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Interim Report

Siemens Financieringsmaatschappij N.V.

October 1, 2018 – March 31, 2019

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Contents

Introduction

The Interim Report of Siemens Financieringsmaatschappij N.V. (the "Company" or "SFM") has been prepared in accordance with Dutch law and IAS 34, Interim Financial Reporting, as adopted by the European Union (EU). The Condensed Interim Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. This Interim Report should be read in conjunction with our Annual Report for fiscal year 2018, which includes a detailed analysis of our operations and activities. The Annual Report 2018 of the Company was prepared in accordance with International Financial Reporting Standards, as adopted by the EU and with Part 9 of Book 2 of the Dutch Civil Code.

Interim Management Report

General

Siemens Financieringsmaatschappij N.V. is registered in The Hague, Prinses Beatrixlaan 800, a public company, founded on September 14, 1977 under the laws of the Netherlands and acts under its legal and commercial name Siemens Financieringsmaatschappij N.V.

The Company acts as a finance company for the benefit of Siemens AG and Siemens AG Group companies ("Affiliated Companies"). The Company is a 100% subsidiary of Siemens AG Berlin / Munich.

The Company forms part of the Global Markets section of Siemens Treasury which is a part of the Siemens Division Financial Services ("SFS"). Due to the new global organizational setup of Siemens AG, from April 1, 2019 the Company will be part of Siemens Corporate Finance Financing ("CF F"). Global Markets and SFM as an issuer are responsible for safeguarding the Siemens Group's liquidity by establishing the necessary capital market instruments such as commercial paper, medium-term notes and long-term bonds.

Objectives

The objectives of the Company, in accordance to article 3 of the Articles of Association, are participating in, financing and managing companies, enterprises and other business undertakings, withdrawing and lending money and, in general conducting financial transactions, issuing securities and doing all such further actions and taking measures as are consequential or may be conducive thereto in the broadest sense.

Strategy

The Company is a funding party of the Affiliated Companies. Interest risks and foreign exchange risks are covered by mirror deals or hedging instruments. Credit risks over €2.0 million are covered by an agreement with Siemens AG. Funding is found by borrowing on the money and capital markets by issuing loans, bonds, notes and commercial paper. The Company has no participations.

The Company acts as part of the Siemens' Division Financial Services (SFS). Given the objectives of the Company, the Company is economically interrelated with the ultimate holding company, Siemens AG, Germany. In the next fiscal year the Company will continue its activities as financing company for Affiliated Companies.

Risk management

Under responsibility of the Management Board and in cooperation with Siemens AG systems for internal control and for the management of risks within the Company were set up to identify and subsequently manage the credit, interest rate, foreign currency exchange rate and liquidity risks which could endanger the realization of the objectives of the Company. For a detailed description of the risks defined below, we refer to our Annual Report 2018.

The Company has assessed the effects of BREXIT and concludes that the impact on the Company will be limited.

Credit risk

The Company is exposed to credit risk in connection with its significant size of loans granted to the Affiliated Companies which are located in the Netherlands and in the United States, and its derivative instruments. Credit risk is defined as an unexpected loss in financial instruments if the contractual partner is failing to discharge its obligations. Valuation and collectability of these receivables and instruments depend upon the financial position and creditworthiness of the companies involved and of Siemens AG as a whole. Receivables from Affiliated Companies are covered by a Limited Capital at Risk Agreement between Siemens AG and the Company, thus mitigating the credit risk for the Company. The Limited Capital at Risk Agreement between the Company and Siemens AG covers the credit risk of the Company over €2.0 million. Expected impact of the Credit risk is considered to be low.
As of October 1, 2018 the Company makes impairment allowances for Receivables from Affiliated Companies according to the General Approach of IFRS 9, which consists of 3-stage model differentiating between 12-months expected credit losses and lifetime expected credit losses.

Interest rate risk

The Company's interest rate risk exposure is mainly related to fixed-rate notes and bonds. It arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to limit such risks either by lending onwards with the same structure to Affiliated Companies or by entering into interest rate derivative financial instruments such as interest rate swaps, for which hedge accounting is applied. For designated and qualifying fair value hedges, the changes in the fair values of the hedging derivatives and the hedged items are recognized in the Statement of Comprehensive Income in 'fair value changes of financial instruments'. The changes in the ineffective portion of the fair value hedge relationships can create volatility in the result of the Company. As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ensuring fair, arm's length interest compensation for activities performed, the sensitivity of the Company's results to changes in market interest rates is mitigated. Expected impact of the Interest rate risk is considered to be low.

Foreign currency exchange rate risk

Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. In order to minimize exchange rate risks the Company seeks to lend and borrow in the same currency. Furthermore the Company can use cross currency swaps to limit foreign exchange risks. All such derivative financial instruments are recorded at fair value on the Statement of Financial Position and changes in fair values are charged to net income.

For the six month period ended March 31, the U.S. dollar and British pound positions are caused by several bonds that serve to finance several loans to Affiliated Companies in the same currency. The total of these loans covers approximately the full value of the bonds in the respective currency. Therefore, the remaining foreign currency exposure is low.

In addition to the above, the existing Limited Capital at Risk Agreement takes foreign currency results into account. The sensitivity of the Company's results to changes in currency exchange rates is mitigated and the expected impact of the foreign currency exchange rate risk is considered to be low.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities when they become due, at reasonable costs and in a timely manner. As the Company participates as potential issuer in different programs unconditionally and irrevocably guaranteed by Siemens AG this risk as well as the impact considered to be low.

Business Review

The Company participates as issuer in a €15.0 billion Program for the issuance of Debt Instruments (DIP) and in a US$9.0 billion global commercial paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

During the six month period ended March 31 2019, a number of debt instruments with a total nominal value of €0.6 billion matured and were redeemed. In February, under the DIP, the Company issued bonds in 4 tranches with a total nominal value of €3 billion and maturities of 5, 9, 12 and 20 years. The net proceeds were on lent to affiliated companies.

The Company's balance sheet increased from €29.4 billion to €32.5 billion mainly due to the bond issuances.

Net interest income decreased from €22.9 million to €4.6 million.

Interest income increased by €17.6 million. This was partially due to the bond issuance in February, but mainly because of interest now being generated from a bond issuance which took place at the end of fiscal year 2018.

Interest expenses increased by €37.1 million, mainly driven by the movement in the interest result on interest rate swaps which was caused by a number of maturities occurring last fiscal year. This was partially offset by a reduction in interest expenses on liabilities to Affiliated Companies, which was the consequence of a decrease in the number of intercompany bridge loans granted to affiliates, as well as a number of early terminations which took place last fiscal year.

After taking account of changes in the fair value of derivatives and movements in the currency result, the Company recorded a profit after taxes of €4.4 million for the six month period ended March 31 2019, compared with a loss after taxes of €4.0 million in 2018.

Tax

In fiscal year 2017 a joint German Dutch tax audit was conducted by the German and Dutch authorities in order to determine the remuneration to be earned by the Company for the fiscal years 2017 up to and including 2019. As a result the remuneration policy was updated for the Company in fiscal year 2017. The Statement of Comprehensive Income reflects the tax result of the fiscal year 2019.

Other items

All personnel is employed by the regional company Siemens Nederland N.V.

Condensed Interim Financial Statements

Statement of Comprehensive Income (unaudited)

(in millions of €)	Notes	Six months ended March 31, 2019	2018
Interest income		411.6	394.0
Interest expenses		(405.0)	(367.9)
Other financial expenses		(2.0)	(3.2)
Net interest income (expenses)	2	**4.6**	**22.9**
Fair value changes of financial instruments	3	1.8	30.9
Non-trading foreign exchange results		0.0	(58.8)
Net operating income (loss)		**6.4**	**(5.0)**
Other general expenses		(0.5)	(0.4)
Profit (loss) before tax		**5.9**	**(5.4)**
Income tax revenues (expenses)	4	(1.5)	1.4
Profit (loss) after tax		**4.4**	**(4.0)**
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Total other comprehensive income after tax		-	-
Total comprehensive income for the period attributable to equity holders		**4.4**	**(4.0)**

Statement of Financial Position (unaudited)

ASSETS (in millions of €)	Notes	March 31, 2019	Oct. 1, 2018[1)]	Sept. 30, 2018
Cash and cash equivalents		26.5	66.5	66.5
Receivables from Affiliated Companies		32,163.8	29,037.4	29,040.1
Derivative financial instruments		351.9	283.2	283.2
Other financial assets		6.9	13.7	13.7
Total assets		**32,549.1**	**29,400.8**	**29,403.5**

LIABILITIES AND EQUITY (in millions of €)	Notes	March 31, 2019	Oct. 1, 2018[1)]	Sept. 30, 2018
Liabilities				
Liabilities to Affiliated Companies		11.5	11.3	11.3
Debt	5	32,311.6	29,172.2	29,172.2
Tax liabilities		0.1	0.0	0.0
Deferred tax liabilities		0.6	0.2	0.9
Other liabilities		148.8	145.0	145.0
Total liabilities		**32,472.6**	**29,328.7**	**29,329.4**
Equity attributable to equity holders				
Issued and paid in share capital		10.3	10.3	10.3
Share premium reserve		1.5	1.5	1.5
Retained earnings		60.3	61.2	63.2
Undistributed profit (loss)		4.4	(0.9)	(0.9)
Total equity attributable to equity holders		**76.5**	**72.1**	**74.1**
Total liabilities and equity		**32,549.1**	**29,400.8**	**29,403.5**

[1)] The figures of 1 October 2018 have been adjusted based on the first-time adoption of IFRS 9.

Statement of Cash Flows (unaudited)

(in millions of €)	Six months ended March 31, 2019	2018
Profit (loss) before tax	5.9	(5.4)
Adjustments for non-cash income/ expenses		
Amortization (dis)agio	9.3	8.2
Amortization transaction cost	5.4	5.7
Non-trading foreign exchange results	0.0	48.3
Fair value change of debt in a hedging relationship	67.0	(150.3)
Change in derivative financial instruments	(62.0)	55.9
Change in interest accrual receivables	(85.8)	(63.1)
Change in valuation allowance	0.2	-
Other movements from operations		
Change in other receivables	0.1	0.1
Change in other liabilities	3.8	25.1
Change in receivables from Affiliated Companies	(2,345.1)	869.1
Change in liabilities to Affiliated Companies	0.2	(399.3)
Transaction cost paid	(20.4)	-
Income taxes received (paid)	(0.9)	(1.1)
Net cash (used in) provided by operating activities	**(2,422.3)**	**393.2**
Net cash provided by investing activities		**-**
Proceeds from issuance of debt	3,000.0	-
Redemption of debt	(617.7)	(406.4)
Dividends paid	-	-
Net cash (used in) provided by financing activities	**2,382.3**	**(406.4)**
Net change in cash and cash equivalents	(40.0)	(13.2)
Cash and cash equivalents at beginning of year	66.5	21.4
Cash and cash equivalents at end of period	**26.5**	**8.2**

Interest paid and received (in millions of €)	Six months ended March 31, 2019	2018
Interest paid	(385.7)	(370.3)
Interest received	325.2	315.0
Interest related income received	0.5	3.5

Statement of Changes in Equity (unaudited)

(in millions of €)	Issued and paid-in capital	Share premium reserve	Retained earnings	Un-distributed profit (loss)	Total
Balance as at October 1, 2017	10.3	1.5	64.5	(1.3)	75.0
Appropriation of undistributed profit (loss)	-	-	(1.3)	1.3	-
Dividends	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2018	-	-	-	(4.0)	(4.0)
Balance as at March 31, 2018	**10.3**	**1.5**	**63.2**	**(4.0)**	**71.0**

Balance as at September 30, 2018	10.3	1.5	63.2	(0.9)	74.1
Effects from the first-time adoption of IFRS 9	-	-	(2.0)	-	(2.0)
Balance as at October 1, 2018[1)]	**10.3**	**1.5**	**61.2**	**(0.9)**	**72.1**

Balance as at October 1, 2018	10.3	1.5	61.2	(0.9)	72.1
Appropriation of undistributed profit (loss)	-	-	(0.9)	0.9	-
Dividends	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2019	-	-	-	4.4	4.4
Balance as at March 31, 2019	**10.3**	**1.5**	**60.3**	**4.4**	**76.5**

[1)] The figures of 1 October 2018 have been adjusted based on the first-time adoption of IFRS 9.

Notes to Condensed Interim Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. is a company domiciled in the Netherlands. The address of the Company's registered office is Prinses Beatrixlaan 800, 2595 BN The Hague, the Netherlands. Registration is in The Hague Chamber of Commerce at September 14, 1977, number 27092998. The Company has chosen Luxembourg as its home member state, pursuant to the law on transparency requirements for issuers of securities. The Company acts as a finance company for the benefit of Siemens AG and Siemens AG Group companies (Affiliated Companies). Since September 28, 1992, the Company is a 100% subsidiary of Siemens AG Berlin/Munich, which is also the ultimate owner of the Company. The Company's Financial Statements are included in the Siemens AG Consolidated Financial Statements.
The Company is primarily involved in the financing of Affiliated Companies.

Condensed Interim Financial Statements

These Interim Financial Statements are condensed and prepared in compliance with IAS 34, Interim Financial Reporting, as adopted by the European Union, and shall be read in conjunction with the Annual Report 2018 of the Company, which was prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

The published figures in these Condensed Interim Financial Statements are unaudited.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This Interim Report was authorised for issue by the Management Board on May 09, 2019.

Significant accounting policies

These Condensed Interim Financial Statements apply the same accounting principles and practices as those used in the 2018 annual financial statements except for the addition of IFRS 9. In July 2014, the IASB issued IFRS 9, Financial Instruments. IFRS 9 introduces a single approach for the classification and measurement of financial instruments according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regards to managing non-financial risks. The new standard is effective for annual reporting periods beginning on or after January 1, 2018. The Company adopted IFRS 9 as of October 1, 2018 and will not adjust comparative figures for the preceding fiscal year, in accordance with IFRS 9 transitional provisions.

The impact of various changes is explained below:

a) The Company has assessed the effects of adopting IFRS 9 and concludes that there is no impact on the classification and measurement of financial instruments.

b) Furthermore, the company assessed the effect of IFRS 9 on new impairment requirements. Only Receivables from Affiliated Companies, which are measured at amortized cost, are subject to the new impairment requirements. As of October 1, 2018 the Company makes impairment allowances for Receivables from Affiliated Companies according to the General Approach of IFRS 9, which consists of 3-stage model differentiating between 12-months expected credit losses and lifetime expected credit losses. The first application, based on 12-months expected credit loss model results in a valuation allowance for expected credit losses amounting to €2.7 million, net of tax effects approximately €2.0 million. Thus the total initial recognition of IFRS 9 results in a reduction of equity by €2.0 million.

c) The Company also adopted the IFRS 9 hedge accounting rules from October 1, 2018. Existing hedge accounting relationships meet the hedge accounting requirements under IFRS 9.

Adjustments and estimates

The preparation of the Condensed Interim Financial Statements in conformity with IFRS requires that the management makes adjustments and estimates and specifies the assumptions that influence the application of the accounting policies and the reported value of assets and liabilities, and of income and expenses. The actual results may deviate from these estimates.

Unless explained otherwise, the estimates made by the management in drawing up these Condensed Interim Financial Statements are similar to those used by drawing up the Annual Financial Statements 2018.

2. Interest income and expenses

Details of interest income and expenses	Six months ended March 31,	
(in millions of €)	**2019**	**2018**
Interest income on receivables from Affiliated Companies	411.1	378.0
Other interest income	-	12.5
Interest related income	0.5	3.5
Interest income	**411.6**	**394.0**
Other financial income	-	0.0
Interest expenses on financial debt	(436.8)	(434.3)
Therein: Amortization of (dis)agio	*(9.3)*	*(8.2)*
Amortization of transaction costs	*(5.4)*	*(5.7)*
Interest expenses on liabilities to Affiliated Companies	(0.1)	(10.5)
Interest result on interest rate swaps [1)]	31.9	76.9
Interest expenses	**(405.0)**	**(367.9)**
Other financial expenses	**(2.0)**	**(3.2)**
Net interest income (expenses)	**4.6**	**22.9**

[1)] As the interest rate swaps are used as interest hedging instruments for issued debt the interest income and expenses are displayed as a net value within this position.

The Company receives/pays compensation for loans issued to/borrowings from Affiliated Companies which are early terminated. These amounts are presented in Other interest income and Other interest expenses.

The Company applies the Siemens AG worldwide policy for fixing interest rates for receivables from and liabilities to Affiliated Companies at arms' length prices. The Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ensuring fair, arms' length interest compensation for activities performed. When the total actual interest result differs from the total agreed interest result the difference is settled following this agreement and stated as Interest related income or Interest related expense.

Due to the current economic situation some interest rates have been set below zero. This leads to the situation that the Company has to pay interest for bank deposits and on Receivables from Affiliated Companies which is presented in Other financial expenses (negative interest income), and receives interest for Liabilities to Affiliated Companies, which is presented in Other financial income (negative interest expenses).

The total interest result varies due to market interest changes, changes in portfolio of loans and borrowings and the agreement with Siemens AG.

3. Fair value changes of financial Instruments

Derivatives (in millions of €)	Six months ended March 31, **2019**	**2018**
Change in fair value of interest rate swaps	*68.8*	*(159.5)*
Change in fair value of debt	*(67.0)*	*150.3*
Ineffective portion of fair value hedges	1.8	(9.2)
Fair value changes of currency swaps	-	40.1
Total of changes in Derivatives	**1.8**	**30.9**

The ineffective portion of fair value hedges consists of the change in the fair values of the hedging instruments (interest rate swaps) and the change in the fair values of the hedged items (hedged part of notes, bonds and loans from banks). Currently the Company does not have any cross currency swaps outstanding.

4. Income tax

Income tax expense is recognized based on management's best estimate of the effective income tax rate for the fiscal year. Additional information regarding the renewal of the tax agreement with German and Dutch authorities is disclosed in the Interim Management Report part of this Interim Report.

5. Debt

Debt (in millions of €)	**March 31, 2019**	**Sept 30, 2018**
Notes and bonds (< 1 year)	(5,324.4)	(3,141.5)
Notes and bonds (> 1 year)	(26,097.1)	(25,166.8)
Total Notes and Bonds	**(31,421.5)**	**(28,308.3)**
Loans from banks (< 1 year)	(890.1)	-
Loans from banks (> 1 year)	-	(863.9)
Total Loans from banks	**(890.1)**	**(863.9)**
Total debt	**(32,311.6)**	**(29,172.2)**

During the six month period ended March 31, 2019, the US$ 3m LIBOR+1.4% 2012/2019 US$ floating-rate instruments of US$0.4 billion (€0.3 billion as of February 21, 2019) and the 2014/2019 US$ floating-rate instruments of US$0.3 billion (€0.3 billion as of March 6, 2019) were matured and redeemed.

In February 2019, the Company issued instruments totalling €3.0 billion in four tranches maturing in 2024, 2028, 2031 and 2039.

6. Dividends

No dividends were paid during the six month period ended March 31, 2019.

7. Additional disclosure on financial instruments

In the six months ended March 31, 2019, there were no changes in valuation techniques used and no transfers from one level of the fair value hierarchy to another level.

8. Events after reporting date

Between March 31, 2019, and May 09, 2019, no events occurred that would have resulted in an adjustment to the book values of the Company.

9. Related parties

During the first six months of this fiscal year, the Company lent the proceeds of issuances of notes and bonds to related parties only. The following table provides information regarding loans to, deposits from, interest related income and derivatives with related parties during the six months ended March 31, 2019:

Cash and cash equivalents (in millions of €)	March 31, 2019	Sept 30, 2018
Siemens AG	26.5	66.5

Receivables from Affiliated Companies (in millions of €)	Six months ended March 31, 2019 Interest income	March 31, 2019 Loans	Six months ended March 31, 2018 Interest income	Sept 30, 2018 Loans
Germany	0.0	-	1.7	-
The Netherlands	218.1	21,055.9	177.1	17,738.9
United States of America	193.0	10,958.4	199.3	11,237.5
Total	**411.1**	**32,014.3**	**378.1**	**28,976.4**

The receivable position with Affiliated Companies in Germany relates completely to positions with Siemens AG, the parent, and the other positions relate to other related parties.

The total amount of Receivables from Affiliated Companies as of March 31, 2019 includes a valuation allowance for expected credit losses in amount of €2.7 (2018: €0.0).

Liabilities to Affiliated Companies (in millions of €)	Six months ended March 31, 2019 Interest expenses	March 31, 2019 Deposits	Six months ended March 31, 2018 Interest expenses	Sept 30, 2018 Deposits
Germany	(0.1)	-	(5.6)	-
The Netherlands	(2.0)	(11.5)	(8.1)	(11.3)
Total	**(2.1)**	**(11.5)**	**(13.7)**	**(11.3)**

The liability position to Affiliated Companies in Germany relates completely to positions with Siemens AG, the parent, and the other positions relate to other related parties.

Interest related income (in millions of €)	Six months ended March 31, 2019	March 31, 2018
Siemens AG	0.5	3.5

Interest rate swaps with Affiliated Companies (in millions of €)	Six months ended March 31, 2019		March 31, 2018	
	Net interest	Fair value	Net interest	Fair value
Siemens AG	15.2	112.1	56.8	130.5

Currency swaps with Affiliated Companies (in millions of €)	Six months ended March 31, 2019		March 31, 2018	
	Fair value changes	Fair value	Fair value changes	Fair value
Siemens AG	-	-	10.2	-

Responsibility Statement

The Interim Report for the six months period ended March 31, 2019, consists of the Interim Management Report, Condensed Interim Financial Statements, Notes to Condensed Interim Financial Statements and the Responsibility Statement by the Company's Management Board. The information in this interim report is unaudited.

The Management Board is responsible for preparing the Condensed Interim Financial Statements in accordance with Dutch law and IAS 34, Interim Financial Reporting, as adopted by the European Union.

Management declares that, to the best of its knowledge, the Condensed Interim Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and results of the Company, and include a fair review of the information required pursuant to section 4 (2) of the Transparency Law.

The Hague, May 09, 2019

Siemens Financieringsmaatschappij N.V.
Management Board

G.J.J. van der Lubbe K.E. Mitchell