u>\$ 70,185</u>	<u>\$ 3,134</u>	<u>\$—</u>	<u>\$ 73,319</u>
Receivables:				
Ending balance	<u>\$8,081,866</u>	<u>\$3,649,883</u>	<u>\$—</u>	<u>\$11,731,749</u>
Ending balance: individually evaluated for impairment . .	<u>\$ 94,584</u>	<u>\$ 82,015</u>	<u>\$—</u>	<u>\$ 176,599</u>
Ending balance: collectively evaluated for impairment . .	<u>\$7,987,282</u>	<u>\$3,567,868</u>	<u>\$—</u>	<u>\$11,555,150</u>

Allowance for credit losses activity for the year ended December 31, 2014 is as follows:

	<u>Retail</u>	<u>Wholesale</u>	<u>Other</u>	<u>Total</u>
Allowance for credit losses:				
Beginning balance	\$ 87,701	\$ 7,363	\$ 6,889	\$ 101,953
Charge-offs	(12,426)	(804)	(4,281)	(17,511)
Recoveries	2,941	514	2,000	5,455
Provision (benefit)	12,040	(133)	2,217	14,124
Foreign currency translation and other	(1,559)	(95)	(6,825)	(8,479)
Ending balance	<u>\$ 88,697</u>	<u>\$ 6,845</u>	<u>\$ —</u>	<u>\$ 95,542</u>
Ending balance: individually evaluated for impairment	<u>\$ 12,736</u>	<u>\$ 3,329</u>	<u>\$ —</u>	<u>\$ 16,065</u>
Ending balance: collectively evaluated for impairment	<u>\$ 75,961</u>	<u>\$ 3,516</u>	<u>\$ —</u>	<u>\$ 79,477</u>
Receivables:				
Ending balance	<u>\$8,745,923</u>	<u>\$4,138,646</u>	<u>\$ —</u>	<u>\$12,884,569</u>
Ending balance: individually evaluated for impairment	<u>\$ 56,791</u>	<u>\$ 72,297</u>	<u>\$ —</u>	<u>\$ 129,088</u>
Ending balance: collectively evaluated for impairment	<u>\$8,689,132</u>	<u>\$4,066,349</u>	<u>\$ —</u>	<u>\$12,755,481</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

Allowance for credit losses activity for the year ended December 31, 2013 is as follows:

	<u>Retail</u>	<u>Wholesale</u>	<u>Other</u>	<u>Total</u>
Allowance for credit losses:				
Beginning balance	\$ 102,560	\$ 11,887	\$ 7,873	\$ 122,320
Charge-offs	(14,321)	(238)	(5,780)	(20,339)
Recoveries	3,488	674	3,066	7,228
Provision (benefit)	(2,778)	(4,901)	1,775	(5,904)
Foreign currency translation and other	(1,248)	(59)	(45)	(1,352)
Ending balance	<u>\$ 87,701</u>	<u>\$ 7,363</u>	<u>\$ 6,889</u>	<u>\$ 101,953</u>
Ending balance: individually evaluated for impairment	<u>\$ 12,946</u>	<u>\$ 3,865</u>	<u>\$ —</u>	<u>\$ 16,811</u>
Ending balance: collectively evaluated for impairment	<u>\$ 74,755</u>	<u>\$ 3,498</u>	<u>\$ 6,889</u>	<u>\$ 85,142</u>
Receivables:				
Ending balance	<u>\$8,480,893</u>	<u>\$3,573,524</u>	<u>\$230,817</u>	<u>\$12,285,234</u>
Ending balance: individually evaluated for impairment	<u>\$ 44,139</u>	<u>\$ 30,555</u>	<u>\$ —</u>	<u>\$ 74,694</u>
Ending balance: collectively evaluated for impairment	<u>\$8,436,754</u>	<u>\$3,542,969</u>	<u>\$230,817</u>	<u>\$12,210,540</u>

Utilizing an internal credit scoring model, which considers customers' attributes, prior credit history and each retail transaction's attributes, the Company assigns a credit quality rating to each retail customer, by specific transaction, as part of the retail underwriting process. This rating is used in setting the terms on the transaction, including the interest rate. A description of the general characteristics of the customers' risk grades is as follows:

Titanium—Customers from whom the Company expects no collection or loss activity.

Platinum—Customers from whom the Company expects minimal, if any, collection or loss activity.

Gold, Silver, Bronze—Customers defined as those with the potential for collection or loss activity.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

A breakdown of the retail portfolio by the customer's risk grade at the time of origination as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Titanium	\$4,526,459	\$4,866,060
Platinum	2,196,628	2,386,558
Gold	1,139,255	1,254,335
Silver	184,281	207,682
Bronze	35,243	31,288
Total	<u>\$8,081,866</u>	<u>\$8,745,923</u>

As part of the ongoing monitoring of the credit quality of the wholesale portfolio, the Company utilizes an internal credit scoring model that assigns a risk grade for each dealer. The scoring model considers the strength of the dealer's financial condition and payment history. The Company considers the dealers' ratings in the quarterly credit allowance analysis. A description of the general characteristics of the dealer risk grades is as follows:

Grades A and B—Includes receivables due from dealers that have significant capital strength, moderate leverage, stable earnings and growth, and excellent payment performance.

Grade C—Includes receivables due from dealers with moderate credit risk. Dealers of this grade are differentiated from higher grades on a basis of leverage or payment performance.

Grade D—Includes receivables due from dealers with additional credit risk. These dealers require additional monitoring due to their weaker financial condition or payment performance.

A breakdown of the wholesale portfolio by its credit quality indicators as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
A	\$1,482,570	\$2,117,160
B	1,650,643	1,572,953
C	343,409	315,825
D	173,261	132,708
Total	<u>\$3,649,883</u>	<u>\$4,138,646</u>

The following tables present information at the level at which management assesses and monitors its credit risk. Receivables are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Delinquency is reported on receivables greater than 30 days past due.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

The aging of receivables as of December 31, 2015 and 2014 is as follows:

	2015						
	31 - 60 Days Past Due	61 - 90 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Receivables	Recorded Investment > 90 Days and Accruing
Retail							
United States	\$32,484	\$10,438	\$25,815	\$68,737	\$6,846,967	\$6,915,704	\$8,251
Canada	\$ 1,438	\$ 279	\$ 793	\$ 2,510	\$1,163,652	\$1,166,162	\$ 339
Wholesale							
United States	\$ 283	\$ 2	\$ 372	\$ 657	\$3,033,004	\$3,033,661	\$ 298
Canada	\$ 2	\$ —	\$ 21	\$ 23	\$ 616,199	\$ 616,222	\$ —
Total							
Retail	\$33,922	\$10,717	\$26,608	\$71,247	\$8,010,619	\$8,081,866	\$8,590
Wholesale	\$ 285	\$ 2	\$ 393	\$ 680	\$3,649,203	\$3,649,883	\$ 298
2014							
	31 - 60 Days Past Due	61 - 90 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Receivables	Recorded Investment > 90 Days and Accruing
Retail							
United States	\$27,846	\$8,584	\$15,884	\$52,314	\$7,296,162	\$7,348,476	\$5,480
Canada	\$ 2,721	\$ 268	\$ 397	\$ 3,386	\$1,394,061	\$1,397,447	\$ 171
Wholesale							
United States	\$ 882	\$ 52	\$ 110	\$ 1,044	\$3,359,183	\$3,360,227	\$ 86
Canada	\$ 181	\$ —	\$ 3	\$ 184	\$ 778,235	\$ 778,419	\$ 2
Total							
Retail	\$30,567	\$8,852	\$16,281	\$55,700	\$8,690,223	\$8,745,923	\$5,651
Wholesale	\$ 1,063	\$ 52	\$ 113	\$ 1,228	\$4,137,418	\$4,138,646	\$ 88

Impaired receivables are receivables for which the Company has determined it will not collect all the principal and interest payments as per the terms of the contract. As of December 31, 2015 and 2014, the

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

Company's recorded investment in impaired receivables individually evaluated for impairment and the related unpaid principal balances and allowances are as follows:

	2015			2014		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded						
Retail						
United States	\$39,862	\$39,514	\$ —	\$23,420	\$23,164	\$ —
Canada	\$ 408	\$ 407	\$ —	\$ 960	\$ 954	\$ —
Wholesale						
United States	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Canada	\$ —	\$ —	\$ —	\$11,790	\$11,790	\$ —
With an allowance recorded						
Retail						
United States	\$53,499	\$52,224	\$17,951	\$31,945	\$31,029	\$12,607
Canada	\$ 815	\$ 813	\$ 269	\$ 466	\$ 459	\$ 129
Wholesale						
United States	\$57,017	\$56,741	\$ 2,530	\$45,868	\$45,623	\$ 2,220
Canada	\$24,998	\$24,932	\$ 655	\$14,639	\$14,639	\$ 1,109
Total						
Retail	\$94,584	\$92,958	\$18,220	\$56,791	\$55,606	\$12,736
Wholesale	\$82,015	\$81,673	\$ 3,185	\$72,297	\$72,052	\$ 3,329

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

For the years ended December 31, 2015 and 2014, the Company's average recorded investment in impaired receivables individually evaluated for impairment (based on a thirteen-month average) and the related interest income recognized are as follows:

	2015		2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded				
Retail				
United States	\$36,731	\$2,343	\$20,867	\$1,112
Canada	\$ 505	\$ 19	\$ 975	\$ 53
Wholesale				
United States	\$ —	\$ —	\$ —	\$ —
Canada	\$ —	\$ —	\$21,159	\$ 679
With an allowance recorded				
Retail				
United States	\$51,289	\$2,116	\$33,308	\$1,175
Canada	\$ 872	\$ 81	\$ 510	\$ 18
Wholesale				
United States	\$63,953	\$2,030	\$45,283	\$ 920
Canada	\$28,241	\$ 954	\$17,434	\$ 581
Total				
Retail	\$89,397	\$4,559	\$55,660	\$2,358
Wholesale	\$92,194	\$2,984	\$83,876	\$2,180

Recognition of income is generally suspended when management determines that collection of future finance income is not probable or when an account becomes 120 days delinquent, whichever occurs first. Interest accrual is resumed if the receivable becomes contractually current and collection becomes probable. Previously suspended income is recognized at that time. The receivables on nonaccrual status as of December 31, 2015 and 2014 are as follows:

	2015			2014		
	Retail	Wholesale	Total	Retail	Wholesale	Total
United States	\$52,787	\$56,741	\$109,528	\$22,512	\$45,623	\$68,135
Canada	\$ 1,247	\$24,933	\$ 26,180	\$ 280	\$15,368	\$15,648

Troubled Debt Restructurings

A restructuring of a receivable constitutes a troubled debt restructuring ("TDR") when the lender grants a concession it would not otherwise consider to a borrower experiencing financial difficulties. As a collateral-based lender, the Company typically will repossess collateral in lieu of restructuring receivables. As such, for retail receivables, concessions are typically provided based on bankruptcy court proceedings. For wholesale receivables, concessions granted may include extended contract maturities, inclusion of interest-only periods, modification of a contractual interest rate to a below market interest rate and waiving of interest and principal.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 4: RECEIVABLES (Continued)

TDRs are reviewed along with other receivables as part of management's ongoing evaluation of the adequacy of the allowance for credit losses. The allowance for credit losses attributable to TDRs is based on the most probable source of repayment, which is normally the liquidation of collateral. In determining collateral value, the Company estimates the current fair market value of the equipment collateral and considers credit enhancements such as additional collateral and third-party guarantees.

Before removing a receivable from TDR classification, a review of the borrower is conducted. If concerns exist about the future ability of the borrower to meet its obligations based on a credit review, the TDR classification is not removed from the receivable.

As of December 31, 2015, the Company had approximately 601 retail and finance lease contracts classified as TDRs, of which the pre-modification value was \$21,975 and the post-modification value was \$20,710. A court has determined the concession in 283 of these cases. The pre-modification value of these contracts was \$4,924 and the post-modification value was \$4,028. As of December 31, 2014, the Company had approximately 660 retail and finance lease contracts classified as TDRs, of which the pre-modification value was \$17,496 and the post-modification value was \$15,948. A court has determined the concession in 411 of these cases. The pre-modification value of these contracts was \$7,138 and the post-modification value was \$5,985. As the outcome of the bankruptcy cases is determined by a court based on available assets, subsequent re-defaults are unusual and were not material for retail and finance lease contracts that were modified in a TDR during the previous 12 months ended December 31, 2015 and 2014.

As of December 31, 2015 and 2014, the Company's wholesale TDRs were immaterial.

NOTE 5: EQUIPMENT ON OPERATING LEASES

A summary of equipment on operating leases as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Equipment on operating leases	\$2,053,941	\$1,657,977
Accumulated depreciation	<u>(257,440)</u>	<u>(199,652)</u>
Equipment on operating leases, net	<u>\$1,796,501</u>	<u>\$1,458,325</u>

Depreciation expense totaled \$193,802, \$141,688 and \$114,053 for the years ended December 31, 2015, 2014 and 2013, respectively.

Lease payments owed to the Company for equipment under non-cancelable operating leases (excluding deferred operating lease subsidy of \$109,476) as of December 31, 2015 are as follows:

2016	\$168,897
2017	110,757
2018	44,963
2019	12,609
2020 and thereafter	<u>3,039</u>
Total lease payments	<u>\$340,265</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 6: GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the years ended December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$112,851	\$115,486
Foreign currency translation adjustment	(4,916)	(2,635)
Balance, end of year	<u>\$107,935</u>	<u>\$112,851</u>

Goodwill is tested for impairment at least annually. During 2015 and 2014, the Company performed its annual impairment review as of December 31 and concluded that there were no impairments in either year. The Company has no accumulated impairment losses at December 31, 2015.

As of December 31, 2015 and 2014, the Company's intangible asset and related accumulated amortization for its software is as follows:

	<u>2015</u>	<u>2014</u>
Software	\$ 23,321	\$ 32,205
Accumulated amortization	(14,845)	(23,850)
Software, net	<u>\$ 8,476</u>	<u>\$ 8,355</u>

The Company recorded amortization expense of \$1,581, \$1,125 and \$1,002 during 2015, 2014 and 2013, respectively.

Based on the current amount of software subject to amortization, the estimated annual amortization expense for each of the succeeding five years is as follows: \$1,835 in 2016; \$1,674 in 2017; \$1,490 in 2018; \$1,044 in 2019; and \$403 in 2020.

NOTE 7: OTHER ASSETS

The components of other assets as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Tax receivables	\$20,560	\$ 66,872
Deferred debt issuance costs	37,154	39,470
Deferred tax assets	17,019	21,146
Derivative assets	5,142	7,543
Other current assets	4,490	10,733
Total other assets	<u>\$84,365</u>	<u>\$145,764</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 8: CREDIT FACILITIES AND DEBT

The following table summarizes the Company's debt and credit facilities, borrowings thereunder and availability at December 31, 2015:

2015						
	<u>Maturity(1)</u>	<u>Total Facility/Debt</u>	<u>Short-Term Outstanding</u>	<u>Current Maturities of Long-Term Outstanding</u>	<u>Long-Term Outstanding</u>	<u>Available</u>
Committed Asset-Backed Facilities						
Retail—U.S.	Sep 2017	\$ 1,200,000	\$ —	\$ 199,587	\$ 670,448	\$329,965
Retail—Canada	Dec 2017	360,115	—	56,360	186,622	117,133
Wholesale VFN—U.S.	Various	1,250,000	1,250,000	—	—	—
Wholesale VFN—Canada . . .	Dec 2017	421,875	408,068	—	—	13,807
Subtotal		<u>3,231,990</u>	<u>1,658,068</u>	<u>255,947</u>	<u>857,070</u>	<u>460,905</u>
Secured Debt						
Amortizing retail term ABS—						
N.A.	Various	6,179,498	—	2,235,892	3,943,606	—
Wholesale term—U.S.	Aug 2016	367,300	—	367,300	—	—
Other ABS financing—U.S. . .	Various	124,441	—	14,011	110,430	—
Subtotal		<u>6,671,239</u>	<u>—</u>	<u>2,617,203</u>	<u>4,054,036</u>	<u>—</u>
Unsecured Facilities						
Revolving credit facilities	Various	250,000	—	—	—	250,000
Unsecured Debt						
Notes(2)	Various	3,294,093	—	500,000	2,794,093	—
Term loan	2018	100,000	—	—	100,000	—
Subtotal		<u>3,394,093</u>	<u>—</u>	<u>500,000</u>	<u>2,894,093</u>	<u>—</u>
Total credit facilities and debt . .		<u>\$13,547,322</u>	<u>\$1,658,068</u>	<u>\$3,373,150</u>	<u>\$7,805,199</u>	<u>\$710,905</u>

(1) Maturity dates reflect maturities of the credit facility, which may be different than the maturities of the advances under the facility.

(2) Includes adjustments related to fair value hedge of \$(1,188) and a discounts of \$7,095.

A summary of the minimum annual repayments of long-term debt as of December 31, 2015, for 2017 and thereafter is as follows:

2017	\$2,312,854
2018	3,021,603
2019	1,634,859
2020	781,366
2021 and thereafter	<u>54,517</u>
Total	<u>\$7,805,199</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 8: CREDIT FACILITIES AND DEBT (Continued)

The following table summarizes the Company's credit facilities, borrowings thereunder and availability at December 31, 2014:

2014						
	Maturity(1)	Total Facility/Debt	Short-Term Outstanding	Current Maturities of Long-Term Outstanding	Long-Term Outstanding	Available
Committed Asset-Backed Facilities						
Retail—U.S.	Sep 2016	\$ 1,200,000	\$ —	\$ 186,382	\$ 604,765	\$408,853
Retail—Canada	Dec 2016	431,665	—	91,497	331,396	8,772
Wholesale VFN—U.S.	May 2015	800,000	800,000	—	—	—
Wholesale VFN—Canada . . .	Dec 2016	505,695	505,695	—	—	—
Leases—U.S.	(2)	70,800	—	54,642	16,158	—
Subtotal		<u>3,008,160</u>	<u>1,305,695</u>	<u>332,521</u>	<u>952,319</u>	<u>417,625</u>
Secured Debt						
Amortizing retail term ABS—						
N.A.	Various	6,734,455	—	2,214,854	4,519,601	—
Wholesale term—U.S.	Aug 2016	367,300	—	—	367,300	—
Other ABS financing—N.A. . .	Various	34,883	—	29,138	5,745	—
Subtotal		<u>7,136,638</u>	<u>—</u>	<u>2,243,992</u>	<u>4,892,646</u>	<u>—</u>
Unsecured Facilities						
Revolving credit facilities	Various	350,000	—	—	100,000	250,000
Unsecured Debt						
Notes(3)	Various	2,848,074	—	750,000	2,098,074	—
Term loan	2016	150,000	—	—	150,000	—
Subtotal		<u>2,998,074</u>	<u>—</u>	<u>750,000</u>	<u>2,248,074</u>	<u>—</u>
Total credit facilities and debt . .		<u>\$13,492,872</u>	<u>\$1,305,695</u>	<u>\$3,326,513</u>	<u>\$8,193,039</u>	<u>\$667,625</u>

- (1) Maturity dates reflect maturities of the credit facility, which may be different than the maturities of the advances under the facility.
- (2) Advances under the credit facility ended December 2013; however, the maturities of the debt are due as the underlying operating leases are collected, which extends beyond 2013.
- (3) Includes adjustment related to fair value hedge of \$(680) and a discount of \$2,606.

Committed Asset-Backed Facilities

The Company has access to committed asset-backed facilities through which it may sell its receivables. The Company utilizes retail facilities to fund the origination of retail receivables and has exercised the option to periodically repurchase receivables and resell them in the term ABS markets (shown as "Amortizing retail term ABS—N.A.") or found alternative financing for the receivables. Under these facilities, the maximum amount of proceeds that can be accessed at one time is \$1,560,115. In addition, if the receivables sold are not repurchased by the Company, the related debt is paid only as the underlying receivables are collected. Such receivables have maturities not exceeding seven years. The Company

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 8: CREDIT FACILITIES AND DEBT (Continued)

believes it is probable that a majority of these receivables will be repurchased and resold in the ABS markets. Borrowings against these facilities accrue interest based on prevailing money market or asset-backed commercial paper rates.

The Company finances a portion of its wholesale receivable portfolio with the issue of Variable Funding Notes (“VFNs”) which are privately subscribed by certain bank and asset-backed commercial paper conduits. These notes accrue interest based on prevailing money market or asset-backed commercial paper rates.

Secured Debt

Secured borrowings bear interest at either floating rates of LIBOR plus an applicable margin or fixed rates.

Unsecured Facilities and Debt

In November 2011, the Company issued \$500,000 of debt securities at an annual fixed rate of 6.25% due 2016. In April 2013, the Company issued \$600,000 of debt securities at an annual fixed rate of 3.625% due 2018. In October 2013, the Company issued \$500,000 of debt securities at an annual fixed rate of 3.25% due 2017. In June 2014, the Company issued \$500,000 of debt securities at an annual fixed rate of 3.375% due 2019. In June 2015, the Company issued \$600,000 of debt securities at an annual fixed rate of 3.875% due 2018. In November 2015, the Company issued \$600,000 of debt securities at an annual fixed rate of 4.375% due 2020. These notes, which are senior unsecured obligations of CNH Industrial Capital LLC, are guaranteed by CNH Industrial Capital America and New Holland Credit.

As of December 31, 2015, the Company had available a \$250,000 unsecured credit facility, with a consortium of banks, with a final maturity in June 2017.

As of December 31, 2015, the Company had a \$100,000 unsecured term loan with a maturity date in March 2018.

In July 2015, the Company terminated a \$250,000, unsecured facility, consisting of a \$150,000 term loan and a \$100,000 revolving credit facility.

In November 2015, the Company repaid \$750,000 of its 3.875% notes due 2015.

Covenants

The indentures and credit agreements governing the Company’s unsecured funding transactions contain covenants that restrict the Company’s ability and/or that of its subsidiaries to, among other things, incur additional debt, make certain investments, enter into certain types of transactions with affiliates, use assets as security in other transactions, enter into sale or leaseback transactions and/or sell certain assets or merge with or into other companies. In addition, the Company is required to maintain certain coverage levels for leverage and EBITDA, the latter of which is eliminated upon achievement of certain rating levels.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 8: CREDIT FACILITIES AND DEBT (Continued)

Interest Rates

The weighted-average interest rate on total short-term debt outstanding at December 31, 2015 and 2014 was 1.0% and 1.2%, respectively. The weighted-average interest rate on total long-term debt (including current maturities of long-term debt) at December 31, 2015 and 2014 was 2.1% and 1.9%, respectively. The average rate is calculated using the actual rates at December 31, 2015 and 2014, weighted by the amount of outstanding borrowings of each debt instrument.

Support Agreement

Effective as of September 29, 2013, in connection with the merger of CNH Global with and into CNHI, CNHI assumed all of CNH Global's obligations under the support agreement, pursuant to which CNHI has agreed to, among other things, (a) make cash capital contributions to the Company, to the extent necessary to cause the ratio of net earnings available for fixed charges to fixed charges to be not less than 1.05 for each fiscal quarter (with such ratio determined, on a consolidated basis and in accordance with U.S. GAAP, for such fiscal quarter and the immediately preceding three fiscal quarters taken as a whole), (b) generally maintain an ownership of at least 51% of the voting equity interests in the Company and (c) cause the Company to have, as of the end of any fiscal quarter, a consolidated tangible net worth of at least \$50 million. The support agreement is not intended to be and is not a guarantee by CNHI of any indebtedness or other obligation of the Company. The obligations of CNHI to the Company pursuant to this support agreement are to the Company only and do not run to, and are not enforceable directly by, any creditor of the Company. The support agreement may be modified, amended or terminated, at CNHI's election, upon thirty days' prior written notice to the Company and the rating agencies, if (a) the modification, amendment or termination would not result in a downgrade of the Company's rated indebtedness; (b) the modification, amendment or notice of termination provides that the support agreement will continue in effect with respect to the Company's rated indebtedness then outstanding; or (c) the Company has no long-term rated indebtedness outstanding.

NOTE 9: INCOME TAXES

The income and expenses of the Company and certain of its domestic subsidiaries are included in the consolidated income tax return of Case New Holland Inc., a wholly-owned subsidiary of CNHI, and parent of CNH Industrial America. The Company's Canadian subsidiaries file separate income tax returns, as do certain domestic subsidiaries. The Company and certain of its domestic subsidiaries are LLCs and, as a result, incur no income tax liability on a stand-alone basis for tax purposes. However, for financial reporting, all tax accounts have been disclosed and the income tax expense is reflective for all of the companies included in the consolidated financial statements.

The sources of income before taxes for the years ended December 31, 2015, 2014, and 2013 are as follows, with foreign defined as any income earned outside the United States:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Domestic	\$248,156	\$291,290	\$300,032
Foreign	78,684	95,078	101,130
Income before taxes	<u>\$326,840</u>	<u>\$386,368</u>	<u>\$401,162</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 9: INCOME TAXES (Continued)

The provision for income taxes for the years ended December 31, 2015, 2014 and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current income tax expense (benefit):			
Domestic	\$ 11,246	\$ (4,159)	\$ 77,406
Foreign	<u>19,877</u>	<u>45,632</u>	<u>22,519</u>
Total current income tax expense	<u>31,123</u>	<u>41,473</u>	<u>99,925</u>
Deferred income tax expense (benefit):			
Domestic	76,969	108,836	29,497
Foreign	<u>1,149</u>	<u>(23,191)</u>	<u>5,400</u>
Total deferred income tax expense	<u>78,118</u>	<u>85,645</u>	<u>34,897</u>
Total tax provision	<u>\$109,241</u>	<u>\$127,118</u>	<u>\$134,822</u>

A reconciliation of CNH's statutory and effective income tax rate for the years ended December 31, 2015, 2014, and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax provision at statutory rate	35.0%	35.0%	35.0%
State taxes	4.0	3.2	4.5
Foreign taxes	(4.8)	(5.0)	(5.0)
Tax contingencies	—	(0.1)	0.1
Tax credits and incentives	(0.5)	(0.1)	(0.2)
Other	<u>(0.3)</u>	<u>(0.1)</u>	<u>(0.8)</u>
Total tax provision effective rate	<u>33.4%</u>	<u>32.9%</u>	<u>33.6%</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 9: INCOME TAXES (Continued)

The components of the Company's net deferred tax liability as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Deferred tax assets:		
Pension, postretirement and post-employment benefits . . .	\$ 2,964	\$ 2,864
Marketing and sales incentive programs	69,198	81,326
Allowance for credit losses	33,434	33,512
Other accrued liabilities	10,613	9,868
Tax loss and tax credit carry forwards	<u>5,906</u>	<u>11,644</u>
Total deferred tax assets	\$ 122,115	\$ 139,214
Deferred tax liability:		
Equipment on operating lease	<u>\$ 376,828</u>	<u>\$ 311,717</u>
Deferred tax liability, net(1)	<u>\$(254,713)</u>	<u>\$(172,503)</u>

(1) In the accompanying consolidated balance sheets, the US net deferred tax position in 2015 and 2014 is included in "Accounts payable and other accrued liabilities" while the Canadian net deferred tax position in 2015 and 2014 is included in "Other assets".

Deferred taxes are provided to reflect timing differences between the financial and tax basis of assets and liabilities and tax carryforwards using currently enacted tax rates and laws. Management believes it is more likely than not the benefit of the deferred tax assets will be realized.

A reconciliation of the gross amounts of tax contingencies at the beginning and end of the year is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 8	\$ 5,423	\$5,830
Additions based on tax positions related to the current year	—	—	—
Reductions for tax positions of prior years	—	(492)	(367)
Settlements	<u>(8)</u>	<u>(4,923)</u>	<u>(40)</u>
Balance, end of year	<u>\$—</u>	<u>\$ 8</u>	<u>\$5,423</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the annual effective income tax rate is \$0.

The Company recognizes interest and penalties accrued related to tax contingencies in income tax expense. During the years ended December 31, 2015, 2014, and 2013, the Company recognized approximately \$0, \$(3,187), and \$307, respectively, in interest and penalties. The Company had approximately \$0, \$(424), and \$2,880 for the expected future payment of interest and penalties accrued at December 31, 2015, 2014, and 2013, respectively.

During 2014, the Company effectively settled the outstanding audits for tax years 2003 through 2006. The contingency reserve set up for these years amounted to \$5,959 and the amount of cash outlays were

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 9: INCOME TAXES (Continued)

\$4,887, which resulted in a net benefit of \$1,072. During 2015, the Company closed the last remaining item related to tax year 2010 for a state portion that was amended.

At December 31, 2015, undistributed earnings in certain subsidiaries outside the U.S. totaled \$475,000 for which no deferred taxes have been recorded as the remittance of earnings from certain jurisdictions would incur no tax or such earnings are permanently reinvested. Determination of the amount of unrecognized deferred tax liability on these undistributed earnings is not practicable.

The President of the United States signed the American Taxpayer Relief Act of 2012 on January 2, 2013. Consequently, the lapse of the active financing income exception resulted in a tax detriment of approximately \$2,671 in 2012 and a corresponding tax benefit of approximately \$2,671 in 2013.

On December 18, 2015, the President of the United States signed The Protecting Americans from Tax Hikes (PATH) Act, which made permanent several lapsed business incentives, including the subpart F exception for active financing income. For financial reporting purposes, the tax impact of this legislation is taken into account in the quarter in which the legislation is enacted by Congress and signed into law by the President. Since the President signed the bill on December 18, 2015, the financial reporting for these legislative changes occurred in the fourth quarter of 2015.

NOTE 10: FINANCIAL INSTRUMENTS

The Company may elect to measure many financial instruments and certain other items at fair value. This fair value option must be applied on an instrument-by-instrument basis with changes in fair value reported in earnings. The election can be made at the acquisition of an eligible financial asset, financial liability, or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once made. The Company did not elect the fair value measurement option for eligible items.

Fair-Value Hierarchy

U.S. GAAP specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's internally-developed market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 10: FINANCIAL INSTRUMENTS (Continued)

Determination of Fair Value

When available, the Company uses quoted market prices to determine fair value and classifies such items in Level 1. In some cases where a market price is not available, the Company will make use of observable market-based inputs to calculate fair value, in which case the items are classified in Level 2.

If quoted or observable market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters such as interest rates, currency rates, or yield curves. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

The following section describes the valuation methodologies used by the Company to measure various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes details of the valuation models and the key inputs to those models, as well as any significant assumptions.

Derivatives

The Company utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency exposures. 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. The Company does not hold or issue derivative or other financial instruments for speculative purposes. The credit risk for the interest rate hedges is reduced through diversification among counterparties, utilizing mandatory termination clauses and/or collateral support agreements. Derivative instruments are generally classified in Level 2 or 3 of the fair value hierarchy. The cash flows underlying all derivative contracts were recorded in operating activities in the consolidated statements of cash flows.

Interest Rate Derivatives

The Company has entered into interest rate derivatives in order to manage interest rate exposures arising in the normal course of business. Interest rate derivatives that have been designated in cash flow hedging relationships are being used by the Company to mitigate the risk of rising interest rates related to debt and anticipated issuance of fixed-rate debt in future periods. Gains and losses on these instruments, to the extent that the hedge relationship has been effective, are deferred in accumulated other comprehensive income (loss) and recognized in interest expense over the period in which the Company recognizes interest expense on the related debt. Ineffectiveness recognized related to these hedging relationships was not significant for the years ended December 31, 2015, 2014 and 2013. These amounts are recorded in "Other expenses" in the consolidated statements of income. The maximum length of time over which the Company is hedging its interest rate exposure through the use of derivative instruments designated in cash flow hedge relationships is 54 months. The after-tax losses deferred in accumulated other comprehensive income that will be recognized in interest expense over the next 12 months are approximately \$478.

The Company also enters into interest rate derivatives with substantially similar economic terms that are not designated as hedging instruments to mitigate interest rate risk related to the Company's

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 10: FINANCIAL INSTRUMENTS (Continued)

committed asset-backed facilities. These facilities require the Company to enter into interest rate derivatives. To ensure that these transactions do not result in the Company being exposed to this risk, the Company enters into an offsetting position. Unrealized and realized gains and losses resulting from fair value changes in these instruments are recognized directly in income and were insignificant for the years ended December 31, 2015, 2014 and 2013.

Most of the Company's interest rate derivatives are considered Level 2. The fair market value of these derivatives is calculated using market data input for forecasted benchmark interest rates and can be compared to actively traded derivatives. If the future notional amount of the Company's interest rate derivatives is not known in advance, the derivatives are considered Level 3 derivatives. The fair market value of these derivatives is calculated using market data input and a forecasted future notional balance. The total notional amount of the Company's interest rate derivatives was approximately \$2,840,821 and \$3,457,267 at December 31, 2015 and 2014, respectively. The thirteen-month average notional amounts as of December 31, 2015 and 2014 were \$2,876,380 and \$3,074,793, respectively.

Foreign Exchange Contracts

The Company uses forward contracts to hedge certain assets and liabilities denominated in foreign currencies. Such derivatives are considered economic hedges and are not designated as hedging instruments. The changes in the fair value of these instruments are recognized directly as income in "Other expenses" and are expected to offset the foreign exchange gains or losses on the exposures being managed.

All of the Company's foreign exchange derivatives are considered Level 2 as the fair value is calculated using market data input and can be compared to actively traded derivatives.

Financial Statement Impact of the Company's Derivatives

The fair values of the Company's derivatives as of December 31, 2015 and 2014 in the consolidated balance sheets are recorded as follows:

	2015	2014
Derivatives Designated as Hedging Instruments:		
Other assets:		
Interest rate derivatives	\$1,188	\$ 680
Accounts payable and other accrued liabilities:		
Interest rate derivatives	\$1,027	\$ 212
Derivatives Not Designated as Hedging Instruments:		
Other assets:		
Interest rate derivatives	\$3,863	\$6,727
Foreign exchange contracts	91	136
Total	\$3,954	\$6,863
Accounts payable and other accrued liabilities:		
Interest rate derivatives	\$3,863	\$6,727

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 10: FINANCIAL INSTRUMENTS (Continued)

Pre-tax gains (losses) on the consolidated statements of income related to the Company's derivatives for the years ended December 31, 2015, 2014 and 2013 are recorded in the following accounts:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash Flow Hedges			
Recognized in accumulated other comprehensive income (loss) (effective portion)			
Interest rate derivatives	\$(3,063)	\$ (747)	\$ (774)
Reclassified from accumulated other comprehensive Income (loss) (effective portion)			
Interest rate derivatives—Interest expense to third parties	(3,979)	(4,502)	(6,138)
Not Designated as Hedges			
Foreign exchange contracts—Other expenses	(329)	(285)	(138)

Items Measured at Fair Value on a Recurring Basis

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2015 and 2014, all of which are classified as Level 2:

	<u>2015</u>	<u>2014</u>
Assets		
Interest rate derivatives	\$5,051	\$7,407
Foreign exchange contracts	91	136
Total assets	<u>\$5,142</u>	<u>\$7,543</u>
Liabilities		
Interest rate derivatives	<u>\$4,890</u>	<u>\$6,939</u>
Total liabilities	<u>\$4,890</u>	<u>\$6,939</u>

There were no transfers between Level 1, Level 2 and Level 3 hierarchy levels during the periods presented.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 10: FINANCIAL INSTRUMENTS (Continued)

The following table presents the changes in the Level 3 fair-value category for the years ended December 31, 2014 and 2013:

	<u>Retained Interests</u>
Balance at January 1, 2013	\$ 9,271
Total gains or losses (realized/unrealized):	
Included in earnings	856
Included in other comprehensive income (loss)	(284)
Settlements	<u>(6,990)</u>
Balance at December 31, 2013	\$ 2,853
Total gains or losses (realized/unrealized):	
Included in earnings	220
Included in other comprehensive income (loss)	—
Settlements	<u>(3,073)</u>
Balance at December 31, 2014	<u>\$ —</u>

Items Measured at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain other financial assets at fair value on a nonrecurring basis in accordance with U.S. GAAP. These adjustments to fair value usually result from application of lower of cost or market accounting or impairment charges of individual assets.

Equipment held for sale measured at fair value on a nonrecurring basis that was held on the consolidated balance sheet at December 31, 2015 and 2014 was \$92,753 and \$74,418, respectively. The fair market value of these assets was based on an internal valuation methodology, which used industry guide book values adjusted for recent remarketing history and was classified as Level 3 under the fair value hierarchy. For the years ended December 31, 2015 and 2014, the Company recorded impairment losses on equipment held for sale of \$28,893 and \$12,300, respectively. In addition, the Company recorded (gains) losses on the sale of the equipment held of (\$4,783) and \$8,180 for the years ended December 31, 2015 and 2014, respectively. Both the impairment losses and the (gains) losses on the sale of equipment held were included in “Other expenses” in the accompanying consolidated statements of income.

Fair Value of Other Financial Instruments

The carrying amount of cash and cash equivalents, restricted cash, floating-rate affiliated accounts and notes receivable, floating-rate short-term debt, interest payable and short-term affiliated debt was assumed to approximate its fair value. Under the fair value hierarchy, cash and cash equivalents and restricted cash are classified as Level 1 and the remainder of the financial instruments listed is classified as Level 2.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 10: FINANCIAL INSTRUMENTS (Continued)

Financial Instruments Not Carried at Fair Value

The carrying amount and estimated fair value of assets and liabilities considered financial instruments as of December 31, 2015 and 2014 are as follows:

	2015		2014	
	Carrying Amount	Estimated Fair Value *	Carrying Amount	Estimated Fair Value *
Receivables	\$11,637,025	\$11,653,032	\$12,789,027	\$12,854,705
Long-term debt	\$ 7,805,199	\$ 7,731,004	\$ 8,193,039	\$ 8,195,209

* Under the fair value hierarchy, receivables measurements are classified as Level 3 and long-term debt measurements are classified as Level 2.

Financial Assets

The fair value of receivables was determined by discounting the estimated future payments using a discount rate which includes an estimate for credit risk.

Financial Liabilities

The fair values of long-term debt were based on current market quotes for identical or similar borrowings and credit risk.

NOTE 11: SEGMENT AND GEOGRAPHICAL INFORMATION

The Company's segment data is based on disclosure requirements of accounting guidance on segment reporting, which requires financial information be reported on the basis that is used internally for measuring segment performance. The Company's reportable segments are strategic business units that are organized around differences in geographic areas. Each segment is managed separately as they require different knowledge of regulatory environments and marketing strategies. The operating segments offer primarily the same services within each of the respective segments.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 11: SEGMENT AND GEOGRAPHICAL INFORMATION (Continued)

A summary of the Company's reportable segment information is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues			
United States	\$762,790	\$741,869	\$666,776
Canada	170,342	197,769	196,479
Eliminations	<u>(4,052)</u>	<u>(4,887)</u>	<u>(5,134)</u>
Total	<u>\$929,080</u>	<u>\$934,751</u>	<u>\$858,121</u>
Interest expense			
United States	\$249,209	\$236,835	\$209,435
Canada	45,116	54,480	53,021
Eliminations	<u>(4,052)</u>	<u>(4,887)</u>	<u>(5,134)</u>
Total	<u>\$290,273</u>	<u>\$286,428</u>	<u>\$257,322</u>
Segment net income			
United States	\$159,942	\$186,611	\$197,707
Canada	<u>57,657</u>	<u>72,639</u>	<u>68,633</u>
Total	<u>\$217,599</u>	<u>\$259,250</u>	<u>\$266,340</u>
Depreciation and amortization			
United States	\$160,069	\$108,074	\$ 81,979
Canada	<u>35,349</u>	<u>34,778</u>	<u>33,113</u>
Total	<u>\$195,418</u>	<u>\$142,852</u>	<u>\$115,092</u>
Expenditures for equipment on operating leases			
United States	\$789,035	\$861,815	\$501,599
Canada	<u>148,882</u>	<u>135,043</u>	<u>118,962</u>
Total	<u>\$937,917</u>	<u>\$996,858</u>	<u>\$620,561</u>
Provision (benefit) for credit losses			
United States	\$ 20,440	\$ 10,706	\$ (9,323)
Canada	<u>1,455</u>	<u>3,418</u>	<u>3,419</u>
Total	<u>\$ 21,895</u>	<u>\$ 14,124</u>	<u>\$ (5,904)</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 11: SEGMENT AND GEOGRAPHICAL INFORMATION (Continued)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Segment assets			
United States	\$13,107,915	\$13,430,826	\$12,536,638
Canada	2,243,028	2,693,008	2,664,096
Eliminations	<u>(285,774)</u>	<u>(214,269)</u>	<u>(214,030)</u>
Total	<u>\$15,065,169</u>	<u>\$15,909,565</u>	<u>\$14,986,704</u>
Managed receivables			
United States	\$ 9,949,367	\$10,708,704	\$10,147,225
Canada	<u>1,782,382</u>	<u>2,175,865</u>	<u>2,151,226</u>
Total	<u>\$11,731,749</u>	<u>\$12,884,569</u>	<u>\$12,298,451</u>

NOTE 12: RELATED-PARTY TRANSACTIONS

The Company receives compensation from CNH Industrial North America for retail, wholesale and operating lease sales programs offered by CNH Industrial North America on which finance charges are waived or below-market rate financing programs are offered. The Company receives compensation from CNH Industrial North America based on the Company's estimated costs and a targeted return on equity. The Company is also compensated for lending funds to CNH Industrial North America.

The summary of sources included in "Interest and other income from affiliates" in the accompanying consolidated statements of income at December 31, 2015, 2014, and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Subsidy from CNH Industrial North America:			
Retail	\$193,008	\$228,023	\$219,171
Wholesale	151,960	161,308	158,313
Operating lease	63,955	48,035	35,889
Subsidy from other affiliates:			
Wholesale	—	—	1,584
Lending funds:			
CNH Industrial North America	56	—	—
Other affiliates	<u>—</u>	<u>69</u>	<u>—</u>
Total interest and other income from affiliates	<u>\$408,979</u>	<u>\$437,435</u>	<u>\$414,957</u>

Fees charged by affiliates represent payroll and other human resource services CNH Industrial America performs on behalf of the Company.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 12: RELATED-PARTY TRANSACTIONS (Continued)

As of December 31, 2015 and 2014, the Company had various accounts and notes receivable and debt with the following affiliates:

	2015			2014		
	Rate	Maturity	Amount	Rate	Maturity	Amount
Affiliated receivables from:						
CNH Industrial America	0%	—	\$149,050	0%	—	\$ 39,677
CNH Industrial Canada Ltd.	0%	—	10,258	0%	—	6,763
Other affiliates	0%	—	12,350	0%	—	12,291
Total affiliated receivables			<u>\$171,658</u>			<u>\$ 58,731</u>
Affiliated debt owed to:						
CNH Industrial America			\$ —	3.92%	2015	\$713,230
CNH Industrial Canada Ltd.	3.33%	2016	22,642	5.05%	2015	149,215
Total affiliated debt			<u>\$ 22,642</u>			<u>\$862,445</u>

Included in “Other Assets” in the accompanying balance sheets were tax receivables due from related parties of \$20,122 and \$62,515, respectively, as of December 31, 2015 and 2014. Accounts payable and other accrued liabilities of \$2,646 and \$5,282, respectively, as of December 31, 2015 and 2014, were payable to related parties. Interest expense to affiliates was \$21,182, \$30,477 and \$24,105, respectively, for the years ended December 31, 2015, 2014 and 2013.

In order to utilize the used equipment marketing channels that exist in CNH Industrial Capital, inventory of \$10,902 and \$19,541 was transferred from CNH Industrial America at cost during the years ended December 31, 2015 and 2014, respectively, of which \$15,017 remains in “Equipment held for sale” in the accompanying consolidated balance sheets as of December 31, 2015.

On March 31, 2015, CNH Industrial Capital Canada redeemed all of its outstanding shares of preferred stock for C\$76,618 (\$60,416). These shares earned dividends of 12-month LIBOR plus 1.2% per annum. Dividends were accrued and recorded in “Net income attributed to noncontrolling interest” in the consolidated statements of income. A dividend of C\$668 (\$551) was paid by CNH Industrial Capital Canada to CNH Industrial Canada Ltd. in March 2015, which represented all accrued and unpaid dividends on the preferred stock through the redemption date.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is party to various litigation matters and claims arising from its operations. Management believes that the outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on the Company’s financial position or results of operations.

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

Guarantees

The Company provides payment guarantees on the financial debt of various foreign financial services subsidiaries of CNHI for approximately \$250,401. The guarantees are in effect for the term of the underlying funding facilities plus 365 days. The underlying facilities are renewable annually.

Commitments

The Company has various agreements to extend credit for the wholesale and dealer financing managed portfolio. At December 31, 2015, the total credit limit available was \$6,373,248, of which \$3,520,504 was utilized.

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

CNH Industrial Capital America and New Holland Credit, which are 100%-owned subsidiaries of CNH Industrial Capital LLC (the "Guarantor Entities"), guarantee certain indebtedness of CNH Industrial Capital LLC. As the guarantees are full, unconditional, and joint and several and because the Guarantor Entities are 100%-owned by CNH Industrial Capital LLC, the Company has included the following condensed consolidating financial information as of December 31, 2015 and 2014 and for the

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

three years ended December 31, 2015. The condensed consolidating financial information reflects investments in consolidated subsidiaries under the equity method of accounting.

	Condensed Statements of Comprehensive Income for the Year Ended December 31, 2015				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
REVENUES					
Interest income on retail notes and finance leases	\$ —	\$ 7,242	\$201,139	\$ —	\$208,381
Interest income on wholesale notes	—	(1,221)	73,547	—	72,326
Interest and other income from affiliates	85,976	222,387	340,456	(239,840)	408,979
Rental income on operating leases	—	168,943	45,244	—	214,187
Other income	—	105,784	2,777	(83,354)	25,207
Total revenues	85,976	503,135	663,163	(323,194)	929,080
EXPENSES					
Interest expense:					
Interest expense to third parties	143,485	(2,468)	128,074	—	269,091
Interest expense to affiliates	—	226,079	34,943	(239,840)	21,182
Total interest expense	143,485	223,611	163,017	(239,840)	290,273
Administrative and operating expenses:					
Fees charged by affiliates	—	44,711	85,414	(83,354)	46,771
Provision (benefit) for credit losses, net	—	4,148	17,747	—	21,895
Depreciation of equipment on operating leases	—	155,194	38,608	—	193,802
Other expenses	1	40,114	9,384	—	49,499
Total operating expenses	1	244,167	151,153	(83,354)	311,967
Total expenses	143,486	467,778	314,170	(323,194)	602,240
Income (loss) before income taxes and equity in income of consolidated subsidiaries accounted for under the equity method	(57,510)	35,357	348,993	—	326,840
Income tax provision (benefit)	(22,180)	10,522	120,899	—	109,241
Equity in income of consolidated subsidiaries accounted for under the equity method	252,670	227,835	—	(480,505)	—
NET INCOME	217,340	252,670	228,094	(480,505)	217,599
Net income attributed to noncontrolling interest	—	—	(259)	—	(259)
NET INCOME ATTRIBUTABLE TO CNH INDUSTRIAL CAPITAL LLC					
	\$217,340	\$252,670	\$227,835	\$(480,505)	\$217,340
COMPREHENSIVE INCOME (LOSS)					
	\$105,730	\$141,060	\$132,062	\$(272,863)	\$105,989
Comprehensive income attributed to noncontrolling interest					
	—	—	(259)	—	(259)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CNH INDUSTRIAL CAPITAL LLC					
	\$105,730	\$141,060	\$131,803	\$(272,863)	\$105,730

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

	Condensed Balance Sheets as of December 31, 2015				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 181,740	\$ 120,408	\$ —	\$ 302,148
Restricted cash	—	100	795,621	—	795,721
Receivables, less allowance for credit losses	—	1,545,558	10,091,467	—	11,637,025
Affiliated accounts and notes receivable	3,071,941	1,662,314	1,707,079	(6,269,676)	171,658
Equipment on operating leases, net	—	1,540,425	256,076	—	1,796,501
Equipment held for sale	—	138,628	22,712	—	161,340
Investments in consolidated subsidiaries accounted for under the equity method	2,040,543	2,235,730	—	(4,276,273)	—
Goodwill and intangible assets, net.	—	90,048	26,363	—	116,411
Other assets	25,999	23,780	39,223	(4,637)	84,365
TOTAL	<u>\$5,138,483</u>	<u>\$7,418,323</u>	<u>\$13,058,949</u>	<u>\$(10,550,586)</u>	<u>\$15,065,169</u>
LIABILITIES AND STOCKHOLDER'S EQUITY					
Liabilities:					
Short-term debt, including current maturities of long-term debt	\$ 500,000	\$ 14,011	\$ 4,517,207	\$ —	\$ 5,031,218
Accounts payable and other accrued liabilities	292,958	2,489,211	613,026	(2,640,517)	754,678
Affiliated debt	—	2,764,128	892,310	(3,633,796)	22,642
Long-term debt	2,894,093	110,430	4,800,676	—	7,805,199
Total liabilities	3,687,051	5,377,780	10,823,219	(6,274,313)	13,613,737
Stockholder's equity	1,451,432	2,040,543	2,235,730	(4,276,273)	1,451,432
TOTAL	<u>\$5,138,483</u>	<u>\$7,418,323</u>	<u>\$13,058,949</u>	<u>\$(10,550,586)</u>	<u>\$15,065,169</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

	Condensed Statements of Cash Flows for the Year Ended December 31, 2015				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash from (used in) operating activities	\$(126,019)	\$ 722,712	\$ (367,316)	\$ 292,721	\$ 522,098
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cost of receivables acquired	—	(11,582,973)	(10,723,276)	8,295,661	(14,010,588)
Collections of receivables	—	11,878,402	11,205,283	(8,295,272)	14,788,413
Change in restricted cash	—	—	41,489	—	41,489
Purchase of equipment on operating leases, net	—	(605,011)	(15,779)	—	(620,790)
Expenditures for property and equipment	—	(1,702)	—	—	(1,702)
Net cash from (used in) investing activities	—	(311,284)	507,717	389	196,822
CASH FLOWS FROM FINANCING ACTIVITIES:					
Intercompany activity	—	(556,700)	14,505	(293,110)	(835,305)
Net change in indebtedness	296,019	101,669	(96,175)	—	301,513
Dividends paid to CNH Industrial America LLC	(170,000)	—	—	—	(170,000)
Preferred dividends paid to CNH Industrial Canada Ltd.	—	—	(551)	—	(551)
Redemption of preferred stock of subsidiary	—	—	(60,416)	—	(60,416)
Net cash from (used in) financing activities	126,019	(455,031)	(142,637)	(293,110)	(764,759)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	—	(43,603)	(2,236)	—	(45,839)
CASH AND CASH EQUIVALENTS:					
Beginning of year	—	225,343	122,644	—	347,987
End of year	\$ —	\$ 181,740	\$ 120,408	\$ —	\$ 302,148

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

	Condensed Statements of Comprehensive Income for the Year Ended December 31, 2014				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
REVENUES					
Interest income on retail notes and finance leases	\$ —	\$ 9,696	\$194,756	\$ —	\$204,452
Interest income wholesale notes	—	(1,292)	75,742	—	74,450
Interest and other income from affiliates	96,352	220,950	382,145	(262,012)	437,435
Rental income on operating leases	—	108,568	57,346	—	165,914
Other income	—	142,031	7,681	(97,212)	52,500
Total revenues	<u>96,352</u>	<u>479,953</u>	<u>717,670</u>	<u>(359,224)</u>	<u>934,751</u>
EXPENSES					
Interest expense:					
Interest expense to third parties	124,629	(7,328)	138,650	—	255,951
Interest expense to affiliates	—	245,133	47,356	(262,012)	30,477
Total interest expense	<u>124,629</u>	<u>237,805</u>	<u>186,006</u>	<u>(262,012)</u>	<u>286,428</u>
Administrative and operating expenses:					
Fees charged by affiliates	—	40,103	106,648	(97,212)	49,539
Provision (benefit) for credit losses, net	—	(1,300)	15,424	—	14,124
Depreciation of equipment on operating leases	—	93,549	48,139	—	141,688
Other expenses	1	55,836	767	—	56,604
Total administrative and operating expenses	<u>1</u>	<u>188,188</u>	<u>170,978</u>	<u>(97,212)</u>	<u>261,955</u>
Total expenses	<u>124,630</u>	<u>425,993</u>	<u>356,984</u>	<u>(359,224)</u>	<u>548,383</u>
Income (loss) before income taxes and equity in income of consolidated subsidiaries accounted for under the equity method	(28,278)	53,960	360,686	—	386,368
Income tax provision (benefit)	(10,873)	19,097	118,894	—	127,118
Equity in income of consolidated subsidiaries accounted for under the equity method	275,428	240,565	—	(515,993)	—
NET INCOME	<u>258,023</u>	<u>275,428</u>	<u>241,792</u>	<u>(515,993)</u>	<u>259,250</u>
Net income attributed to noncontrolling interest	—	—	(1,227)	—	(1,227)
NET INCOME ATTRIBUTABLE TO CNH INDUSTRIAL CAPITAL LLC	<u>\$258,023</u>	<u>\$275,428</u>	<u>\$240,565</u>	<u>\$(515,993)</u>	<u>\$258,023</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$202,023</u>	<u>\$219,428</u>	<u>\$194,587</u>	<u>\$(412,788)</u>	<u>\$203,250</u>
Comprehensive income attributed to noncontrolling interest	—	—	(1,227)	—	(1,227)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CNH INDUSTRIAL CAPITAL LLC	<u>\$202,023</u>	<u>\$219,428</u>	<u>\$193,360</u>	<u>\$(412,788)</u>	<u>\$202,023</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

	Condensed Balance Sheets as of December 31, 2014				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 225,343	\$ 122,644	\$ —	\$ 347,987
Restricted cash	—	100	858,725	—	858,825
Receivables, less allowance for credit losses	—	1,845,524	10,943,503	—	12,789,027
Affiliated accounts and notes receivable	2,749,776	1,712,656	1,365,447	(5,769,148)	58,731
Equipment on operating leases, net	—	1,128,542	329,783	—	1,458,325
Equipment held for sale	—	121,190	8,510	—	129,700
Investments in consolidated subsidiaries accounted for under the equity method	1,923,861	2,228,741	—	(4,152,602)	—
Goodwill and intangible assets	—	89,927	31,279	—	121,206
Other assets	20,778	77,597	51,637	(4,248)	145,764
TOTAL	<u>\$4,694,415</u>	<u>\$7,429,620</u>	<u>\$13,711,528</u>	<u>\$(9,925,998)</u>	<u>\$15,909,565</u>
LIABILITIES AND STOCKHOLDER'S EQUITY					
Liabilities:					
Short-term debt, including current maturities of long-term debt	\$ 750,000	\$ 19,128	\$ 3,863,080	\$ —	\$ 4,632,208
Accounts payable and other accrued liabilities	56,261	2,162,159	860,231	(2,432,710)	645,941
Affiliated debt	—	3,320,828	882,303	(3,340,686)	862,445
Long-term debt	2,348,074	3,644	5,841,321	—	8,193,039
Total liabilities	3,154,335	5,505,759	11,446,935	(5,773,396)	14,333,633
Stockholder's equity	1,540,080	1,923,861	2,264,593	(4,152,602)	1,575,932
TOTAL	<u>\$4,694,415</u>	<u>\$7,429,620</u>	<u>\$13,711,528</u>	<u>\$(9,925,998)</u>	<u>\$15,909,565</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

	Condensed Statements of Cash Flows for the Year Ended December 31, 2014				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM					
OPERATING ACTIVITIES:					
Net cash from (used in) operating activities	\$(483,934)	\$ 178,599	\$ 556,278	\$ 291,073	\$ 542,016
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cost of receivables acquired	—	(15,819,248)	(15,532,463)	12,300,701	(19,051,010)
Collections of receivables	—	15,480,203	15,062,472	(12,301,398)	18,241,277
Change in restricted cash	—	—	(86,450)	—	(86,450)
Purchase of equipment on operating leases, net	—	(665,734)	(61,902)	—	(727,636)
Expenditures for property and equipment	—	(2,676)	(9)	—	(2,685)
Net cash from (used in) investing activities	—	(1,007,455)	(618,352)	(697)	(1,626,504)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Intercompany activity	—	832,831	(17,759)	(290,376)	524,696
Net change in indebtedness	598,934	(87,139)	(162,821)	—	348,974
Dividends paid to CNH Industrial America LLC	(115,000)	—	—	—	(115,000)
Dividends paid to CNH Industrial Canada Ltd.	—	—	(23,803)	—	(23,803)
Net cash from (used in) financing activities	483,934	745,692	(204,383)	(290,376)	734,867
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	—	(83,164)	(266,457)	—	(349,621)
CASH AND CASH EQUIVALENTS:					
Beginning of year	—	308,507	389,101	—	697,608
End of year	\$ —	\$ 225,343	\$ 122,644	\$ —	\$ 347,987

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

	Condensed Statements of Comprehensive Income for the Year Ended December 31, 2013				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
REVENUES					
Interest income on retail notes and finance leases	\$ —	\$ 572	\$180,770	\$ —	\$181,342
Interest income on wholesale notes	—	(1,001)	64,761	—	63,760
Interest and other income from affiliates	69,589	214,317	361,773	(230,722)	414,957
Rental income on operating leases	—	80,765	58,172	—	138,937
Other income	—	135,543	10,088	(86,506)	59,125
Total revenues	<u>69,589</u>	<u>430,196</u>	<u>675,564</u>	<u>(317,228)</u>	<u>858,121</u>
EXPENSES					
Interest expense:					
Interest expense to third parties	93,941	17	139,259	—	233,217
Interest expense to affiliates	—	212,552	42,275	(230,722)	24,105
Total interest expense	<u>93,941</u>	<u>212,569</u>	<u>181,534</u>	<u>(230,722)</u>	<u>257,322</u>
Administrative and operating expenses:					
Fees charged by affiliates	—	45,403	97,508	(86,506)	56,405
Provision (benefit) for credit losses, net	—	(13,380)	7,476	—	(5,904)
Depreciation of equipment on operating leases	—	64,822	49,231	—	114,053
Other expenses	1	36,575	(1,493)	—	35,083
Total administrative and operating expenses	<u>1</u>	<u>133,420</u>	<u>152,722</u>	<u>(86,506)</u>	<u>199,637</u>
Total expenses	<u>93,942</u>	<u>345,989</u>	<u>334,256</u>	<u>(317,228)</u>	<u>456,959</u>
Income (loss) before income taxes and equity in income of consolidated subsidiaries accounted for under the equity method	(24,353)	84,207	341,308	—	401,162
Income tax provision (benefit)	(9,393)	30,212	114,003	—	134,822
Equity in income of consolidated subsidiaries accounted for under the equity method	279,840	225,845	—	(505,685)	—
NET INCOME	<u>264,880</u>	<u>279,840</u>	<u>227,305</u>	<u>(505,685)</u>	<u>266,340</u>
Net income attributed to noncontrolling interest	—	—	(1,460)	—	(1,460)
NET INCOME ATTRIBUTABLE TO CNH INDUSTRIAL CAPITAL LLC	<u>\$264,880</u>	<u>\$279,840</u>	<u>\$225,845</u>	<u>\$(505,685)</u>	<u>\$264,880</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$224,304</u>	<u>\$239,262</u>	<u>\$192,320</u>	<u>\$(430,122)</u>	<u>\$225,764</u>
Comprehensive income attributed to noncontrolling interest	—	—	(1,460)	—	(1,460)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CNH INDUSTRIAL CAPITAL LLC	<u>\$224,304</u>	<u>\$239,262</u>	<u>\$190,860</u>	<u>\$(430,122)</u>	<u>\$224,304</u>

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 14: SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION
(Continued)

	Condensed Statements of Cash Flows for the Year Ended December 31, 2013				
	CNH Industrial Capital LLC	Guarantor Entities	All Other Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM					
OPERATING ACTIVITIES:					
Net cash from (used in) operating activities	\$ (899,140)	\$ 480,974	\$ (68,842)	\$ 904,998	\$ 417,990
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cost of receivables acquired	—	(16,948,609)	(16,438,038)	12,754,787	(20,631,860)
Collections of receivables	—	16,591,756	15,206,469	(12,754,187)	19,044,038
Change in restricted cash	—	—	(65,756)	—	(65,756)
Purchase of equipment on operating leases, net	—	(270,607)	(78,600)	—	(349,207)
Other investing activities	—	(3,279)	(41)	—	(3,320)
Net cash from (used in) investing activities	—	(630,739)	(1,375,966)	600	(2,006,105)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Intercompany activity	—	341,327	56,475	(905,598)	(507,796)
Net change in indebtedness	1,099,140	(140,056)	1,248,522	—	2,207,606
Dividends paid to CNH Industrial America LLC	(200,000)	—	—	—	(200,000)
Net cash from (used in) financing activities	899,140	201,271	1,304,997	(905,598)	1,499,810
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	—	51,506	(139,811)	—	(88,305)
CASH AND CASH EQUIVALENTS:					
Beginning of year	—	257,001	528,912	—	785,913
End of year	\$ —	\$ 308,507	\$ 389,101	\$ —	\$ 697,608

CNH INDUSTRIAL CAPITAL LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands)

NOTE 15: SUPPLEMENTAL QUARTERLY INFORMATION (UNAUDITED)

	For the Year Ended December 31, 2015				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Revenues	\$225,586	\$234,541	\$236,995	\$231,958	\$929,080
Interest expense	74,694	71,512	73,109	70,958	290,273
Administrative and operating expenses	68,906	74,438	82,119	86,504	311,967
Income tax provision	28,275	30,673	26,913	23,380	109,241
Net income attributable to noncontrolling interest	(259)	—	—	—	(259)
Net income attributable to CNH Industrial Capital LLC	<u>\$ 53,452</u>	<u>\$ 57,918</u>	<u>\$ 54,854</u>	<u>\$ 51,116</u>	<u>\$217,340</u>
	For the Year Ended December 31, 2014				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Revenues	\$220,988	\$233,764	\$233,960	\$246,039	\$934,751
Interest expense	63,128	70,669	74,115	78,516	286,428
Administrative and operating expenses	55,986	61,835	71,393	72,741	261,955
Income tax provision	34,807	32,598	29,762	29,951	127,118
Net income attributable to noncontrolling interest	(328)	(334)	(273)	(292)	(1,227)
Net income attributable to CNH Industrial Capital LLC	<u>\$ 66,739</u>	<u>\$ 68,328</u>	<u>\$ 58,417</u>	<u>\$ 64,539</u>	<u>\$258,023</u>

NOTE 16: SUBSEQUENT EVENTS

On February 17, 2016, the Company, through a bankruptcy-remote trust, issued \$850,000 of amortizing asset-backed notes secured by U.S. retail loan contracts.

CERTIFICATIONS

I, Brett D. Davis, certify that:

1. I have reviewed this annual report on Form 10-K of CNH Industrial Capital LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2016

By: /s/ BRETT D. DAVIS

Name: Brett D. Davis

Title: *President*

CERTIFICATIONS

I, Douglas MacLeod, certify that:

1. I have reviewed this annual report on Form 10-K of CNH Industrial Capital LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2016

By: /s/ DOUGLAS MACLEOD

Name: Douglas MacLeod

Title: *Chief Financial Officer*

