Daimler Canada Finance Inc.

Interim Report as of and for the six months ended June 30, 2018

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Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

Farmington Hills, MI (USA), August 28, 2018

Ruben Simmons	Gianni P. Gatto
President & CEO	*Chief Accounting Officer*

Interim Management Report

General

Daimler Canada Finance Inc. ("DCFI" or the "Company") is a wholly-owned subsidiary of Daimler AG ("DAG").

DCFI accesses Canadian and foreign capital markets to raise funds, which it lends to DAG subsidiaries in Canada through a consolidated funding and cash management system. As such, it has relationships with other subsidiaries of DAG. DAG has issued full and unconditional guarantees for DCFI's obligations incurred under its outstanding notes and bonds and commercial paper programs.

The nature of the Daimler operations in Canada includes the distribution of passenger cars purchased from DAG under the brand names Mercedes-Benz and smart, and the sale of trucks and other commercial vehicles under the brand names Freightliner and Thomas Built Buses. Daimler also has financial services operations that principally provide automotive financing to its dealers and their customers, including retail and lease financing for cars and trucks, dealer inventory and other financing needs.

This document contains forward-looking statements that reflect our current views about future events. Words such as "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" and similar expressions are being used to identify forward looking statements. These statements are subject to many risks and uncertainties, including:

- an adverse development of global economic conditions, in particular a decline of demand and investment activity in Canada;
- a deterioration of our funding possibilities on the credit and financial markets, which could result in an increase in borrowing costs or limit our funding flexibility;
- changes in currency exchange rates and interest rates;
- changes in laws, regulations and government policies that may affect the Company or any of its sister companies; and
- the business outlook of the Company's sister companies in Canada, which may affect the funding requirements of such sister companies in the automotive and financial services businesses.

The following discussion should be read in conjunction with the Company's financial statements for the six months ended June 30, 2018 and June 30, 2017, which were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

Earnings

Interest income

Interest Income was $75,217 for the six months ended June 30, 2018 compared to $62,855 for the six months ended June 30, 2017. The 19.7% increase is mainly caused by higher interest rates as well as higher average related party receivables.

Interest expense

Interest expense was $70,147 for the six months ended June 30, 2018 compared to $56,019 for the six months ended June 30, 2017. The 25.2% increase is mainly caused by higher average interest rates.

Administrative and other expense

Administrative and other expense increased to $2,688 for the six months ended June 30, 2018 from $2,353 for the six months ended June 30, 2017 due to increases in professional fees and labor related costs.

Other financial expense, net

Other financial expense, net was $684 for the six months ended June 30, 2018, compared to $168 for the six months ended June 30, 2017 due to increased bank fees.

Profit before income taxes

Profit before income taxes decreased to $1,698 for the six months ended June 30, 2018 from $4,315 for the six months ended June 30, 2017, mainly because of higher funding costs.

Income tax expense

The Company recorded an income tax expense of $453 for the six months ended June 30, 2018 compared with $1,167 for the six months ended June 30, 2017, mainly due to lower earnings before tax and taxable income for the six months ended June 30, 2018.

Financial position

Total assets were $7,432,488 at June 30, 2018 compared to $7,229,881 at December 31, 2017, an increase of 2.8%, mainly due to an increase of loans and receivables from related parties. Total liabilities also increased to $7,053,155 at June 30, 2018 from $6,849,868 at December 31, 2017 mainly due to higher commercial paper outstanding. Total equity decreased to $379,333 at June 30, 2018 from $380,013 at December 31, 2017, mainly due to a positive income of $1,245 offset by other comprehensive loss of $2,203 from cash flow hedges for the six months ended June 30, 2018.

Liquidity and capital resources

In the ordinary course of business, the Company issues notes and bonds and commercial paper in Canada and Europe. The Company also enters, as necessary, into intercompany loans with other DAG subsidiaries to optimize funding from a global Daimler perspective.

The funds raised in 2018 and in prior years were mainly used to support the lease and sales financing business and the capital expenditure requirements of the industrial business of the Daimler subsidiaries in Canada. Lease and sales financing activities are typically financed with a high proportion of debt.

(all amounts in thousands of Canadian dollars)

Cash flows were the following for the six months ended June 30, 2018 and June 30, 2017:

	Six months ended June 30,	
	2018	2017
Net cash used for operating activities	(412,997)	(30,017)
Net cash provided by investing activities	-	717,492
Net cash from (used for) financing activities	319,601	(722,418)

Operating net cash outflows were $412,997 for the six months ended June 30, 2018 compared to net cash outflows of $30,017 for the six months ended June 30, 2017, mainly due to an increase of operating receivables from and payables to related parties.

Investing net cash inflows were zero for the six months ended June 30, 2018 compared to $717,492 for the six months ended June 30, 2017 due to any investing activities.

Cash inflows from financing activities were $319,601 for the six months ended June 30, 2018 compared to cash outflows of $722,418 for the same period of 2017, mainly due to an increase of commercial paper issuances.

Risk report

Many factors could directly and indirectly, through the close affiliation with DAG's affiliated companies in Canada, affect the Company's business, financial condition, cash flows and results of operations. The principal risks are described in DCFI's annual report 2017, which was submitted to the Luxembourg Stock Exchange on April 30, 2018.

Outlook

Management expects a positive result of operations for the remaining months of 2018. This expectation is based on the assumption of a stable economic development.

(all amounts in thousands of Canadian dollars)

Statement of Comprehensive Income (Unaudited)

		Six months ended June 30,	
	Note	**2018**	**2017**
Interest income			
Interest income – related parties		73,145	61,111
Interest income – third parties		2,072	1,744
Total interest income		**75,217**	**62,855**
Interest expense			
Interest expense – third parties		(63,821)	(51,063)
Interest expense – related parties		(6,326)	(4,956)
Total interest expense		**(70,147)**	**(56,019)**
Net interest income		**5,070**	**6,836**
Administrative and other expense	4	(2,688)	(2,353)
Other financial income (expense), net		(684)	(168)
Profit before income taxes		**1,698**	**4,315**
Income tax expense		(453)	(1,167)
Net profit		**1,245**	**3,148**
Other comprehensive income			
Items that will likely be reclassified into profit/(loss)		**(2,203)**	**(2,180)**
Unrealized gains (losses) from cash flow hedges, net of taxes		(2,203)	(2,180)
Other comprehensive income/(loss), net of taxes		**(2,203)**	**(2,180)**
Total comprehensive income/(loss)		**(958)**	**968**

The accompanying notes on pages 11 to 18 are an integral part of these interim financial statements.

(all amounts in thousands of Canadian dollars)

Statement of Financial Position (Unaudited)

		June 30,	December 31,
	Note	**2018**	**2017**
Assets			
Loans and receivables from related parties	3	3,825,000	3,405,000
Other financial assets		40,157	10,452
Total non-current assets		**3,865,157**	**3,415,452**
Loans and receivables from related parties	3	3,313,201	3,479,773
Cash and cash equivalents		204,956	298,352
Other financial assets		48,203	35,593
Other assets		147	-
Tax receivables		824	711
Total current assets		**3,567,331**	**3,814,429**
Total assets		**7,432,488**	**7,229,881**
Equity and liabilities			
Share capital		-	-
Capital reserves		394,137	394,137
Accumulated deficit		(18,377)	(19,900)
Cash flow hedges		3,573	5,776
Total equity		**379,333**	**380,013**
Notes and bonds payable	6	4,870,135	3,736,949
Other financial liabilities		38,560	43,683
Deferred tax liabilities		1,295	2,105
Total non-current liabilities		**4,909,990**	**3,782,737**
Provisions and other liabilities		30	4
Payables to related parties	5	145,196	300,985
Notes and bonds payable	6	1,288,905	2,349,445
Commercial paper	7	680,108	373,632
Liabilities to banks	8	3,898	904
Other financial liabilities		25,028	42,161
Total current liabilities		**2,143,165**	**3,067,131**
Total liabilities		**7,053,155**	**6,849,868**
Total equity and liabilities		**7,432,488**	**7,229,881**

The accompanying notes on pages 11 to 18 are an integral part of these interim financial statements.

(all amounts in thousands of Canadian dollars)

Statement of Changes in Equity (Unaudited)

	Share capital	Capital reserves	Retained deficit	Cash flow hedges reserve	Total equity
Balance at January 1, 2017	**-**	**394,137**	**(25,949)**	**4,783**	**372,971**
First-time adoption of IFRS 9	-	-	94	(60)	34
Balance at January 1, 2017 (adjusted)[1]	**-**	**394,137**	**(25,855)**	**4,723**	**372,937**
Net profit	-	-	3,148	-	3,148
Other comprehensive loss before taxes	-	-	-	(2,983)	(2,983)
Deferred taxes on other comprehensive loss	-	-	-	803	803
Total comprehensive income (loss)	**-**	**-**	**3,148**	**(2,180)**	**968**
Balance June 30, 2017 (adjusted)[1]	**-**	**394,137**	**(22,707)**	**2,543**	**373,905**
Balance at January 1, 2018 (adjusted)[1]	**-**	**394,137**	**(19,900)**	**5,776**	**380,013**
First-time adoption of IFRS 9	-	-	278	(178)	100
Balance at January 1, 2018 (adjusted)[1]	**-**	**394,137**	**(19,622)**	**5,598**	**380,113**
Net profit	-	-	1,245	-	1,245
Other comprehensive loss before taxes	-	-	-	(2,770)	(2,770)
Deferred taxes on other comprehensive loss	-	-	-	745	745
Total comprehensive income (loss)	**-**	**-**	**1,245**	**(2,025)**	**(958)**
Balance at June 30, 2018	**-**	**394,137**	**(18,377)**	**3,573**	**379,333**

[1] The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 2 of the Notes to these interim financial statements.

The accompanying notes on pages 11 to 18 are an integral part of these interim financial statements.

(all amounts in thousands of Canadian dollars)

Statement of Cash Flows (Unaudited)

		Six months ended June 30,	
	Note	**2018**	**2017**
Net profit		1,245	3,148
Adjustments for			
FX gains		385	99
Non-cash interest expenses		(4,460)	(213)
Deferred tax		-	-
Changes in			
Tax receivables		(113)	69
Other assets, provisions and accrued interest		(837)	1,649
Loans and receivables from and payables to related parties	3, 5	(409,217)	(34,769)
Net cash used for operating activities		**(412,997)**	**(30,017)**
Acquisition of marketable debt securities		(99,900)	(969,624)
Proceeds from sales of marketable debt securities		99,900	1,687,116
Net cash provided by investing activities		**-**	**717,492**
Issuances of notes and bonds payable	6	1,199,006	399,000
Issuances of commercial paper	7	311,278	64,317
Repayment of notes and bonds payable	6	(1,188,695)	(1,011,883)
Repayment of commercial paper	7	(4,982)	(173,852)
Proceeds from loans and borrowings	8	3,898	-
Repayment of loans and borrowings	8	(904)	-
Net cash provided by/(used for) financing activities		**319,601**	**(722,418)**
Net decrease in cash and cash equivalents		**(93,396)**	**(34,943)**
Cash and cash equivalents at the beginning of the period		**298,352**	**603,666**
Cash and cash equivalents at the end of the period		**204,956**	**568,723**

The accompanying notes on pages 11 to 18 are an integral part of these interim financial statements.

Notes to the Interim Financial Statements (Unaudited)

1. Presentation of the interim financial statements

These unaudited interim financial statements of Daimler Canada Finance Inc. ("DCFI" or the "Company") have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

Daimler Canada Finance Inc. is a stock corporation organized under the laws of Quebec, Canada. The Company is a wholly-owned subsidiary of Daimler AG ("DAG"). Its registered office is located at 1 Place Ville Marie – 37th Floor, H3B 3P4, Montreal, Quebec, Canada.

These interim financial statements are presented in Canadian dollars ("$"), which is the Company's functional currency. Unless otherwise stated all amounts are presented in thousands of Canadian dollars.

In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the results of operations and the financial position of DCFI. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2017 audited IFRS financial statements and notes which were submitted to the Luxembourg Stock Exchange on April 30, 2018. The accounting policies applied by DCFI in these interim financial statements are the same as those applied in the audited IFRS financial statements as of and for the year ended December 31, 2017.

Preparation of interim financial statements in conformity with IFRS requires management to make estimates, assessments and assumptions which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date and the amounts of income and expense reported for the period. Actual amounts could differ from those estimates. Changes in estimates, assessments and assumptions can have a material impact on the financial statements.

2. Basis of preparation

(a) Applied IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) IFRSs issued and applied for the first time

DCFI applies IFRS 9 Financial Instruments initially for reporting periods beginning on and after January 1, 2018. Initial application is made retrospectively. In accordance with the transition requirements, DCFI chose to present prior periods in accordance with IAS 39. As an exception, the transition for recognition of fair-value changes of certain non-designated components of derivatives through other comprehensive income is to be applied retrospectively to the comparative figures.

Initial application of IFRS 9 leads to the following major changes:

Financial Assets

IFRS 9 introduces a comprehensive classification model for financial assets that classifies financial assets into three categories: financial assets at amortized costs, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets that give rise to cash flows consisting only of payments of principal and interest are classified in accordance with DCFI's business model for holding these instruments. Financial assets that are held in a business model with the objective to hold them until maturity and collect the contractual cash flows are measured at amortized cost. These business models are managed principally based on interest-rate structure and credit risk. If the business model comprises the intention to hold the financial assets to collect the contractual cash flows but expects to sell these financial assets if this is necessary, e.g. to fulfill a specific need for liquidity, then these instruments are measured at fair value through other comprehensive income. Financial assets that have only cash flows of principal and interest but are not held within one of the business models described above are measured at fair value through profit or loss. Financial assets that contain cash flows other than those of principal and interest, such as interests in money-market funds or derivatives including separated embedded derivatives, are measured at fair value through profit or loss. Marketable debt securities and similar investments were categorized as available for sale under IAS 39 and measured at fair value through other comprehensive income. Except for interests in money-market funds, these instruments are categorized as measured at fair value through other comprehensive income under IFRS 9, while similar investments are measured at amortized cost.

Impairment model based on expected credit losses. IFRS 9 introduces the expected loss impairment approach to be applied on all financial assets (debt instruments) at amortized cost or at fair value through other comprehensive income. While under IAS 39, only incurred losses were recognized as an impairment of financial assets, the new approach takes projections of the future into consideration. The expected credit-loss approach uses three stages for allocating impairment losses:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and usually includes new acquisitions and contracts with fewer than 31 days past due date. The portion of the lifetime expected credit losses resulting from default events possible within the next 12 months is recognized.

Stage 2: expected credit losses over the lifetime – not credit impaired

If a financial asset has a significant increase in credit risk since initial recognition but is not yet credit impaired, it is moved to Stage 2 and measured at lifetime expected credit loss, which is defined as the expected credit loss that results from all possible default events over the expected life of a financial instrument.

Stage 3: expected credit losses over the lifetime – credit impaired

If a financial asset is defined as credit impaired or in default, it is transferred to Stage 3 and measured at lifetime expected credit loss. Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the borrower. The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least quarterly, incorporating external credit rating information as well as internal information on the credit quality of financial assets. For debt instruments that are not receivables from financial services a significant increase in credit risk is assessed mainly based on past-due information.

A financial asset is migrated to stage 2 if the asset's credit risk has increased significantly compared to its credit risk at initial recognition. The credit risk is assessed based on the probability of default. For trade receivables, the simplified approach is applied whereby all trade receivables are allocated to stage 2 initially. Hence, no determination of significant increases in credit risk is necessary. Daimler applies the low credit risk exception to the stage allocation to debt instruments quoted on the stock exchange with investment-grade ratings. These debt instruments are always allocated to stage 1. In stage 1 and 2, the effective interest revenue is calculated based on gross carrying amounts. If a financial asset becomes credit impaired in stage 3, the effective interest revenue is calculated based on its net carrying amount (gross carrying amount adjusted for any loss allowance). Measurement of expected credit losses. Expected credit losses are measured in a way that reflects: a) the unbiased and probability-weighted amount; b) the time value of money; and c) reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions. Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset. For receivables from financial services, expected credit losses are mainly calculated with a statistical model using three major risk parameters: probability of default, loss given default and exposure at default.

The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information reflected by the future expectation factors. This information includes macroeconomic factors (e.g., gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions.

Derivative financial instruments and hedge accounting

DCFI uses derivative financial instruments exclusively for hedging financial risks that arise from its refinancing activities. These are mainly interest rate risks and currency risks. Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option pricing models. Derivatives are presented as assets if their fair value is positive and as liabilities if the fair value is negative. If the requirements for hedge accounting set out in IFRS 9 are met, DCFI designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge or a cash flow hedge. In a fair value hedge, the changes in the fair value of a recognized asset or liability or an unrecognized firm commitment are hedged. In a cash flow hedge, the variability of cash flows to be received or paid from expected transactions related to a recognized asset or liability or a highly probable forecast transaction is hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the eligible hedging instrument and the eligible hedged item, as well as an assessment of the effectiveness requirements comprising the risk mitigating economic relationship, the absence of deteriorating effects from credit risk and the appropriate hedge ratio. Hedging transactions are regularly assessed to determine whether the effectiveness requirements are met throughout the financial reporting periods for which they are designated.

Changes in the fair value of derivative financial instruments that are designated in a hedge relationship are recognized periodically in either profit or loss or other comprehensive income, depending on whether the derivative is designated as a hedge of changes in fair value or cash flows. Changes in fair value of non-designated derivatives are recognized through profit or loss. For fair value hedges, changes in the fair value of the hedged item and the derivative are recognized in profit or loss. For cash flow hedges, fair value changes in the effective portion of the hedging instrument are recognized in other comprehensive income. Under IFRS 9 amounts recognized as effective hedging gains or losses of the hedging instrument in other comprehensive income are removed from the equity reserve and directly included in the initial cost or carrying amount of the hedged item at initial recognition if a hedged forecast transaction results in the recognition of a non-financial asset or liability. For other cash flow hedges the accumulated hedging gains or losses from the hedging instrument are reclassified from the cash flow hedge reserves to the statement of income when the hedged item affects profit or loss. The ineffective portions of fair value changes are recognized directly in profit or loss. If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss. For derivative instruments designated in a hedge relationship, certain components can be excluded from designation and the changes in these components' fair value are then deferred in other comprehensive income under IFRS 9. This applies for example to the fair value of options or cross currency basis spreads.

The following tables show the effects on the components of equity from the first time adoption of IFRS 9.

(in thousands of CAD)	Retained Earnings
Balance at Dec 31, 2017 according to IAS 39	**(19,900)**
Other effects from first-time adoption of IFRS 9	278
Balance at Jan 1, 2018 according to IFRS 9	**(19,622)**

(in thousands of CAD)	Reserves for cash flow hedges
Balance at Dec 31, 2017 according to IAS 39	**5,776**
First-time adoption of IFRS 9	(243)
Deferred taxes on first-time adoption effect	65
Balance at Jan 1, 2018 according to IFRS 9	**5,598**

The following table shows the measurement categories of financial instruments according to IAS 39 as well as the new measurement categories and carrying amounts of financial instruments according to IFRS 9.

	Measurement categories according to IAS 39	Measurement categories according to IFRS 9	Carrying amount according to IAS 39 at Dec 31, 2017	Carrying amount according to IFRS 9 at Jan 1, 2018
Financial Assets				
Loans and receivables from related parties	Loans and receivables	Measured at cost	6,884,773	6,884,773
Cash and cash equivalents	Loans and receivables	Measured at cost	298,352	298,352
Financial assets recognized at fair value through profit or loss	Recognized at fair value through profit or loss	Recognized at fair value through profit or loss	42,915	42,915
Other receivables and financial assets	Loans and receivables	Measured at cost	3,130	3,130
Total financial assets			**7,229,170**	**7,229,170**
Financial liabilities				
Financing liabilities	Measured at cost	Measured at cost	6,761,915	6,761,879
Financial liabilities recognized at fair value through profit or loss	Recognized at fair value through profit or loss	Recognized at fair value through profit or loss	58,190	58,190
Other financial liabilities	Measured at cost	Measured at cost	27,654	27,654
Total financial liabilities			**6,847,759**	**6,847,723**

The following table shows the reconciliation of carrying amounts according to IAS 39 to IFRS 9.

	Carrying amount according to IAS 39 at Dec 31, 2017	Remeasurement effects	Carrying amount according to IFRS 9 at Jan 1, 2018
Financial instruments measured at cost			
Financing liabilities	6,761,915	(36)	6,761,879
Total financial instruments measured at cost	**6,761,915**	**(36)**	**6,761,879**

(all amounts in thousands of Canadian dollars)

3. Loans and receivables from related parties

DCFI provides financing to certain DAG affiliates mainly in Canada which are related parties for DCFI. The following table sets forth receivables from DAG affiliates for such financing, including accrued interest.

	June 30, 2018	December 31, 2017
Mercedes-Benz Financial Services Canada Corp	6,840,524	6,539,259
Mercedes-Benz Canada Inc.	275,974	276,014
car2go Canada Ltd.	17,807	22,043
Mascot Truck Parts Canada Ltd	2,346	-
Daimler AG	1,148	42,014
MFTA Canada, Inc.	402	-
MBarc Credit Canada Inc.	-	5,443
Total	**7,138,201**	**6,884,773**

4. Equity

Share capital

At June 30, 2018 and December 31, 2017, the authorized share capital comprised of 1,000 no par value shares, of which 100 shares were issued and outstanding. All issued shares were fully paid.

Capital reserves

Capital reserves primarily comprise premiums arising on the issue of shares.

Cash flow hedge reserve

The Cash flow hedge reserve comprise accumulated unrealized gains/losses on the measurement of derivative financial instruments designated in a cash flow hedge.

5. Payables to related parties

The following table sets forth amounts payable to related parties:

	June 30, 2018	December 31, 2017
MBarc Credit Canada Inc.	76,656	-
Daimler AG	34,120	2,633
Daimler Trucks Canada Ltd.	18,057	108,037
Mercedes-Benz Canada Inc.	5,409	141,508
SelecTrucks of Toronto Inc.	5,390	3,618
Thomas Built Buses of Canada Ltd.	4,475	17,309
Daimler North America Corporation	1,089	841
car2go Canada Ltd.	-	21,655
Mercedes-Benz Financial Services Canada Corporation	-	2,800
Mascot Truck Parts Canada Ltd	-	1,786
MFTA Canada, Inc.	-	798
Total	**145,196**	**300,985**

DCFI is charged fees for the full and unconditional guarantees on its outstanding notes and bonds payable and commercial paper which are issued under DAG's programs. These fees are calculated as a set percentage of the outstanding debt for any given year. These expenses were $3,866 and $3,819 for the six months ended June 30, 2018 and June 30, 2017, respectively, and are included in "Interest expense – related parties."

(all amounts in thousands of Canadian dollars)

The Company is charged for administrative overhead expense by DNA. These expenses were $2,428 and $2,286 for the six months ended June 30, 2018 and June 30, 2017, respectively, and are included in "Administrative and other expense."

6. Notes and bonds payable

DCFI's obligations under the notes and bonds program are fully and unconditionally guaranteed by its ultimate parent company, DAG.

During the first six months of 2018, notes or bonds payable in the amount of $1,197,916 matured. Terms and conditions of new notes payable issued during the first six months of 2018 are as follows:

				June 30, 2018	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**
EURO Medium Term Notes					
EURO Medium Term Note	EUR	3M-EUR-EURIBOR + 0.60%	2020	463,260	467,047
Total EURO Medium Term Notes				**463,260**	**467,047**
Canadian dollar bonds					
Bond	CAD	3M-CDOR + 0.33%	2020	250,000	249,589
Bond	CAD	3.05%	2022	500,000	500,573
Total Canadian dollar bonds				**750,000**	**750,162**
Total				**1,213,260**	**1,217,209**

7. Commercial paper

In July 2011, DCFI entered into a $2,500,000 private placement of commercial paper. As of June 30, 2018, outstanding commercial papers were $680,108 compared to $373,632 outstanding at December 31, 2017 with interest rates ranging from 1.56% to 1.71% and maturity dates ranging from July 3, 2018 to September 24, 2018. DCFI's obligations under the commercial paper program are fully and unconditionally guaranteed by its ultimate parent company, DAG.

8. Financial liabilities to banks

As of June 30, 2018, outstanding short term liabilities to banks were $3,898, compared to $904 at December 31, 2017.

(all amounts in thousands of Canadian dollars)

9. Financial instruments

(a) Carrying amounts and fair values of financial instruments

The following table shows the carrying amounts and fair values of the Company's financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

	June 30, 2018		December 31, 2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	204,956	204,956	298,352	298,352
Loans and receivables				
Loans and receivables from related parties	7,138,201	7,168,831	6,884,773	6,901,896
Total loans and receivables	**7,138,201**	**7,168,831**	**6,884,773**	**6,901,896**
Accrued interest	**1,901**	**1,901**	**3,130**	**3,130**
Financial assets recognized at fair value through profit or loss				
Derivative financial instruments used in hedge accounting	86,459	86,459	42,915	42,915
Total financial assets recognized at fair value through profit or loss	**86,459**	**86,459**	**42,915**	**42,915**
Total financial assets	**7,431,517**	**7,462,147**	**7,229,170**	**7,246,292**
Financial liabilities at amortized cost				
Notes and bonds payable	6,159,040	6,155,147	6,086,394	6,101,627
Commercial paper	680,108	680,108	373,632	373,632
Liabilities to banks	3,898	3,898	904	904
Payables to related parties	145,196	145,196	300,985	300,985
Accrued interest	25,028	25,028	27,654	27,654
Total financial liabilities at amortized cost	**7,013,270**	**7,009,377**	**6,789,569**	**6,804,802**
Financial liabilities at fair value				
Derivative financial instruments used in hedge accounting	38,560	38,560	58,190	58,190
Total financial liabilities at fair value	**38,560**	**38,560**	**58,190**	**58,190**
Total financial liabilities	**7,051,830**	**7,047,937**	**6,847,759**	**6,862,992**

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date.

(all amounts in thousands of Canadian dollars)

(b) Fair value hierarchy of financial assets and liabilities measured at fair value

Financial assets and liabilities measured at fair value are classified into the following fair value hierarchy:

	June 30, 2018				December 31, 2017			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
Assets								
Derivative financial instruments used in hedge accounting	**86,459**	-	86,459	-	**42,915**	-	42,915	-
Liabilities								
Derivative financial instruments used in hedge accounting	**38,560**	-	38,560	-	**58,190**	-	58,190	-

[1] Fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
[2] Fair value measurement based on inputs for the asset or liability that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
[3] Fair value measurement based on inputs for the asset or liability that are not observable market data

Financial assets and liabilities not measured at fair value are classified into the following fair value hierarchy:

	June 30, 2018				December 31, 2017			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
Financial assets measured at amortized cost	**7,168,831**	-	7,168,831	-	**6,901,896**	-	6,901,896	-
Financial liabilities measured at amortized cost	**6,839,153**	5,910,003	929,150	-	**6,476,163**	4,150,240	2,325,923	-
thereof bonds	**6,155,147**	5,910,003	245,144		**6,101,627**	4,150,240	1,951,387	-
thereof other financing liabilities	**684,006**	-	684,006	-	**374,536**	-	374,536	-

[1] Fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
[2] Fair value measurement based on inputs for the asset or liability that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
[3] Fair value measurement based on inputs for the asset or liability that are not observable market data.