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Annual Report

Siemens Financieringsmaatschappij N.V.

October 1, 2015 – September 30, 2016

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Siemens Financieringsmaatschappij N.V.

Contents

Report of the Board of Directors

Herewith we present the Financial Statements of Siemens Financieringsmaatschappij N.V. (the "Company" or "SFM") as of September 30, 2016. These Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code.

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 (SAG) 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.
The Board of Directors is of the opinion that the objectives were met.

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 papers. 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. In the next fiscal year the Company will continue its activities as financing company for Affiliated Companies.

Risk management

Under responsibility of the Board of Directors, systems for internal control and for the management of risks within the Company were set up, in cooperation with Siemens AG, to identify and subsequently manage the credit, interest and foreign exchange rate risks which could endanger the realization of the objectives of the Company. Below we describe the material risks that the Company faces. For further information see also Note 2 and Note 18.

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 covers the credit risk of the company over €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 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. To minimize the exposure of the Company to fair value changes of the swaps resulting from changes in market interest rates, the Company applies hedge accounting for transactions, which meet the specified criteria. 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 temporary effects on the result of the Company. As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result (including the result out of currency exchange rates) for the Company, 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 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. The U.S. dollar position is caused by loans to Affiliated Companies. Some U.S. dollar loans are financed by borrowings in euro. For the loans financed by euro debt, the Company entered into cross currency swaps, with Siemens AG as counterparty. The swaps match the maturity and nominal values of the respective loans. The remaining U.S. dollar exposure is therefore relatively low. The British pound position is caused by several bonds that serve to finance several loans in British pound to Affiliated Companies that total to approximately the full value of the bond. Therefore the remaining British pound exposure is low.

The table below shows the foreign-currency positions of the Company before and after currency swaps:

Currency	30 September 2016 before swaps	Currency swaps	30 September 2016 net position [1)]	Effects of 10% rise in €	Effects of 10% decline in €	30 September 2015 net position [1)]
British pound	77.3	(76.2)	1.1	(0.1)	0.1	(1.2)
U.S. dollar	1,704.0	(1,703.5)	0.5	0.0	0.0	4.9

[1)] A positive amount is an asset: when euro gains in value the effect is negative on 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 as well as the impact are considered to be low.

Changes of regulations, laws and policies

The Affiliated Companies, which are partners of the Company in different business transactions, operate in different countries of the world and therefore are subject to different regulations. With support of Siemens internal and external tax and legal advisors the management of the Company continuously monitors current and upcoming changes in regulations, laws and policies. Legislative changes could affect business relationships with the companies in those countries, but the impact on objectives and overall result of the company is considered to be low.

Risk and Internal control framework

The Company implemented extensive risk and internal control framework established in the Siemens Group. The company also continuously improves its risk management in alignment with Siemens Guidance's and Standards. For further information see also the Corporate Governance Statement of this report.

Assessment of the overall risk situation

Our general response strategies with respect to risks are avoidance, transfer, reduction or acceptance (e.g. in case of changes in legislation) of the relevant risk. Considering these strategies the level of risks and uncertainties that the Company is prepared to accept (Risk Appetite) is considered to be low. Siemens controlling departments regularly review the adequacy and effectiveness of our risk management system. Accordingly, if deficits are detected, it is possible to adopt appropriate measures for their elimination. At present, no risks have been identified that either individually or in combination could endanger our ability to continue as a going concern.

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.

In March 2016, an instrument of US$500 million matured and was redeemed. In August 2016 an outstanding loan of nominal US$5 million was redeemed. On August 1, 2016 Siemens Financieringsmaatschappij N.V. has irrevocably called for redemption of the hybrid bonds and redeemed them at face value on September 14, 2016. In September 2016, the Company issued instruments totaling US$6 billion (€5.4 billion as of September 30, 2016) in 6 tranches and maturities between 3 and 30 years. The total nominal amount outstanding under the DIP was €9.9 billion as of September 30, 2016.

As of September 30, 2016, the Company participates in three credit facility programs of Siemens AG. In June 2016, €4 billion credit facility agreement was extended with one additional year to June 25, 2021. For further information see Note 14.

The Company's balance sheet total increased with €3,1 billion to €31,5 billion. The main reason for the increase is the issuance of the instruments in September, 2016 totaling to US$6 billion (€5.4 billion as of September 30, 2016). The effect was reduced by the instruments matured and redeemed during the fiscal year 2016.

Interest income and Interest expenses increased in fiscal year 2016 mainly due to increase in Receivables from Affiliated Companies and in Debts as the result of the issuance performed in fiscal year 2015. Net interest income increased from €11 million in 2015 to €16.4 million in 2016. Temporary effect from the fair value hedges (ineffectivity) was significantly lower in 2016 (€-2.9 million) comparing to 2015 (€-30.1 million). Together with the higher Net interest income this resulted in Profit after taxes of €4.2 million in 2016 comparing to Loss after taxes of €14.8 million in 2015.

Tax

In fiscal year 2014 a joint German Dutch tax audit was held by the German and Dutch authorities in order to discuss the remuneration to be earned by the Company for the fiscal years 2013 up to and including 2016. As a result the remuneration policy was established for the Company. The Statement of Comprehensive Income reflects the tax result of the fiscal year 2016. It is anticipated that the remuneration policy will be updated in the course of fiscal year 2017. The Existing agreement with German and Dutch authorities has terminated as per end of fiscal year 2016, therefore the new agreement will cover the period starting from fiscal year 2017.

Other items

All personnel are employed by the regional company Siemens Nederland N.V. For details on remuneration see Note 23.
In connection with the listing of bonds at the Luxembourg Stock Exchange the Company is regarded as a “Public Interest Entity (Organisatie van Openbaar Belang (OOB)”. The Company applies parts III.5.4 (part a, b, c and f) and III.5.7 of the Dutch Corporate Governance Code (Code) concerning the audit committee and principles V2 and V4 concerning the external auditor.

In fiscal year 2016 the Articles of Association of the Company were amended.

Representation by the Board of Directors as required under section 5:25c, part 2, item c of the Dutch Financial Markets Supervision Act (WFT)

Management declares that, to the best of its knowledge, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code give a true and fair view of the assets, liabilities, financial position and results of the Company. The report of the Board of Directors includes a fair review of the development and performance of the business during financial year, the position of the Company on the balance sheet date and a description of the material risks that the Company faces.

The Hague, November 16, 2016

On behalf of the Board of Directors

G.J.J. van der Lubbe	S. Galanzin
Managing Director (CEO)	Managing Director (CFO)

Corporate Governance Statement

The Board of Directors is responsible for establishing and maintaining an adequate risk and internal control system for the Company.
Our Risk and Internal Control (R/IC/) system as defined in the R/IC/ Manual is designed to manage rather than eliminate risk and to provide a degree of assurance, although not absolute assurance, that the organization's business objectives are being met and key risks are being adequately managed - for example that the organization's assets are safeguarded, financial reporting is reliable and laws and regulations are complied with.

The risk and internal control system is based on an ongoing process designed to:

- identify and prioritize risks to achievement of business objectives;
- manage these risks efficiently and effectively, including the issuance of guidance and associated control requirements; and
- regularly review the risks being managed, including evaluating the achievement of control requirements and the effectiveness of key controls designed to mitigate these risks.

No risk and internal control system, including one determined to be effective, can ensure that the organization's business objectives are being met and key risks are being adequately managed. Instead, it can only provide a certain degree of assurance thereon, acknowledging that limitations exist in all systems of internal control, and that uncertainties and risks may exist, which no one can confidently predict with precision. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The core elements on which our internal control system is based include, but are not limited to:

- Policy and Control Master book (PCMB): The Policy and Control Master book is a central reference point for all globally applicable Control Requirements mandated in Siemens Circulars and other existing Corporate policies and guidance. It provides a clear and consistent set of Control Requirements which assist management and staff to appropriately control areas for which they are responsible. Control Requirements are structured into the four categories strategic, operations, financial and compliance on the basis of the globally accepted COSO 'Enterprise Risk Management - Integrated Framework' to allow the organization to break down its control environment into manageable aspects and to work towards achieving its overall control objectives.
- Internal Control (IC) Process: An integrated IC Process considering the core elements of COSO. 'Internal Control - Integrated Framework' is in place to review the effectiveness of internal controls over strategic, operations, financial and compliance Control Requirements. The Control Requirements included in the PCMB form the basis for the annual assessment. Any internal control deficiencies identified through this process are evaluated and respective remediation activities are initiated by management. Results are reported up the organizational structure.
- Internal Certification Process: A quarterly certification process has been instituted, requiring management to internally certify various matters, providing the basis for the responsibility statement of the Siemens AG

Managing Board and for the representation of the Siemens AG CEO, CFO and Corporate Controller to the external auditor.

Assurance efforts have primarily been focused on safeguarding of assets, reliability of financial reporting and compliance with laws and regulations. In order to effectively manage assurance efforts, different assessment approaches and therefore levels of assurance have been applied.
The highest level of assurance has been provided through the integrated Control over Financial Reporting (ICFR) Process on reliability of financial reporting and through other Detailed Assessments in the IC Process that require independent testing and are primarily performed for anti-corruption topics.
The majority of remaining assessments in the IC Process were conducted in the form of Self Assessments or known issue reporting. Whilst these are subject to validation procedures, the level of comfort that is achieved is lower compared to Detailed Assessments.

In connection with the listing of bonds at the Luxembourg Stock Exchange the Company is regarded as a “Public Interest Entity (Organisatie van Openbaar Belang (OOB)”. The Company applies parts III.5.4 (part a, b, c and f) and III.5.7 of the Dutch Corporate Governance Code (Code) concerning the audit committee and principles V2 and V4 concerning the external auditor.

No critical internal control weaknesses were identified as part of the review of the effectiveness.

The Hague, November 16, 2016

On behalf of the Board of Directors

G.J.J. van der Lubbe	S. Galanzin
Managing Director (CEO)	Managing Director (CFO)

Report of the Supervisory Board

I. **Submission**

We hereby submit the Report of the Supervisory Board of Siemens Financieringsmaatschappij N.V. for the fiscal year 2016. The annual accounts have been audited by Ernst & Young Accountants LLP and were provided with an unqualified auditor's opinion on November 16, 2016. The Independent Auditors' Report can be found on page 44 of the Annual Report.

The Supervisory Board agrees with the proposal by the Board of Directors to distribute dividends from the result for fiscal year 2016 of €4.2 million. We recommend the General Meeting of Shareholders to adopt the annual accounts and to ratify the actions of the members of the Board of Directors.

II. **Position of Siemens Financieringsmaatschappij N.V. and significant developments**

General, targets and strategy

Siemens Financieringsmaatschappij N.V. is one of the top players in the Siemens Group in the field of funding and financing of group companies. The activities not forming part of the core business have been outsourced to specialist parts of the Siemens Group in Germany and the Netherlands. This outsourcing has no effect on the responsibilities of the Board of Directors. During 2016 the strategy of outsourcing and checks thereon was evaluated with the Board of Directors. Likewise the Supervisory Board discussed with the Board of Directors the risk management strategy, as well as the monitoring and the reporting of risk management to the Supervisory Board. Unambiguous agreements have been reached in this respect. Siemens Group experts have assisted the Supervisory Board.

Based on reports submitted by the Board of Directors, we discussed in detail the business transactions of major significance to the Company.

In order to examine independently the situation in the various parts of the Siemens Group that are involved in the Company's business processes, the Supervisory Board has been informed by these parts of the Siemens Group.

The Supervisory Board was able to use the information obtained when assessing the way in which the Board of Directors has implemented internal control.

Special developments

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 fiscal year 2016 the following transactions took place:

- In March 2016, an instrument of US$500 million matured and was redeemed.
- In August 2016 an outstanding loan of nominal US$5 million matured and was redeemed.
- In September 2016 the Company redeemed the Hybrid bonds of €900 million and £750 million.
- In September 2016, the Company issued financial instruments with a nominal amount of US$6 billion with maturities between 3 and 30 years.

Financing and tax planning

As a group financing company the planning of the Company's financing has been fully integrated with that of the parent company. The planning adhered to by the parent company is accepted as binding and followed by the Company.

The Board of Directors gave a presentation on the follow-up of the joint tax audit and current tax topics in relation to the Company's tax control framework in cooperation with the tax manager of the Dutch regional entities of Siemens. The general conclusion is that the tax risk profile is consistent with the policy. The tax policy can be considered as conservative. The existing arrangements with the tax authorities provide sufficient comfort. The Supervisory Board has approved the Company's tax policy. The Board of Directors informed the Supervisory Board on the announcement of the US authorities concerning Reg 385.

Compliance with legislation and regulations

Relevant legislation for the Company can be found in the Dutch Financial Markets Supervisory Act (WFT), and applicable laws in Luxembourg concerning stock market listing and prospectus guidelines. The Board of Directors demonstrated the Supervisory Board how compliance with the principal legislation and regulations is ensured. An external legal opinion was obtained in order to evaluate the Company's position with regards to rules and regulations. The Supervisory Board did not note any shortcomings in this respect.

III. Governance

In connection with the listing of bonds at the Luxembourg Stock Exchange the Company is regarded as a "Public Interest Entity (Organisatie van Openbaar Belang (OOB)". The Supervisory Board considers itself responsible for compliance with the Dutch Corporate Governance Code (Code) parts III.5.4 (part a, b, c and f) and III.5.7 of the Code concerning the audit committee and principles V2 and V4 concerning the external auditor. The Supervisory Board supervises fulfillment of these provisions. Annually compliance with the best practice provisions is discussed with the Board of Directors. The Corporate Governance statement is included on page 7 of the Annual Report. The Supervisory Board approves the contents of this statement.

IV. Composition of Supervisory Board and Board of Directors

The current composition of the Supervisory Board with personal details, primary and secondary functions:

H.-P. Rupprecht (1954, German nationality, male)
Member of the Supervisory Board since: 24-11-2000
Chairman of the Supervisory Board
Primary function: Chief Executive Officer of Siemens Treasury GmbH and Group Treasurer Siemens AG
Secondary functions: Supervisory Board - Vice-Chairman of Siemens Bank GmbH
Supervisory Board - Chairman of Siemens Finance B.V.
Supervisory Board - Member of UBS Real Estate Kapitalanlagegesellschaft mbH
Board of Directors - Chairman of Siemens Capital Company LLC
Board of Directors - Vice-Chairman of Siemens Financial Services Ltd
Supervisory Board - Vice-Chairman of Siemens Fonds Invest GmbH
Supervisory Board - Vice-Chairman of Siemens Spezial Investment AG

Dr. H. Bernhöft (1958, German nationality, male)
Member of the Supervisory Board since: 14-01-2011
Primary function: Chief Financial Officer of Siemens Treasury GmbH
Secondary function: Supervisory director of Siemens Finance B.V.

B.G. Trompert (1948, Dutch nationality, male)
Member of the Supervisory Board since: 01-07-2009
Other functions: Supervisory director of Siemens Finance B.V.
Joint Managing Director of several not related companies.

The General Meeting of Shareholders, who also fixes their number, appoints the members of the Supervisory Board. These appointments are for an unlimited period. All the members of the Supervisory Board are independent.

The current composition of the Board of Directors with personal details, primary and secondary functions:

Gerard J.J. van der Lubbe (1960, Dutch nationality, male)
Member of the Board of Directors (CEO) since: 01-07-2009
Chairman of the Board of Directors
Other functions: Managing director of Siemens Finance B.V.
Managing director of Dresser-Rand International B.V.

Sergej Galanzin (1981, German and Lithuanian nationality, male)
Member of the Board of Directors (CFO) since: 27-11-2014
Other functions: Managing director of Siemens Finance B.V.
Managing director of Dresser-Rand International B.V.

V. Meetings and other sessions

The Supervisory Board met twice in the fiscal year. A delegation of the Supervisory Board attended the quarterly meeting of the Board of Directors with the external auditor. On a monthly basis the Board of Directors discusses with a member of the Supervisory Board the developments. The CEO meets the chairman of the Supervisory Board several times a year, whereas the CFO meets the member of the Supervisory Board who is CFO of Siemens Treasury GmbH regularly. During these meetings and during other ad hoc contacts with the Board of Directors throughout the year monitoring is ensured.

Self-assessment by the Supervisory Board

In fiscal year 2016 the performance of the Supervisory Board as a whole has been assessed. The Supervisory Board aims for an appropriate combination of knowledge and experience among its members in relation to the character of the business of the Company. Following the results of the assessment, the Supervisory Board decided to continue its activities and leave the governance structure unchanged.

VI. Committees

The size of the Company enables the Supervisory Board to operate without separate committees other than the Audit Committee. A supervisory director has been entrusted to supervise in closer alliance with the Board of Directors.

Due to the size of the Company the Supervisory Board as a whole acts as Audit Committee and deals with the Company's risk management system including legal and regulatory risks.

The Audit Committee met twice in the fiscal year. Furthermore the delegated supervisory director attended the quarterly closing meetings with the external auditor and met the Board of Directors on a regular basis for advice and information. The following issues have been discussed with the Board of Directors and or the external auditor EY during several meetings held in the reporting year:

- independent auditor's report including Key Audit Matters
- Several projects
- Transparency Directive
- US legislation Reg 385
- Confirmations on intergroup transactions
- Data delivery and analytical review
- Compliance with Dutch and Luxembourg Law and Siemens AG Rules
- Rules of Procedures

Remuneration policy

When reviewing the Board of Directors' remuneration policy the standards that apply in the Siemens Group for comparable functions are applicable. The performance targets for the members of the Board of Directors are determined annually at the beginning of the year. The Supervisory Board determines whether performance conditions have been met and can adjust the pay-out of the annual cash incentive and the long-term incentive if the predetermined performance criteria were to produce an unfair result.

The Supervisory Board is of the opinion that the criteria emphasize short-term performance, as well as long-term performance, and are in line with the targets formulated.

Risks and internal risk management systems

The Siemens risk management system is laid down in the Siemens Policy and Control Master Book. This is regarded as the single source for globally relevant control requirements at Siemens and is the cornerstone of the Companies' integrated and Siemens Group wide risk system.

In fiscal year 2016 the delegated supervisory director and the Board of Directors met several times to discuss the risks associated with the strategy and the nature of the business, as well as the effectiveness of the internal risk management systems. The risks relating to the business are described in the Report of the Board of Directors. The Board of Directors discussed the structure and operation as well as the results of the internal risk management systems with the Supervisory Board.

Financial reporting

The reporting processes were clarified to the Supervisory Board. The Board of Directors informed the Supervisory Board how it monitors the quality of financial reporting. On the basis of this presentation and the reports from the external auditor, the Supervisory Board is of the opinion that the Board of Directors sufficiently meets its responsibilities in respect of the quality of financial information provided.

Consultation with the external auditor
Prior to the financial audit the audit approach for fiscal year 2016 was discussed with the external auditor, including the materiality used for preparing and auditing the annual Financial Statements and the boundary above which auditor's findings are reported to the Supervisory Board. The Key Audit Matters have been discussed and agreed upon.

The Supervisory Board discusses the annual Financial Statements, the Annual Report, the audit findings and the risk management policy with the Board of Directors and the external auditor. The way in which the Board of Directors handles recommendations within the business was discussed. No aspects arose which could lead to further actions in this area.

The Supervisory Board assessed the independence of the external auditor in fiscal year 2016. It was concluded that, amongst others, in view of the absence of non-audit services, there is no question of threats to independence. The Supervisory Board is of the opinion that the external auditor has provided the board with relevant information to enable it to exercise its supervisory role.

VII. Relationship to the Shareholders
Siemens AG owns all shares and 2 of the 3 members of the Supervisory Board are full time employee at Siemens.

VIII. Personnel / works council
All personnel are employed by Siemens Nederland N.V. and deployed to the Company. Partly in view of the size of the business, the Company does not have an own works council.

IX. Diversity
To foster diversity throughout the Siemens organization, Siemens AG launched a Diversity Initiative, which bundles targeted measures and projects for ensuring and further enhancing diversity at all levels of Siemens. Examples include the global network of Siemens Diversity Ambassadors, who identify diversity issues Company-wide.

The Global Diversity Office coordinates strategies, measures and programs across Siemens following these Diversity-principles:

- we want to have the best person for every position;
- we want to provide opportunities for diversity of experience and interaction; and
- we want to achieve diversity of thinking across our Company.

Siemens Global networks promote and discuss diversity topics across the Company, such as the Global Leadership Organization of Women (GLOW), Diversity Ambassador and Generations Networks. In addition, Siemens has over 80 local employee networks worldwide with employees actively engaged in diversity-related programs and activities. The Board of Directors and the Supervisory Board of the Company fully support the Diversity Initiative and the Diversity-principles.

In preparing recommendations on the appointment of members of the Board of Directors or members of the Supervisory Board the Supervisory Board takes into account a candidate's professional qualifications, international experience and leadership qualities, the Board's plans for succession as well as the Board's diversity and, in particular, the appropriate consideration of women. Together with the regional company additional measures will be taken in order to improve the gender balance at a next occasion.

The actual Board of Directors and the Supervisory Board are staffed with members with different nationalities and different working experiences as well as different age. The size of the Company, with a Board of Directors consisting of two persons, and a Supervisory Board consisting of three persons, limits opportunities for diversity on the short term.

X. Special matters

No special matters arose for which approval by the Supervisory Board is required by law, the articles of association or the Corporate Governance Code.

No transactions occurred which resulted in conflicting interests of directors, supervisory directors, shareholders and/or external auditor and which were of material importance for the Company and/or the relevant directors, supervisory directors, shareholders and/or external auditor.

Our Board would like to thank the Board of Directors as well as the personnel of the Company for their efforts and commitment to the success of Siemens Financieringsmaatschappij N.V.

The Hague, November 16, 2016

On behalf of the Supervisory Board

H.-P. Rupprecht Chairman	Dr. H. Bernhöft	B.G. Trompert

Financial Statements

Statement of Comprehensive Income

(in millions of €)	Notes	Fiscal year ended September 30, 2016	2015
Interest income	4	564.3	410.5
Other financial income	4	0.7	-
Interest expenses	4	(540.0)	(399.5)
Other financial expenses	4	(8.6)	-
Net interest income (expenses)		**16.4**	**11.0**
Fair value changes of financial instruments	5	(18.8)	(249.4)
Non-trading foreign exchange results	6	8.4	219.0
Net operating income (loss)		**6.0**	**(19.4)**
Other general expenses	7	(0.4)	(0.4)
Profit (loss) before taxes		**5.6**	**(19.8)**
Income tax revenue (expenses)	8	(1.4)	5.0
Profit (loss) after taxes		**4.2**	**(14.8)**
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Total other comprehensive income after taxes		-	-
Total comprehensive income (loss) for the period attributable to equity holders		**4.2**	**(14.8)**

Statement of Financial Position

ASSETS (in millions of €)	Notes	September 30, 2016	2015
Cash and cash equivalents	9	16.6	15.5
Receivables from Affiliated Companies	10	30,488.7	27,144.1
Tax receivables	8	-	-
Derivative financial instruments	11	832.0	1,045.5
Other financial assets	12	138.9	156.0
Total assets		**31,476.2**	**28,361.1**

LIABILITIES AND EQUITY (in millions of €)	Notes	September 30, 2016	2015
Liabilities			
Liabilities to Affiliated Companies	13	1,345.7	893.7
Debt	14	29,651.2	26,975.2
Derivative financial instruments	11	128.1	132.1
Tax liabilities	8	0.4	0.1
Deferred tax liabilities	8	5.7	6.5
Other liabilities	15	264.6	277.2
Total liabilities		**31,395.7**	**28,284.8**
Equity attributable to equity holders			
Issued and paid in share capital	16	10.3	10.3
Share premium reserve	16	1.5	1.5
Retained earnings	16	64.5	79.3
Undistributed profit (loss)	16	4.2	(14.8)
Total equity attributable to equity holders		**80.5**	**76.3**
Total liabilities and Shareholder's equity		**31,476.2**	**28,361.1**

Statement of Cash Flows

(in millions of €)	Notes	Fiscal year ended September 30, 2016	2015
Profit (loss) before taxes		5.6	(19.8)
Adjustments for non-cash income/ expenses			
Amortization (dis)agio	4	31.3	29.6
Amortization transaction cost	4	9.6	7.6
Non-trading foreign exchange results	6	(8.4)	(219.0)
Fair value change of debt in a hedging relationship	5	(210.6)	(79.1)
Change in Derivative financial instruments	12	226.6	192.9
Change in Interest accrual receivables		(5.4)	(0.2)
Other movements from operations			
Change in Other liabilities		(12.6)	69.7
Change in receivables from Affiliated Companies	10	(3,547.6)	(10,100.7)
Change in liabilities to Affiliated Companies	13	452.0	(98.1)
Transaction cost paid		(18.2)	(28.2)
Income taxes received (paid)	8	(1.8)	(1.6)
Net cash (used in) provided by operating activities		**(3,079.5)**	**(10,050.7)**
Net cash provided by investing activities		-	-
Proceeds from issuance of debt		5,318.0	7,599.9
Redemption of debt		(2,237.4)	(751.5)
Dividends paid		-	(4.7)
Net cash (used in) provided by financing activities		**3,080.6**	**6,843.7**
Net change in cash and cash equivalents		1.1	(3,207.0)
Cash and cash equivalents at beginning of fiscal year		15.5	3,222.5
Cash and cash equivalents at end of fiscal year	**9**	**16.6**	**15.5**

Interest paid and received (in millions of €)	Fiscal year ended September 30, 2016	2015
Interest paid [1)]	(525,6)	(319.4)
Interest received [1)]	482,1	331.4
Interest related income received	77.6	78.9

[1)] Due to the current economic situation some interest rates have set below zero. This leads to the situation that SFM has to pay interest for bank deposits and Receivables from Affiliated Companies, and receives interest for Liabilities to affiliated companies. This effect has been reflected in these positions.

Statement of Changes in Equity

(in millions of €)	Issued and paid-in capital	Share premium reserve	Retained earnings	Undistributed profit (loss)	Total
Balance as at October 1, 2014	10.3	1.5	79.3	4.7	95.8
Appropriation of undistributed profit (loss)	-	-	-	-	-
Dividends	-	-	-	(4.7)	(4.7)
Total comprehensive income (loss) for the fiscal year ended September 30, 2015	-	-	-	(14.8)	(14.8)
Balance as at September 30, 2015	**10.3**	**1.5**	**79.3**	**(14.8)**	**76.3**

Balance as at October 1, 2015	10.3	1.5	79.3	(14.8)	76.3
Appropriation of undistributed profit (loss)	-	-	(14.8)	14.8	-
Dividends	-	-	-	-	-
Total comprehensive income (loss) for the fiscal year ended September 30, 2016	-	-	-	4.2	4.2
Balance as at September 30, 2016	**10.3**	**1.5**	**64.5**	**4.2**	**80.5**

Notes to the 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. The Company is registered in the Commercial Register 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. 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.

The Financial Statements were authorised for issue by the Board of Directors on November 16, 2016.

Reporting standard

The accompanying Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code. The Company applied all standards and interpretations that were effective as of October 1, 2015. For the year beginning as of October 1, 2015 no standards and interpretations are mandatory and/or implemented for the first time.

A number of standards, amendments to standards and interpretations is not effective for the fiscal year beginning October 1, 2015 and has not been early adopted. The relevant (amendments to) standards and interpretations not adopted are:

- Amendments to IFRS 10 and 12 and IAS 28 'Investment Entities': applying the consolidation exception, as effective for years beginning on or after January 1, 2016, are not relevant for the Company, as the Company does not have interests in other entities.
- Amendments to IFRS 10 and IAS 28: 'Sale of Contribution of Assets between an Investor and its Associate or Joint Venture', the effective date has been postponed. The impact of the topic does not apply as the Company does not have any Sale of Contribution of Assets.
- Amendments to IFRS 11: 'Accounting for acquisition of interest in Joint Operations', as effective for years beginning on or after January 1, 2016 (endorsed by the EU). The topics do not apply, as the Company does not do any acquisition of interest in joint operations.
- IFRS 14 'Regulatory Deferral Accounts', effective for years beginning on or after January 1, 2016. The scope of IFRS is limited to first-time adopters. Therefore the impact of this measurement is none.
- Amendments to IAS 1: 'Disclosure Initiative', as effective for years beginning on or after January 1, 2016 (endorsed by the EU). These amendments include focus on improvements in the following areas; Materiality, Disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items in OCI

arising from equity accounted investments. The impact of the amendments will be further analyzed.

- Amendments to IAS 16 and IAS 38: 'Clarification of acceptable methods of Depreciation of Amortisation', as effective for years beginning on or after January 1, 2016 (endorsed by the EU). The topics do not apply, as the Company, does not have property, plant or equipment or intangible assets. Therefore the impact of these improvements is none.
- Amendments to IAS 16 and IAS 41: 'Agriculture: Bearer Plants', as effective for years beginning on or after January 1, 2016 (endorsed by the EU). The impact of this standard is none, as the Company does not have any agriculture positions.
- Amendments to IAS 27: 'Equity method in separate financial statements', as effective for years beginning on or after January 1, 2016 (endorsed by the EU). The topics do not apply, as the Company does not have any investment positions in the financial statements.
- Annual improvements to International Financial Reporting Standards - 2012-2014 cycle, as effective for years beginning on or after January 1, 2016 (endorsed by the EU). The impact of the Annual improvements are minor, while the company does not have any non-current Assets held for sale, servicing contracts or employee benefits. The impact of the amendment regarding disclosure information will be further analyzed.
- Amendments to IAS 7: 'Disclosure Initiative', as effective for years beginning on or after January 1, 2017. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The impact of the amendments will be further analyzed.
- Amendments to IAS 12: 'Recognition of Deferred Tax Assets for Unrealised Losses', as effective for years beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The impact of the amendments will be further analyzed.
- IFRS 15: 'Revenue from contracts with customers', as effective for years beginning on or after January 1, 2018 (endorsed by the EU). The impact of this standard is none, as the Company does not have any operating business.
- IFRS 9 'Financial Instruments (issued in 2014)', effective for years beginning on or after January 1, 2018. This standard introduces a single approach for the classification and measurement of financial assets 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 regard to managing non-financial risks. The Company currently expects to adopt IFRS 9 as of October 1, 2018 and is assessing the impacts of its adoption on the Company's Financial Statements.
- IFRS 2 'Classification and Measurement of Share-based Payment transactions – Amendments to IFRS 2', effective for years beginning on or after January 1, 2018. The impact of this standard is none, as the Company does not have any employees.
- IFRS 16 'Leases', effective for years beginning on or after January 1, 2019. The impact of this standard is none, as the Company does not have any leasing activities.

2. Summary of significant accounting policies

Valuation principles

The Financial Statements have been prepared on the historical cost basis unless indicated otherwise below.

Affiliated Companies

Affiliated Companies are Siemens AG and its subsidiaries which are directly or indirectly controlled by Siemens AG.

Functional and presentational currency

These Financial Statements are presented in euro, which is the Company's functional and presentational currency. All financial information presented in euro has been rounded to the nearest million, unless otherwise stated. The consequence is that the rounded amounts may not add up to the rounded total in all cases.

Transactions in foreign currencies are initially recorded at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using period-end exchange rates. All differences are taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The exchange rates of the significant currencies were as follows:

		Year-end exchange rate 1 € quoted into currencies specified below September 30,		Annual average rate 1 € quoted into currencies specified below fiscal year ended September 30,	
Currency	**Symbol**	**2016**	**2015**	**2016**	**2015**
U.S. dollar	$	1.1161	1.1203	1.1110	1.149
British pound	£	0.8610	0.7385	0.7821	0.743

Impairment of financial assets

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment of debt instruments may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows. Impairment losses are recognized using separate allowance accounts.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows using the original effective interest rate. Impairment losses are recognized in the Statement of Comprehensive Income.

Since the Company's (current and non-current) receivables mainly consist of balances due from the Affiliated Companies, valuation and collectability of these receivables depend upon the financial position and creditworthiness of the involved companies and of the Siemens AG Group as a whole.

Income Taxes

The Company applies IAS 12, Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the statement of financial position carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the Statement of Comprehensive Income unless related to items directly recognized in equity in the period the new laws are substantively enacted. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity. Financial assets mainly include cash and cash equivalents, receivables from Affiliated Companies and derivative financial instruments with a positive fair value. Financial liabilities mainly comprise issued notes and bonds, loans from banks, commercial paper and derivative financial instruments with a negative fair value.
Financial instruments are recognized on the Statement of Financial Position when the Company becomes a party to the contractual obligations of the instrument.
Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial instruments are measured according to the category to which they are assigned.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or if the Company has transferred its rights to receive cash flows from the asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, settled or expired.

Cash and cash equivalents

The Company considers the current account with Siemens AG to be cash equivalents. Cash and cash equivalents are measured at historical cost.

Receivables

Financial assets classified as receivables are measured after initial measurement at amortized cost using the effective interest method. The amortization is included in "Interest income" in the Statement of Comprehensive Income. Impairment losses are recognized using separate allowance accounts. A receivable is derecognized when the rights to receive cash flows from the receivable have expired, or if the Company has transferred its rights to receive cash flows from the receivable.

Financial liabilities

The Company measures financial liabilities, except for derivative financial instruments and debt designated in a fair value hedge relationship, at amortized cost using the effective interest method. The amortization is included in “Interest expenses” in the Statement of Comprehensive Income. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, settled or expired.

Derivative instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. The fair value of interest rate swap contracts is estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on forward exchange rates.
Derivative financial instruments are classified as held-for-trading unless they are designated as hedging instruments in a fair value hedge relationship, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized periodically in net income, net of applicable deferred income taxes.
The Company does not hold or issue derivative financial instruments for speculative purposes.
In consistence with the principles of IFRS 13 the Company reflects counterparty risk on derivative assets (CVA) and own non-performance risk on derivative liabilities (DVA).

Hedge accounting

The Company uses derivative instruments to mitigate risks related to interest rates and foreign currency translations. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes.

In order to manage risks related to foreign currency translations, the Company uses cross currency swaps. The Company does not apply hedge accounting for these transactions.

In order to manage interest rate risks, all fixed rated notes and bonds are either swapped to floating or on lent with the same structure to Affiliated Companies. To minimize the exposure of the Company to fair value changes of the swaps resulting from changes in market interest rates, the Company applies hedge accounting for transactions which meet the specified criteria.

At inception of the hedge relationship, the Company formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship. Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed quarterly. A hedge is expected to be highly effective if the changes in fair value attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80%-125%.

Fair value hedges

The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. 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’. For hedged items carried at amortized cost, the base adjustment is amortized such that it is fully amortized by maturity of the hedged item. The amortization is recognized in the Statement of Comprehensive Income in ‘interest expenses’.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective interest method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the Statement of Comprehensive Income.

Related party transactions

The transactions of the Company mainly comprise transactions with Affiliated Companies and are executed on an “at arm’s length” basis, unless indicated otherwise. The Company did not enter into any transactions with members of the Board of Directors nor with members of the Supervisory Board.

Revenue recognition

Interest revenues are recognized and accounted for in the period to which they relate. The interest revenues are recognized using the effective interest rate.

Interest expense

Interest expenses are recognized and accounted for in the period to which they relate.

Negative interest income and Negative interest expenses

Negative interest income and Negative interest expenses are recognized and accounted for in the period to which they relate. They are recognized using the effective interest rate. Due to current economic situation some interest rates have set below zero. This leads to the situation that the Company pays interest for bank deposits and Receivables from Affiliated Companies and receives interest for Liabilities to Affiliated Companies. The negative interest is presented under Other financial income and Other financial expenses in the profit and loss statement and in Note 4.

Cost recognition

Expenses are recognized and accounted for in the period to which they relate.

Dividends

Dividends proposed by the Board of Directors are not recorded in the Financial Statements until the dividends are declared.

Cash Pool

The form of the cash pools is zero-balancing where all account balances are automatically transferred to one control account held by Siemens AG. Funds moving into these accounts create intercompany balances between the Company and Siemens AG. In the Financial Statements, these intercompany balances are included in Cash and cash equivalents under the title of ‘current account’.

Statement of Cash Flows

The Statement of Cash Flows shows how the cash and cash equivalents of the Company have changed during the course of the fiscal year as a result of cash inflows and cash outflows. Cash flows are classified into cash flows from operating, investing and financing activities.

The Company’s purpose is to assist the financing of the activities conducted by the Affiliated Companies. The assistance is considered to be an operating activity of the Company. The cash flows from operating activities are computed using the indirect method, starting from the profit before taxes of the Company. Under this method, changes in assets and liabilities relating to operating activities are adjusted for currency translation effects. The cash flows from investing and financing activities are based on actual payments and receipts.

The accounting policies set out above have been applied consistently to all periods presented in these Financial Statements.

3. Management estimates and judgments

Certain accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on financial condition or results of operations. Critical accounting estimates could also involve estimates where management reasonably could have used a different estimate in the current accounting period. Although the number and complexity of management estimates and judgments are limited in these accounts, management cautions that future events often vary from forecasts and that estimates routinely require adjustment.

Fair value of financial instruments

There are three levels of fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position can not be derived from quoted prices in active markets (Level 2 and 3), they are determined using valuation techniques including the discounted cash flows model. The fair values of derivative interest rate contracts (e.g. interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates (Reuters) and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on forward exchange rates.

The inputs to these models are taken from observable markets where possible (Level 2), but where this is not feasible, a degree of judgment is required in establishing fair values (Level 3). The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 17 for further information.

4. Interest income and expenses

Details of interest income and expenses (in millions of €)	Fiscal year ended September 30, **2016**	**2015**
Interest income on receivables from Affiliated Companies	486.7	331.6
Other financial income	0.7	-
Interest related income	77.6	78.9
Interest income	**565.0**	**410.5**
Interest expenses on financial debt	(926.7)	(825.7)
Therein:		
Amortization of transaction costs	*(9.6)*	*(7.6)*
Amortization of (dis)agio	*(31.3)*	*(29.6)*
Interest expenses on liabilities to Affiliated Companies	(7.3)	(4.6)
Other financial expenses	(8.6)	-
Interest result on interest rate swaps [1)]	394.0	430.8
Interest expenses	**(548.6)**	**(399.5)**
Net interest income (expenses)	**16.4**	**11.0**

[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.

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 for bank deposits and 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 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.

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

5. Fair value changes of financial Instruments

Derivatives (in millions of €)	Fiscal year ended September 30, **2016**	2015
Change in fair value of interest rate swaps	*(213.5)*	*(109.2)*
Change in fair value of debt	*210.6*	*79.1*
Ineffective portion of fair value hedges	(2.9)	(30.1)
Fair value changes of currency swaps	(15.9)	(219.3)
Total of changes in Derivatives	**(18.8)**	**(249.4)**

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).

6. Non-trading foreign exchange results

Currency results (in millions of €)	Fiscal year ended September 30, **2016**	2015
Currency result on assets	(208.4)	1,098.2
Currency result on debt	217.2	(879.2)
Other currency result	(0.4)	-
Total currency results	**8.4**	**219.0**

The currency result of the Company is due to the positions in foreign currencies such as U.S. dollar (US$) and British pound (£) and the volatility in the currency exchange rates. The Company uses currency swaps and forward exchange rate contracts to limit foreign exchange risks. Therefore the currency result must also be seen in conjunction with the result on currency swaps and forward exchange rate contracts.
The total currency results must be considered in conjunction with ‘Fair value changes of currency swaps’ as mentioned in Note 5.

7. Other general expenses

The other general expenses mainly relate to cost from the regional company Siemens Nederland N.V. related to the staff, working for the Company. The total general expenses for the fiscal year 2016 amounted to €0.4 million. The other general expenses include the costs for Ernst & Young Accountants LLP of €38,095 excl. VAT and direct attributable costs (2015: €41,250 excl. VAT and direct attributable costs). These costs regard completely to audit costs €27,500 and audit related costs related to DIP €10,595.

8. Income tax

Taxes are based on the applicable tax laws and rates, taking into account any fiscal facilities. Insofar as valuations for tax purposes differ from the principles as applied in these Financial Statements, and these result in deferred tax liabilities, a provision is formed for these liabilities, calculated according to the statutory tax rate applicable as at reporting date. The taxation on result comprises both, current taxes and deferred taxes, taking account of tax facilities and non-deductible costs.

Income tax revenues (expenses)	Fiscal year ended September 30,	
(in millions of €)	**2016**	**2015**
Current tax benefit (expenses)	(2.2)	(1.9)
Deferred tax benefit (expenses)	0.8	6.9
Total income tax revenues (expenses)	**(1.4)**	**5.0**

For fiscal years ended September 30, 2016 and 2015, the Company is subject to Dutch corporate income tax. The statutory tax rate is 25.0% (2015: 25.0%).

Income tax expenses differ from the amounts computed by applying statutory Dutch income tax rates as follows:

Reconciliation of the income tax revenue (expenses)	Fiscal year ended September 30,	
(in millions of €)	**2016**	**2015**
Profit (loss) before taxes	5.6	(19.8)
Income tax using corporate tax rate of 25.0% (2015: 25.0%)	(1.4)	5.0
Total income tax revenue (expenses)	**(1.4)**	**5.0**

The effective tax rate is 24.8% (2015: 25.2%).

The change in the income tax consists of the following:

Tax receivables/liabilities (accrual)	September 30,	
(in millions of €)	**2016**	**2015**
Balance at beginning of the fiscal year	(0.1)	0.2
Current income tax benefit (expenses)	(2.2)	(1.9)
Income tax paid to tax authorities, net	1.8	1.6
Balance at the end of the fiscal year	**(0.4)**	**(0.1)**

The deferred tax liability regards to the temporary difference in valuation of financial instruments for tax purposes.

The Company applies Hedge Accounting for financial instruments designated as hedging instruments in a fair value hedge relationship. For tax purposes this result is not considered. The change in the deferred tax liability consists of the following:

Deferred tax liability (in millions of €)	September 30, 2016	2015
Balance at beginning of the fiscal year	(6.5)	(13.4)
Deferred tax benefit (expense) for fiscal year	0.8	6.9
Balance at the end of the fiscal year	**(5.7)**	**(6.5)**

Deferred tax has been computed at the statutory tax rate of 25.0% (2015: 25.0%).
The deferred tax liability is a result of temporary differences between IFRS and tax result, due to the different treatment of hedges.

9. Cash and cash equivalents

Cash and cash equivalents relate completely to the current account with Siemens AG. As the Company participates in the Siemens cash pool, the bank balances of the Company are transferred to the Siemens cash pool on a daily basis. The balances remain at the disposal of the Company and are readily convertible to known amounts of cash.

Cash and cash equivalents (in millions of €)	September 30, 2016	2015
Current account	16.6	15.5
Total cash and cash equivalents	**16.6**	**15.5**

10. Receivables from Affiliated Companies

Receivables from Affiliated Companies (in millions of €)	September 30, 2016	2015
Interest receivables	37.0	31.7
Loans < 1 year	6,784.0	5,814.8
Loans > 1 year	23,667.7	21,297.6
Total receivables from Affiliated Companies	**30,488.7**	**27,144.1**

In fiscal years ended September 2016 and 2015 there were no impairment of receivables.
The currency result on assets (Note 6) and the change in the Receivables from Affiliated Companies excluding interest receivables result in €-3,547.6 (2015: €-10,100.7) presented in the Statement of Cash Flows item “Change in receivables from affiliated companies”.

11. Derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts.

(in millions of €)	September 30, 2016 Assets	September 30, 2016 Liabilities	September 30, 2016 Notional Amount	September 30, 2015 Assets	September 30, 2015 Liabilities	September 30, 2015 Notional Amount
Derivatives not designated in a fair value hedge relationship						
Currency swaps < 1 yr	0.9	-	88.5	-	-	-
Currency swaps > 1 yr	-	(128.1)	1,526.3	1.9	(132.1)	1,520.6
Total	**0.9**	**(128.1)**	**1,614.8**	**1.9**	**(132.1)**	**1,520.6**
Derivatives used as fair value hedges						
Interest rate swaps < 1 yr	29.6	-	3,568.0	85.4	-	2,361.9
Interest rate swaps > 1 yr	801.5	-	4,168.0	958.2	-	7,724.2
Total	**831.1**		**7,736.0**	**1,043.6**	**-**	**10,086.1**
Total Derivatives	**832.0**	**(128.1)**	**9,350.8**	**1,045.5**	**(132.1)**	**11,606.7**

As per September 30, 2016, all interest rate swaps are designated as hedging instruments in a fair value hedge relationship. In most interest rate swap contracts Siemens AG is the counterparty. The arrangements have been entered into to swap the fixed interest on long term debt into floating interest.

12. Other financial assets

The Other financial assets comprise the net interest accrual of interest rate swap contracts with a positive fair value. The total amount is due within one year.

Other financial assets (in millions of €)	September 30, 2016	September 30, 2015
Interest accrual Interest rate swaps	138.9	156.0
Total Other financial assets	**138.9**	**156.0**

The change in the Derivative assets and liabilities (Note 11) and the change in the Other financial assets result in €226.6 (2015: €192.9) presented in the Statement of Cash Flows item “Change in Derivative financial instruments”.

13. Liabilities to Affiliated Companies

Liabilities to Affiliated Companies (in millions of €)	September 30, **2016**	**2015**
Interest accruals	(1.7)	(1.1)
Borrowings < 1 year	(448.0)	-
Borrowings > 1 year	(896.0)	(892.6)
Other liabilities to Affiliated Companies	0.0	0.0
Total Liabilities to Affiliated Companies	**(1,345.7)**	**(893.7)**

The change in the Liabilities to Affiliated Companies result in €452.0 million (2015: €-98.1 million) presented in the Statement of Cash Flows item "Change in Liabilities to Affiliated Companies".

14. Debt

Debt (in millions of €)	September 30, **2016**	**2015**
Notes and bonds (< 1 year)	(4,993.7)	(456.2)
Notes and bonds (> 1 year)	(23,761.5)	(25,621.9)
Total Notes and Bonds	**(28,755.2)**	**(26,078.1)**
Loans from banks (< 1 year)	0.0	(4.5)
Loans from banks (> 1 year)	(896.0)	(892.6)
Total Loans from banks	**(896.0)**	**(897.1)**
Total debt	**(29,651.2)**	**(26,975.2)**

As of September 30, 2016, the weighted average interest rate for loans from banks was 1.6% (2015: 1.1%) and the weighted average interest rate for notes and bonds was 3.1% (2015: 3.5%).

Debt carrying amount (in millions of €)	September 30, **2016**	**2015**
Notes, bonds and loans from banks	(28,996.5)	(26,121.3)
Adjustment of carrying amount due to fair value hedge accounting	(808.4)	(1,017.8)
Other financial indebtedness	153.7	163.9
Therein:		
Unamortized portion of (dis-)agio	*95.5*	*114.4*
Unamortized portion of transaction costs	*58.2*	*49.5*
Total debt	**(29,651.2)**	**(26,975.2)**

Notes and Bonds

Details of the Company's instruments (in millions of €)		September 30, 2016 notional amount	2016 carrying amount €	2015 notional amount	2015 Carrying amount €
5.625% 2006/2016 US$ fixed-rate instruments [2]	US$	-	-	500.0	456.2
5.625% 2008/2018 EUR fixed-rate instruments [2]	€	1,600.0	1,732.6	1,600.0	1,790.4
5.125% 2009/2017 EUR fixed-rate instruments [2]	€	2,000.0	2,026.4	2,000.0	2,084.7
US$ 3m LIBOR+1.4% 2012/2019 US$ floating-rate instruments [1]	US$	400.0	358.2	400.0	356.8
3.75% 2012/2042 GPB fixed-rate instruments [1]	£	650.0	742.5	650.0	865.5
2.75% 2012/2025 GPB fixed-rate instruments [1]	£	350.0	405.1	350.0	472.2
1.5% 2012/2020 EUR fixed-rate instruments [2]	€	1,000.0	1,056.5	1,000.0	1,048.4
1.75% 2013/2021 EUR fixed-rate instruments [1]	€	1,250.0	1,245.2	1,250.0	1,244.1
2.875% 2013/2028 EUR fixed-rate instruments [1]	€	1,000.0	996.4	1,000.0	996.1
1.5% 2013/2018 US$ fixed-rate instruments [1]	US$	500.0	447.2	500.0	445.0
3.5% 2013/2028 US$ fixed-rate instruments [1]	US$	100.0	87.4	100.0	86.9
2013/2020 US$ floating-rate instruments [1]	US$	400.0	357.9	400.0	356.5
2014/2019 US$ floating-rate instruments [1]	US$	300.0	268.4	300.0	267.3
2014/2021 US$ floating-rate instruments [1]	US$	400.0	358.1	400.0	356.7
Total Debt Issuance Program			***10,081.9***		***10,826.8***
5.75% 2006/2016 US$ fixed-rate instruments [2]	US$	1,750.0	1,571.1	1,750.0	1,641.0
6.125% 2006/2026 US$ fixed-rate instruments [2]	US$	1,750.0	2,147.8	1,750.0	2,076.3
US$ 3m LIBOR+0.28% 2015/2018 US$ floating-rate instruments [1]	US$	500.0	447.5	500.0	445.5
2.15% 2015/2020 US$ fixed-rate instruments [1]	US$	1,000.0	893.2	1,000.0	889.0
2.90% 2015/2022 US$ fixed-rate instruments [1]	US$	1,750.0	1,563.6	1,750.0	1,557.0
3.25% 2015/2025 US$ fixed-rate instruments [1]	US$	1,500.0	1,336.5	1,500.0	1,330.6
4.40% 2015/2045 US$ fixed-rate instruments [1]	US$	1,750.0	1,545.7	1,750.0	1,539.0
1.45% 2015/2018 US$ fixed-rate instruments [1]	US$	1,250.0	1,118.6	1,250.0	1,113.6
US$ 3m LIBOR+0.32% 2016/2019 US$ floating-rate instruments [1]	US$	350.0	313.1	-	-
1.30% 2016/2019 US$ fixed-rate instruments [1]	US$	1,100.0	982.8	-	-
1.70% 2016/2021 US$ fixed-rate instruments [1]	US$	1,100.0	982.0	-	-
2.00% 2016/2022 US$ fixed-rate instruments [1]	US$	750.0	666.1	-	-
2.25% 2016/2026 US$ fixed-rate instruments [1]	US$	1,700.0	1,513.2	-	-
3.30% 2016/2046 US$ fixed-rate instruments [1]	US$	1,000.0	886.9	-	-
Total US$ Bonds			***15,968.1***		***10,592.0***
5.25% 2006/2066 EUR fixed-rate instruments [2]	€	-	-	900.0	933.9
6.125% 2006/2066 GBP fixed-rate instruments [2]	£	-	-	750.0	1,055.3
Total Hybrid Capital Bond			-		***1,989.2***
1.05%/2012/2017 US$ fixed-rate instruments [1]	US$	1,500.0	1,332.3	1,500.0	1,314.0
1.65%/2012/2019 US$ fixed-rate instruments [1]	US$	1,500.0	1,309.0	1,500.0	1,292.2
3m EURIBOR+0.2%/2015/2017 EUR floating-rate instruments [1]	€	32.6	32.5	32.6	32.5
3m EURIBOR+0.2%/2015/2017 EUR floating-rate instruments [1]	€	31.4	31.4	31.4	31.4
Total Bonds with Warrant Units			***2,705.2***		***2,670.1***
Total instruments			**28,755.2**		**26,078.1**

[1] instruments not designated in a hedge accounting relationship measured at amortized cost

2) instruments designated in a hedge accounting relationship measured at amortized cost with a fair value basis adjustment for the hedged risk

All instruments are guaranteed by Siemens AG.

Debt Issuance Program

Together with Siemens AG and Siemens Capital Company LLC, the Company has agreements with financial institutions under which it may issue instruments up to €15.0 billion. As of September 30, 2016 €9.9 billion (2015: €10.5 billion) in notional amounts were issued and are outstanding.

US$ Bonds

In March 2016, the 5.625% US$500 million fixed-rate instrument was redeemed. In August 2016, the Company redeemed the outstanding US$5 million of the loan issued in 2010. In September 2016, the Company issued instruments totaling US$6 billion (€5.4 billion as of September 30, 2016) in 6 tranches.

Hybrid Capital Bond

In September 2006, the Company issued a subordinated Hybrid Capital Bond, which is on a subordinated basis guaranteed by Siemens AG. The subordinated bond was issued in a tranche of €900 million and a tranche of £750 million, both with a legal final maturity on September 14, 2066 and with a call option for Siemens in 2016 or thereafter. On August 1, 2016 Siemens Financieringsmaatschappij N.V. has irrevocably called for redemption of the hybrid bonds and redeemed them at face value on September 14, 2016.

Term loans

Details of term loans (in millions of €)		September 30, 2016		2015	
		notional amount	carrying amount €	notional amount	carrying amount €
US$ LIBOR 3M + 0.79% 2013/2020 US$ term loan	US$	500.0	448.0	500.0	446.3
US$ LIBOR 3M + 0.79% 2013/2020 US$ term loan	US$	500.0	448.0	500.0	446.3
Total term loans			**896.0**		**892.6**

The total amount outstanding of the debt instruments of the table “Details of the Company’s instruments” and total amount outstanding of the term loans of the table “Details of term loans” result in € 29,651.2 (2015: €26,975.2) presented in the Statement of Financial Position item “Debt”.

Credit facilities

As of September 30, 2016, the Company participates in three credit facility programs of Siemens AG under which the Company may draw up to US$3.0 billion, €4.0 billion and €450 million respectively. Furthermore, the Company’s €4.0 billion credit facility was extended by one year until June 25, 2021. The €450 million revolving bilateral credit facility was extended from September 30, 2016 to September 30, 2017. The Company did not use these facilities so far.

Commercial paper program

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. established an US$9.0 billion global commercial paper program for the issuance of commercial paper. In the fiscal year the Company issued no commercial papers (2015: 0) under this program.

15. Other liabilities

The total amount of Other financial liabilities is due within one year.

Other liabilities (in millions of €)	September 30, **2016**	**2015**
Other financial liabilities	(264.6)	(277.2)
Total Other liabilities	**(264.6)**	**(277.2)**

Other financial liabilities refer completely to the accrued interest on notes, bonds and loans from banks.

16. Equity

The Company's authorized share capital is divided in 50,000 shares with a nominal value of €1 thousand each, of which 10,256 shares have been issued and fully paid in. All shares are held by Siemens AG. During the fiscal year, there were no movements in the number of shares. The share premium reserve comprises additional paid-in capital on the issue of the shares.

Retained earnings are available for distribution upon decision of the general meeting of shareholders. The holders of the shares are entitled to execute the rights under the Netherlands Civil Code without any restrictions.

Undistributed profit comprises the profit for the actual period. For the fiscal year 2016, the Board of Directors proposes to pay a dividend of €4.2 million which is €410 per share. Payment of any dividend is contingent upon approval by the shareholders at the Annual Shareholders' Meeting. For the fiscal year 2015 no dividends were paid.

Solvency

Given the objectives of the Company, the Company is economically interrelated with the parent company, Siemens AG, Germany. In assessing the solvency and general risk profile of the Company also the solvency of Siemens AG as a whole needs to be considered. The structure and organisation of the Company are such that interest, foreign exchange, market, credit and operational risks to the Company are strictly limited in design. Receivables from Affiliated Companies are priced on an "at arm's length" basis. All issued shares – fully held by the parent company – are part of the Company's capital management objectives.

Capital Management

The Company's capital consists of: issued and paid in share capital, share premium reserves and retained earnings as stated as Equity in the Statement of Financial position and the Statement of changes in Equity. The Company is set up to serve funding needs of Affiliated Companies following the strategy of the parent company, Siemens AG. The return on equity held by the Company is a key objective of neither the Company nor Siemens AG as the sole shareholder, as this results from the strategic decisions at group level relating funding of local activities. The Company is not subject to externally imposed capital requirements. The Company did not change its objectives, policies and processes for capital management during the fiscal year.

17. Additional disclosures on financial instruments

This section gives a comprehensive overview of the significance of financial instruments for the Company and provides additional information on Statement of Financial Position items that contain financial instruments.

The following table presents the carrying amounts of each category of financial assets and liabilities:

Financial assets	**September 30, 2016**		**September 30, 2015**	
(in millions of €)	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Cash and cash equivalents [1]	16.6	16.6	15.5	15.5
Receivables from Affiliated Companies [1]	33,742.6	30,488.7	29,097.6	27,144.1
Derivatives without a hedging relationship [3]	0.9	0.9	1.9	1.9
Derivatives with a hedging relationship [3]	831.1	831.1	1,043.6	1,043.6
Other financial assets [1]	138.9	138.9	156.0	156.0
Total financial assets	**34,730.1**	**31,476.2**	**30,314.6**	**28,361.1**
Financial liabilities				
Liabilities to Affiliated Companies	(1,351.7)	(1,345.7)	(901.8)	(893.7)
Notes and bonds [1/ 2]	(31,721.5)	(28,755.2)	(27,781.7)	(26,078.1)
Loans from banks [1/ 2]	(919.9)	(896.0)	(928.2)	(897.1)
Derivatives without a hedging relationship [3]	(128.1)	(128.1)	(132.1)	(132.1)
Other financial liabilities [1]	(264.6)	(264.6)	(277.2)	(277.2)
Total financial liabilities	**(34,385.8)**	**(31,389.6)**	**(30,021.0)**	**(28,278.2)**

[1] Carrying amounts measured at amortized cost

The fair values of Cash and cash equivalents, Other financial assets and Other financial liabilities approximate their carrying amount largely due to the short-term maturities of these instruments. All new issued bonds, notes and loans from banks are measured at amortized cost. Due to their long maturity the carrying amounts of these instruments do not approximate their fair values. The Company lends the amounts of these instruments to the Affiliated Companies. Due to their long maturity the fair values of these receivables do not approximate their carrying amount. The fair value of these receivables is estimated by discounting future cash flows using rates currently available for instruments with similar terms and remaining maturities (Level 2). The carrying amounts for notes and bonds and loans from banks also contain transaction costs, which are measured at amortized cost.

[2] Carrying amounts measured at amortized costs with a fair value basis adjustment for the hedged risk

The basis adjustment of quoted notes and bonds is based on price quotations at the balance sheet date (Level 2).

[3] Carrying amounts measured at fair value

The calculation of fair values for derivative financial instruments depends on the type of instruments:

Derivative interest rate contracts: The fair values of derivative interest rate contracts (e.g. interest rate swap agreements) are calculated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

Derivative currency contracts: The fair value of forward foreign exchange contracts is based on forward exchange rates.

The following tables allocate the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy as per September 30, 2016 and 2015.

September 30, 2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		832.0		**832.0**
Financial liabilities measured at fair value				
Derivative financial instruments		(128.1)		**(128.1)**

September 30, 2015	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments	-	1,045.5	-	**1,045.5**
Financial liabilities measured at fair value				
Derivative financial instruments	-	(132.1)	-	**(132.1)**

The levels of the fair value hierarchy and its application to our financial assets and liabilities are described below:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the fiscal year, no transfers between Level 1, Level 2 and Level 3 occurred.

As per September 30, 2016, no Level 3 investments are held the movement analysis and sensitivity analyses on Level 3 investments are not applicable.

Net gains (losses) of financial instruments (in millions of €)	September 30, **2016**	**2015**
Derivative financial instruments in connection with fair value hedges	(213.5)	(109.2)
Notes, bonds and loans from banks	210.6	79.1
Derivative financial instruments not designated in a hedge accounting relationship	(15.9)	(219.3)
Total net gains (losses) of financial instruments	**(18.8)**	**(249.4)**

Net gains (losses) on derivative financial instruments in connection with fair value hedges and net losses/gains on notes, bonds and loans from banks together present the ineffective portion of fair value hedges.

Net gains (losses) on derivative financial instruments not designated in a hedge accounting relationship consist of changes in the fair value of derivative financial instruments, for which hedge accounting is not applied.

18. Financial risk management

As part of the Company's risk management program, a variety of derivative financial instruments is used to reduce risks resulting primarily from fluctuations in foreign exchange rates and interest rates. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes. The Company has exposure to the following risks:

- Foreign currency exchange rate risk
- Interest rate risk
- Liquidity risk
- Credit risk

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 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. The U.S. dollar position is caused by loans to Affiliated Companies. Some U.S. dollar loans are financed by borrowings in euro. For the loans financed by euro debt, the Company entered into cross currency swaps, with Siemens AG as counterparty. The swaps match the maturity and nominal values of the respective loans. The remaining exposure is therefore relatively low. The British pound position is caused by several bonds that serve to finance several loans in British pound to Affiliated Companies that totals to approximately the full value of the bond. Therefore the remaining British pound exposure is low.
As a result of the low currency positions, the foreign currency exchange risk is considered low.

The table below shows the foreign-currency positions of the Company before and after currency swaps:

Currency (in millions of €)	**30 September 2016 before swaps**	**Currency swaps**	**30 September 2016 net position [1)]**	**Effects of 10% rise in €**	**Effects of 10% decline in €**	30 September 2015 net position [1)]
British pound	77.3	(76.2)	1.1	(0.1)	0.1	(1.2)
U.S. dollar	1,704.0	(1,703.5)	0.5	0.0	0.0	4.9

[1)] A positive amount is an asset: when euro gains in value: the effect is negative on net income.

The Company did not designate the cross currency swaps for cash flow hedges, therefore the Company is not allowed to apply cash flow hedge accounting under IAS 39. All such derivative financial instruments are recorded at fair value and changes in fair values are charged to net income.
As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result (including the result out of currency exchange rate movements) for the Company, the sensitivity of the

Company's results to changes in currency exchange rates is mitigated. For more information on the settlements for the capital at risk agreement see also Note 4.

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 Company had interest rate swap contracts to pay variable rates of interest (average rate of 1.01% and 1.07% as of September 30, 2016 and 2015 respectively) and received fixed rates of interest (average rate of 5.07% and 5.22% as of September 30, 2016 and 2015 respectively). The notional amount of indebtedness hedged as of September 30, 2016 amounts to €7.7 billion (2015: €10.1 billion). The notional amounts of these interest rate swap contracts mature at varying dates based on the maturity of the underlying hedged items.

In cases where the Company is lending to Affiliated Companies with a duration that differs from the duration of the notes and bonds including the swap a mismatch could lead to an interest rate risk. The average interest rate on receivables in the fiscal year ended September 30, 2016 was 1.79% (2015: 1.49%). As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result (including the result out of currency exchange rates) for the Company, the sensitivity of the Company's results to changes in market interest rates is mitigated. For more information on the settlements for the capital at risk agreement see also Note 4.
Assuming historical volatilities and correlations, a ten day holding period and a confidence level of 99.5% the interest rate VaR was €1.1 as of September 30, 2016 (2015: €1.7). The interest rate risk results from the unrealized gains and losses out of hedge packages, which is not covered by the limited capital at risk agreement with Siemens AG. Although VaR is an important tool for measuring risk, the assumptions on which the model is based give rise to some limitations including the following. A ten day holding period assumes that it is possible to dispose of the underlying positions within this period. While this is considered to be a realistic assumption in almost all cases, it may not be valid during prolonged periods of severe market illiquidity. A 99.5% confidence level does not reflect losses that may occur beyond this level. There is a 0.5% statistical probability that losses could exceed the calculated VaR. The use of historical data as a basis for estimating the statistic behavior of the relevant markets and finally determining the possible range of the future outcomes on the basis of this statistic behavior may not always cover all possible scenarios, especially those of an exceptional nature.

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. The Company participates as issuer in a €15.0 billion Debt Issuance 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.

The tables below summarize the maturity profile of the Company's financial assets and liabilities, including derivative financial instruments as of September 30, 2016 and 2015 respectively, based on undiscounted cash flows for the respective upcoming fiscal years. The amounts include interest.

September 30, 2016 (in millions of €)	**Receivables from Affiliated Companies**	**Liabilities to Affiliated Companies**	**Bonds & notes**	**Bank loans**	**Interest Rate Swaps**
Maturing during:					
2016 – 2017	7,417.4	(458.1)	(5,965.4)	(7.7)	320.1
2017 – 2018	3,851.9	(8.3)	(4,234.5)	(0.6)	166.5
2018 – 2019	4,576.9	(902.6)	(3,798.6)	(0.6)	100.1
2019 – 2020	2,791.9	-	(2,725.9)	(896.3)	98.6
2020 – 2021	2962.8	-	(3,029.3)	-	83.4
Thereafter	15,231.3	-	(15,526.5)	-	334.2
Total	**36,832.2**	**(1,369.0)**	**(35,280.2)**	**(905.2)**	**1,102.9**

September 30, 2015 (in millions of €)	**Receivables from Affiliated Companies**	**Liabilities to Affiliated Companies**	**Bonds & notes**	**Bank loans**	**Interest Rate Swaps**
Maturing during:					
2015 – 2016	6,315.5	(4.7)	(3,519.0)	(14.5)	486.4
2016 – 2017	3,273.6	(4.7)	(5,562.8)	(10.0)	274.8
2017 – 2018	3,695.3	(4.7)	(4,112.1)	(10.0)	153.9
2018 – 2019	3,134.6	(896.4)	(2,381.0)	(10.0)	104.7
2019 – 2020	2,673.9	-	(2,628.0)	(897.5)	104.5
Thereafter	13,281.2	-	(13,700.8)	-	453.1
Total	**32,374.1**	**(910.5)**	**(31,903.7)**	**(942.0)**	**1,577.4**

Credit risk

The Company is exposed to credit risk in connection with its significant size of loans granted to 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.

The effective monitoring and controlling of credit risk is a core competency of Siemens AG's risk management system. Siemens AG has implemented a credit policy. Hence, credit evaluations and ratings are performed on all counterparties with an exposure or requiring credit beyond a centrally defined limit. Counterparty ratings, analyzed and defined by a designated Siemens AG department, and individual counterparty limits are based on generally accepted rating methodologies, the input from external rating agencies and Siemens AG's default experiences.

19. Events after reporting date

As per and since reporting date there are no events to report.

20. Claims and litigations

As per and since reporting date, the Company is not involved in any litigation matters.

21. Segment information

The Company has only a single reportable segment. The Company provides funding to Affiliated Companies. The main partners are a US treasury company and a Dutch treasury company. The US treasury company represents approximately 64% (2015: 72%) of the Company's loans to and receivables from Affiliated Companies at year end and approximately 86% (2015: 81%) of the Company's interest income from Affiliated Companies. The Dutch treasury company represents approximately 36% (2015: 27%) of the Company's loans to and receivables from Affiliated Companies at year end and approximately 13% (2015: 18%) of the Company's interest income from Affiliated Companies.

22. Related parties

The Company is the main funding party of the Affiliated Companies and offers finance solutions mainly for general purposes of the borrower. No amount is paid by the Company or any of the Affiliated Companies other than in the line of business. The Company lends the proceeds of issuances of bonds, notes and loans from banks to related parties only and are executed on an "at arm's length" basis. 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 reduces the credit risk of the Company to a maximum of €2 million. See also Note 4.

The following table provides information about several positions between the Company and the related parties for the fiscal year ending September 30, 2016.

Cash equivalents (in millions of €)	**September 30, 2016**	**September 30, 2015**
Siemens AG	16.6	15.5

Receivables from Affiliated Companies	**September 30, 2016**		**September 30, 2015**	
(in millions of €)	**Interest income**	**Loans**	**Interest income**	**Loans**
Dutch holding companies	0.0	-	1.4	90.0
Dutch treasury companies	64.7	11,003.8	58.9	7,407.0
Siemens AG	0.0	-	-	-
UK treasury / holding companies	1.3	75.5	2.7	115.1
USA treasury companies	420.9	19,372.4	268.5	19,500.4
Total	486.9	30.451.7	**331.6**	**27,112.4**

Liabilities to Affiliated Companies	September 30, 2016		September 30, 2015	
(in millions of €)	Interest expenses	Deposits	Interest expenses	Deposits
Dutch holding companies	(0.3)	-	-	-
Dutch treasury companies	(14.9)	(896.0)	(4.6)	(892.6) [1]
Siemens AG	(0.4)	(448.0)	-	-
USA treasury companies	(0.3)	-	-	-
Total	(15.9)	(1.344)	(4.6)	(892.6)

[1] Change in amount due to update of calculation method (excluding accrued interest).

Interest related income	September 30, 2016	September 30, 2015
(in millions of €)		
Siemens AG	77.6	78.9

Interest rate swaps with Affiliated companies	September 30, 2016		September 30, 2015	
(in millions of €)	Net interest	Fair value	Net interest	Fair value
Siemens AG	338.1	399.4	370.8	660.0

Currency swaps with Affiliated companies	September 30, 2016		September 30, 2015	
(in millions of €)	Net interest	Fair value	Net interest	Fair value
Siemens AG	(15.9)	(127.2)	(219.3)	(130.2) [1]

[1] Change in amount due to update of calculation method (including positive fair value).

Geographic allocation of related parties:

Receivables from Affiliated Companies	September 30, 2016		September 30, 2015	
(in millions of €)	Interest income	Loans	Interest income	Loans
Germany	0.0	75.5	-	-
The Netherlands	64.7	11,003.8	60.3	7,497.0
United Kingdom	1.3	-	2.7	115.1
United States of America	420.9	19,372.4	268.5	19,500.4
Total	**486.9**	**30.451.7**	**331.6**	**27,112.4**

Liabilities to Affiliated Companies	September 30, 2016		September 30, 2015	
(in millions of €)	Interest expense	Deposits	Interest expense	Deposits
Germany	(0.4)	(448.0)	-	-
The Netherlands	(15.2)	(896.0)	(4.6)	(892.6) [1]
United States of America	(0.3)	-	-	-
Total	**(15.9)**	**(1.344)**	**(4.6**	**(892.6)**

[1] Change in amount due to update of calculation method (excluding accrued interest).

The Company did not enter into any transactions with members of the Board of Directors nor with members of the Supervisory Board.

23. Remuneration Board of Directors and Supervisory Board

The members of the Supervisory Board, received a remuneration of in total €20,000 (2015: €20,000) for account of the Company during the fiscal year. The members of the Board of Directors received no remuneration for account of the Company during the fiscal year.

The Hague, November 16, 2016	The Hague, November 16, 2016
The Supervisory Board	The Board of Directors
H.-P. Rupprecht	G.J.J. van der Lubbe
Dr. H. Bernhöft	S. Galanzin
B.G. Trompert	

Other Information

Profit appropriation according to the Articles of Association

Article 22 of the articles of association reads as follows:

22.1.The company may make distributions to the shareholders and other persons entitled to the distributable profits, to the extent the equity of the company exceeds the paid-up and called-up part of the company's equity, plus the reserves which must be maintained under Dutch law.
22.2.Of the profits evidenced by the profit and loss accounts adopted by the General Meeting, the Supervisory Board may resolve to add an amount to the reserves of the company. The amount of the profits after such reservation shall be at the disposal of the General Meeting.
22.3 Payments of profit shall be made after confirmation of the annual accounts showing that such payment is permissible.
22.4.The company may make interim (profit-)distributions, to the extent that the provisions as set out in article 22.1 have been complied with as evidenced by an interim statement in conformity with Dutch law. The resolution of the General Meeting for interim (profit-)distributions is subject to the prior approval of the Supervisory Board.
The company shall deposit the interim statement at the office of the trade register within eight days after the day on which the resolution to distribute is published.
22.5.There shall be no distribution of profits on shares or depositary receipts for shares held by the company in its own capital.
22.6.In calculating each distribution, the shares held by the company in its own capital, or depositary receipts thereof, shall be disregarded.
22.7.The right to receive a distribution shall expire five years from the day on which such a distribution became payable.

Proposal for appropriation of the result

Pursuant to article 22 of the Articles of Association, it is proposed to appropriate the results of the fiscal year 2016 as follows:

Distribution of dividends	€	4,201,709.51
Adding to (extracting from) retained earnings	€	-

Independent auditor's report

To: the Supervisory Board, the Board of Directors and Shareholders of Siemens Financieringsmaatschappij N.V.

Report on the audit of the financial statements for the year ended September 30, 2016

Our opinion

We have audited the financial statements for the year ended September 30, 2016 of Siemens Financieringsmaatschappij N.V. (the company), based in The Hague.

In our opinion:

- The financial statements give a true and fair view of the financial position of Siemens Financieringsmaatschappij N.V. as at September 30, 2016 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statements of financial position as at September 30, 2016.
- The following statements for the year ended September 30, 2016: the statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Siemens Financieringsmaatschappij N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 4.8 million
Benchmark used	1% of interest income on receivables from affiliated companies
Additional explanation	Interest income is the main driver and area of interest for external parties.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 243 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit response
Use of shared service center	
The company has partly outsourced cash management, valuation and treasury and IT processes to shared service centers of Siemens AG. Management is responsible for these processes as they relate the financial statements of the company.	For the purpose of obtaining assurance regarding these processes and related accounts (in particular receivables from/to affiliated companies, derivative financial instruments, debt and other financial assets and liabilities, related interest income, interest expense and the fair value change of financial instruments as disclosed in notes 10 - 15 of the financial statements) we performed our own procedures and made use of the procedures performed by the auditor of Siemens AG to the extent required for our audit of the financial statements. We have issued instructions and reviewed the related procedures performed and conclusions reached by the auditor concerning to the assessment of the operating effectiveness of internal controls of the processes of the shared service center.
Valuation of financial instruments (Refer to note 2 Summary of significant accounting policies, and note 11, 14 and 17 Additional disclosures on financial instruments	
The company holds significant positions in derivative financial instruments and issued bonds and applies hedge accounting relating to these positions. The valuation of these instruments is performed by the Siemens AG shared service center. Management remains responsible for the valuation and hedge accounting applied in the financial statements of the company (refer to paragraph Use of the shared service center).	The auditor of Siemens AG involves valuation specialists in the audit procedures regarding the valuation of derivatives and other financial instruments. We have issued instructions and reviewed the related procedures performed and conclusions reached by the auditor including the procedures performed by these specialists. Furthermore, we assessed whether the disclosures in the financial statements in relation to the valuation of financial instruments are compliant with the relevant reporting requirements.
Related party transactions (Refer to note 22 Related parties)	
The company enters into significant related party transactions related to lending and treasury activities with Siemens AG group companies. The associated transaction	For the purpose of obtaining assurance regarding the consistency with the advanced pricing agreement, we involved tax specialists in our team. Finally, we assessed whether the

pricing can be a subjective area and comprises various assumptions. The use of different assumptions could produce significantly different pricing for these transactions. Siemens AG applies principles which are aimed to ensure these are executed on an “at arm’s length” basis consistent with the applicable advanced pricing agreement.	disclosures in the financial statements in relation to the related parties are compliant with the relevant accounting requirements.

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the Board of Directors and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Board of Directors, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Supervisory Board as auditor of Siemens Financieringsmaatschappij N.V. on December 16, 2008, as of the audit for the year ended September 30, 2009 and have operated as statutory auditor ever since that date.

Rotterdam, November 16, 2016

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signed by W.P. de Pater