

Daimler Finance North America LLC

Interim Report as of and for the six months ended June 30, 2017

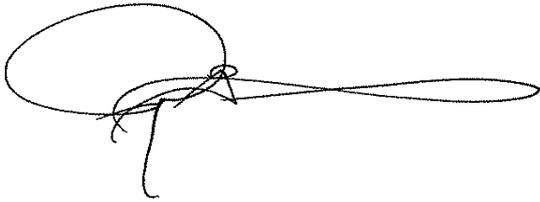
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Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements of Daimler Finance North America LLC provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Company's management report provides 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.

Farmington Hills, MI (USA), August 24, 2017

A handwritten signature in black ink, consisting of a large, loopy initial 'R' followed by a long, horizontal stroke that tapers to a point.

Ruben Simmons

President & CEO

A handwritten signature in black ink, written in a cursive style that reads 'Gianni P. Gatto'.

Gianni P. Gatto

Chief Accounting Officer

Interim Management Report

General

Daimler Finance North America LLC (“DFNA” or the “Company”) is a wholly-owned subsidiary of Daimler North America Corporation (“DNA”), which is in turn a wholly-owned subsidiary of Daimler AG (“DAG” or “Daimler”).

DFNA accesses U.S. and foreign capital markets to raise funds, which it lends to DNA through a consolidated funding and cash management system. As such, it has relationships with other subsidiaries of DAG. DAG issued full and unconditional guarantees for DFNA’s obligations incurred under its outstanding notes and bonds program and commercial paper program. DFNA and DNA entered into an intercompany loan agreement which is intended to mirror DFNA’s external borrowings such that interest expense with third parties is offset by corresponding interest income from DNA.

This document contains forward looking statements that reflect our current views about future events. Words such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are 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 the United States;
- 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 the United States, which may affect the funding requirements of these companies in the automotive and financial services businesses.

The following discussion should be read in conjunction with the DFNA’s financial statements as of and for the six months ended June 30, 2017 and June 30, 2016, which were prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting.”

The percentages in the following discussion were computed using exact dollar amounts and numbers. Some of those percentages may, therefore, not reflect the ratio between the rounded amounts presented below.

Earnings

Interest Income

Interest income was \$368,063 for the six months ended June 30, 2017 compared to \$311,911 for the six months ended June 30, 2016.

Interest Expense

Interest expense was \$368,063 the six months ended June 30, 2017, compared to \$311,911 for the six months ended June 30, 2016.

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Guarantee Fees

Guarantee fees charged by DAG were \$17,627 for the six months ended June 30, 2017, compared to \$15,055 for the six months ended June 30, 2016.

Administrative Expenses

Administrative expenses were \$1,686 for the six months ended June 30, 2017 as compared to \$1,756 for the six months ended June 30, 2016.

Reimbursement of expenses from DNA

DFNA and DNA are parties to an agreement based on which DNA reimburses DFNA for any and all expenses incurred in connection with the administration of DFNA's notes and bonds program and commercial paper program. The reimbursement of net expenses from DNA amounted to \$19,312 in the first six months of 2017 and \$16,811 for six months ended in June 2016.

Net income

Net income was zero for both the six months ended June 30, 2017 and the six months ended June 30, 2016.

Financial Position

Total assets were \$28,944,002 at June 30, 2017 compared to \$26,911,610 at December 31, 2016. The increase of \$2,032,392 or 8% reflects that issuances exceeded repayments of loans in the first six months of 2017.

Total liabilities also increased to \$28,944,002 at June 30, 2017 from \$26,911,610 at December 31, 2016, reflecting that issuances exceeded repayments of notes and bonds in the first six months of 2017.

Liquidity and Capital Resources

In the ordinary course of business, the Company issues notes and bonds and commercial paper in the US and lends the proceeds to DNA. Notes with a total face value of \$5,000,000 were issued during the first six months of 2017, while there was \$500,000 issued during the first six months of 2016. No commercial papers were outstanding as of June 30, 2017. The Company had neither cash nor cash equivalents as of June 30, 2017 and December 31, 2016.

Risk Report

Many factors could directly and indirectly, through the close affiliation with DAG's affiliated companies, affect the Company's business, financial condition, and cash flows. The results of operations would not be affected due to the existing reimbursement agreements with DNA. The principal risks are described in DFNA's annual report 2016, which was submitted to the Luxembourg Stock Exchange on April 28, 2017.

Outlook

We expect net income and equity to be zero in 2017. This expectation is based on the assumption of a stable economic development and continuation of the Company's business model.

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Statement of Comprehensive Income (Unaudited)

		Six months ended June 30,	
	Note	2017	2016
Interest income - DNA		368,063	311,911
Interest expense - external parties		(368,063)	(311,911)
Guarantee fees - DAG	2	(17,627)	(15,055)
Net interest expense		(17,627)	(15,055)
Other financial income, net	3	1	-
Administrative expenses	2	(1,686)	(1,756)
Reimbursement of expenses from DNA	2	19,312	16,811
Net income		-	-
Total comprehensive income		-	-

The accompanying notes on pages 10 to 13 are an integral part of these unaudited interim financial statements.

Statement of Financial Position (Unaudited)

		June 30,	December 31,
	Note	2017	2016
Assets			
Receivables from related parties	2	22,624,336	21,173,603
Total non-current assets		22,624,336	21,173,603
Receivables from related parties	2	6,068,429	5,517,037
Accrued interest income from DNA		251,237	220,970
Total current assets		6,319,666	5,738,007
Total assets		28,944,002	26,911,610
Equity and liabilities			
Total equity		-	-
Notes and bonds payable	4	22,624,336	21,173,603
Total non-current liabilities		22,624,336	21,173,603
Payables to related parties	2	21,319	19,248
Other Provisions		-	120
Notes and bonds payable	4	6,047,110	5,497,669
Accrued interest expense		251,237	220,970
Total current liabilities		6,319,666	5,738,007
Total liabilities		28,944,002	26,911,610
Total equity and liabilities		28,944,002	26,911,610

The accompanying notes on pages 10 to 13 are an integral part of these unaudited interim financial statements.

Statement of Changes in Equity (Unaudited)

	Member's Investment	Retained Earnings	Other Reserves	Total Equity
Balance at January 1, 2016	-	-	-	-
Net income	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners directly recognized in equity	-	-	-	-
Balance at June 30, 2016	-	-	-	-
Balance at January 1, 2017	-	-	-	-
Net income	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners directly recognized in equity	-	-	-	-
Balance at June 30, 2017	-	-	-	-

The accompanying notes on pages 10 to 13 are an integral part of these unaudited interim financial statements.

Statement of Cash Flows (Unaudited)

	Note	Six months ended June 30,	
		2017	2016
Net income		-	-
Adjustments for			
FX (gains)/losses	3	(1)	-
Non-cash interest expense		8,825	13,357
Changes in			
Receivables from related parties	2	(2,002,124)	3,403,038
Payables to related parties	2	2,071	(2,343)
Other provisions		(120)	(42)
Net cash used in operating activities		(1,991,349)	3,414,010
Net cash from investing activities		-	-
Repayments of notes and bonds payable	4	(3,000,000)	(3,389,177)
Issuances of notes and bonds payable	4	4,991,349	500,000
Repayments of commercial paper	5	-	(524,833)
Issuances of commercial paper	5	-	-
Net cash from financing activities		1,991,349	(3,414,010)
Net increase/decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-

The accompanying notes on pages 10 to 13 are an integral part of these unaudited interim financial statements.

Notes to the Unaudited Interim Financial Statements

1. Presentation of the Interim Financial Statements

These unaudited interim financial statements of Daimler Finance North America LLC (“DFNA” or the “Company”) have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”.

Daimler Finance North America LLC (“DFNA” or the “Company”) is a limited liability company organized under the laws of Delaware. The Company is a wholly-owned subsidiary of Daimler North America Corporation (“DNA”), which is in turn a wholly-owned subsidiary of Daimler AG (“DAG”). Its registered office is located at 1209 Orange Street, Wilmington, Delaware 19801, USA.

These interim financial statements are presented in U.S. dollars (“\$”), which is the Company’s functional currency. Unless otherwise stated all amounts are presented in thousands of U.S. 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 DFNA. 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, 2016 audited IFRS financial statements and notes which were submitted to the Luxembourg Stock Exchange on April 28, 2017. The accounting policies applied by DFNA 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, 2016.

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 can differ from those estimates. Changes in estimates, assessments and assumptions can have a material impact on the consolidated financial statements.

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2. Transactions with related parties

The following table sets forth amounts receivable from related parties:

	June 30, 2017	December 31, 2016
Daimler North America Corporation	28,689,453	26,687,813
Daimler North America Corporation (Accrued Interest)	251,237	220,970
Daimler North America Finance Corporation (DNAF)	3,312	2,827
Total	28,944,002	26,911,610

The following table sets forth amounts payable to related parties:

	June 30, 2017	December 31, 2016
Daimler AG	21,319	19,248
Total	21,319	19,248

DFNA is charged fees for the full and unconditional guarantees on its outstanding notes and bonds and commercial paper programs by DAG. These fees are calculated as a set percentage of the outstanding notes and bonds and commercial paper for any given year. These guarantee fees were \$17,627 and \$15,055 for the six months ended June 30, 2017 and June 30, 2016, respectively.

The Company is charged for administrative overhead expense by DNA. These expenses were \$1,686 and \$1,756 for the six months ended June 30, 2017 and June 30, 2016, respectively.

DFNA and DNA are also parties to agreements pursuant to which DNA reimburses DFNA for any and all expenses incurred in connection with the administration of DFNA's notes and bonds and commercial paper programs. These reimbursements are recognized in income.

There are no related party transactions with key management personnel as defined in IAS 24.

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3. Other financial income (expense), net

Other financial income (expense), net is comprised of the following:

	Six months ended June 30,	
	2017	2016
Result of foreign exchange transactions - gains (losses)	1	-
Total	1	-

4. Notes and bonds payable

DFNA's obligations under the notes and bonds program are fully and unconditionally guaranteed by its ultimate parent company, DAG. Simultaneously, DFNA and DNA entered into an agreement according to which DNA reimburses DFNA for any and all fees incurred by DFNA in the course of the administration of the program.

During the first six months of 2017, \$3,000,000 of notes and bonds payable matured.

Terms and conditions of new notes payable issued during the first six months of 2017 are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
US-Dollar Medium Term Notes					
Medium Term Note	USD	2.300%	2020	1,000,000	997,922
Medium Term Note	USD	2.850%	2022	850,000	847,206
Medium Term Note	USD	3.450%	2027	750,000	744,946
Medium Term Note	USD	Libor+0.63%	2020	400,000	399,328
Medium Term Note	USD	2.200%	2020	750,000	747,616
Medium Term Note	USD	Libor+0.53%	2020	500,000	499,051
Medium Term Note	USD	Libor+0.25%	2018	500,000	499,461
Medium Term Note	USD	2.850%	2022	250,000	251,424
Total				5,000,000	4,986,954

5. Commercial paper

In February 2011, DFNA entered into a \$3,000,000 private placement of commercial paper. As of June 30, 2017, no commercial papers were outstanding. DFNA's obligations under the commercial paper program are fully and unconditionally guaranteed by its ultimate parent company, DAG.

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6. Financial instruments

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

	June 30, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables				
Receivables from related parties	28,692,765	29,619,956	26,690,640	27,473,098
Accrued interest income from DNA	251,237	251,237	220,970	220,970
Total loans and receivables	28,944,002	29,871,193	26,911,610	27,694,068
Total financial assets	28,944,002	29,871,193	26,911,610	27,694,068
Financial liabilities at amortized cost				
Notes and bonds payable	28,671,446	29,598,517	26,671,272	27,453,729
Payables to related parties	21,319	21,319	19,248	19,248
Accrued interest expense	251,237	251,237	220,970	220,970
Total financial liabilities at amortized cost	28,944,002	29,871,073	26,911,490	27,693,947
Total financial liabilities	28,944,002	29,871,073	26,911,490	27,693,947

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

	June 30, 2017				December 31, 2016			
	Total	Level 1 ¹	Level 2 ²	Level 3 ³	Total	Level 1 ¹	Level 2 ²	Level 3 ³
Loans and receivables	29,871,193	-	29,871,193	-	27,694,068	-	27,694,068	-
Financial liabilities measured at amortized cost	29,871,073	28,507,328	1,363,745	-	27,693,947	24,967,498	2,726,449	-
thereof notes and bonds	29,598,517	28,507,328	1,091,189	-	27,453,729	24,967,498	2,486,231	-
thereof other financing liabilities	272,556	-	272,556	-	240,218	-	240,218	-

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.

The fair values of financial instruments were calculated on the basis of market information available at the reporting date. Due to the short nature of accrued interest income and interest expense, and payables to related parties, management assumes that their fair values are equal to the carrying amounts.