

Airbus Finance BV

IFRS Company Financial

Statements

I 2019 I

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1.

Airbus Finance B.V.

Report of the Board of Managing Directors

The board of Managing Directors herewith submits the Financial Statements of Airbus Finance B.V. ("Company") for the year ended on December 31, 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 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 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 2019, no amounts were outstanding for the Commercial Paper Programme, neither in 2018. The commercial paper issuance activity was limited during the course of 2019, neither in 2018.

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 €889 million as of 31 December 2019 (2018: €872 million), 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 2019, no amounts were outstanding for the US\$-Commercial Paper Programme, neither in 2018. The commercial paper issuance activity was limited during the course of 2019. 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's 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.

The risk appetite of the Company is low.

COVID-19 Risks

Airbus SE's ("Airbus") business, results of operations and financial condition could be materially affected by the outbreak of the COVID-19 disease (also known as "Coronavirus").

In early February 2020, Airbus stopped operations of the Tianjin Final Assembly Line for approximately one week but was later authorised by the Chinese authorities to restart operations and gradually increase production. On 17 March 2020, Airbus decided to temporarily pause production and assembly activities at its French and Spanish sites for the next four days. This is meant to allow sufficient time to implement stringent health and safety conditions in terms of hygiene, cleaning and self-distancing. The outbreak of the COVID-19 disease may lead to further disruptions to Airbus' internal operations or its ability to deliver products and services.

Worldwide travel limitations and restrictions have posed logistical challenges and may cause further disruptions to Airbus' business, its operations and supply chain and its ability to deliver products and services.

Airbus may be affected by weak market and economic conditions in countries where it has production facilities and to which it sells its products as well as other markets around the world. Weaker market and economic conditions could result in requests by customers to postpone delivery or cancel existing orders for aircraft (including helicopters) or other products including services, or decisions by customers to review their order intake strategy, or weak levels of passenger demand for air travel and cargo activity more generally or travel restrictions, which could negatively impact Airbus' results of operations.

Although the full impact of the COVID-19 outbreak cannot reasonably be assessed at the time of this report, Airbus' business, its operations and supply chain may be disrupted and materially affected by the outbreak and the uncertainty it creates, potentially also increasing Airbus' credit risk.

Airbus has established a crisis management organisation in response to the COVID-19 outbreak and is monitoring the situation and evaluating any potential impacts to production and deliveries.

3. Management and Supervision

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 no supervisory board. The Company considers it to be desirable to fulfil the above mentioned ratio when vacancies will occur.

4. Result for the year

The Company's result for the year ended on December 31, 2019 amounts to a profit of €1,020 thousand (in 2018: €1,168 thousand).

5. Future Outlook

The Board of Managing Directors expects no major changes in the nature and size of the business of the Company for the year 2020.

Airbus Finance BV is primarily exposed to credit risk in respect of Airbus SE, and Airbus SE is monitoring the situation regarding the Coronavirus and evaluating any potential impacts to production and deliveries and will try to mitigate via alternative plans where necessary. The Company has established a crisis management organisation in response to the Coronavirus outbreak and is monitoring the situation and evaluating any potential impacts to production and deliveries. Although the full impact of the Coronavirus outbreak cannot reasonably be assessed at the time of approval of the Company's Financial Statements, the Company's business, its operations and supply chain may be disrupted and materially affected by the outbreak and the uncertainty it creates. Airbus Finance BV believes that although uncertainties have increased due to Covid-19, it still expects to be fully paid by Airbus SE when the amounts receivable become due.

There is no impact to our financial position as of 31 December 2019.

6. Statement

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

- the Financial Statements for the year ended December 31, 2019 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the 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 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, April 30, 2020

2.

Airbus Finance B.V. Financial Statements

Company Income Statement for the years ended 31 December 2019 and 2018

<i>(In € thousand)</i>	Note	2019	2018
Interest income	9	83,767	103,121
Interest expense	10	(82,628)	(102,026)
Foreign Exchange Result		(107)	84
Other financial Result		(12)	(11)
Total financial result		1,020	1,168
Profit (loss) before income taxes		1,020	1,168
Income (expense) Tax		0	0
Profit (loss) for the period		1,020	1,168

Company Statement of Comprehensive Income for the years ended 31 December 2019 and 2018

<i>(In € thousand)</i>	2019	2018
Profit (loss) for the period	1,020	1,168
Other comprehensive income		
<i>Items that will be reclassified to profit or loss:</i>		
Net change in fair value of cash flow hedges	0	(14,616)
Deferred tax income	0	3,654
Other comprehensive income, net of tax	0	(10,962)
Total comprehensive income of the period	1,020	(9,794)

Company Statement of Financial Position at 31 December 2019 and 2018

(Before appropriation of result of the year)

<i>(In € thousand)</i>	Note	2019	2018
Assets			
Non-current assets			
Long-term Loan	3	3,865,809	3,845,625
		3,865,809	3,845,625
Current assets			
Accrued Interest Receivable	4	36,289	36,281
Cash and cash equivalents	5	8,558	7,598
		44,847	43,879
Total assets		3,910,655	3,889,504
Equity and liabilities			
Stockholders' equity			
Issued capital	6	300	300
Other Reserves		(2)	(2)
Retained earnings		7,899	6,731
Result of the year		1,020	1,168
		9,217	8,198
Non-current liabilities			
Long-term Interest Bearing Liabilities	7	3,865,781	3,845,625
		3,865,781	3,845,625
Current liabilities			
Accrued Interest Payable	8	35,657	35,682
		35,657	35,682
Total equity and liabilities		3,910,655	3,889,504

Company Statement of Cash Flows for the years ended 31 December 2019 and 2018

<i>(In € thousand)</i>	Note	2019	2018
Operating Activities			
Profit (loss) for the period (Net income)		1,020	1,168
<i>Adjustments to reconcile profit for the period to cash provided by operating activities:</i>			
Interest income	9	(83,767)	(103,121)
Interest expense	10	82,628	102,026
Interest received		80,343	110,286
Interest paid		(79,397)	(109,006)
Valuation Adjustments		35	(164)
Cash provided by (used for) operating activities		862	1,189
Investing activities			
Proceeds from long-term financial assets		0	500
Cash provided by (used for) investing activities		0	500
Financing activities			
Repayment of financing liabilities		(0)	(500)
Cash (used for) provided by financing activities		(0)	(500)
Effect of foreign exchange rate changes on cash and cash equivalents		98	0
Net increase in cash and cash equivalents		960	1,189
Cash and cash equivalents at beginning of period		7,598	6,409,
Cash and cash equivalents at end of period	5	8,558	7,598

Company Statement of Changes in Equity for the years ended 31 December 2019 and 2018

	Issued Capital	Other Reserves	Retained earnings	Cash flow hedges	Total equity
Balance at 1 January 2018	300	(2)	6,731	10,962	17,992
Profit for the period	0	0	1,168	0	1,168
Movement effective portion of Interest Rate Swap Airbus SE	0	0	0	(10,962)	(10,962)
Total comprehensive income of the period	0	0	1,168	(10,962)	(9,794)
Balance at 31 December 2018	300	(2)	7,899	0	8,198
Profit for the period	0	0	1,020	0	1,020
Total comprehensive income of the period	0	0	1,020	0	1,020
Balance at 31 December 2018/2019	300	(2)	8,919	0	9,217

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 18 March, 2020. They are prepared and reported in euro ("€") and all values are rounded to the nearest thousand appropriately.

2. Accounting Principles

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 (refer next paragraph). 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.

Subsequent events and going-concern

The recent outbreak of the COVID-19, a virus causing potentially deadly respiratory tract infections, may negatively affect economic conditions regionally as well globally. Airbus has carried out extensive work in coordination with its social partners to ensure the health and safety of its employees, while securing business continuity. Airbus is committed to ensuring the health and safety of its people while maintaining delivery capability for its products and services to its customers.

Airbus Finance BV is primarily exposed to credit risk in respect of Airbus SE, and Airbus SE is affected as follows. On 23 March 2020, Airbus announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic as it continues to assess the ongoing situation and the impact on its business, customers, suppliers and the industry as a whole.

Reflecting Airbus' prudent balance sheet policy and to ensure financial flexibility, Airbus' management has received approval from the Board of Directors to: secure a new credit facility amounting to € 15 billion in addition to the existing € 3 billion revolving credit facility; withdraw the 2019 dividend proposal of € 1.80 per share with an overall cash value of approximately € 1.4 billion; and suspend the voluntary top up in pension funding. Given the limited visibility due to the evolving COVID-19 situation, the 2020 guidance is withdrawn. Operational scenarios, including measures to minimise cash requirements, have been identified and will be activated depending on the further development of the pandemic.

With these decisions, Airbus has significant liquidity available to cope with additional cash requirements related to the coronavirus. Liquidity resources previously standing at approximately € 20 billion, comprising around € 12 billion in financial assets at hand and around € 8 billion in undrawn credit lines, were further bolstered by converting an existing € 5 billion credit line into a new facility amounting to € 15 billion. Available liquidity now amounts to approximately € 30 billion.

By maintaining production, managing its resilient backlog, supporting its customers and securing financial flexibility for its operations, Airbus intends to secure business continuity for itself even in a protracted crisis. Safe and efficient air travel is a key backbone of global economic development and cultural exchange. Airbus therefore highly welcomes governmental efforts around the globe to stabilise this industry by supporting the financial health of its airline customers and its suppliers. Airbus continues to monitor the overall health of the industry.

Based on the above Airbus Finance BV believes that although uncertainties have increased due to COVID-19, it still expects to be fully paid by Airbus SE when the amounts receivable become due.

In light of the above management has assessed the going concern assumption on the basis on which the financial statements 2019 have been prepared and concluded that the going concern assumption for the 2019 financial statement is appropriate.

New, revised or amended IFRS Standards

The accounting policies applied by the Company for preparing its 2019 year-end Financial Statements are the same as applied for the previous year. Amendments and improvements to standards effective on 1 January 2019 have no impact on the Financial Statements.

New, Revised or Amended IFRS Standards and Interpretations Issued but not yet Applied

A number of new or revised standards, amendments and improvements to standards and interpretations as well as interpretations are not yet effective for the year ended 31 December 2019 and have not been applied in preparing these Financial Statements and early adoption is not planned:

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to underlying asset and a lease liability representing its obligation to make lease payments. As the company does not have any lease contract, the company is not impacted.

Standards and amendments	IASB effective date for annual reporting periods beginning on or after	Endorsement status
Amendments to References to the Conceptual Framework in IFRSs	1 January 2020	Endorsed
Amendments to IFRS 3: Definition of a business	1 January 2020	Not yet endorsed
Amendments to IAS 1 and IAS 8: Definition of material	1 January 2020	Not yet Endorsed
Amendments to IAS 1: Classification of liabilities	1 January 2020	Not yet endorsed
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	1 January 2020	Endorsed
IFRS 17 "Insurance Contracts"	1 January 2021	Not yet endorsed

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 principal 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 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. 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.
- (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. Changes in their fair value other than impairment losses and foreign exchange gains and losses on monetary items are recognised directly within AOCI. Upon disposal of such financial assets, the cumulative gain or loss previously recognised in equity is recorded as part of other income (other expenses) from investments in the Consolidated Income Statement for the period. Interest earned on the investment are presented as interest income in the Consolidated Income Statement using the effective interest method. Dividends earned on investment were recognised as other income (other expenses) from investments in the Consolidated Income Statement when the right to the payment had been established.

Financial assets at fair value through profit or 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).

Impairment

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 expected losses, i.e. at an amount equal to the expected credit losses that result from all possible default events over the expected 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.

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 equivalent, 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.

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).

Cash flow statement

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

3.2 Company Performance

3. Long-term Loan Receivable

(In € thousand)	31 December	
	2019	2018
Long-term Loan to Airbus SE	3,865,809	3,845,625

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 7).

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 7).

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 7).

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 7).

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 17).

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

4. Accrued Interest Receivable

(In € thousand)	31 December	
	2019	2018
Loan to Airbus SE	36,289	36,281

5. Cash and Cash Equivalent

(In € thousand)	31 December	
	2019	2018
Intercompany Accounts Airbus SE	8,558	7,598

The cash and cash equivalents are at the Company's free disposal

6. Total Equity

The Company has an authorised share capital of 1,500,000 shares of € 1 each. As of December 31, 2019, 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 year 2019 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.

Appropriation of the Net Result

According to the Company's articles of association, the Annual Meeting of Shareholders determines the appropriation of the Company's net result for the year.

The board of Managing Directors proposes that the net profit for the year ended December 31, 2019, amounting to €1,020 thousand be transferred to the Retained Earnings.

7. Interest Bearing Liabilities

(in € thousand)	Principal amount <i>(in million)</i>	Book Value		Coupon or interest rate	Maturity	Fair Value	
		31 December				31 December	
		2019	2018			2019	2018
Eurobond 10 years	€ 1,000	€ 997,907	€ 997,417	2.375%	Apr. 2024	€ 1,048,306	€ 1,037,552
Eurobond 15 years	€ 500	€ 495,908	€ 495,493	2.125%	Oct. 2029	€ 555,392	€ 522,663
Eurobond 10 years	€ 600	€ 596,001	€ 595,375	0.875%	May 2026	€ 616,518	€ 593,939
Eurobond 15 years	€ 900	€ 886,967	€ 885,824	1.375%	May 2031	€ 939,937	€ 865,516
US\$ bond 10 years	US\$ 1,000	€ 888,998	€ 871,516	2.700%	Apr. 2023	€ 895,990	€ 848,098
Others		€ 0	€ 0			€ 0	€ 0
Total		€ 3,865,781	€ 3,845,625			€ 4,056,143	€ 3,867,768
<i>Thereof non-current financing liabilities</i>		€ 3,865,781	€ 3,845,625				
<i>Thereof current financing liabilities</i>		€ 0	€ 0				

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 €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.

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.

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.

8. Accrued Interest Payable

(In € thousand)	31 December	
	2019	2018
2.375% Eurobond, 02/04/2024	17,715	17,829
2.125% Eurobond, 29/10/2029	1,829	1,863
0.875% Eurobond, 13/05/2026	3,328	3,351
1.375% Eurobond, 13/05/2031	7,844	7,900
2.700% US\$ bond, 17/04/2023	4,940	4,739
Total	35,657	35,682

9. Interest Income

(In € thousand)	2019	2018
Long-term Loan to Airbus SE	77,030	81,419
Interest Rate Swap Airbus SE	0	14,618
Amortization of Loan	3,391	3,672
Short-term Loan to Airbus SE	3,321	3,412
Intercompany Accounts Airbus SE	25	0
Total	83,767	103,121

10. Interest Expenses

(In € thousand)	2019	2018
5.500% Eurobond, 25/09/2018	0	(20,116)
2.700% US\$ bond, 17/04/2023	(24,187)	(22,853)
2.375% Eurobond, 02/04/2024	(23,636)	(23,750)
2.125% Eurobond., 29/10/2029	(10,591)	(10,625)
0.875% Eurobond, 13/05/2026	(5,226)	(5,250)
1.375% Eurobond, 13/05/2031	(12,320)	(12,375)
Short-term Loan from Commercial Paper Programme	(3,304)	(3,092)
Amortization of Bond Issue Costs	(3,364)	(3,672)
Intercompany Accounts Airbus SE	(0)	(293)
Total	(82,628)	(102,026)

11. Information about Financial Instruments

11.1 Financial Risk Management

Financial Risk Management

The Company's principal financial instruments, other than derivatives, generally comprise long-term Eurobond liabilities and short-term loan 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 loan 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
31 December 2019								
Non-derivative financial assets	3,902	4,399	77	77	77	967	1,053	2,148
Non-derivative Financial liabilities	(3,901)	(4,391)	(76)	(76)	(76)	(966)	(1,052)	(2,145)
31 December 2018								
Non-derivative financial assets	3,882	4,410	77	77	77	77	933	3,169
Non-derivative financial liabilities	(3,881)	(4,402)	(76)	(76)	(76)	(76)	(932)	(3,166)

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). The expected credit loss expected is insignificant.

(In € million)	31 December	
	2019	2018
Receivables, neither past due nor impaired	3,902	3,882
Cash and Cash Equivalents	9	8
Total financial assets	3,911	3,890

11.2 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.

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 following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2019:

(In € million)	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instrument Total	
			Amortised cost	Fair value	Book value	Fair value
Assets						
Other investments and long-term financial assets						
• Loans	0	0	3,865	4,180	3,865	4,180
Other financial assets						
• Current account	0	0	9	9	9	9
Total	0	0	3,874	4,189	3,874	4,189
Liabilities						
Non-current Financing liabilities						
• Issued bonds and commercial papers	0	0	3,865	4,180	3,865	4,180
Current Financing liabilities						
• Issued bonds and commercial papers	0	0	36	36	36	36
Total	0	0	3,901	4,216	3,901	4,216

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 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	3,845	3,802	3,845	3,802
Other financial assets						
• Current account	0	0	8	8	8	8
Total	0	0	3,853	3,810	3,853	3,810
Liabilities						
Non-current Financing liabilities						
• Issued bonds and commercial papers	0	0	3,845	3,802	3,845	3,802
Current Financing liabilities						
• Issued bonds and commercial papers	0	0	36	36	36	36
Total	0	0	3,881	3,838	3,881	3,838

12. Number of employees and employment costs

The Company employed no personnel in the year ended on December 31, 2019 (2018: 0).

13. Directors

The Company had no director who received remuneration.

14. 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.

15. 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.

16. Audit Fees

Fees related to professional services rendered by the Company's audit, Ernst & Young Accountants LLP, for the fiscal year 2019 were € 70 thousand (in 2018: € 70 thousand). These fees relate to audit services only.

17. Subsequent Events

The Company is monitoring the situation regarding the Coronavirus and evaluating any potential impacts to production and deliveries and will try to mitigate via alternative plans where necessary. The Company has established a crisis management organisation in response to the Coronavirus outbreak and is monitoring the situation and evaluating any potential impacts to production and deliveries. Although the full impact of the Coronavirus outbreak cannot reasonably be assessed at the time of approval of the Company's Financial Statements, the Company's business, its operations and supply chain may be disrupted and materially affected by the outbreak and the uncertainty it creates. Please refer to the Report of the Board of Managing Directors in the section 2- Risk Management in the paragraph COVID-19 - Risk.

4.

Independent Auditors' Report

Independent auditor's report

To: the shareholder of Airbus Finance B.V.

Report on the audit of the Financial Statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of Airbus Finance B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Airbus Finance B.V. as at 31 December 2019, and of its result and its cash flows for 2019 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 statement of financial position as at 31 December 2019
- The following statements for 2019: the income statement, 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 Airbus Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Materiality	€29 million (2018: €29 million)
Benchmark applied	0.75 % of total assets (2018: 0.75% of total assets)
Explanation	We use total assets given the company's main activity is intra-group lending. The company facilitates Airbus SE in their financing activities. We have used 0.75% of total assets to ensure relevant balance sheet and income statement items for the financial statement users are appropriately considered in our audit.

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 board of managing directors that we would report to them misstatements in excess of €1.47 million which are identified during the audit 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 board of managing directors. 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.

Compared to prior year, the key audit matter derivative financial instruments is no longer applicable as these derivatives have been settled in prior year.

Valuation of loans receivable

Reference is made to disclosure on Note 15 'Information about financial instruments' of the financial statements

Risk	Airbus Finance BV is a financing entity entering into financing agreements with Airbus SE. Airbus Finance BV has no substantial assets other than loans and interest receivable from Airbus SE to meet its financial obligations. We consider the valuation of the loans receivable a key audit matter due to the size of the loans in relation to the financial statements as a whole.
Our audit approach	We evaluated the financial position and liquidity of Airbus SE to assess whether they are able to meet their contractual obligations. To determine this we have, amongst others, inspected the 2019 financial statements of Airbus SE and considered forward looking information, recent developments in the financial position and cash flows of Airbus SE and whether any conditions exist that may lead to their inability to meet their contractual obligations. Furthermore we inspected the recent ratings issued by credit agencies for Airbus SE. Finally we verified that appropriate disclosures relating to financial instruments were made in the financial statements.
Key observations	We concur with Airbus Finance BV's assessment of the valuation of the loans receivable and the related disclosures as included in the notes to the financial statements.

Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis giving rise to inherent uncertainty. Airbus Finance B.V. is confronted with this uncertainty as well, that is disclosed in the Report of the Board of Managing Directors on page 3, the notes to the financial statements page 8 and the disclosure about events after the reporting period on page 16. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The report of the board of managing directors
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of managing directors is responsible for the preparation of the other information, including the report of the board of managing directors in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed by the annual general meeting of shareholders as auditor of Airbus Finance BV on 28 April 2016, as of the audit for the year 2016 and have operated as statutory auditor since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of the board of managing directors for the financial statements

The board of managing directors 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. Furthermore, the board of managing directors 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, the board of managing directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of managing directors should prepare the financial statements using the going concern basis of accounting unless the board of managing directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of managing directors 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.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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 detect all material errors and fraud during our audit.

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 among others:

- 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 a company to cease 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 board of managing directors 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 board of managing directors 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 board of managing directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Amsterdam, 30 April 2020

Ernst & Young Accountants LLP

signed by A.A. van Eimeren