Unaudited Interim Financial **Statements**

I June 30, 2019 I

Airbus Finance B.V.

1.

Airbus Finance B.V.
Unaudited Interim Report of the Board of Managing Directors

The board of Managing Directors herewith submits the Unaudited Interim Financial Statements of Airbus Finance B.V. ("Company") for the six-month period ended on June 30, 2019.

1. Activities

The Company's main activity is to finance companies by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and any other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

EMTN Programme

The EMTN Programme is a contractual framework which allows Airbus SE and Airbus Finance BV to raise debt from the capital markets through dealers by successive issues of notes governed by the same terms. Each issue, however, may bear a different maturity (due one month to thirty years).

Activities of the Company have commenced in February 2003, with the set-up of a €3 billion EMTN Programme and the issuance in March 2003 of the tranche of €1 billion debt bond maturing in March 2010 by the Company. In September 2003, the Company has issued its second Eurobond transaction for €500 million under its EMTN Programme, maturing in September 2018. In August 2009, the Company had issued another, third, Eurobond transaction for €1 billion under this Programme, which has matured in August 2016. During the year 2014, a fourth Eurobond transaction, for €1 billion, maturing April 2024 and a fifth Eurobond transaction, for €500 million, maturing October 2029 were additionally issued by the Company. In May 2016, the Company has issued two Eurobond transactions for €600 million (maturing May 2026) and €900 million (maturing May 2031) under its EMTN Programme.

In October 2014, the Company increased the size of its EMTN Programme from €3 billion to €5 billion.

Commercial Paper Programme (Euro)

In addition to the EMTN Programme, the Company launched a Commercial Paper Programme in late February 2004. The Commercial Paper Programme currently has a size of €3 billion. At the end of the year 2018, no amounts were outstanding for the Commercial Paper Programme.

US$ Bond

On April 17, 2013, the Company has issued a bond in the US institutional market for an amount of US$1 billion, corresponding to €877 million as of 30 June 2019, with a ten year maturity.

Commercial Paper Programme (US$)

The Company launched a US$ 2 billion Commercial Paper Programme in mid May 2015. On April 19, 2016 the Company updated and simultaneously increased its Programme from US$2 billion to US$3 billion. At the end of the year 2018, no amounts were outstanding for the US$-Commercial Paper Programme. For details on the Company's policies and position with respect to financial instruments as well as a description of the main risks facing the Company and the measures taken to mitigate these risks, we refer to Note 15 of the Financial Statements.

2. Risk Management

The Company is exposed to certain price risks such as foreign exchange rate as well as interest rate risks. Adverse movements of these prices may jeopardise the Company' profitability if not hedged.

The company has managed the foreign exchange rate exposure of the US$1 billion bond issued on the US institutional market by on lending the cash proceeds to Airbus SE with the same terms and conditions.

The company is also exposed to the interest rate risk by borrowing cash from the Eurobond market and the $US institutional at fixed rate. This risk is managed by lending the cash proceeds of each Eurobond and US$ Bond to Airbus SE at same fixed rate plus a margin.

The Company is exposed to credit risk to the extent of non-performance by its counterparties for financial instruments, such as hedging instruments, loans and cash investments. The Company considers this risk to be low, as the loans are provided to the parent company Airbus SE and the issued bonds are covered by a guarantee from Airbus SE.

3. Management and Supervison

As of 1 January 2013 the Act on Management and Supervision ('Wet Bestuur en Toezicht') came into effect. With this Act, statutory provisions were introduced to ensure a balanced representation of men and women in management boards and supervisory boards of companies governed by this Act. Balanced representation of men and women is deemed to exist if at least 30% of the seats are filled by men and at least 30% are filled by women. The Company has currently no seats taken by women. The Company considers it to be desirable to fulfil the above mentioned ratio when vacancies will occur.

5. Result for the Period

The Company's result for the six-months period ended on June 30, 2019 amounts to a profit of €353 thousand (in 2018: €586 thousand). The main factor impacting the result 2018 is the evolution of the foreign exchange rate €/US$ and of the interest rate.

6. Statement

The Board of Managing Directors hereby declares that, to the best of its knowledge:

- the Unaudited Interim Financial Statements for the six-month period ended June 30, 2019 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the Unaudited Interim Report of the Board of Managing Directors gives a true and fair view of the position as per the reporting date, and of the development and performance during the first half of the 2019 financial year of the Company, and the principal risks facing the Company have been described herein.

BOARD OF MANAGING DIRECTORS

Mr. J.B. Pons, Director ______________________________

Mr. C. Masson, Director ______________________________

Mr. C.C. Kohl, Director ______________________________

Leiden, July 29, 2019

2.

Airbus Finance B.V.
Financial Statements

Company Unaudited Interim Income Statement for the six-months period ended 30 June 2019 and 2018

		30 June	
(In € thousand)	Note	**2019**	**2018**
Interest income	13	39,693	53,252
Interest expense	14	(39,520)	(52,690)
Foreign Exchange Result		(110)	27
Other financial Result		(8)	(2)
Total financial result		**353**	**586**
Profit (loss) before income taxes		**353**	**586**
Income (expense) Tax		0	0
Profit (loss) for the period		**353**	**586**

Company Unaudited Interim Statement of Comprehensive Income for the six-months period ended 30 June 2019 and 2018

	30 June	
(In € thousand)	**2019**	**2018**
Profit (loss) for the period	**353**	**586**
Other comprehensive income		
Items that will be reclassified to profit or loss:		
Net change in fair value of cash flow hedges	0	(9,780)
Deferred tax income	0	2,445
Other comprehensive income, net of tax	**353**	**(7,335)**
Total comprehensive income of the period	**353**	**(6,749)**

Company Unaudited Interim Statement of Financial Position for the six-months period ended 30 June 2019 and 2018

(Before appropriation of result of the year)

		30 June	
(In € thousand)	Note	**2019**	**2018**
Assets			
Non-current assets			
Long-term Loan	3	3,852,654	3,828,325
		3,852,654	**3,828,325**
Current assets			
Short-term Loan	5	746,000	499,921
Positive Fair Value Derivative Instruments	4	0	4,836
Accrued Interest Receivable	6	20,421	41,351
Cash and cash equivalents	7	8,405	7,440
		774,826	**553,508**
Total assets		**4,627,480**	**4,381,833**
Assets			
Equity and liabilities			
Stockholders' equity			
Issued capital	8	300	300
Other Reserves		(2)	(2)
Retained earnings		7,899	6,731
Cash Flow Hedge Reserve	9	0	3,627
Result of the year		353	586
		8,550	**11,242**
Non-current liabilities			
Long-term Interest Bearing Liabilities	10	3,852,654	3,828,325
Deferred Taxes Payable	11	0	1,209
		3,852,654	**3,829,534**
Current liabilities			
Short-term Loan Payable	10	746,000	499,921
Accrued Interest Payable	12	20,276	41,136
		766,276	**541,057**
Total equity and liabilities		**4,627,480**	**4,381,833**

Company Unaudited Interim Statements of Cash Flows for the six-months period ended 30 June 2019 and 2018

		30 June	
(In € thousand)	Note	**2019**	**2018**
Profit for the period (Net income)		**353**	**586**
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Interest income	13	(39,992)	(53,252)
Interest expense	14	39,520	52,690
Interest received		42,301	55,347
Interest paid		(41,375)	(54,381)
Valuation adjustments		110	(27)
Cash provided by (used for) operating activities		**917**	**964**
Funding Long-term Loans Receivable		0	0
Repayment Short-term Loans Receivable		(746,000)	0
Cash provided by (used for) investing activities		**(746,000)**	**0**
Issuance Non-Current Interest Bearing Liabilities		0	0
Repayment Short-term Loans Payable		746,000	0
Cash (used for) provided by financing activities		**746,000**	**0**
Effect of foreign exchange rate changes on cash and cash equivalents		(110)	27
Net increase in cash and cash equivalents		**807**	**991**
Cash and cash equivalents at beginning of period (31 December)		**7,598**	**6,409**
Cash and cash equivalents at end of period	**7**	**8,405**	**7,400**

Company Statement of Changes in Equity for the six-months period ended 30 June 2019 and 2018

	Issued Capital	Other Reserves	Retained earnings	Cash flow hedges	**Total equity**
Balance at 31 December 2018	**300**	**(2)**	**7,899**	**0**	**8,198**
Profit for the period	0	0	353	0	353
Movemenst effective portion of Interest Rate Swap Airbus SE	0	0	0	0	0
Total comprehensive income of the period	***0***	***0***	***353***	***0***	***353***
Balance at 30 June 2019	**300**	**(2)**	**8,252**	**0**	**8,551**

	Issued Capital	Other Reserves	Retained earnings	Cash flow hedges	**Total equity**
Balance at 31 December 2017	**300**	**(2)**	**6,731**	**10,962**	**17,992**
Profit for the period	0	0	586	0	586
Movemenst effective portion of Interest Rate Swap Airbus SE	0	0	0	(7,335)	(7,335)
Total comprehensive income of the period	***0***	***0***	***586***	***(7,335)***	***(6,749)***
Balance at 30 June 2018	**300**	**(2)**	**7,318**	**3,627**	**11,243**

3.

Notes to the **Company Financial Statements**

3.1 Basis of Presentation

1. General

Airbus Finance B.V., the "**Company**", incorporated on December 2, 2002, legally seated (*statutaire zetel*) in Amsterdam (current registered office at Mendelweg 30, 2333 CS, Leiden, The Netherlands) and registered at the Chamber of Commerce in The Hague under number 34182495. The company is 100% owned by **Airbus SE**.

The Company's main activity is to finance companies by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

The IFRS Financial Statements were authorised for issue by the Company's Board of Managing Directors on July 29, 2019. They are prepared and reported in euro ("€") and all values are rounded to the nearest thousand appropriately.

2. Accounting Principles

Except as described below, the accounting principles applied are consisteny with those of the Company's annual Financial Statement for the year ended December 31, 2018, as described in thoses annual Financial Statement.

Basis of preparation

The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union ("EU") and in compliance with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code as far as applicable. The Company's Financial Statements have been prepared under the assumption of going concern. Furthermore, the Company's Financial Statements have been prepared on a historical cost basis, except for certain items for which other measurement models are used in accordance with the applicable Standards' requirements as well as prepared and reported in Euros ("EUR"). The measurement models used when the historical cost model does not apply (mainly in the area of fair value measurement of derivative financial instruments) are further described below.

The Company operates in one reportable segment, operations are mainly taking place in Europe. This segment information cannot be specified in more detail.

Use of Estimates and Judgements

The preparation of the Financial Statements in conformity with the Company's accounting policies requires the use of judgement and estimates. Actual results could differ from those estimates. Changes in such estimates and assumptions may affect amounts reported in future periods. The key area requiring application of judgement and estimation is the determination of the fair value of derivatives (interest rate swaps). Since those instruments are not traded in an active market, the Company uses valuation techniques to determine their fair values.

The Company uses its judgment to select the appropriate valuation technique, like option pricing model or discounted cash flow model, and to make assumptions that are mainly based on market conditions existing at each reporting date (Note 15).

Foreign Currency Translation

Transactions in foreign currencies are translated into Euro at the foreign exchange rate prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into Euro at the exchange rate in effect at that date. These foreign exchange gains and losses arising from translation are recognised in the Income Statement on a net basis, except when deferred in equity as qualifying Cash Flow Hedges

Financial Assets

Classification and Measurement

From 1 January 2018, the Company classifies its financial assets according to IFRS 9 using the following measurement categories:

- those to be measured at amortised cost; and
- those to be measured subsequently at fair value (either through OCI or through profit and loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost — This category comprises assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The contractual terms and conditions of the loan give rise, on specific dates, to cash flows that are solely payments of rincipal and interest. Airbus Finance BV holds the loans in order to collect contractual cash flows. Therefore, the cash flows meet the SPPI test of payments of principal and interest and are classified as measured at amortised cost.

The financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

The loan held by the Company have no significant increase in credit risk since their initial recognition, the calculation of the the 12-month expected credit losses is not significant.

Financial assets at fair value through OCI — This category comprises:

(i) Equity investments that are not held for trading. With the exception of dividends received, the associated gains and losses (including any related foreign exchange component) are recognised in OCI. Unlike the treatment of "available-for-sale" equity investments under IAS 39, amounts presented in OCI are not subsequently transferred to profit and loss on derecognition of the equity investment nor in the event of an impairment. The Company has remeasured non-listed equity investments for which no quoted market prices are available at fair value and determined the fair values of these equity investments using valuation methods such as net asset values or a comparable company valuation multiples technique.

(ii) Debt instruments where contractual cash flows are solely payments of principal and interest, and that are held both for sales and collecting contractual cash flows. These instruments include the bond securities portfolio and are measured in a manner similar to the "available-for- sale" debts instruments under IAS 39.

Financial assets at fair value through profit and loss — This category comprises all other financial assets (*e.g.* derivative instruments) that are to be measured at fair value (including equity investments for which the Company did not elect to present changes in fair value in OCI).

The impact of IFRS 9 on the classification and measurement of financial assets is set out in the "measurement categories of financial instruments" table.

Impairment

From January 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through OCI. The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a financial instrument, if the instrument is determined to have low credit risk at the reporting date.

The Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months; unless the credit risk on a financial instrument has increased significantly since initial recognition. In the event of such significant increase in credit risk the Company's measures loss allowances for that financial instrument at an amount equal to its lifetime excepted losses, *i.e.* at an amount equal to the excepted credit losses that result from all possible default events over the excepted life of that financial instrument. With regards to its portfolio of loans to Airbus SE, the Company does not expect any significant increase in the credit risk of Airbus SE. As a result, the expected credit loss is not significant.

Until end of 2017, under IAS39, long-term and short-term loans receivable and accrued interest receivable were classified as financial assets at amortised cost, which were initially recognized on the settlement date at cost, being the fair value of the consideration given and including acquisition charges. Subsequently they were carried at amortised cost using the effective interest method less any allowance for impairment recognised in a specific account. Amortised cost was calculated and recognized in the Income Statement taking into account any discount or premium on acquisition and includes fees that were an integral part of the effective interest rate and transaction costs. Gains and losses were recognized in the Income Statement when the loans and receivables were derecognized or impaired, as well as through the amortisation process.

Until end of 2017, the Company has assessed at each reporting date whether a financial asset or group of financial assets were impaired. If there had been objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss were measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss should have been recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease could be related objectively to an event occurring after the impairment had been recognized, the previously recognized impairment loss was reversed. Any subsequent reversal of an impairment loss was recognized in profit or loss, to the extent that the carrying value of the asset did not exceed its amortised cost at the reversal date. The impairment was recognised in a specific account.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash in bank and cash in the Intercompany Accounts with Airbus SE (cash pooling), which is available on a daily basis.

Because of the short-term nature of Cash and cash equivalentt, the Airbus Finance BV recognises these at its contractual par amount. Similar to trade receivables, the Cash and cash equivalent involves one single cash flow which is the repayment of the principal. Therefore, the cash flows resulting from the receivables meet the SPPI test of payments of principal and interest despite the interest component being zero. Airbus Finance BV holds these balances in order to collect contractual cash flows. Cash and cash equivalent is therefore classified as measured at amortised cost. Cash and cash equivalents are also subject to the general approach. However, due to the fact that Cash and cash equivalent is repayable on demand, 12-month and lifetime expected losses are the same. The expected credit losses are considered insignificant.

Financial Liabilities

Non-current interest bearing liabilities, short-term loans payable and accrued interest payable are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method with any difference between proceeds (net of transaction costs) and redemption amount being recognized in the Income Statement over the period to maturity. Gains and losses are recognized in the Income Statement when the liabilities are derecognized as well as through the amortisation process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Income Statement.

Deferred Taxes

Deferred tax assets and liabilities reflect lower or higher future tax consequences that result in certain assets and liabilities from temporary valuation differences between the Financial Statement carrying amounts and their respective tax bases as well as from net operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates by the reporting date of 21.81% to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the new rates are enacted or substantively enacted.

As deferred tax assets anticipate potential future tax benefits, they are recorded in the Financial Statements of the Company only when the likelihood that the tax benefits will be realized is probable. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Current Taxes

The Company is part of the fiscal unity headed by Airbus SE and consequently the Company's taxable results are included in the tax position of Airbus SE. No income tax has been allocated to the Company as the fiscal unity is in a tax loss position.

Interest income

Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Hedge Accounting

The Company uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized and are subsequently measured at fair value in the Statement of Financial Position with changes in fair values recognized either directly in Other Comprehensive Income or in the Income Statement.

For the purposes of hedge accounting, hedges are classified as either Fair Value Hedges where they hedge the exposure to changes in the fair value of a recognized asset or liability; or Cash Flow Hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction.

For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging instrument and changes in the fair value of the hedged asset or liability attributable to the hedged risk are simultaneously recognized in the Income Statement.

In relation to Cash Flow Hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly as Other Comprehensive Income within a separate component of the Shareholders' Equity ("Cash Flow Hedge Reserve"), net of applicable deferred taxes and the ineffective portion is recognized in the Income Statement.

When the cash flows that the derivative is hedging materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative recognized as Other Comprehensive Income is simultaneously transferred to the corresponding income or expense line item.

The fair value of interest rate swap contracts is determined by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the swap. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Beginning 1 January 2018, the Company designates the interest rate swap in its entirety as a hedging instrument.

Cash flow statement

The Company presents its Cash Flow Statement using the indirect method.

3.2 Company Performance

3. Long-term Loans Receivable

	30 June	
(In € thousand)	**2019**	**2018**
Long-term Loan to Airbus SE	3,852,654	3,828,325

On April 17, 2013, the Company entered into a loan agreement with effect of April 17, 2013, with Airbus SE, to make a loan available for the principal amount of US$1 billion, reduced by a discount of US$ 7,02 million. The loan shall bear interest at a rate of 2,72% per annum, payable semi-annually in arrears on each April 17 and October 17.

This loan to Airbus SE is repayable on April 17, 2023. The fair market value approximates to the fair market value of the "2,700% US institutional market bond US$1 billion" Liability (note 10).

On April 2, 2014, the Company entered into a loan agreement with effect of April 2, 2014, with Airbus SE, to make a loan available for the principal amount of €1 billion, reduced by a discount of €4,92 million. The loan shall bear interest at a rate of 2,395% per annum, payable yearly in arrears on each April 2.

This loan to Airbus SE is repayable on April 2, 2024. The fair market value approximates to the fair market value of the "2,375% Eurobond €1 billion" Liability (note 10).

On October 29, 2014, the Company entered into a loan agreement with effect of October 29, 2014, with Airbus SE, to make a loan available for the principal amount of €500 million, reduced by a discount of €6,245 million. The loan shall bear interest at a rate of 2,145% per annum, payable annually in arrears on each October 29.

This loan to Airbus SE is repayable on October 29, 2029. The fair market value approximates to the fair market value of the "2,125% Eurobond €500 million" Liability (note 10).

On May 13, 2016, the Company entered into two new loan agreements with Airbus SE with effect of May 13, 2016.

The first one loan, repayable on May 13, 2026, with a principal amount of €600 million, is reduced by a discount of €6,282 million and shall bear interest at a rate of 0,905% per annum. The fair market value approximates to the fair market value of the "0,875% Eurobond €600 million" Liability (note 10).

The second loan, repayable on May 13, 2031, with a principal amount of €900 million is reduced by a discount of €17,199 million and shall bear interest at a rate of 1,405 % per annum. The fair market value approximates to the fair market value of the "1,375% Eurobond €900 million" Liability (note 10).

The interest for both loans is payable yearly in arrears on each May 13.

4. Positive Fair-value Derivative Instrument

	30 June	
(In € thousand)	**2019**	**2018**
Interest Rate Swap Airbus SE, €500 million, 5,50% (maturing 25/09/2018)	0	4,836

The decrease by € 5 million is linked to the maturity of the interest rate swap in September 2018.

In 2018, these amounts was representing the fair market value, less accrued interest, at June 30, 2018 of the Interest Rate Swap for which the Company has entered into with Airbus SE with effect of December 27, 2005. The notional amount of the swap is €500 million, which expires on September 25, 2018.

The fair value of the Interest Rate Swaps was determined by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the swap.

The Company is acting as a financial market agent on behalf of its subsidiaries, therefore the fair value changes of derivatives are reported on a net basis.

5. Short-term Loan Receivable

	30 June	
(In € thousand)	**2019**	**2018**
Short-term Eurobond Loan to Airbus SE	746,000	499,921

Short-term financing liabilities increased by €246 million to €746 million (2018: €500 million). The increase in short-term financing liabilities is mainly related to the issuance of new commercial paper for €746 million and the repayment of a Euro Medium Term Note ("EMTN") bond for € 500 million on September 2018.

6. Accrued Interest Receivable

	30 June	
(In € thousand)	**2019**	**2018**
Interest Rate Swap Airbus SE	0	20,897
Loan to Airbus SE	20,421	20,454
Total	**20,421**	**41,351**

7. Cash and Cash Equivalent

	30 June	
(In € thousand)	**2019**	**2018**
Intercompany Accounts Airbus SE	8,405	7,443

8. Total Equity

The Company has an authorised share capital of 1,500,000 shares of € 1 each. As of June 30, 2018, the issued and paid-up share capital of the Company consists of 300,000 ordinary shares with a par value of € 1 each. During the financial half year 2018 no additional shares were paid-up. The Other Reserves include capital tax paid in relation to a capital increase.

The Company complies with the capital requirements under applicable law and its articles of association. The main activity of the Company is to refinance Airbus entities. The Company manages its capital with the interest rate spread applied on the loans provided to Airbus SE. The interest rates are based on market conditions.

9. Cash Flow Hedge Reserve

This amount represents the change in fair value in the reporting year of the Interest Rate Swaps (see note 4), for the effective part of the Cash Flow Hedge, net of deferred taxes. According to Dutch law this reserve is considered to be a legal reserve.

10. Interest Bearing Liabilities

	Principal amount	Book Value		Coupon or interest		Fair Value	
		30 June				30 June	
(in € thousand)	*(in million)*	**2019**	2018	rate	Maturity	**2019**	2018
Eurobond 15 years	€ 500	€ 0	€ 499,921	5.500%	Sept. 2018	€ 0	€ 520,367
Eurobond 10 years	€ 1,000	€ 997,660	€ 997,169	2.375%	Apr. 2024	€ 1,057,655	€ 1,033,337
Eurobond 15 years	€ 500	€ 495,700	€ 495,283	2.125%	Oct. 2029	€ 557,498	€ 518,575
Eurobond 10 years	€ 600	€ 595,686	€ 595,058	0.875%	May 2026	€ 619,580	€ 587,978
Eurobond 15 years	€ 900	€ 886,393	€ 885,247	1.375%	May 2031	€ 939,967	€ 856,162
US$ bond 10 years	US$ 1,000	€ 877,215	€ 855,568	2.700%	Apr. 2023	€ 883,345	€ 820,704
Billet de trésorerie programme	US$ 0	€ 746,000	€ 0			€ 0	€ 0
Others		€ 0	€ 0			€ 0	€ 0
Total		**€ 4,598,654**	**€ 4,328,246**			**€ 4,058,045**	**€ 4,318,583**
Thereof non-current financing liabilities		***€ 3,852,654***	***€ 3,828,325***				
Thereof current financing liabilities		***€ 746,000***	***€ 499,921***				

The Company has issued an inaugural bond transaction in the US institutional market of US$1 billion with value date April 17, 2013. The bond has an original maturity of ten years and carries a yearly coupon of 2.700%. The bond matures on April 17, 2023.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €1 billion with value date April 2, 2014. The bond has an original maturity of ten years and carries a yearly coupon of 2.375%. The bond matures on April 2, 2024.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €500 million with value date October 29, 2014. The bond has an original maturity of fifteen years and carries a yearly coupon of 2.125%. The bond matures on October 29, 2029.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €600 million with value date May 13, 2016. The bond has an original maturity of ten years and carries a yearly coupon of 0.875%. The bond matures on May 13, 2026.

Also, the Company has issued a Eurobond benchmark transaction under the EMTN Programme of €900 million with value date May 13, 2016. The bond has an original maturity of fifteen years and carries a yearly coupon of 1.375%. The bond matures on May 13, 2031.

The issued bonds are covered by a guarantee from Airbus SE, the parent company. The disclosed fair values of the bonds were determined using market quotations at reporting date.

11. Deferred Taxes Payable

The deferred tax liability relates to the temporary difference between the valuation of the derivative financial instruments for financial statements purposes and their respective tax basis. Deferred taxes are recognized as income tax benefit or expense except for changes in fair value of derivative instruments designated as cash flow hedges which are recorded net of tax in the cash flow hedge reserve. In 2019, after maturity of the interest rate contracts, the deferred tax payable is nill (in 2018, €1.2 million has been recognized in Other Comprehensive Income).

12. Accrued Interest Payable

	30 June	
(In € thousand)	**2019**	**2018**
5.500% Eurobond, 25/09/2018	0	21,021
2.375% Eurobond, 02/04/2024	5,840	5,856
2.125% Eurobond, 29/10/2029	7,132	7,132
0.875% Eurobond, 13/05/2026	703	705
1.375% Eurobond, 13/05/2031	1,657	1,661
2.700% US$ bond, 17/04/2023	4,877	4,781
Euro Commercial Paper	67	0
Total	**20,276**	**41,135**

13. Interest Income

	30 June	
(In € thousand)	**2019**	**2018**
Long-term Loan to Airbus SE	38,2008	41,121
Interest Rate Swap Airbus SE	0	9,914
Amortization of Loan	1,657	1,875
Short-term Loan to Airbus SE	122	334
Intercompany Accounts Airbus SE	13	7
Total	**39,992**	**53,252**

14. Interest Expenses

	30 June	
(In € thousand)	**2019**	**2018**
5.500% Eurobond, 25/09/2018	0	(13,637)
2.700% US$ bond, 17/04/2023	(11,976)	(11,058)
2.375% Eurobond, 02/04/2024	(11,761)	(11,777)
2.125% Eurobond., 29/10/2029	(5,269)	(5,269)
0.875% Eurobond, 13/05/2026	(2,601)	(2,603)
1.375% Eurobond, 13/05/2031	(6,132)	(6,137)
Short-term Loan from Commercial Paper Programme	(124)	(334)
Amortization of Bond Issue Costs	(1,657)	(1,875)
Total	**(39,520)**	**(52,690)**

15. Information About Financial Instruments

15.1 Financial Risk Management

Financial Risk Management

The Company's principal financial instruments, other than derivatives, generally comprise long-term Eurobond liabilities and short-term loans from Commercial Paper Programme. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company generally has various financial assets such as short- and long-term loans receivables and cash, which arise directly from its operations. Airbus Finance B.V. also enters into derivative transactions which consist of interest rate swaps only. The purpose is to manage the interest rate risks arising from the Company's operations. It is, and has been throughout the year under review, the Company's policy that no trading in derivatives shall be undertaken.

Market Risk

Foreign Currency Risk - The Company has entered into US$ transactions during 2013 with the issuance of a bond transaction of US$1 billion. The Company has at the same time entered into a loan agreement for the principal bond amount of US$1 billion with Airbus SE. The funds received from the US$ Commercial Paper Programme were fully on lent to Airbus SE.

Interest Rate Risk - Airbus Finance B.V. uses an asset and liability management approach with the objective to limit its interest rate risk. The Company undertakes to match the risk profile of its liabilities with a corresponding asset structure.

Sensitivities of Market Risks - As all of the Company's external financial debt has been lent to Airbus SE at nearly identical conditions, the interest rate risk of the total portfolio of financial instruments is nearly balanced. As the proceeds of all the company's outstanding bonds and commercial papers have been on-lent to Airbus SE based on identical terms (plus a margin), the foreign currency risk and interest risk are neutralised.

Liquidity Risk

The Company's policy is to maintain sufficient liquid assets at any time to meet its present and future commitments as they fall due. The liquid assets typically consist of cash and cash equivalents or of receivable from Parent. In addition, the Company maintains a set of other funding sources. Depending on its cash needs and market conditions, the Company may issue bonds, notes and commercial papers.

The contractual maturities of the Company financial liabilities, based on undiscounted cash flows and including interest payments, if applicable, are as follows:

(In € million)	Carrying amount	Contractual cash flows	< 1 year	1 year-2 years	2 years-3 years	3 years-4 years	4 years-5 years	More than 5 years
30 June 2019								
Derivative financial assets	0	0	0					
Non-derivative financial assets	4,619	5,161	823	77	77	77	938	3,169
Non-derivative Financial iabilities	(4,619)	(5,154)	(822)	(76)	(76)	(76)	(938)	(3,166)
30 June 2018								
Derivative financial assets	5	5	5					
Non-derivative financial assets	4,370	4,898	507	76	76	76	76	4,087
Non-derivative financial liabilities	(4,369)	(4,895)	(512)	(75)	(75)	(75)	(75)	(4,083)

The above table analyses the Company's financial liabilities by relevant maturity groups based on the period they are remaining on the Company's Statement of Financial Position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, comprising all outflows of a liability such as repayments and eventual interest payments. Non-derivative financial liabilities comprise financing liabilities at amortized cost.

Credit Risk

The Company has only one debtor, which is Airbus SE. The maximum credit risk equals the book value of the respective items on the Statement of Financial Position at reporting date, as shown in the table below. The long-term corporate credit rating of Airbus SE is A+ (S&P).

	30 June	
(In € million)	**2019**	**2018**
Receivables, neither past due not impaired	4,619	4,370
Cash and Cash Equivalents	8	7
Derivative Financial assets	0	5
Total financial assets	**4,627**	**4,382**

15.2 Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which one party would assume the rights and/or duties of another party in a current transaction, other than in a forced or liquidation sale. Fair values of financial instruments have been determined with reference to available market information at the reporting date and the valuation methodologies discussed below. Considering the variability of their value-determining factors and the volume of financial instruments, the fair values presented herein may not be indicative of the amounts that the Company could realize in a current market environment.

From January 2018, the Company classifies its financial assets in one of the following categories: (i) at fair value through OCI, (ii) at fair value through profit and loss and (iii) at amortised cost. Classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company assigns its financial instruments (excluding its at-cost investments, which are outside the scope of IAS 39 “Financial instruments: recognition and measurement”) into classes based on their category in the statement of financial position.

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 30 June 2019:

	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		**Financial instrument Total**	
(In € million)			Amortised cost	Fair value	**Book value**	**Fair value**
Assets						
Other investments and long−term financial assets						
• Loans	0	0	3,853	4,058	**3,853**	**4,058**
Other financial assets						
• Current account	0	0	8	8	**8**	**8**
• Loans	0	0	746	746	**746**	**746**
Total	**0**	**0**	**4,607**	**4,813**	**4,607**	**4,812**
Liabilities						
Non-current Financing liabilities						
• Issued bonds and commercial papers	0	0	3,853	4,058	**3,853**	**4,058**
Current Financing liabilities						
• Issued bonds and commercial papers	0	0	746	746	**746**	**746**
Total	**0**	**0**	**4,599**	**4,804**	**4,599**	**4,804**

The following tables present the carrying amounts and fair values of financial instruments according to IAS 39 measurement categories as of 30 June 2018:

	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		**Financial instrument Total**	
(In € million)			Amortised cost	Fair value	**Book value**	**Fair value**
Assets						
Other investments and long−term financial assets						
• Loans	0	0	3,828	3,817	**3,828**	**3,817**
Current Financial assets						
• Derivative Instruments	5	0	0	0	**5**	**5**
• Current account	0	0	7	7	**7**	**7**
• Loans	0	0	500	502	**500**	**502**
Total	**5**	**0**	**4,336**	**4,327**	**4,336**	**4,327**
Liabilities						
Non-current Financing liabilities						
• Issued bonds and commercial papers	0	0	3,828	3,817	**3,828**	**3,817**
Current Financing liabilities						
• Issued bonds and commercial papers	0	0	500	502	**500**	**502**
Total	**0**	**0**	**4,328**	**4,319**	**4,328**	**4,319**

Fair Value Hierarchy

The fair value hierarchy consists of the following levels:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

The following table presents the carrying amounts of the financial instruments held at fair value across the three levels of the **fair value hierarchy** as of 30 June 2019 and 2018, respectively:

		30 June 2019			30 June 2018	
(In € million)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Financial assets measured at fair value						
Non-derivative financial asset	0	4,812	4,812	0	4,327	4,327
Derivative instruments	0	0	0	0	5	5
Total	**0**	**4,812**	**4,812**	**0**	**4,332**	**4,332**
Financial liabilities measured at fair value						
Non-derivative financial liabilities	(4,804)	0	(4,804)	(4,319)	0	(4,319)
Total	**(4,824)**	**0**	**(4,824)**	**(4,319)**	**0**	**(4,319)**

The Company determines Level 2 fair values for derivative financial instruments for hedge relations using recognised valuation techniques such as option pricing models and discounted Cash Flow models. The valuation is based on market data such as currency rates, interest rates and credit spreads as well as price and rate volatilities obtained from recognised vendors of market data.

Financial Assets and Liabilities - Generally, fair values are determined by observable market quotations or valuation techniques supported by observable market quotations. By applying a valuation technique, such as present value of future Cash Flows, fair values are based on estimates. However, methods and assumptions followed to disclose data presented herein are inherently judgmental and involve various limitations like estimates as of June 30, 2019 and 2018, which are not necessarily indicative of the amounts that the Company would record upon further disposal/termination of the financial instruments. With respect to the fair value of financial liabilities, the own non-performance risk was assessed to be insignificant as of June 30, 2019 and 2018. For current financial assets, management assessed that the carrying amounts approximate the fair value due to the short-term maturity of these assets.

Interest Rate Contracts - The fair value of these instruments is the estimated amount that the Company would receive or pay to settle the related agreements as of June 30, 2019 and 2018 based on present value calculations. The used swap model incorporates various inputs including interest rate curves. As of June 30, 2019 and 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

15.3 Notional Amounts of Derivative Financial Instruments

The contract or notional amounts of derivative financial instruments shown below do not necessarily represent amounts exchanged by the parties and, thus, are not necessarily a measure for the exposure of the Company through its use of derivatives.

The **maturity of hedged interest cash flows** are as follows, specified by year of expected maturity:

	Remaining period								**Total**
(In € million)	1 year	2 years	3 years	4 years	5 years	6 years	7 years	> 7 years	
30 June 2019									
Interest rate contracts	0	0	0	0	0	0	0	0	0
30 June 2018									
Interest rate contracts	500	0	0	0	0	0	0	0	500

16. Number of employees and employement costs

The Company employed no personnel in the year ended on June 30, 2019 (2018: 0).

17. Directors

The Company had no director who received remuneration.

18. Commitments and contingent liabilities

The Company is part of a fiscal unity headed by Airbus SE, which also includes Airbus Defence and Space Netherlands B.V. and therefore the Company is severally and jointly liable for income tax liabilities of the fiscal unity as a whole.

19. Related parties

Airbus SE is a related party, as it holds 100% of the shares of Airbus Finance B.V. The transactions and outstanding balances relating to Airbus SE are detailed in the notes. We refer to the notes of long-term and short-term loan receivables, positive fair value derivative instruments, accrued interest receivables, cash and cash equivalents, equity, accrued interest payables and interest income.

20. Subsequent Events

The Board of Managing Directors expects further changes in the nature and size of the business of the Company for the year 2019, due to intra-group merger and acquisitions operations currently in process and in view of continuing corporate structure simplifications planned during 2019. In this context, the merge of Airbus Finance BV into Airbus SE is plan for 2019.