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Interim Report

**Siemens
Financieringsmaatschappij N.V.**

October 1, 2017 – March 31, 2018

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Siemens Financieringsmaatschappij N.V.

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Siemens Financieringsmaatschappij N.V.

INTERIM MANAGEMENT REPORT

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 2017, which includes a detailed analysis of our operations and activities. The Annual Report 2017 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 capital markets section of the Siemens’ Division Financial Services (“SFS”) which is 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 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 its interrelatedness with Siemens AG, management refrains from commenting on the activity level and expected results for the near future.

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INTERIM MANAGEMENT REPORT

Risk management

Under responsibility of the Board of Directors 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 2017.

Credit risk

The Company is exposed to credit risk in connection with its significant size of loans granted to the Affiliated Companies and its derivative instruments. Credit risk is defined as an unexpected loss in cash and earnings if the ultimate counterparty is unable to pay its obligations in due time. 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 mitigating the credit risk for the Company. The limited capital at risk agreement between the Company and Siemens AG reduces the risk of the Company to a maximum of €2 million. Expected impact of the Credit risk is considered to be low.

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 mitigate such a risk 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.

Under the interest rate swap agreements the Company agrees to pay a variable rate of interest multiplied by a notional principle amount, and receive in return an amount equal to a specified fixed rate of interest multiplied by the same notional principal amount.

The interest rate risk is covered by the limited capital at risk agreement between the Company and Siemens AG. Expected impact of the Interest rate risk is considered to be low.

Foreign currency exchange rate risk

Foreign currency 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 functional currency. Furthermore the Company uses 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. 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 is considered to be low.

Siemens Financieringsmaatschappij N.V.

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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. No issuances took place during the six month period ended March 31.

The Company's balance sheet total decreased by €1.9 billion to €31.5 billion. The decrease is mainly due to the maturity of one US\$ fixed-rate instrument as well as foreign exchange rate movements.

Net interest income decreased slightly from €25.4 million to €22.9 million.

For the six month period ended March 31, the temporary effect from the fair value hedges (ineffectivity) was slightly higher in 2018 (€-9.2 million) compared with 2017 (€-8.1 million) due to the market value development of the instruments used in hedge accounting.

For the six month period ended March 31, this resulted in a loss of €4.0 million in 2018 compared to a loss of €2.4 million in 2017.

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. The Statement of Comprehensive Income reflects the tax result of the fiscal year 2017.

Other items

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

Siemens Financieringsmaatschappij N.V.
CONDENSED INTERIM FINANCIAL STATEMENTS

Condensed Interim Financial Statements

Statement of Comprehensive Income (unaudited)

(in millions of €)	Notes	Six months ended March 31,	
		2018	2017
Interest income		394.0	361.4
Other financial income		-	-
Interest expenses		(367.9)	(329.6)
Other financial expenses		(3.2)	(6.4)
Net interest income (expenses)	2	22.9	25.4
Fair value changes of financial instruments	3	30.9	(100.1)
Non-trading foreign exchange results		(58.8)	71.8
Net operating income (loss)		(5.0)	(2.9)
Other general expenses		(0.4)	(0.3)
Profit (loss) before tax		(5.4)	(3.2)
Income tax revenues (expenses)	4	1.4	0.8
Profit (loss) after tax		(4.0)	(2.4)
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		(4.0)	(2.4)

Siemens Financieringsmaatschappij N.V.
CONDENSED INTERIM FINANCIAL STATEMENTS

Statement of Financial Position (unaudited)

ASSETS (in millions of €)	Notes	March 31, 2018	Sept. 30, 2017
Cash and cash equivalents		8.2	21.4
Receivables from Affiliated Companies		31,044.9	32,864.6
Derivative financial instruments		339.2	499.4
Other financial assets		78.0	41.0
Total assets		31,470.3	33,426.4

LIABILITIES AND EQUITY (in millions of €)	Notes	March 31, 2018	Sept. 30, 2017
Liabilities			
Liabilities to Affiliated Companies		3,001.3	3,400.6
Debt	5	28,195.4	29,703.6
Derivative financial instruments		-	67.2
Tax liabilities		0.0	0.2
Deferred tax liabilities		0.9	3.2
Other liabilities		201.7	176.6
Total liabilities		31,399.3	33,351.4
Equity attributable to equity holders			
Issued and paid in share capital		10.3	10.3
Share premium reserve		1.5	1.5
Retained earnings		63.2	64.5
Undistributed profit (loss)		(4.0)	(1.3)
Total equity attributable to equity holders		71.0	75.0
Total liabilities and equity		31,470.3	33,426.4

Siemens Financieringsmaatschappij N.V.
CONDENSED INTERIM FINANCIAL STATEMENTS

Statement of Cash Flows (unaudited)

(in millions of €)	Six months ended March 31,	
	2018	2017
Profit (loss) before tax	(5.4)	(3.2)
Adjustments for non-cash income/ expenses		
Amortization (dis)agio	8.2	16.1
Amortization transaction cost	5.7	4.8
Non-trading foreign exchange results	48.3	(71.8)
Fair value change of debt in a hedging relationship	(150.3)	(240.7)
Change in derivative financial instruments	55.9	358.2
Change in interest accrual receivables	(63.1)	(113.7)
Other movements from operations		
Change in other receivables	0.1	-
Change in other liabilities	25.1	(43.5)
Change in receivables from Affiliated Companies	869.1	(2,860.8)
Change in liabilities to Affiliated Companies	(399.3)	(407.9)
Transaction cost paid	-	(24.7)
Income taxes received (paid)	(1.1)	(1.3)
Net cash (used in) provided by operating activities	393.2	(3,388.5)
Net cash provided by investing activities	-	-
Proceeds from issuance of debt	-	6,982.9
Redemption of debt	(406.4)	(3,591.7)
Dividends paid	-	(4.2)
Net cash (used in) provided by financing activities	(406.4)	3,387.0
Net change in cash and cash equivalents	(13.2)	(1.5)
Cash and cash equivalents at beginning of year	21.4	16.6
Cash and cash equivalents at end of period	8.2	15.1

Interest paid and received (in millions of €)	Six months ended March 31,	
	2018	2017
Interest paid	(370.3)	(310.4)
Interest received	315.0	210.9
Interest related income received	3.5	36.7

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Statement of Changes in Equity (unaudited)

<small>(in millions of €)</small>	Issued and paid- in capital	Share premium reserve	Retained earnings	Undistributed profit (loss)	Total
Balance as at October 1, 2016	10.3	1.5	64.5	4.2	80.5
Appropriation of undistributed profit (loss)	-	-	-		-
Dividends	-	-	-	(4.2)	-
Total comprehensive income for the period ended March 31, 2017	-	-	-	(2.4)	1.8
Balance as at March 31, 2017	10.3	1.5	64.5	(2.4)	73.9

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

Siemens Financieringsmaatschappij N.V.

NOTES to CONDENSED INTERIM FINANCIAL STATEMENTS

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 2017 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 Board of Directors on May 04, 2018.

Significant accounting policies

These Condensed Interim Financial Statements apply the same accounting principles and practices as those used in the 2017 annual financial statements.

Additionally IAS 7, changes in derivative financial instruments, and IAS 12, recognition of Deferred tax assets, became effective for annual reports started on or after January 1, 2017 (endorsed by the European Union). The amendments have no impact on the financial report of the Company.

Siemens Financieringsmaatschappij N.V.

NOTES to CONDENSED INTERIM FINANCIAL STATEMENTS

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 2017.

2. Interest income and expenses

Details of interest income and expenses <small>(in millions of €)</small>	Six months ended March 31,	
	2018	2017
Interest income on receivables from Affiliated Companies	378.0	324.7
Other income	12.5	-
Interest related income	3.5	36.7
Interest income	394.0	361.4
Other financial income	0.0	-
Interest expenses on financial debt	(434.3)	(439.3)
<i>Therein: Amortization of (dis)agio</i>	<i>(8.2)</i>	<i>(16.1)</i>
<i>Amortization of transaction costs</i>	<i>(5.7)</i>	<i>(4.8)</i>
Interest expenses on liabilities to Affiliated Companies	(10.5)	(7.3)
Interest result on interest rate swaps ¹⁾	76.9	117.0
Interest expenses	(367.9)	(329.6)
Other financial expenses	(3.2)	(6.4)
Net interest income (expenses)	22.9	25.4

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.

Siemens Financieringsmaatschappij N.V.

NOTES to CONDENSED INTERIM FINANCIAL STATEMENTS

The Company receives compensation for loans issued to Affiliated Companies which are early terminated. These amounts are included in Other income.

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 determining the interest result for the Company. 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.

Due to the current economic situation some interest rates have set below zero. This leads to the situation that the Company has to pay interest on Cash and cash equivalents and on Receivables from Affiliated Companies, and receives interest for Liabilities to Affiliated Companies. The effect of this is presented in the Other financial income and Other financial 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,	
	2018	2017
<i>Change in fair value of interest rate swaps</i>	(159.5)	(248.8)
<i>Change in fair value of debt</i>	150.3	240.7
Ineffective portion of fair value hedges	(9.2)	(8.1)
Fair value changes of currency swaps	40.1	(92.0)
Total of changes in Derivatives	30.9	(100.1)

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 (notes and bonds and loans from banks).

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.

Siemens Financieringsmaatschappij N.V.
NOTES to CONDENSED INTERIM FINANCIAL STATEMENTS

5. Debt

Debt <i>(in millions of €)</i>	March 31, 2018	Sept 30, 2017
Notes and bonds (< 1 year)	(3,604.0)	(3,561.0)
Notes and bonds (> 1 year)	(23,779.8)	(25,295.6)
Total Notes and Bonds	(27,383.8)	(28,856.6)
Loans from banks (< 1 year)	-	-
Loans from banks (> 1 year)	(811.6)	(847.0)
Total Loans from banks	(811.6)	(847.0)
Total debt	(28,195.4)	(29,703.6)

During the six month period ended March 31, 2018, the 1.5% US\$ fixed-rate instruments of US\$0.5 million (€0.4 million as of March 12, 2018) matured.

6. Dividends

No dividends were paid during the six month period ended March 31, 2018.

7. Additional disclosure on financial instruments

In the six months ended March 31, 2018, 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, 2018, and May 04, 2018, 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, 2018:

Cash and cash equivalents <i>(in millions of €)</i>	March 31, 2018	Sept 30, 2017
Siemens AG	8.2	21.4

Siemens Financieringsmaatschappij N.V.
 NOTES to CONDENSED INTERIM FINANCIAL STATEMENTS

Receivables from Affiliated Companies	Six months ended March 31, 2018	March 31, 2018	Six months ended March 31, 2017	Sept 30, 2017
<i>(in millions of €)</i>	Interest income	Loans	Interest income	Loans
Germany	1.7	1,012.4	0.0	-
The Netherlands	177.1	15,869.7	99.8	15,025.6
United Kingdom	-		0.2	-
United States of America	199.3	14,039.6	224.7	17,778.7
Total	378.1	30,921.7	324.7	32,804.3

Liabilities to Affiliated Companies	Six months ended March 31, 2018	March 31, 2018	Six months ended March 31, 2017	Sept 30, 2017
<i>(in millions of €)</i>	Interest expenses	Deposits	Interest expenses	Deposits
Germany	(5.6)	(2,992.5)	(4.7)	(2,540.3)
The Netherlands	(8.1)	(8.1)	(9.0)	(857.1)
United States of America	-	-	-	-
Total	(13.7)	(3,000.6)	(13.7)	(3,397.4)

Interest related income	Six months ended	
<i>(in millions of €)</i>	March 31, 2018	March 31, 2017
Siemens AG	3.5	36.7

Interest rate swaps with Affiliated Companies	Six months ended			
<i>(in millions of €)</i>	March 31, 2018		March 31, 2017	
	Net interest	Fair value	Net interest	Fair value
Siemens AG	56.8	130.5	89.6	267.3

Currency swaps with Affiliated Companies	Six months ended			
<i>(in millions of €)</i>	March 31, 2018		March 31, 2017	
	Fair value changes	Fair value	Fair value changes	Fair value
Siemens AG	10.2	-	32.3	(57.2)

Siemens Financieringsmaatschappij N.V.

RESPONSIBILITY STATEMENT

Responsibility Statement

The Interim Report for the six months period ended March 31, 2018, consists of the Interim Management Report, Condensed Interim Financial Statements, Notes to Condensed Interim Financial Statements and the Responsibility Statement by the Company's Board of Directors. The information in this interim report is unaudited.

The Board of Directors 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.

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Condensed Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Siemens Financieringsmaatschappij N.V. and that the interim results release includes a fair review of the information required pursuant to section 5:25d, subsections 8 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht) and as required by article 4 of the law and the Grand-ducal regulation of 11 January 2008 on transparency requirements for issuers of securities.

The Hague, May 04, 2018

Siemens Financieringsmaatschappij N.V.

Board of Directors

G.J.J. van der Lubbe

K.E. Mitchell

