Deutsche Bahn
2019 Integrated Report

Germany needs a strong rail system

At a glance

To the interactive
key figure comparison

Selected key figures	2019	2018	Change absolute	Change %
KEY FINANCIAL FIGURES (€ MILLION)				
Revenues adjusted	44,431	44,024	+ 407	+ 0.9
Revenues comparable	44,230	44,024	+ 206	+ 0.5
Profit before taxes on income	681	1,172	- 491	- 41.9
Net profit for the year	680	542	+ 138	+ 25.5
EBITDA adjusted[1]	5,436	4,739	+ 697	+ 14.7
EBIT adjusted	1,837	2,111	- 274	- 13.0
Equity as of Dec 31[1]	14,927	13,592	+ 1,335	+ 9.8
Net financial debt as of Dec 31[1]	24,175	19,549	+ 4,626	+ 23.7
Total assets as of Dec 31[1]	65,828	58,527	+ 7,301	+ 12.5
Capital employed as of Dec 31[1]	42,999	36,657	+ 6,342	+ 17.3
Return on capital employed (ROCE)[1] (%)	4.3	5.8	-	-
Debt coverage (%)	15.3	17.6	-	-
Gross capital expenditures[1]	13,093	11,205	+ 1,888	+ 16.8
Net capital expenditures[1]	5,646	3,996	+ 1,650	+ 41.3
Cash flow from operating activities[1]	3,278	3,371	- 93	- 2.8
KEY PERFORMANCE FIGURES				
Passengers (million)	4,874	4,669	+ 205	+ 4.4
RAIL PASSENGER TRANSPORT				
Punctuality DB passenger transport (rail) in Germany (%)	93.9	93.5	-	-
Punctuality DB Long-Distance (%)	75.9	74.9	-	-
Passengers (million)	2,603	2,581	+ 22	+ 0.9
thereof in Germany	2,123	2,088	+ 35	+ 1.7
thereof DB Long-Distance	150.7	147.9	+ 2.8	+ 1.9
Volume sold (million pkm)	98,402	97,707	+ 695	+ 0.7
Volume produced (million train-path km)	767.3	781.3	- 14.0	- 1.8
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	232.0	255.5	- 23.5	- 9.2
Volume sold (million tkm)	85,005	88,237	- 3,232	- 3.7
TRACK INFRASTRUCTURE				
Punctuality (rail) in Germany[2] (%)	93.1	92.9	-	-
Punctuality DB Group (rail) in Germany (%)	93.7	93.4	-	-
Train kilometers on track infrastructure (million train-path km)	1,090	1,086	+ 4	+ 0.4
thereof non-Group railways	368.3	349.3	+ 19.0	+ 5.4
Share of non-Group railways (%)	33.8	32.2	-	-
Station stops (million)	156.4	154.1	+ 2.3	+ 1.5
thereof non-Group railways	40.2	37.0	+ 3.2	+ 8.6
BUS TRANSPORT				
Passengers (million)	2,271	2,087	+ 184	+ 8.8
Volume sold[3] (million pkm)	6,462	6,942	- 480	- 6.9
Volume produced (million bus km)	1,554	1,602	- 48	- 3.0
FREIGHT FORWARDING AND LOGISTICS				
Shipments in land transport (thousand)	107,132	106,468	+ 664	+ 0.6
Air freight volume (export) (thousand t)	1,186	1,304	- 118	- 9.0
Ocean freight volume (export) (thousand TEU)	2,294	2,203	+ 91	+ 4.1
Warehouse space contract logistics (million m^2)	8.4	8.3	+ 0.1	+ 1.2
ADDITIONAL KEY FIGURES				
Order book for passenger transport as of Dec 31 (€ billion)	87.9	91.0	- 3.1	- 3.4
Length of line operated (rail network) as of Dec 31 (km)	33,423	33,440	- 17	- 0.1
Passenger stations as of Dec 31	5,679	5,663	+ 16	+ 0.3
Rating Moody's / S&P Global Ratings	Aa1 / AA	Aa1 / AA-	-	-
Employees as of Dec 31 (FTE)	323,944	318,528	+ 5,416	+ 1.7
Share of women as of Dec 31 (%)	24.3	24.5	-	-
Employee satisfaction (SI)	-	3.7	-	-
Employer attractiveness (rank in Germany)	19	13	- 6	-
Specific greenhouse gas emissions in comparison to 2006 (%)	- 34.8	- 33.2	-	-
Share of renewable energies in the DB traction current mix (%)	60.1	57.2	-	-
Track kilometers noise remediated in total as of Dec 31 (km)	1,844	1,758	+ 86	+ 4.9
Quiet freight cars in Germany as of Dec 31	57,644	50,409	+ 7,235	+ 14.4

[1] Limited comparability compared to the previous year / December 31, 2018 due to the **IFRS 16 EFFECT** **101.**

[2] Non-Group and DB Group train operating companies.

[3] Excluding DB Arriva.

10-year summary

To the interactive
key figure comparison

(€ million)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
STATEMENT OF INCOME										
Revenues	44,430	44,065	42,693	40,557	40,403	39,728	39,107	39,296	37,979	34,410
Overall performance	47,596	47,156	45,593	43,298	43,102	42,422	41,756	41,910	40,436	36,617
Other operating income	3,030	2,998	2,954	2,834	2,772	2,824	2,853	3,443	3,062	3,120
Cost of materials	- 22,262	- 22,258	- 21,457	- 20,101	- 20,208	- 20,250	- 20,414	- 20,960	- 20,906	- 19,314
Personnel expenses	- 18,152	- 17,301	- 16,665	- 15,876	- 15,599	- 14,919	- 14,383	- 13,817	- 13,076	- 11,602
Depreciation[1]	- 3,671	- 2,688	- 2,847	- 3,017	- 4,471	- 3,190	- 3,228	- 3,328	- 2,964	- 2,912
Other operating expenses[1]	- 5,157	- 6,088	- 5,890	- 5,677	- 5,750	- 5,057	- 4,817	- 4,719	- 4,375	- 4,092
Operating profit (EBIT)	1,384	1,819	1,688	1,461	- 154	1,830	1,767	2,529	2,177	1,817
Result from investments accounted for using the equity method	- 12	12	14	33	22	8	3	14	19	17
Other financial result	- 36	- 14	- 30	- 16	0	- 3	- 15	- 13	3	- 23
Net interest income[1]	- 655	- 645	- 704	- 772	- 800	- 898	- 879	- 1,005	- 840	- 911
Profit before taxes on income	681	1,172	968	706	- 932	937	876	1,525	1,359	900
Net profit for the year	680	542	765	716	- 1,311	988	649	1,459	1,332	1,058
Dividend payment (for previous year)	650	450	600	850	700	200	525	525	500	-
VALUE MANAGEMENT										
EBITDA adjusted[1]	5,436	4,739	4,930	4,797	4,778	5,110	5,139	5,601	5,141	4,651
EBIT adjusted	1,837	2,111	2,152	1,946	1,759	2,109	2,236	2,708	2,309	1,866
Capital employed as of Dec 31[1]	42,999	36,657	35,093	33,066	33,459	33,683	33,086	32,642	31,732	31,312
Return on capital employed (ROCE)[1] (%)	4.3	5.8	6.1	5.9	5.3	6.3	6.8	8.3	7.3	6.0
Debt coverage (%)	15.3	17.6	18.7	18.1	19.0	20.3	20.8	22.2	22.0	18.8
CASH FLOW/CAPITAL EXPENDITURES										
Cash flow from operating activities[1]	3,278	3,371	2,329	3,648	3,489	3,896	3,730	4,094	3,390	3,409
Gross capital expenditures[1]	13,093	11,205	10,464	9,510	9,344	9,129	8,224	8,053	7,501	6,891
Net capital expenditures[1]	5,646	3,996	3,740	3,320	3,866	4,442	3,412	3,487	2,569	2,072
BALANCE SHEET AS OF DEC 31										
Non-current assets[1]	53,213	46,646	45,625	45,290	45,199	45,530	43,949	44,241	44,059	44,530
thereof property, plant and equipment and intangible assets[1]	50,485	44,487	43,207	42,575	42,821	43,217	41,811	41,816	41,541	42,027
Current assets	12,615	11,881	10,811	11,034	10,860	10,353	8,945	8,284	7,732	7,473
thereof cash and cash equivalents	3,993	3,544	3,397	4,450	4,549	4,031	2,861	2,175	1,703	1,475
Equity	14,927	13,592	14,238	12,657	13,445	14,525	14,912	14,978	15,126	14,316
Equity ratio[1] (%)	22.7	23.2	25.2	22.5	24.0	26.0	28.2	28.5	29.2	27.5
Non-current liabilities[1]	32,820	29,104	27,510	28,525	28,091	28,527	26,284	25,599	24,238	24,762
thereof financial debt[1]	23,977	20,626	19,716	20,042	19,753	19,173	18,066	17,110	16,367	16,394
thereof pension obligations	5,354	4,823	3,940	4,522	3,688	4,357	3,164	3,074	1,981	1,938
Current liabilities	18,081	15,831	14,688	15,142	14,523	12,831	11,698	11,948	12,427	12,925
thereof financial debt[1]	4,716	2,618	2,360	2,439	2,675	1,161	1,247	1,503	1,984	2,159
Net financial debt[1]	24,175	19,549	18,623	17,624	17,491	16,212	16,362	16,366	16,592	16,939
Total assets[1]	65,828	58,527	56,436	56,324	56,059	55,883	52,894	52,525	51,791	52,003
RAIL PERFORMANCE FIGURES										
PASSENGER TRANSPORT										
Passengers (million)	2,603	2,581	2,564	2,365	2,251	2,254	2,235	2,152	1,981	1,950
Long-distance transport	151	148	142	139	132	129	131	131	125	126
Regional transport	2,452	2,433	2,422	2,226	2,119	2,125	2,104	2,021	1,856	1,824
Volume sold (million pkm)	98,402	97,707	95,854	91,651	88,636	88,407	88,746	88,433	79,228	78,582
Long-distance transport	44,151	42,827	40,548	39,516	36,975	36,102	36,777	37,357	35,565	36,026
Regional transport	54,251	54,880	55,306	52,135	51,661	52,305	51,969	51,076	43,663	42,556
FREIGHT TRANSPORT										
Freight carried (million t)	232.0	255.5	271.0	277.4	300.2	329.1	390.1	398.7	411.6	415.4
Volume sold (million tkm)	85,005	88,237	92,651	94,698	98,445	102,871	104,259	105,894	111,980	105,794
INFRASTRUCTURE										
Train kilometers on track infrastructure (million train-path km)	1,090	1,086	1,073	1,068	1,054	1,044	1,035	1,039	1,051	1,034
thereof non-Group railways	368	349	331	322	290	261	247	231	220	195
SOCIAL										
Employees as of Dec 31 (FTE)	323,944	318,528	310,935	306,368	297,202	295,763	295,653	287,508	284,319	276,310
Employer attractiveness (rank in Germany)	19	13	13	16	20	11	21	26	-	-
Employee satisfaction (SI)	-	3.7	-	3.7	-	3.7	-	3.6	-	-
ENVIRONMENTAL										
Specific greenhouse gas emissions in comparison to 2006 (%)	- 34.8	- 33.2	- 29.5	- 27.3	- 24.5	- 22.8	- 18.5	- 11.9	- 9.9	- 7.8
Quiet freight cars in Germany as of Dec 31	57,644	50,409	39,604	32,396	20,460	14,334	8,408	7,349	-	-

[1] Since 2019, limited comparability with the previous year's figures due to the **IFRS 16 EFFECT** **101**.

Deutsche Bahn Universe

The enclosure is missing?
"Deutsche Bahn Universe"
is also available ONLINE.

About this report

INTEGRATED REPORTING – WHAT DOES IT MEAN?

Integrated reporting is more than just a simple combination of the Annual Report and the Sustainability Report. Our aim is to provide a comprehensive and overarching overview of DB Group and our performance within the scope of our three dimensions of sustainability: **ECONOMIC, SOCIAL** and **ENVIRONMENTAL.** We also cover the implementation of the Strong Rail strategy.

HOW TO USE THIS REPORT?

In order to simplify the use this report, we have added a few supportive features.

Further information
We link to additional information in a certain section within the Integrated Report, marked as follows: **XXX.**

Building blocks of the Strong Rail strategy
With the building block symbol (in the color of the corresponding strategic area), we show which project or measure is affecting the corresponding building block of our Strong Rail strategy.

green.
Our green projects
"This is green." serves to show milestones and the diversity of our green projects. Every project is marked with its own number and with a message.

GRI
GRI standards covered
The GRI Index shows where to find information regarding a specific indicator. We have marked the respective locations with the symbol next to the text and listed the indicators below it.

In-depth information
We highlight individual topics of particular interest to us with an exclamation point. This includes topics that are critical to our success, but neither we nor third parties are yet performing as required.

Tables available to download
The download icon indicates that the corresponding content can be downloaded online as an Excel file.

Internet links
You can find more information on our link page at **DB.DE/LINKS_IR19** or on the specified Web site.

ONLINE REPORT

You can find an online version and a PDF version on the Internet: **DB.DE/IB-E**

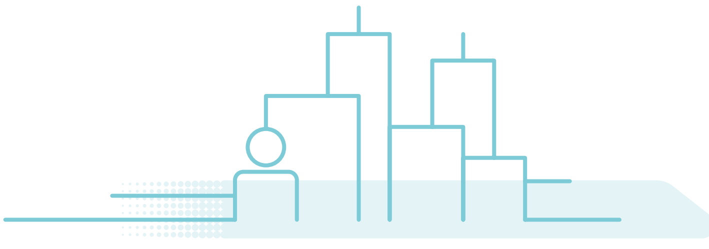
Contents

Germany needs a strong rail system

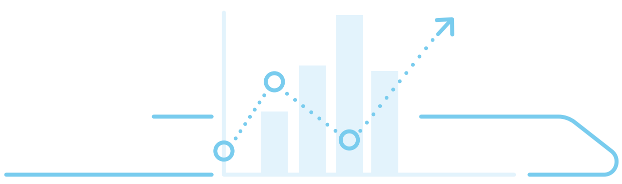
We have a key ambition: to bring more traffic to the rails. Our Strong Rail strategy is laying the ground-work for this.

GERMANY NEEDS A STRONG RAIL SYSTEM

For the climate



For people

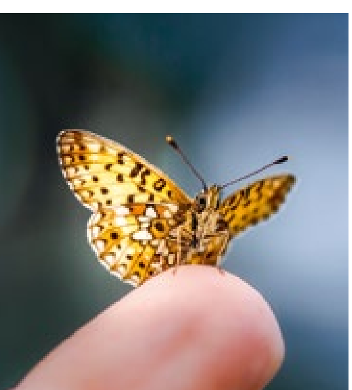


For the economy

For Europe

A strong rail system for the climate means:

The shift in the mode of transport can achieve a reduction in total CO_2 emissions of up to 10.5 million tons per year, which corresponds to the annual carbon footprint of one million people.



Shift in the mode of transport

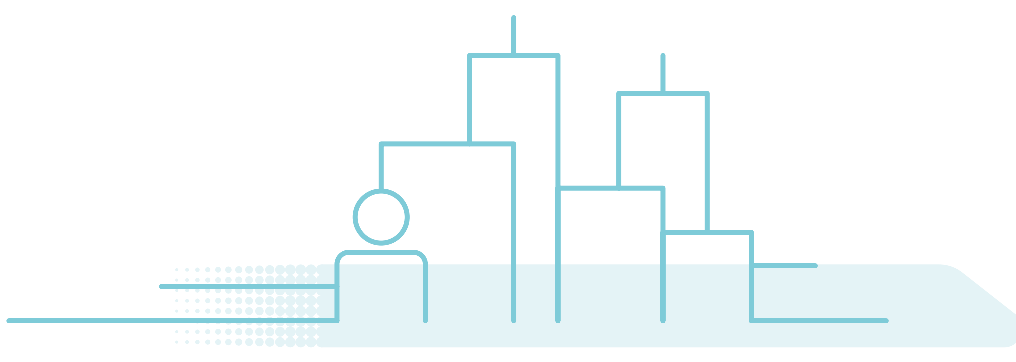
Europe wants to achieve a lot for the climate. Greenhouse gas emissions are expected to decline by 40 % by 2030 (compared to 1990) – and even by 55 % in Germany. The path to a clean future lies in a strong rail system. Only with a shift in the mode of transport towards the rails, and with the Green Transformation of DB Group can the climate targets of the Federal Government and the two-degree climate target be reached.

A strong rail system for the climate

A strong rail system for people

A strong rail system for people means:

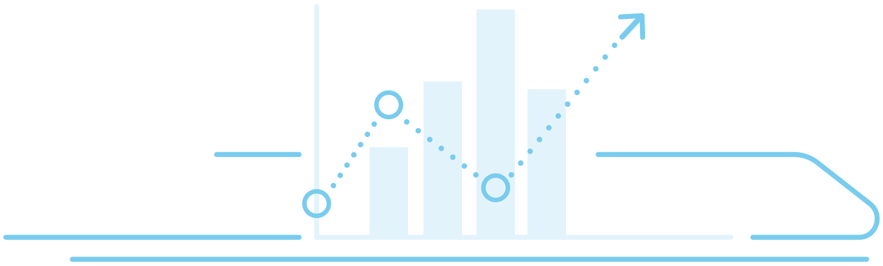
doubling the number of passengers using long-distance transport and significantly more passengers using local transport. This therefore means five million fewer car journeys and about 14,000 fewer plane journeys in Germany each day.



Sustainable mobility

Only a strong rail system can continue to ensure sustainable urban and rural mobility in the future. The integration of new mobility services, such as sharing, pooling and on-demand transport, is also contributing to this.

A strong rail system for the economy means: increase in the market share of rail freight transport in Germany to 25 %. This corresponds to about 13 million fewer truck journeys per year on German roads.



Sustainable freight transport

A strong economy needs a strong rail system. The demand for the transport of goods will increase by more than 20 % over the next ten years. As a safe and environmentally friendly mode of transport, rail has the potential to expand its transport share and to relieve pressure on the roads.

A strong rail system for the economy

A strong rail system for Europe

A strong rail system for Europe means: working together to realize a European network through the realization of a strong rail system.

A Europe without borders

As the geographical and economic heart of Europe, Germany has a special responsibility for the future of the continent. Jobs, economic growth, social prosperity: much depends on the fact that Europe's transport routes remain future-proof. In this case, rail is not only an important instrument for cultural cooperation between individual countries, but also a crucial factor in jointly achieving the set targets.

"I am promoting the Strong Rail strategy by **recognizing problems and solving them before customers even notice.**"

SEBASTIAN SCHLÜTER
IT SPECIALIST

"I am promoting the Strong Rail strategy by **fighting on the front line for safety, punctuality and profitability.**"

TOBIAS HIRSCH
TRAIN DRIVER

Together we are making a strong rail system possible …

"Together, we are making the Strong Rail strategy reality **by making sure our colleagues have a strong appearance as hosts of the future, in their new corporate clothing.**"

MANUELA WRIEDT
SERVICE TRAINER

"I am promoting the Strong Rail strategy, **by turning 'I' into 'we,' so that we can move into the future together, stronger. Because WE are one railway.**"

CHRISTOPHER RÖTTERS
DETAILED ROUTE PLANNER

“Making the Strong Rail strategy a reality is our driving force.”

DR. RICHARD LUTZ
CEO AND CHAIRMAN OF THE MANAGEMENT BOARD

“I am promoting the Strong Rail strategy by **ensuring that our freight trains reach the customer on time every day.**”

KATRIN GRUNEWALD
LOGISTICS EXPERT IN CUSTOMER SERVICE

“I am promoting the Strong Rail strategy by **designing my work using operational excellence.**”

JÜRGEN BAUMBERGER
INSTRUCTOR FOR OPERATIONAL EXCELLENCE

“I am promoting the Strong Rail strategy by **motivating my employees day by day to give their best performance for the Group and our guests.**”

ANDREAS THIENST
TEAM LEADER MULTIPLE UNIT DRIVER
S-BAHN (METRO) HANOVER

“I am promoting the Strong Rail strategy by **making our fleets fit for the future.**”

DR. MICHAEL TRUMPFHELLER
HEAD OF FLEET MANAGEMENT AND PROVISION DB REGIONAL

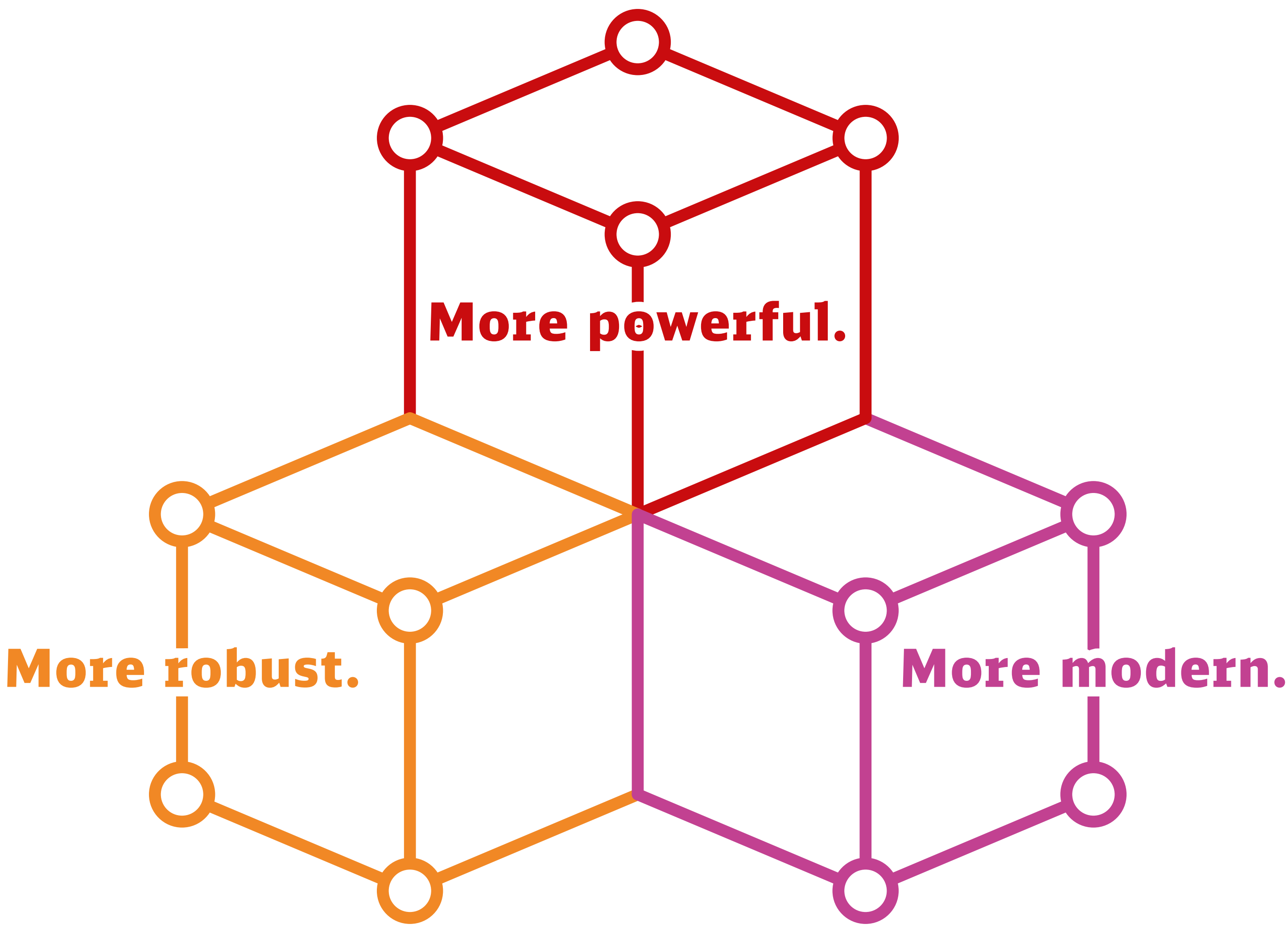
“I am promoting the Strong Rail strategy by **harmonizing the necessary regulations for the safe conduct of train transport and civil engineering.**”

DANA HEMPEL
PROCESSOR OPERATING AND BUILDING GUIDELINES

“I am promoting the Strong Rail strategy by **making sure my colleagues understand and are comfortable with the changes and improvements, and by supporting them.**”

PHILIPP NEUGEBAUER
TRAIN MANAGER

and realizing the strategic areas of the new Strong Rail strategy



The implementation of the three strategic areas are carried out by the building blocks.

We’re becoming

more robust

DB Group is becoming more robust through more train-paths, more trains and more employees.

Building blocks:

- Infrastructure expansion
- Digital Rail for Germany
- Network capacity management
- Fleet and depot expansion
- 100,000 employees

We’re becoming

more modern

DB Group is becoming more modern through a faster cycle, stronger connections and a smarter service.

Building blocks:

- Germany in sync
- Focus on growth segments
- Digital platforms
- New forms of mobility
- Smart services

We’re becoming

more powerful

DB Group is becoming more powerful through a simple setup, clear processes and a joint approach.

Building blocks:

- Strong line organization
- Integrated accountability
- Strong admin
- Stable processes
- 15 employee building blocks

And we’re becoming even

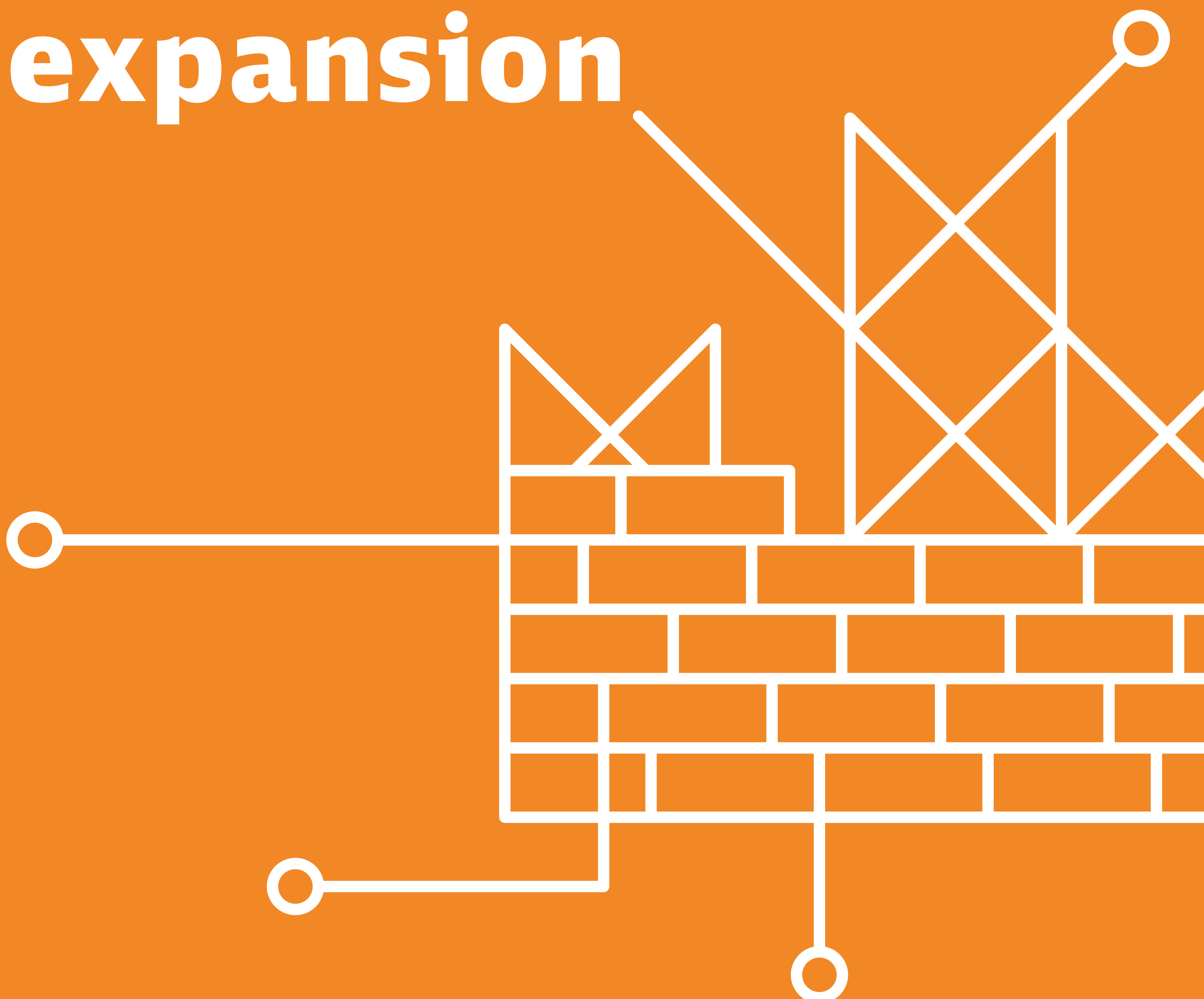
greener

Building block:

- Environment and 100 % green electricity

Find out more about selected building blocks on the next few pages.

Infrastructure expansion



+180

million train-path km through new construction and expansion

2.2

billion euros being invested in the new construction and expansion of the track infrastructure in 2020

More robust thanks to more train-paths: Since the German rail reform, rail transport has increased by more than 20%. Now we are pushing the limits of our capacity.

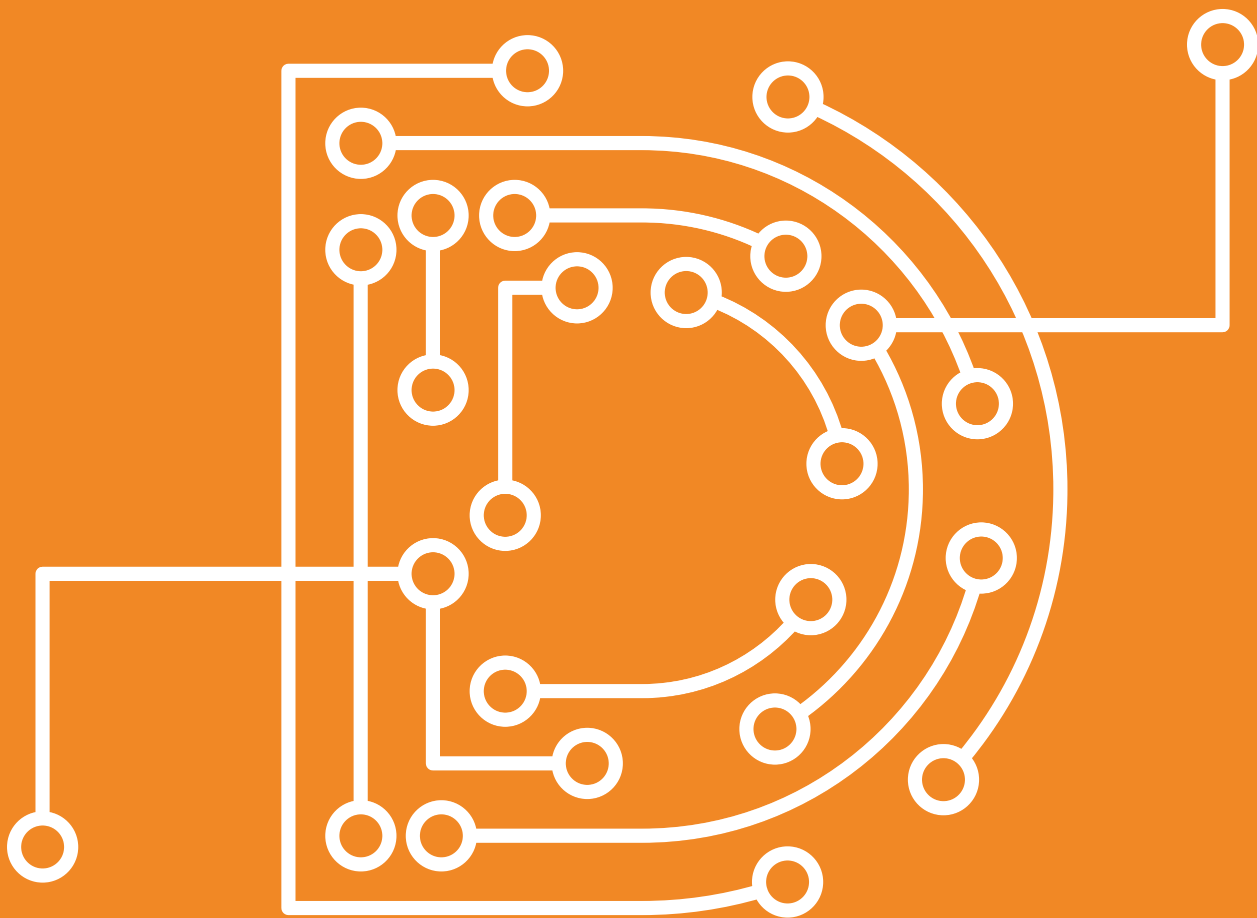
Therefore we are striving for growth by a total of about 350 million train-path km and thus create space for more than 30% more capacity on the rails.

A very important lever for this is the new construction and expansion of lines and hubs. The Federal Government is creating the overall strategy for the new building and expansion of the infrastructure in Germany.

The central planning instrument is the Federal Transport Plan (Bundesverkehrswegeplan; BVWP). The BVWP defines the framework for capital expenditures and prioritizes the various projects. DB Netz AG will take over the planning and implementation of the measures.

ADDITIONAL INFORMATION 136 FF.

Wendlingen—Ulm new construction line: The new Stuttgart—Ulm axis is part of the European high-speed rail network “Mainline for Europe,” which links cities and regions with a total of 34 million inhabitants and 16 million employees in five countries.



Digital Rail for Germany

More robust thanks to technical innovations: Digital Rail for Germany enables a further increase in capacity, reduces congestion and creates the prerequisites for a high-performance railway. The comprehensive rollout of the European Train Control System (ETCS) and digital interlockings, in conjunction with the Future Technologies of the digital rail operation, will ensure a higher density of traffic and reduce disruptions without the need to rebuild.

+100

million train-path km, through a more dense succession of trains, among other things

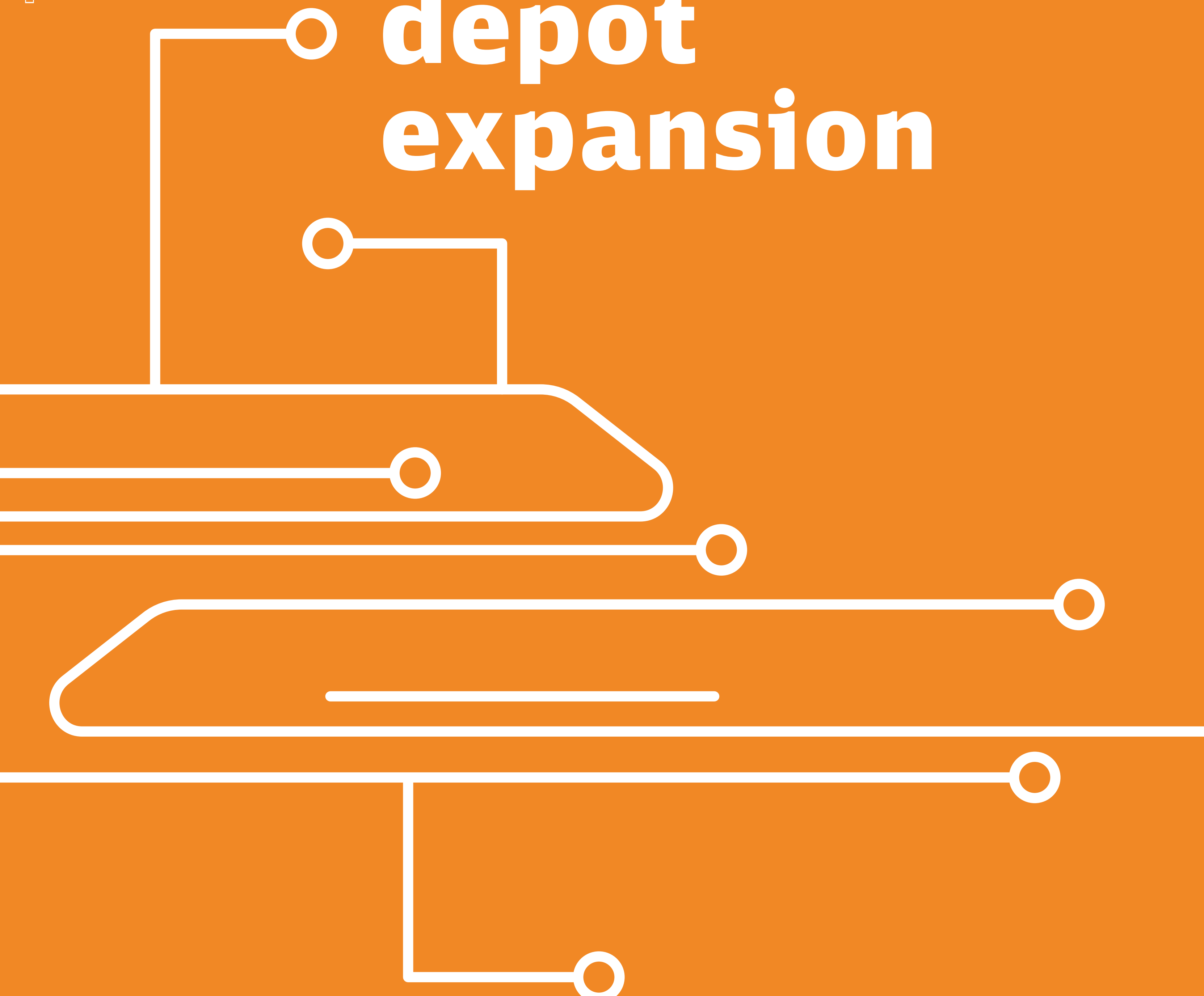
2020

Phase 1 of the Digital Rail rollout begins

Digital interlockings (Digitale Stellwerke; DSTW) will reduce the variety of technology and increase reliability and profitability. In Warnemünde, at the end of 2019, the second DSTW in Germany started operation. From 2020 onwards, the DSTW will also control long-distance trains for the first time.

ADDITIONAL INFORMATION
84

Fleet and depot expansion



+30 %

Increasing seat capacity of the long-distance transport fleet

We are expanding the ICE depot in Rummelsburg, investing about € 260 million. The expansion includes the extension of the factory hall, larger material warehouses and additional treatment and storage facilities for the trains. As a result, the capacity will increase significantly by about 30 %.

More robust thanks to more trains: The capacity of our fleet is expanding by modernizing existing vehicles and investing in new ones.

In this way, we are expanding our long-distance fleet by about 25 % to up to 600 trains and extending trains for higher seating capacity.

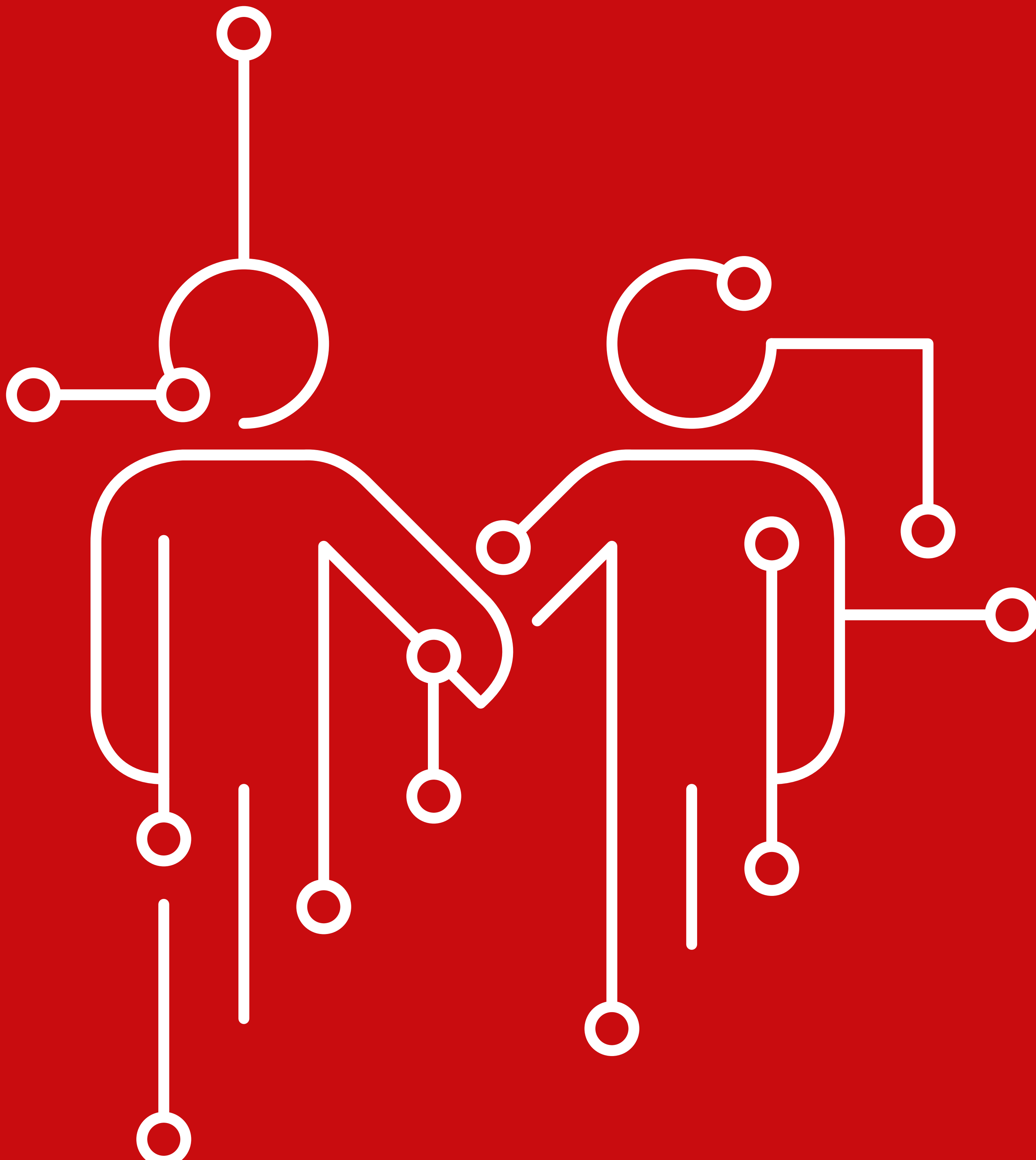
More robust through more capacity: We are expanding our maintenance capacity by expanding the capacity of our depots, including creating a whole new one.

In addition, we are increasing efficiency in our depots, among other things, through the use of sensors and 3D printing technology.

ADDITIONAL INFORMATION 78 F.

The building block

15 employee building blocks



2,000

employees signed up for the first wave of expansion

7

Expansion Workshops took place in the first wave in 2019

More powerful through a joint approach: The Strong Rail strategy needs the people who know DB Group best. Therefore, 15 additional building blocks are specifically oriented towards our employees. We're developing these together. Every DB employee is asked to, and can help to, develop solutions with knowledge, passion and team spirit, which all strengthen the strategy and lead the way to success.

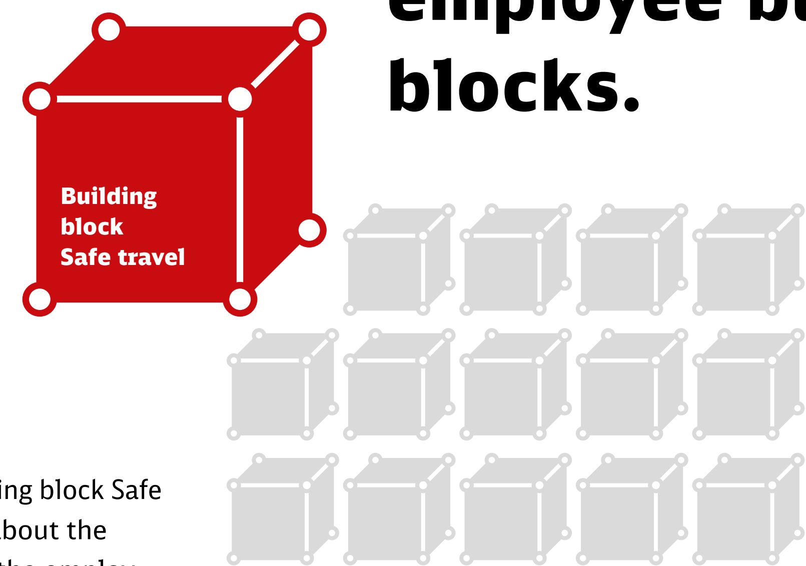
In 2019, a total of 209 employees took part in the first wave of seven Expansion Workshops. The aim is to actively engage about 1,800 more employees in the development of the 15 employee building blocks in the next few years.

This is how a building block becomes reality.

The 15 employee building blocks are created in a long-term participation process with several waves, in which we are constantly learning. All 200,000 DB employees in Germany were invited to register for the Expansion Workshops. In Expansion Workshops, employees from different departments and levels come together to develop concrete approaches and solutions for challenges, which will affect as many people as possible. The Management Board sits on the jury and ensures the implementation of the selected employee building blocks.

An Expansion Workshop lasts one and a half days. The participants gain a strong sense of togetherness with colleagues from different business units, levels and roles, as they all work together to strengthen the rail system.

The Management Board has committed itself to implement the employee building blocks.



15 employee building blocks

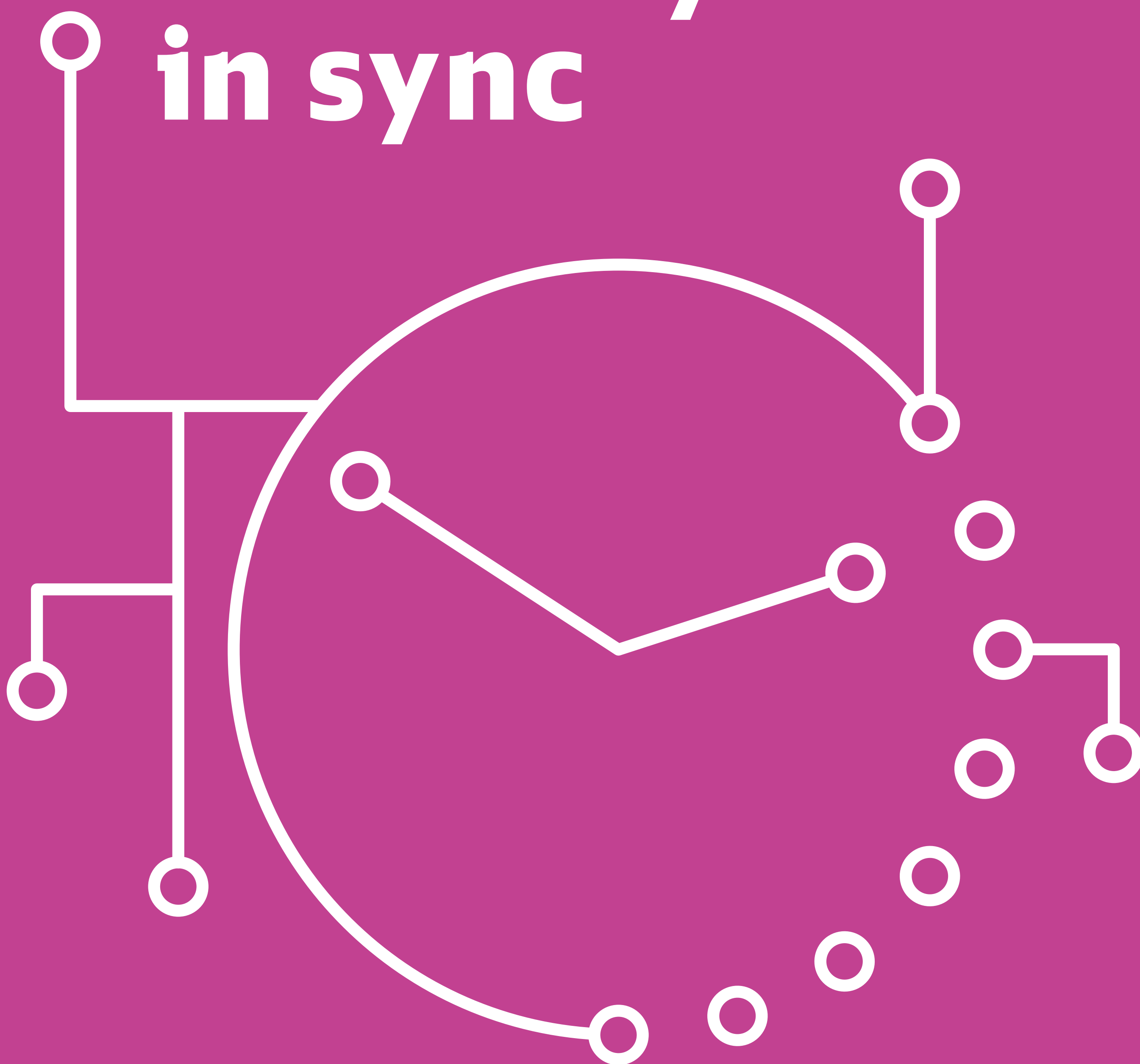
The building block Safe travel is about the safety of the employees. We want to use a holistic approach to also increase the feeling of safety for passengers.

In 2019, the first employee building block was chosen, Safe travel, and its implementation began in January 2020.

For 2020, our goal is to find two to three further employee building blocks to make the rail system stronger.

In 2020, in the second wave, we are pursuing a core ambition from the 2019 Expansion Workshops: Collective knowledge – how can we better share and use the valuable knowledge within DB Group? By June 2020, we intend to develop further employee building blocks around this multifaceted topic.

Germany in sync



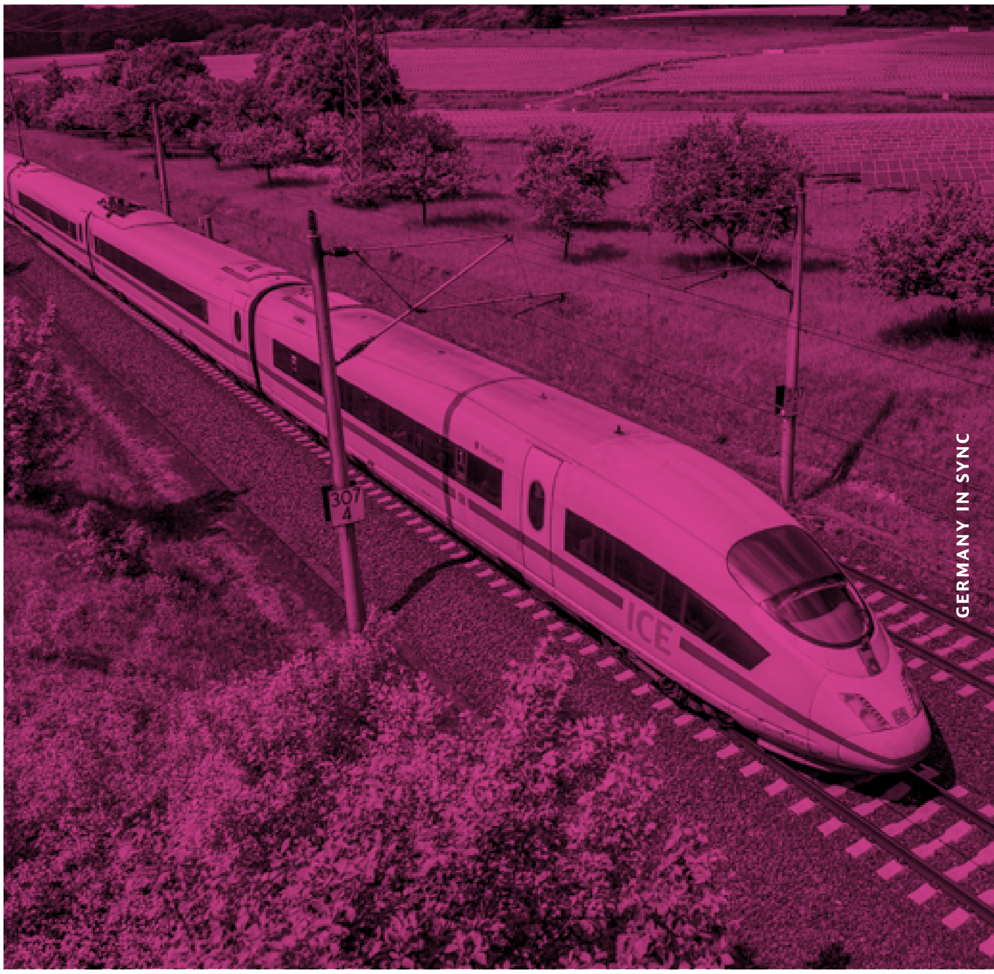
>30

major German cities will be connected twice per hour in the future

>80%

of the population in Germany will have access to the long-distance network through the connection of small and medium-sized towns

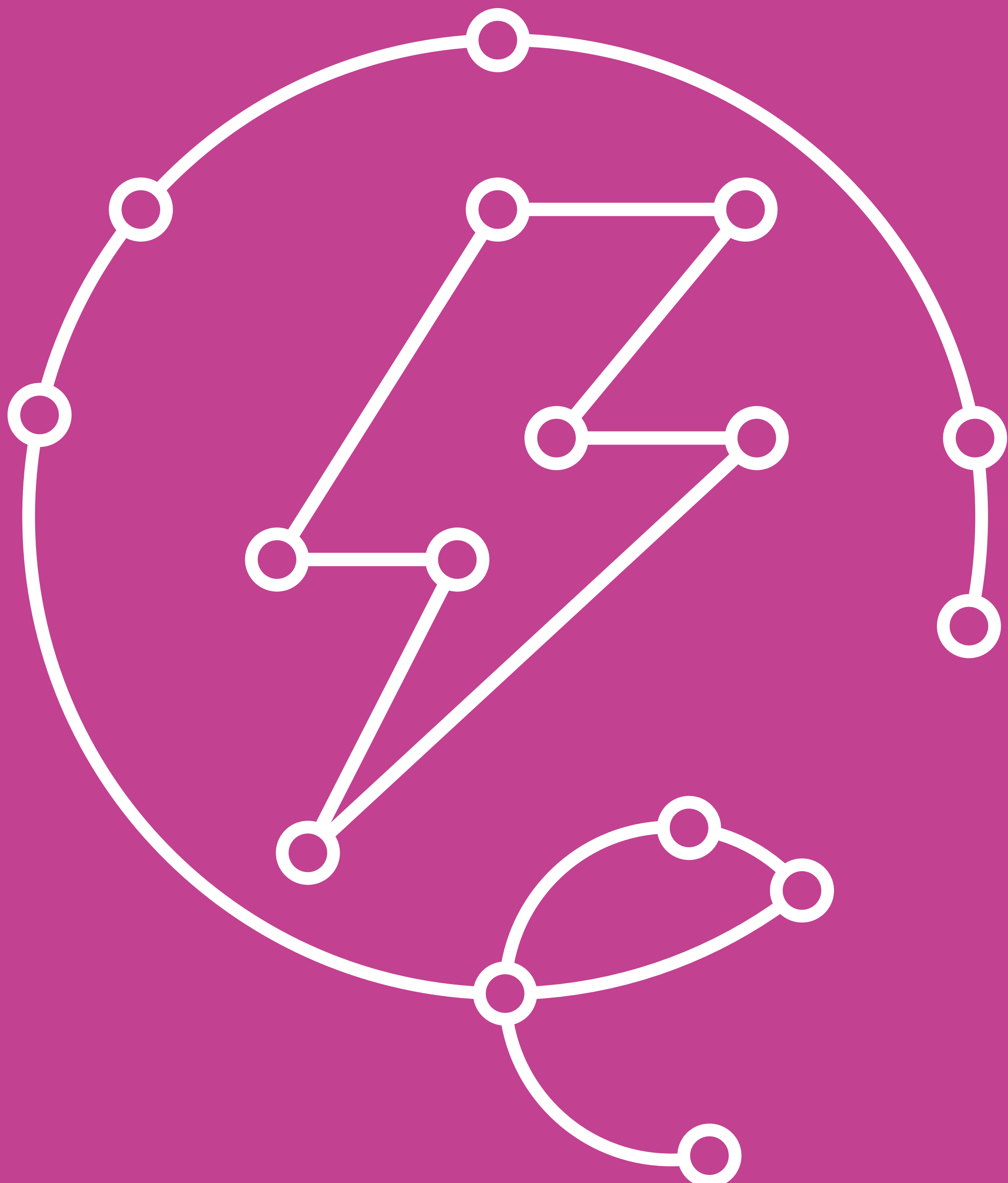
The first step on the way to Germany in sync: From December 2021 onwards, we intend to switch the ICE operation from its current hourly cycle to a 30-minute cycle between Berlin and Hamburg.



More modern thanks to a faster sequence: We want to achieve significant reductions in travel time across all of Germany.

For this purpose, we are creating new connections and more interchanges for almost all cities with more than 100,000 inhabitants. This will result in better connections to the long-distance network – at least every two hours.

We are improving connection mobility within the regions by adjusting the cycles and schedules of local and regional transport to better join up with long-distance transport.



New forms of mobility

More modern through a stronger network: We are complementing our core product mobility on the rails with new and innovative forms of mobility.

Seamless and climate-friendly chains of mobility also increase the attractiveness of rail products.

In rural areas and suburbs, the focus is also on closing mobility loopholes and complementing the state-run offering.

The aim is to expand integrated transport concepts, including new forms of mobility.

ADDITIONAL INFORMATION 84 F.

Together with the transport company Verkehrsbetriebe Hamburg-Holstein GmbH and the Hamburger Verkehrsverbund (transport association), ioki has connected peripheral areas of Hamburg which have a high residential density, but still do not have strong local public transport connections. The innovative offer, which is integrated into the local tariff system, offers an everyday alternative to individual transport.

300

million customers per year – the number we aim to attract in the long term

>50,000

customers have used our autonomous bus in Bad Birnbach so far

Environment and 100% green electricity

≥ -50 %

specific greenhouse gas emissions by 2030

100 %

of traction current will be obtained from renewable energies by 2038

We at Deutsche Bahn have committed ourselves to an ambitious target of being climate-neutral by 2050.

In order to achieve this target, we have set ourselves ambitious intermediate milestones: by 2030, we will more than halve our specific greenhouse gas emissions compared to 2006 and increase the share of renewable energies in the traction current mix to 80 %. By 2038, we will fully switch traction current to 100 % eco-power all of the time.

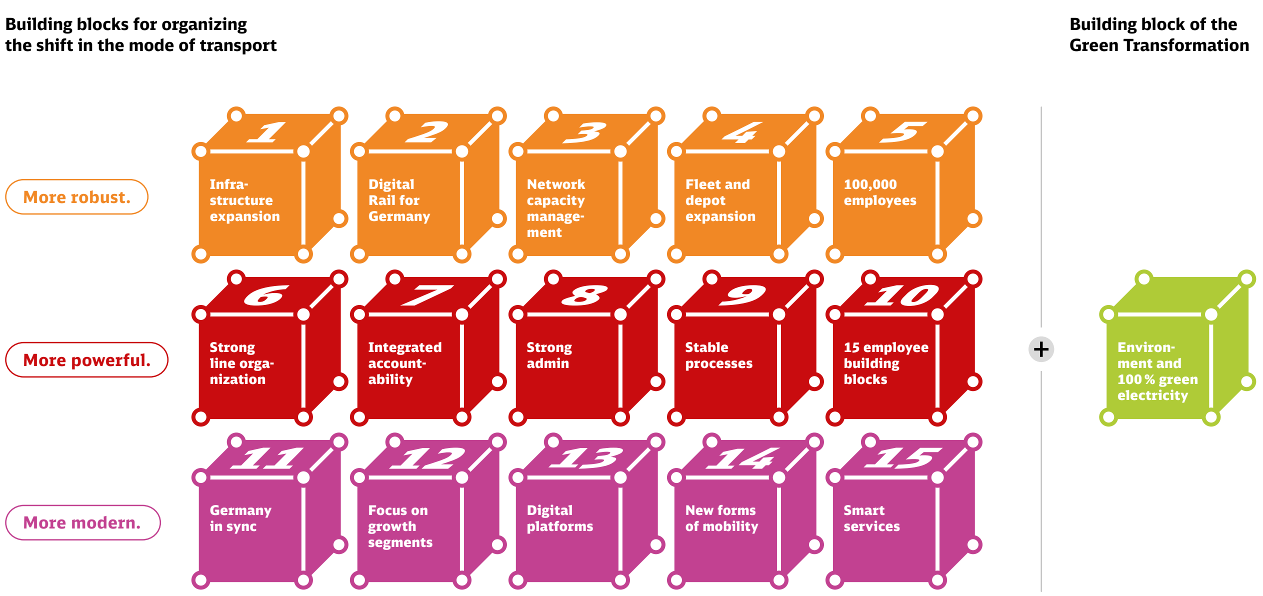
ADDITIONAL INFORMATION 86 FF.

We want to become climate-neutral, above all by expanding eco-power, phasing out fossil fuels, increasing energy efficiency and introducing new mobility services.

All the building blocks at a glance

Germany needs a strong rail system – for the climate, for people, for the economy and for Europe. We at Deutsche Bahn want to lead the way. We need an overarching strategy in order to be able to do our part for the strong rail system. This comprises three strategic areas and a total of 15 + 1 strategic building blocks.
ADDITIONAL INFORMATION 71 FF.

The building blocks of the Strong Rail strategy



To our stakeholders

Chairman’s letter

Dr. Richard Lutz
CEO and Chairman of
the Management Board
of Deutsche Bahn AG

GRI 102-14

Ladies and gentlemen,

The railway is part of the lifeblood of this country. Every day, we transport millions of people and goods to their destination in a safe and environmentally friendly manner. This is a guiding principle behind our new DB umbrella strategy Strong Rail, through which we have laid the foundation for an unprecedented expansion and modernization program. We are fully committed to growth and a shift in the mode of transport – also in line with a climate-friendly mobility change. We are at the start of a decade for railway which we intend to actively shape and to which we are looking to contribute for a green and mobile future in this country.

The coronavirus pandemic has highlighted to us just how closely society and railways are interconnected. DB stands for the contact between people and the exchange of goods. If both are significantly reduced, this will, of course, have an impact on our business. However, it is also clear how important DB transport services are for people's mobility and to logistical supplies for the economy. This is why we have put all our energy into maintaining operations as extensively and efficiently as possible, for as long as we can, in order to ensure a stable and substantial basic supply of mobility and logistics in Germany. From the outset, our top priority has been protecting customers and our employees.

Although we are not yet able to quantify the negative effects of the coronavirus pandemic on our financial situation, it is already clear that it will have a significant negative impact on business development in 2020. However, we will not allow this to dissuade us. The railway is and will remain the key to practical climate protection and a sustainable mobility revolution. We are continuing to pursue our goal of becoming the backbone of green mobility, and we will therefore continue our capital expenditure and recruitment initiative this year.

In order to make our contribution to a sustainable climate and mobility revolution, we have set ourselves ambitious strategic targets: in long-distance transport, we intend to double the number of passengers to 260 million. To this end, we are investing in vehicles, creating additional services and successively implementing Germany in sync (Deutschland-Takt), which offers connections between the largest metropolitan cities every half-hour. We intend to gain a billion additional customers in local transport. At DB Cargo, we intend to grow by more than 70 percent. Setting this target is consistent with the Federal Government's growth expectation, thereby increasing the market share of rail freight transport in Germany to 25 percent. In order to realize this ambitious growth program, we are increasing the network capacity by more than 30 percent, which means an additional volume produced of 350 million train-path kilometers.

The starting conditions for these ambitious projects could not be better. Politics and society are clearly committed to strengthening the railway and to shift the mode of transport toward the rails. We can see this in the numerous decisions that were made in favor of this mode of transport in 2019. These include, for example, legislative decisions, which have given rail a key role in achieving the environmental targets in the transport sector. The lowering of value-added tax on long-distance transport tickets, in particular, was an important step in this regard. The significant increase in funds for maintaining and modernizing the rail network, stations and energy systems within the framework of the Performance and Financing Agreement (LuFV) III and other resources allocated by the Climate Package to infrastructure companies also make a decisive contribution to increasing the capacity and quality of the infrastructure.

A substantial strengthening of the railway has thus been given the political and social green light. We are grateful for this support. We will approach the tasks ahead with humbleness and discipline. Rather than a quick effect, we are committed to a sustainable performance increase at the core. This requires perseverance and patience, because transforming and expanding DB is the task of a generation. One thing is clear: everything we do is aimed at ensuring a noticeable increase in quality for our customers.

Growing demand is supporting us along this path. More and more passengers are now using the railway as a comfortable, environmentally friendly alternative to cars and planes. In 2019, about 151 million passengers, including many new customers, traveled aboard our long-distance trains – a record number. We warmly welcome each one of these passengers coming aboard and are working hard to convince our new customers with improved service and reliability.

We also see grounds for optimism in terms of punctuality. In 2019, 75.9 percent of long-distance transport was on time, one percentage point above the previous year overall. This in spite of a volume of construction that has climbed to a record level. Here, the efforts made in recent years to curb operational impacts from construction work are noticeably positive. We also saw a slight improvement in local transport to 94.3 percent. Overall, the punctuality of our passenger transport was 93.9 percent, a 0.4 percent increase on the previous year. This slightly positive trend is encouraging and shows us that our practical measures and approaches, along with the committed engagement of our colleagues, are achieving increased punctuality. We are progressing step by step.

We can be satisfied with the development of the financial key figures against the backdrop of the current challenges: the adjusted revenues of DB Group rose slightly by just under one percent to 44 billion euros in 2019. The operating profit (EBIT adjusted) was 1.8 billion euros, a drop of 13 percent. This decline can be seen in the context of extensive future expenditures to improve quality and service. With our Strong Rail umbrella strategy, we are at the beginning of a huge capital expenditure and growth program. Its foundations have been laid and further energetic implementation is our top priority.

We believe that we must now start making the necessary future expenditures in a better railway and a strong rail system. This will also be reflected in lower operating profits over the next few years, because many measures will initially result in increased expenditures. External challenges such as the coronavirus crisis will also undoubtedly have an impact on our figures. We are firmly focused on the financial stability of DB. Our indebtedness in 2019, at just over 24 billion euros, has even developed slightly more favorably than expected. DB remains a reliable partner for the capital market and investors.

The climate also benefits from our massive expansion plan. Already today, rail is the most environmentally friendly mode of transport and we at DB are the largest eco-power user in Germany: currently, the eco-power share in the traction current mix is already at 60 percent. The next target is a share of 80 percent by 2030. By 2038 at the latest, we will have completely switched the traction current used by DB to eco-power.

A shift in the mode of transport toward rail is an essential component of climate protection. For this reason, we are continuing to place infrastructure at the fore, because this is key not only for growth, but also for good operating quality and high punctuality. In 2019 alone, we modernized 1,500 kilometers of tracks and 1,600 switches and invested almost 11 billion euros. In addition, about 650 large and small stations have been renovated. We are also driving the network expansion and construction forward and working to ensure greater acceptance of large-scale projects. We are also picking up speed in terms of digitalization under the motto Digital Rail for Germany. In 2019, we commissioned the first digital interlocking for operation on a long-distance route in Rostock-Warnemünde. In 2020, we expect an ETCS starter package to be financed. The experience gained from this will form the basis for the industrial rollout of digital rail in Germany.

In 2019, we significantly expanded our long-distance transport services on particularly high-demand lines, such as Berlin—Munich, Berlin—Frankfurt and Hamburg—Rhine/Ruhr. This is also made possible by our new flagship, the ICE 4, the first brand-new specimens of which are being put into operation at frequent intervals. In addition, the green light has been given for the purchase of 30 additional high-speed and 23 ECx trains. Furthermore, we have decided on the short-term additional expansion of our Intercity fleet to include 17 new double-deck trains. They will be deployed on the new Rostock—Berlin—Dresden line, with which we are continuing to improve long-distance transport in the east of Germany.

DB Regional also showed itself to be a strong market leader in 2019. In the highly competitive local rail transport market, DB Regional achieved a hit rate of 76 percent of the tender volume that DB Regional was able to apply for. This is an increase of six percentage points compared with the previous year. The market share of DB Regional is therefore at 64 percent 25 years after the liberalization of the regional transport market.

At DB Cargo, we are currently undergoing an ambitious change of direction in order to fully align ourselves toward growth. This also means taking greater advantage of the potential of digitalization: at the end of 2019, 43,700 cars were already equipped with the latest telematics and intelligent sensors. By the end of 2020, the entire fleet in Germany is expected to comply with the new standards. DB Schenker is also on course toward digitalization: for example, in 2019, exoskeletons to support lifting and turning operations by employees were tested at several logistics locations. A trial of AI-controlled logistics robots has started at the Leipzig site.

We believe that digitalization and networking will significantly increase the attractiveness of our offers, for example digital transport support services, which we are continuously expanding. In 2019, we extended the comfort check-in as well as bahn.de and at DB Navigator – which celebrated its tenth anniversary in December! – a new capacity indicator has been introduced. In addition, in 2019 we started bringing WiFi into our Intercity fleet as well. 2019 was also a good year for our on-demand mobility services under the ioki brand. For example, we expanded our innovative electro-shuttle service in Hamburg to another part of the city.

We cannot wait to shape the future of the railway system for the benefit of the climate, society and our customers. The railway has not played such a vital role since the reunification of Germany. We have undertaken this task of our own accord. Germany needs a strong rail system. This is our mission for the coming years and our motivation for every new day.

Sincerely,

Dr. Richard Lutz
CEO and Chairman of the Management Board
of Deutsche Bahn AG

The Management Board of Deutsche Bahn AG

From left to right
Martin Seiler, Ronald Pofalla, Prof. Dr. Sabina Jeschke, Dr. Richard Lutz (CEO and Chairman), Dr. Sigrid Nikutta, Dr. Levin Holle, Berthold Huber
CVS

Report of the Supervisory Board

Michael Odenwald
Chairman of the Supervisory Board of Deutsche Bahn AG

GRI 102-18

In the year under review, the Supervisory Board of Deutsche Bahn AG (DB AG) observed the entirety of the responsibilities incumbent upon them by virtue of the law, the company's statutes and its bylaws. The Supervisory Board extensively advised and supervised the Management Board in the management of the company and business operations. The Management Board reported regularly, without delay and in detail to the Supervisory Board regarding corporate planning and the business, strategic and financial development of DB AG and its subsidiaries. All significant business events were discussed by the Supervisory Board and the responsible committees based on reports of the Management Board. Significant deviations in actual business development were explained by the Management Board and reviewed by the Supervisory Board. The Chairman of the Supervisory Board maintained close contact at all times with the Chairman of the Management Board, who regularly reported on the latest business developments at DB AG, upcoming business decisions and risk management.

Meetings of the Supervisory Board

The Supervisory Board was involved in all decisions of fundamental significance for DB AG.

In the year under review, the Supervisory Board held four ordinary meetings and three extraordinary meetings, as well as one strategy meeting. The Supervisory Board also discussed in detail at five information events the annual financial statements, the strategy, the process for the disposal of DB Arriva and the content of the Performance and Financing Agreement III.

In the year under review, one member of the Supervisory Board did not attend or did not fully participate in at least half of the meetings. In the reporting period, two resolutions were adopted in a written procedure. Meetings of the Executive Committee, the Personnel Committee and the Audit and Compliance Committee were held in preparation for the scheduled meetings of the Supervisory Board of DB AG.

The main issues discussed in the plenary meetings were the development of Deutsche Bahn Group's (DB Group's) revenues, profit and employment situation, as well as significant capital expenditure and equity investment projects.

The Supervisory Board regularly discussed the progress and the cost development of the major Stuttgart 21/Wendlingen-Ulm project in its scheduled meetings during the reporting period, on each occasion joined by the Chairman of the Advisory Board of DB Projekt Stuttgart-Ulm GmbH.

In the annual strategy discussion, the Supervisory Board discussed in detail the modified Strong Rail umbrella strategy presented by the Management Board, as well as the measures planned for its implementation. In the meetings that followed, the Supervisory Board was presented with detailed considerations of the measures to implement the strategy.

The Supervisory Board also discussed significant individual matters, such as the procurement of trains for long-distance and high-speed transport, and passed the necessary resolutions. Particularly noteworthy here are the discussion of the financing and indebtedness situation and the process of the intended disposal of DB Arriva. Another significant focus of the Supervisory Board's work in the reporting period was a special investigation by the Supervisory Board with regard to the issuing of consultancy contracts to former governing body members, executives or other persons. In the second half of 2019, the Supervisory Board also considered the impact of the Federal Government's Climate Action Program 2030 on DB Group, which will direct additional funding of about € 11 billion to infrastructure over the period from 2020 to 2030. The Management Board discussed the impact on corporate planning and the intended implementation steps with the Supervisory Board.

In addition, the Supervisory Board decided on personnel changes in the Management Board of DB AG during the reporting period.

Furthermore, in December, the Supervisory Board discussed the 2020 to 2024 mid-term planning for DB Group and approved firstly the DB Group budget for the 2020 financial year then at a special meeting on February 19, 2020 the project and capital expenditure planning for 2020 to 2024, taking into account the above-mentioned effects of the Climate Action Program 2030 on corporate planning.

Meetings of the Supervisory Board committees

The Supervisory Board of DB AG has established four permanent committees to facilitate its work efficiently.

The Supervisory Board's Executive Committee met nine times in the year under review and was in regular contact with the Management Board regarding all major business policy issues. In its meetings, it focused in particular on preparing the focal topics for each of the Supervisory Board meetings.

The Audit and Compliance Committee also met nine times in the year under review, addressing, in particular, the current economic situation of DB Group and of individual business units on the basis of the relevant monthly financial statements, the risk reporting, and the half-year financial statements. The committee closely followed the special audit of the Supervisory Board regarding consultancy contracts conducted during the reporting period, both in terms of timing and content, as part of several extraordinary meetings, and recommended resolutions to the Supervisory Board. The Audit and Compliance Committee also discussed the progress and cost development of the Stuttgart 21 major project on the basis of the quarterly reporting of the Management Board, each of which was examined by auditors and an engineering firm in the context of a review. In its December meeting, the committee also discussed in detail the budget and capital expenditure plan submitted and the mid-term planning of DB Group. In addition, the situation of another major investment project, the second Munich S-Bahn (metro) main line, was the subject of a special review and was discussed in detail by the committee. The committee also continued to address updates in corporate governance and the internal control system necessitated by the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG). The Audit and Compliance Committee also received regular information on compliance-related investigations and internal audit findings. In addition, the committee discussed the hiring of the auditor for the financial statements and the progress of the auditing process for the reporting period. The committee was also informed of economically significant individual circumstances, including in a follow-up to a previously discussed topic on matters relating to IT governance, the IT project portfolio and cybersecurity, the impact of the new leasing standard IFRS 16 on the key figures of DB Group, and the situation of the Bus line of business of DB Regional. The Chairman of the Audit and Compliance Committee was in regular contact with the Management Board and the external auditor, and reported regularly and in detail on the committee's work to the full Supervisory Board.

In the year under review, the Personnel Committee held a total of 13 – four regular and nine extraordinary – meetings or telephone conferences to prepare Management Board-related matters for discussion by the Supervisory Board, discussed questions regarding compensation for the members of the Management Board, and prepared the corresponding resolutions for the Supervisory Board as a result.

The Mediation Committee established in accordance with section 27 (3) of the Co-Determination Act (Mitbestimmungsgesetz; MitbestG) did not have occasion to meet in the year under review.

Corporate governance

During the year under review, the Management Board and Supervisory Board of DB AG again considered the further development of corporate governance. In a Cabinet decision on July 1, 2009, the Federal Government adopted the Public Corporate Governance Code (PCGK). The PCGK sets out the essential provisions of applicable law governing the management and monitoring of non-listed companies in which the Federal Republic of Germany holds a majority stake, while outlining the internationally and nationally acknowledged principles of good and responsible corporate governance. The Supervisory Board of DB AG dealt with the application of the PCGK within DB Group and adopted the necessary resolutions.

Annual financial statements

The annual financial statements and management report of DB AG, as prepared by the Management Board, and the consolidated financial statements and Group management report for the period ending on December 31, 2019 were audited and awarded an unqualified audit opinion by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), the auditor appointed by resolution of the Annual General Meeting. The auditor also reviewed the risk management system as part of the annual audit of the financial statements, noting no objections.

The auditors' report was reviewed by the Audit and Compliance Committee in its meeting held on March 23, 2020, and was discussed in full at the Supervisory Board's financial statements meeting held on March 25, 2020 in the presence of the auditors who signed the audit reports. The auditors reported on the salient audit findings and were available to answer questions. The Supervisory Board concurred with the audit findings.

The Supervisory Board reviewed the annual financial statements and management report of DB AG, the consolidated financial statements and Group management report for the year under review, and the proposal for the disposition of income, noting no objections. The DB AG annual financial statements for the 2019 financial year were approved and thereby adopted.

The auditor additionally reviewed the report on relationships with affiliated companies prepared by the Management Board. The auditors issued an unqualified audit opinion and reported on their audit findings.

The Supervisory Board also reviewed this report, raising no objections concerning the Management Board's concluding declaration contained in the report or the result of the audit conducted by PwC.

Changes in the composition of the Supervisory Board and the Management Board

In the reporting period, the following changes were made in the Management Board and Supervisory Board of DB AG:

Alexander Doll resigned his mandate as a member of the Management Board of DB AG as of December 31, 2019. In its meeting on December 11, 2019, the Supervisory Board appointed Dr. Levin Holle as his successor as member of the Management Board responsible for Finance and Logistics with effect from February 1, 2020. In the extraordinary meeting on November 7, 2019, Dr. Sigrid Nikutta was appointed member of the Management Board of DB AG with effect from January 1, 2020, when she began managing the Freight Transport division. In its meeting on December 11, 2019, the Supervisory Board reappointed Prof. Dr. Sabina Jeschke with effect from November 10, 2020 to November 9, 2025 as a member of the Management Board of DB AG. She will continue to manage the Digitalization and Technology division.

Stefan Müller resigned his mandate on the Supervisory Board with effect from March 31, 2019. Christian Schmidt (Member of the Federal Parliament) was elected as his successor on March 27, 2019 and appointed to the Supervisory Board of DB AG by the Annual General Meeting with effect from April 1, 2019. Secretary of State Guido Beermann resigned from his mandate on the Supervisory Board of DB AG in conjunction with his leaving the Federal Ministry of Transport and Digital Infrastructure (BMVI) with effect from November 19, 2019. As the successor of Guido Beermann, Secretary of State Dr. Tamara Zieschang (BMVI) was seconded to the Supervisory Board of DB AG with effect from December 9, 2019. Dr. Levin Holle resigned his mandate on the Supervisory Board of DB AG with effect from December 12, 2019. Secretary of State Werner Gatzer (Federal Ministry of Finance), was appointed as his successor on the Supervisory Board of DB AG with effect from February 18, 2020.

The Supervisory Board thanks the departing members of the Supervisory Board and the Management Board for their committed and constructive support of the company.

The Supervisory Board would also like to thank the Management Board, the employees and the works council representatives of DB AG and affiliated companies for their achievements in the year under review.

Berlin, March 2020

For the Supervisory Board

Michael Odenwald
Chairman of the Supervisory Board
of Deutsche Bahn AG

Corporate Governance report

GRI 102-16 102-18

Corporate governance rules are intended to ensure good, responsible, value-focused corporate management. On July 1, 2009, the Federal Government adopted the Public Corporate Governance Code (PCGK) regulating the principles of good corporate and investment management. The PCGK sets out the essential provisions of applicable law governing the management and monitoring of non-listed companies in which the Federal Republic of Germany holds a majority stake, while outlining the internationally and nationally acknowledged principles of good and responsible corporate governance. The objective of the PCGK is to make the corporate management and oversight of companies more transparent and easier to understand as well as to establish more precisely the role of the Federal Government as a shareholder in such companies. Concurrently, the intention is to increase awareness of good corporate governance.

We are convinced that good corporate governance is fundamental to the success of Deutsche Bahn Group (DB Group). Our aim is to sustainably increase the enterprise value so as to promote the interests of customers, business partners, investors, employees and the public, while maintaining and expanding trust in DB Group.

Statement of compliance

The Management Board and the Supervisory Board of Deutsche Bahn AG (DB AG) hereby issue the following joint statement:

"Since the last statement of compliance was published on March 27, 2019, DB AG has complied with the recommendations adopted by the Federal Government on July 1, 2009 concerning the PCGK, with the exception of point 3.3.2 (the insurance deductible when taking out D&O liability insurance for the Supervisory Board). DB AG will continue to comply with the recommendations of the PCGK in the future, with the exception mentioned above until a decision is reached concerning deductibles for the Supervisory Board."

Cooperation between the Management Board and Supervisory Board

As a German Aktiengesellschaft (joint stock corporation), DB AG is subject to a two-tier management and monitoring structure in the form of the Management Board and Supervisory Board. These two bodies are strictly segregated in terms of both their membership and their competencies. The Management Board manages the company on its own joint responsibility. The Supervisory Board monitors the activities of the Management Board and is responsible for appointing members to, and dismissing members from, the Management Board.

In the interests of optimum company management, we see it as very important for the Management Board and the Supervisory Board to maintain continuous dialog with each other and to work together efficiently and in an atmosphere of mutual trust for the benefit of the company. The Management Board provides the Supervisory Board with regular, prompt, comprehensive information on all matters relevant to the company, particularly those concerning planning, business development, risk position and risk management, as well as the internal control system.

An overview of the MEMBERS OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD 249 FF. of DB AG, including the mandates they hold, is provided in the Notes to the consolidated financial statements.

MANAGEMENT BOARD

The Management Board manages the company on its own joint responsibility. It is required to safeguard the interests of the company and is committed to achieving the sustainable growth of enterprise value. It specifies the business goals and defines the strategies to be implemented in order to attain these targets. The Management Board is responsible for making decisions on all matters of fundamental and key importance for the company.

Alexander Doll resigned his mandate as a member of the Management Board of DB AG as of December 31, 2019. The Supervisory Board appointed Dr. Levin Holle as his successor as member of the Management Board responsible for Finance and Logistics, with effect from February 1, 2020 in its meeting on December 11, 2019. In its extraordinary meeting on November 7, 2019, Dr. Sigrid Nikutta was appointed as a member of the Management Board of DB AG with effect from January 1, 2020, when she began managing the Freight Transport division. In its meeting on December 11, 2019, the Supervisory Board reappointed Prof. Dr. Sabina Jeschke with effect from November 10, 2020 to November 9, 2025 as a member of the Management Board of DB AG. She will continue to manage the Digitalization and Technology division.

The Management Board of DB AG therefore consists of seven divisions. In addition to the Board division of the CEO, the Management Board comprises the divisions “Finance and Logistics,” “Human Resources and Legal Affairs,” “Digitalization and Technology,” “Passenger Transport,” “Freight Transport” and “Infrastructure.”

Management Board members must discuss any conflicts of interest with the Supervisory Board immediately and must also provide their colleagues on the Management Board with information about any such conflicts.

In accordance with this provision, Dr. Nikutta informed the bodies that she has a familial relationship with a member of the general management of a rail vehicle manufacturer. In order to avoid any conflicts of interest, she will not participate in any procurement processes involving this rail vehicle manufacturer.

SUPERVISORY BOARD

The Supervisory Board advises and monitors the Management Board in its management of the company.

In line with the requirements of the Co-Determination Act (Mitbestimmungsgesetz; MitbestG), the Supervisory Board of DB AG consists of 20 members, of whom ten members are shareholders’ representatives and ten members are employee representatives. Some of the shareholders’ representatives are seconded to the Supervisory Board and some are elected at the Annual General Meeting. The employees’ representatives on the Supervisory Board are elected in line with the requirements of the Co-Determination Act.

The Chairman of the Supervisory Board of DB AG is Michael Odenwald. Any personal or business RELATIONSHIPS OF INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD WITH THE COMPANY 239 are stated in the Notes to the consolidated financial statements.

Supervisory Board members must immediately disclose any conflicts of interest with the Supervisory Board and must also provide the Supervisory Board with information about any such conflicts. In the reporting period, no such incidents arose.

Transactions of fundamental importance and other Management Board decisions with a major impact on the business operations and on the assets, financial or income situation of the company require the authorization of the Supervisory Board. The Management Board reports to the DB Supervisory Board on the business development and the position of DB Group at least once every quarter. The Management Board also reports to the Supervisory Board regularly on all measures implemented within DB Group that are intended to ensure compliance with laws and corporate regulations. In addition, the tasks of the Supervisory Board include the auditing and approval of DB AG’s annual financial statements and the auditing of DB AG’s management report, the consolidated financial statements, and the DB Group management report. The Supervisory Board also monitors the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, as well as the process of auditing the annual financial statements.

In addition, the Chairman of the Supervisory Board is in regular contact with the Management Board and particularly the Chief Executive Officer to discuss company strategy, business development and risk management. The Chairman of the Supervisory Board receives regular reports from the Chief Executive Officer on all events that are of key importance for assessing the company’s situation and development, as well as for its management.

There were no consultancy agreements or other comparable service agreements or contracts for services between the members of the Supervisory Board and DB AG in the year under review.

Supervisory Board committees

In order to enable it to carry out its monitoring activities to the best of its abilities, the Supervisory Board of DB AG has made use of the option of setting up further committees in addition to the Mediation Committee, which has to be set up in accordance with the Co-Determination Act, and has set up an Executive Committee, an Audit and Compliance Committee and a Personnel Committee. An overview of the COMMITTEE MEMBERS 251 can be found in the Notes to the consolidated financial statements. Details of the WORK PERFORMED BY THE INDIVIDUAL COMMITTEES 41 f. in the year under review are included in the report of the Supervisory Board. DETAILS OF THE FUNCTIONS OF THE INDIVIDUAL COMMITTEES can be found on our Web site.

SHARE OF WOMEN ON THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Six women currently serve on the Supervisory Board of DB AG. A target of a 30 % share of women on the Supervisory Board of DB AG was set, with a deadline of June 30, 2022.

The Management Board of DB AG currently includes two women. A target of a 30 % share of women on the Management Board of DB AG was set, with a deadline of June 30, 2022.

At the other management levels of DB AG, the following targets have been set (deadline December 31, 2020): at the first management level below the Management Board a 25.5 % share of women, and at the second management level below the Management Board a 28.6 % share of women.

Transparency

All important information regarding the consolidated and annual financial statements, the interim report, the financial calendar and information on security transactions subject to a reporting obligation can be found on our WEB SITE. In addition, we provide regular information on current developments within the framework of our investor relations activities and corporate communication.

Risk management

Good corporate management also encompasses a responsible approach to the risks and opportunities arising in connection with business operations. The early identification and limitation of business risks is therefore of paramount importance to the Management Board and the Supervisory Board.

The Management Board is responsible for ensuring adequate risk management and monitoring it within the company, and for continuously improving both. The Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG) precisely defines the responsibilities of the Supervisory Board with regard to monitoring the accounting process and ensuring the effectiveness of the internal control system, the risk management system and the internal audit system. For the Supervisory Board to be able to discharge this responsibility, it must be provided with suitable information based on which it can form an opinion on the adequacy and effectiveness of the systems. Regular reports are made to the Audit and Compliance Committee concerning the adequacy and effectiveness of the internal control system. In addition, the Management Board reports to the Audit and Compliance Committee regarding risks of major importance to the Group companies and the handling of these risks by the Management Board. It also controls whether the early warning system for risks meets the requirements of section 91 (2) of the Stock Corporation Act (Aktiengesetz; AktG).

Compliance

Compliance is an integral component of the corporate and leadership culture in DB Group. To us, compliance means ensuring our business activities comply with the relevant laws and regulations that apply to them.

Our compliance activities focus on preventing and consistently combating corruption and other corporate crime. Mandatory compliance policies serve to protect DB Group, our employees and our executives. Increasing awareness among our employees and executives remains of great importance, because only risk-aware employees can recognize risks and successfully avoid or, at least, minimize them.

The compliance work of DB Group includes the early detection of compliance risks as well as the introduction of relevant countermeasures. This work includes conducting compliance programs, constant communication and process improvements.

Additional information on the subject of COMPLIANCE can be found in the NOTES TO SUSTAINABILITY 255 FF. and on our Web site.

Accounting and auditing

On March 27, 2019, the Annual General Meeting of DB AG appointed the auditing firm PricewaterhouseCoopers GmbH (PwC), Berlin, as auditor for the 2019 financial year. The Audit and Compliance Committee prepared the proposals of the Supervisory Board regarding the election of the auditor and, following the election of the auditor by the Annual General Meeting, defined the key audit aspects in conjunction with the auditor. Once again this year it was agreed with the auditor that the Chairman of the Audit and Compliance Committee will be notified immediately of any possible reasons for exclusion or prejudice that emerge in the course of the audit. It was also agreed that the Chairman of the committee will be notified immediately by the auditor of any separate findings and any irregularities in the statement of compliance.

Efficiency audit of the Supervisory Board

The Supervisory Board regularly monitors the efficiency of its activities. An efficiency audit is carried out every two years. The efficiency audit was last carried out in 2019.

Compensation report

The compensation report outlines the compensation system and lists the individual compensation of the members of the Management Board and the Supervisory Board.

THE COMPENSATION SYSTEM OF THE MANAGEMENT BOARD

The compensation system for the Management Board of DB AG aims to provide appropriate compensation to the Management Board members in accordance with their duties and areas of responsibility, while at the same time directly taking into account the performance of each Management Board member and the success of the company.

The appropriate level of compensation is reviewed regularly using a comparison process. This review examines the level of Management Board compensation both in comparison to the external market (horizontal appropriateness) and in comparison to other levels of compensation within the company (vertical appropriateness). If the review shows a need to adjust the compensation system or the level of compensation, the Personnel Committee of the Supervisory Board submits its proposals in this regard to the Supervisory Board for approval. The appropriateness of Management Board compensation was last reviewed in 2019.

Compensation components

The total compensation for Management Board members consists of a fixed salary, a performance-linked annual director's fee and a long-term incentive plan based on multi-year figures. Total compensation also includes benefit commitments, other commitments and ancillary benefits.

The fixed salary is cash compensation linked to the financial year. It is based on the scope of responsibility and the experience of each Management Board member. The individually defined fixed income is paid out in 12 equal installments.

The annual performance-linked director's fee is calculated using a factor linked to the achievement of business targets (director's fee factor) and the achievement of individual targets (performance factor). There is a multiplicative link between the director's fee factor and the performance factor. The director's fee factor depends on the level of success in attaining the business targets set out by corporate planning. The parameters for this relationship are in equal parts operational success (operating income after interest) and return on capital employed (ROCE).

The performance factor reflects success in meeting personal targets. In this regard, customer, quality and employee-specific aspects are given equal consideration in the targets of all members of the Management Board. In addition, division-specific objectives are also included in the performance factor for each Board member. The target fee corresponds to the annual director's fee paid to the Management Board member in a "normal financial year" for fully meeting performance targets (meeting targets). If the Group results do not meet planned objectives, the director's fee factor can, in extreme cases, be reduced to zero, regardless of personal performance. This means that the annual director's fee can be zero. If planned objectives are sufficiently exceeded and the maximum performance factor is also achieved, the annual director's fee can amount to 2.6 times the target director's fee.

The business and personal targets of the Management Board members are decided by the Supervisory Board each year based on recommendations from the Personnel Committee, and are then agreed in writing with the Management Board members.

Together with the corporate planning adopted by the Supervisory Board, the personal targets form the basis for assessing the annual director's fee. This means that all of the key parameters for total compensation are established at the beginning of the financial year.

At the end of each financial year, the director's fee and the personal performance factor are calculated for each Management Board member based on Group results. Target income is attained if both business goals and individual targets have been met in full. The final decision on this matter is made by the Supervisory Board and is prepared by the Personnel Committee.

The methodology for calculating the long-term incentive plan for the Management Board has been changed since the 2017 tranche. The basis for assessing the long-term element of compensation is now a customary return on capital, based on equity value. Aligning the long-term incentive to the equity value rewards sustainable increases in the value of the company. After the end of each planning period, the increase in value achieved in comparison to the company's original planning and the payment factor are calculated. The term of each plan is four years. The payment amount for the long-term incentive plan has an upper limit and can vary between 0% and 250%. Claims from the long-term incentive plan are inheritable.

The Management Board members are entitled to an appropriate severance package if their contract is terminated before the contractually stipulated termination date, provided that the Management Board member was not personally responsible for the termination through his or her actions. The severance package is based on the remaining term of the contract, the agreed target salary and, where applicable, the pension benefits already owed by DB AG for the remainder of the contract.

In accordance with the recommendations of the PCGK, a severance payment cap is included in all contracts of DB AG Management Board members. This cap means that payments made to a Management Board member due to premature termination of Management Board duties without good cause as defined by section 626 of the Civil Code (Bürgerliches Gesetzbuch; BGB), cannot exceed the value of two years' salary, including variable compensation components, and must not provide compensation for more than the remaining term of the employment agreement.

Management Board members do not receive any additional compensation for mandates exercised in control bodies of Group companies or affiliated companies.

GROUP-WIDE COMPENSATION SYSTEM FOR EXECUTIVES

The compensation system for executives aims primarily to closely link compensation to the sustainable success of the company in the sense of the business success of the integrated rail system and of DB Group as well as the alignment of all divisions toward this objective.

The annual director's fee for executives and employees not subject to wage agreements in the integrated rail system are structured as profit shares. Personal goals are then agreed with executives as part of a regular process. The achievement of the goals is regularly included in the assessment when making decisions on increases to the fixed salary.

If the executives are members of bodies of DB AG subsidiaries, the respective subsidiary's Supervisory Board is responsible for discussing the personal goals if possible until the end of a financial year. Where applicable, the respective decision-making will take place after the DB AG Supervisory Board meeting in which the mid-term planning and the targets for the Group's Management Board are adopted. This chronological sequence of the handling of personal goals in the Supervisory Boards of the subsidiaries is due to the Group structure of DB AG.

In some cases, given the regulatory requirements, DB Netz AG is subject to separate regulatory requirements which take even greater account of the business success of DB Netz AG.

PENSION ENTITLEMENTS

The Supervisory Board of DB AG has set a general retirement age of 65 for Management Board members. After leaving the company, Management Board members are entitled to pension payments. At the latest upon reaching the age of 65, a Management Board member is entitled to a lifelong pension if the term of employment ends due to permanent invalidity, or if the contract is terminated before the agreed termination date or is not extended, without good cause, or if the Management Board member refuses to continue the contract under the same or more beneficial conditions.

The system governing benefit commitments to Management Board members was amended in 2017. Members appointed to the Management Board for the first time in 2017 and thereafter receive a defined benefit commitment under which a capital stock is saved up for the Board member for the duration of their employment and paid out when they reach retirement age. An annual amount derived as a specific percentage of fixed salary is paid into the defined contribution plan.

Company pension commitments for Management Board members already in office at the start of 2017 are based on a percentage of the basic salary depending on the length of time that the Management Board member has been with the company. Pension commitments include lifelong retirement and surviving dependent benefits. There is no lump-sum payment option.

In addition to Management Board member contracts entered into before January 1, 2009, a reinsurance policy was concluded to cover company pension benefits.

CONTRACTUAL ANCILLARY BENEFITS

The contractual ancillary benefits for members of the Management Board include a company car with driver for business and personal use, a personal BahnCard 100 First free travel card and standard insurance coverage. A housing allowance is provided for second homes where these are required for business purposes. Where these monetary benefits cannot be granted on a tax-free basis, they are taxed as non-monetary benefits for which the Management Board members are fully responsible. Management Board members, like any other member of the Group's executive staff, can choose to take part in the company's deferred compensation program.

The members of the Management Board are covered by liability insurance against financial losses incurred due to DB AG's business operations (D&O insurance). In the year under review, this insurance was designed as a Group insurance policy with the deductible provided for under law; it provides coverage for financial losses that may occur during the performance of Management Board activities. The insurance coverage of the existing D&O insurance policy is valid for a period of five years after the termination of activities as a member of the Management Board.

Compensation for the 2019 financial year

The director's fee for the previous financial year is due at the end of the month in which the company's Annual General Meeting takes place.

The members of the DB AG Management Board will receive the following compensation for their work during the year under review:

Total compensation of the Management Board (*€ thousand*)	Fixed compensation	Compensation in connection with the early termination of service	Variable compensation: Short-term [1]	Variable compensation: Long-term (payment LTI 2019)	Variable compensation: Long-term [2]	Other [3]	Total [4]
INCUMBENT MEMBERS OF THE MANAGEMENT BOARD OF DB AG AS OF DEC 31, 2019							
Dr. Richard Lutz	900	–	800	–	167	28	**1,727**
Ronald Pofalla	650	–	565	–	83	31	**1,246**
Berthold Huber	650	–	266	–	83	27	**943**
Martin Seiler	400	–	397	–	150	22	**819**
Prof. Dr. Sabina Jeschke	400	–	397	–	29	15	**812**
Total	**3,000**	**–**	**2,425**	**–**	**512**	**123**	**5,547**
MEMBERS WHO LEFT THE SUPERVISORY BOARD OF DB AG DURING THE YEAR UNDER REVIEW							
Alexander Doll	400	1,466	–	–	131	28	**1,894**
Total	**3,400**	**1,466**	**2,425**	**–**	**643**	**151**	**7,441**

Individual figures are rounded and therefore may not add up.

[1] Subject to the decision of the Supervisory Board.

[2] Long-term variable compensation refers to additions to and releases of provisions for long-term incentives (LTI).

[3] Monetary benefits accruing from travel discounts, usage of company cars, and insurance and housing allowances.

[4] Total without long-term variable compensation.

In the year under review, no members of the Management Board of DB AG received benefits or promises of benefits from a third party with regard to their activities as a member of the Management Board.

PENSION BENEFITS FOR THE MANAGEMENT BOARD FOR THE 2019 FINANCIAL YEAR

During the year under review, an amount totaling € 1,332 thousand was added to the pension provisions.

Additions to pension provisions (*€ thousand*)	2019
INCUMBENT MEMBERS OF THE MANAGEMENT BOARD OF DB AG AS OF DEC 31, 2019	
Dr. Richard Lutz	282
Ronald Pofalla	0
Berthold Huber	529
Martin Seiler	179
Prof. Dr. Sabina Jeschke	170
Total	**1,160**
MEMBERS WHO LEFT THE SUPERVISORY BOARD OF DB AG DURING THE YEAR UNDER REVIEW	
Alexander Doll	172
Total	**1,332**

PENSION PROVISIONS FOR FORMER MEMBERS OF THE MANAGEMENT BOARD 239 are shown in total in the Notes to the consolidated financial statements.

COMPENSATION OF THE SUPERVISORY BOARD FOR THE 2019 FINANCIAL YEAR

Compensation of the Supervisory Board of DB AG was most recently regulated by the Annual General Meeting resolution of September 21, 2010. In addition to being reimbursed for their cash outlays and the value-added tax due on their compensation and cash outlays, the DB AG Supervisory Board members each receive fixed annual compensation of € 20,000, plus performance-linked annual compensation. The performance-based compensation is calculated based on the relationship between operating profit (EBIT) as disclosed in the consolidated financial statements for the financial year compared to the previous year's figures, and the attaining of specific operational performance figures. Performance-based compensation is limited to a maximum of € 13,000. The Chairman of the Supervisory Board receives twice this amount, while his deputy receives one and a half times the above figure. This compensation is increased by a quarter for every position held on a committee by the individual Supervisory Board member. This compensation increases by 100 % for the Chairman of the Executive Committee and the Chairman of the Audit and Compliance Committee, and by 50 % for the Chairman of the Personnel Committee. This does not include membership or chairmanship of the committee that is formed under the terms of section 27 (3) MitbestG.

In addition, the members of the Supervisory Board of DB AG receive an attendance fee of € 250 for each meeting of the Supervisory Board and its committees at which they are present. The members of the Supervisory Board also have the choice between a personal BahnCard 100 First and five free train tickets.

The members of the Supervisory Board are covered by liability insurance against financial losses incurred due to DB AG's business operations (D&O insurance). This insurance is designed as a Group insurance policy with no deductible and provides coverage for financial losses that may occur during the performance of Supervisory Board activities. There is also a Group accident insurance policy in place for members of the Supervisory Board. The company pays the premiums for these policies.

Supervisory Board members who have only been members for part of the respective financial year receive a twelfth of the total compensation for each month or part of a month of their membership. This rule also applies to the increase in compensation for the Chairman of the Supervisory Board and his or her deputy and to the increase in compensation for membership and chairmanship of a Supervisory Board committee.

Compensation is paid after the conclusion of the Annual General Meeting that votes to ratify the Supervisory Board's activities in the previous financial year.

Taxes due on compensation received, including the personal BahnCard 100 First and the five free train tickets, are the individual responsibility of each Supervisory Board member.

Supervisory Board members currently hold no shares in the company, nor do they hold options entitling them to purchase shares in the company.

Subject to the approval of the activities of the Supervisory Board by the Annual General Meeting on March 25, 2020, the members of the Supervisory Board of DB AG will receive the following compensation for their work during the year under review:

	Annual compensation 2019				
Total compensation of the Supervisory Board (*€ thousand*)	**Fixed compensation**	**Variable compensation**	**Attendance fee**	**Ancillary fee**	**Total**
INCUMBENT MEMBERS OF THE SUPERVISORY BOARD OF DB AG AS OF DEC 31, 2019 [1]					
Michael Odenwald	70.0	–	4.5	0.9	**75.4**
Alexander Kirchner	40.0	–	4.5	7.4	**51.9**
Jürgen Beuttler	20.0	–	2.0	–	**22.0**
Dr. Ingrid Hengster	20.0	–	1.5	–	**21.5**
Jörg Hensel	25.0	–	3.0	0.9	**28.9**
Klaus-Dieter Hommel	20.0	–	3.3	7.4	**30.7**
Prof. Dr. Susanne Knorre	20.0	–	1.8	7.4	**29.2**
Jürgen Knörzer	20.0	–	1.3	7.4	**28.7**
Dr. Jürgen Krumnow	40.0	–	2.8	0.9	**43.7**
Kirsten Lühmann	20.0	–	2.0	0.9	**22.9**
Heike Moll	20.0	–	1.8	7.4	**29.2**
Mario Reiß	20.0	–	2.0	–	**22.0**
Eckhardt Rehberg	20.0	–	2.0	–	**22.0**
Regina Rusch-Ziemba	25.0	–	3.0	7.4	**35.4**
Christian Schmidt	15.0	–	1.8	0.9	**17.7**
Jens Schwarz	30.0	–	4.0	7.4	**41.4**
Veit Sobek	20.0	–	2.0	7.4	**29.4**
Oliver Wittke [2]	3.3	–	0.8	–	**4.1**
Dr. Tamara Zieschang	2.9	–	0.5	–	**3.4**
MEMBERS WHO LEFT THE SUPERVISORY BOARD OF DB AG DURING THE YEAR UNDER REVIEW [1]					
Guido Beermann	32.1	–	4.8	–	**36.8**
Dr. Levin Holle	20.0	–	4.0	–	**24.0**
Stefan Müller	5.0	–	0.3	–	**5.3**
Compensation for further Supervisory Board mandates in DB subsidiaries					**80.4**
Total					**706.0**

Individual figures are rounded and therefore may not add up.

[1] Some Supervisory Board members state that their compensation is to be donated to the Hans Böckler Foundation in line with the directive of the German Trade Union Confederation (Gewerkschaftsbund).

[2] Secretary of State Wittke did not accept the compensation for his activities as a member of the Supervisory Board up to and including November 9, 2019.

There are no pension obligations for members of the Supervisory Board.

The members of the Supervisory Board did not receive any compensation in the year under review for any personally provided services.

Sustainability management

GRI
102-16
102-46
102-49

Strong Rail strategy as framework for sustainability reporting

With our new umbrella strategy STRONG RAIL 71 FF. we have set out our schedule for the coming years. It also forms the superordinate framework for our reporting.

GRI
102-43

We are also reliant on the support and acceptance of our stakeholders in order to successfully implement a strong rail system. As part of the 2019 materiality analysis, we asked them for an assessment of 16 important areas of action for sustainability. These reflect the focus points of our strategy and supplement it with other relevant topics from the context of our stakeholders. In the materiality analysis, the relevance of the areas of action for Deutsche Bahn Group (DB Group) and the impact that DB Group has on these areas of action were examined. In addition, the top executives of DB Group were questioned about the business relevance of the areas of action.

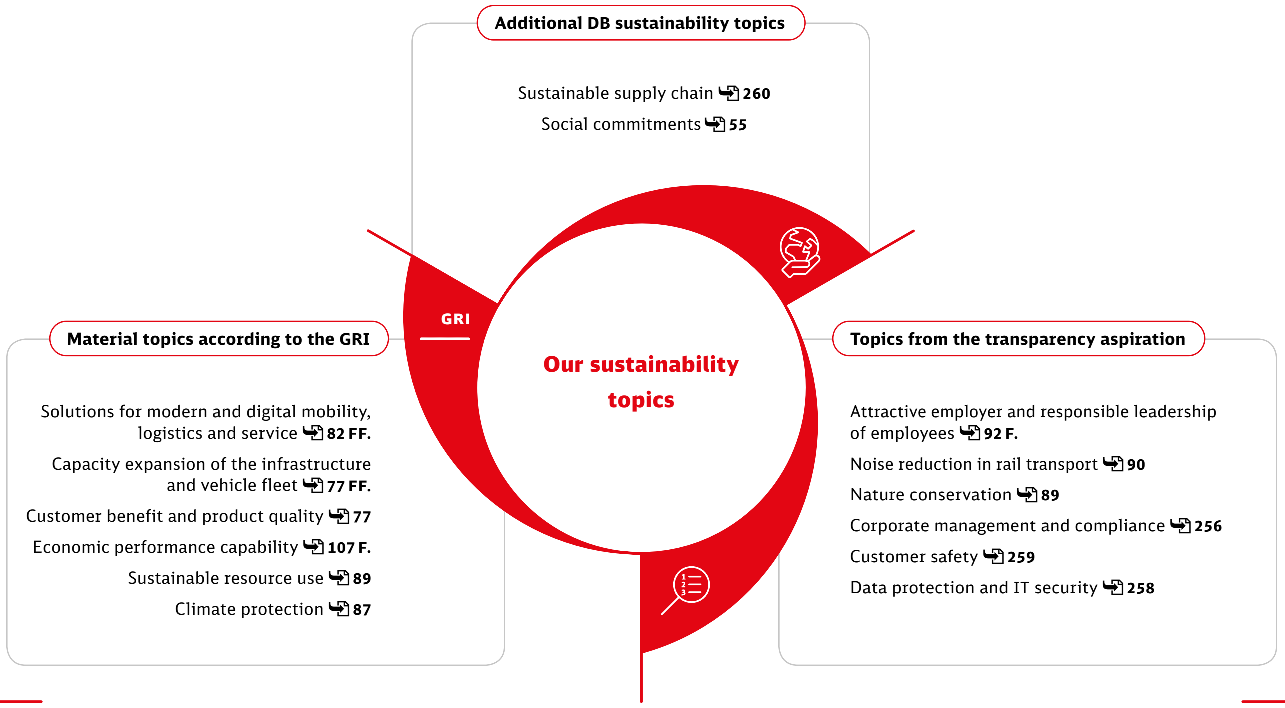
A total of six material areas of action in accordance with the definition of the Global Reporting Initiative (GRI) were identified for DB Group. They are a main focus point of our sustainability reporting and are also addressed by BUILDING BLOCKS 72 of the Strong Rail strategy.

In addition to the six major GRI topics, additional DB sustainability topics are reported as a result of an internal assessment of materiality, which are of great importance in the sustainability portfolio. We are also creating transparency on topics in which we, as a responsible company, see a constant duty to our shareholders.

FURTHER INFORMATION ON THE MATERIALITY ANALYSIS

GRI
102-47

Composition of our sustainability topics



GRI 102-16 102-43

Sustainability organization

The Chief Sustainability Officer (CSO) is responsible for the issue of sustainability. The CEO, Dr. Richard Lutz, performs this function. The overall coordination in the area of sustainability is carried out by the sustainability management, which fell within the Corporate Strategy division until December 31, 2019. Since January 1, 2020, the topics of sustainability and the environment have been combined into one organizational unit. The new Sustainability and Environment division ensures the **GREEN TRANSFORMATION** 86 of DB Group. For this purpose, the division is responsible in particular for determining the topics, the integrated sustainability and environmental strategy, planning, management and implementation of Group-wide implementation projects and the reputational support of the Green Transformation.

GRI 102-12

OUR COMMITMENT TO THE SDG

Through the 17 Sustainable Development Goals (SDGs), the United Nations has agreed on a World Future Treaty and a common Agenda 2030. The SDGs cover ecological, social and economic objectives of sustainable development. They also form the basis for the German Federal Government's national sustainability strategy. We are committed to the **TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT (UN GC)** 271. For this reason, we also feel committed to the objectives of the Agenda 2030 and the SDGs.

As a globally active group, we rely on the SDGs in a variety of ways. In order to focus ourselves, we updated our internal prioritization of the SDGs in the year under review in the context of our new strategy and 2019 materiality analysis. This assessment helps us to examine and further develop the key points of our sustainability work and communication. As a result, we reduced the number of our focus SDGs from six to five. These show the most consistent alignment with our strategic focus and the material topics for our stakeholders. We focus on SDGs No. 8, No. 9, No. 11, No. 12 and No. 13. In the future, SDG No. 3 will no longer be a focus SDG.

UN Sustainable Development Goals

SUSTAINABILITY RATINGS

Outside perspectives give us an important indication of where we stand and where we can improve. Our ambition is to rank very highly in the key sustainability ratings.

Sustainability ratings	2019	2018	2017	Scale
CDP	A	A	A	A to F
EcoVadis	Silver (59)	Gold (67)	Gold (65)	Gold (62 – 100) Silver (46 – 61) Bronze (37 – 45)
ISS ESG	B–	B–	B–	A+ to D–
MSCI	A	A	AA	Leader (AA – AAA) Average (BB – A) Laggard (CCC – B)
Sustainalytics	25.7 / mid	25.1 / mid	23.7 / mid	Risk assessment: negligible (0 – 10), low (10 – 20), mid (20 – 30), high (30 – 40), severe (40 – 100)

- DB Group was once again recognized as one of the most climate-friendly railway companies in Europe by the international rating organization **CDP** in the 2019 Climate Scoring. Of 181 companies worldwide, DB Group is once again in the top group ("A-list"). In 2019, more than 8,400 companies took part.
- In the 2019 rating from **ECOVADIS**, DB Group continues to be among the top 5 % in the rail transport industry despite its silver status. The reasons for the lower classification are mainly attributable to methodological adjustments.
- According to the rating agency **ISS ESG** (previously ISS-oekom), DB Group occupies the top position in the transport and logistics sector. This is reflected in the "Prime" status, which is awarded to companies that are leaders in their industries.
- According to **MSCI ESG RESEARCH**, DB Group occupies a strong position in the road and rail transport industry.
- In the **SUSTAINALYTICS' ESG RISK RATING**, DB Group achieved a good assessment. Sustainalytics assesses the ESG risk of more than 1,000 companies and divides its risk assessments into five risk levels.

GRI 102-12 102-13

MEMBERSHIPS IN SUSTAINABILITY NETWORKS

- We underline our commitment to the UN GC through the annual presentation of our PROGRESS TOWARDS THE TEN PRINCIPLES OF THE UN GC 271 (Communication on Progress). In addition, we are committed to the German Global Compact Network (Deutsches Global Compact Netzwerk; DGCN), the forum for German multi-stakeholders to implement and promote the principles of the UN GC, as well as the SDGS 52.
- We are signatories to the GERMAN SUSTAINABILITY CODE (Deutscher Nachhaltigkeitskodex; DNK), through which stakeholders are informed about the sustainability performance of companies.
- We are an active member of ECONSENSE, the Sustainable Development Forum for the German economy. Together with some 35 German companies and organizations with global operations, we are committed to initiating and developing solutions for sustainable economic activity.
- We are also represented in the CONFERENCE BOARD with an active role in sustainability issues. The Conference Board is a global, independent economic association that works in the public interest. It aims to help managements to conquer the largest challenges for companies and better serve society.
- As part of the fight against corruption, we are a corporate member of TRANSPARENCY INTERNATIONAL. Our anti-corruption efforts involve the regular exchange of experience regarding systems and procedures for the fight against corruption.
- We are a founding member of the RAILSPONSIBLE industry initiative. This initiative aims to create transparency regarding social, environmental and socioeconomic effects along the entire supply chain and to support suppliers in improving their sustainability practices. Other significant European companies in the field are members of the initiative.

GRI 102-16 102-42 102-43

Social acceptance resulting from open stakeholder dialog

CLEAR GUIDELINES FOR STAKEHOLDER DIALOG

The acceptance of stakeholders is an essential prerequisite of our sustainable business success. For this reason, we are committed to holding dialogs with stakeholders as partners and working with all stakeholder groups in an atmosphere of mutual trust. Our STAKEHOLDER CHARTA provides the foundation and guidelines for all dialog activities. On the basis of this, we discuss with our stakeholders openly about their requirements and at the same time contribute our positions to the dialog.

Regular dialog with policymakers and the public

GRI 102-13

The public and politics in Germany keep a close eye on DB Group. We have an important role in advancing the railway system in Germany and Europe. We are therefore sought after as a dialog partner in public discussions, and also actively engage in dialog with the entire sector. We establish our own transport policy positions at the national and international level in dialog with political and administrative institutions as well as parties, associations and relevant scientific areas. DB Group seeks to use logical arguments to contribute to a constructive debate process. The following memberships have particular relevance for political dialog at a national and international level:

- Pro-Rail Alliance (Allianz pro Schiene; ApS)
- Mobility and Transport Services Association (Arbeitgeber- und Wirtschaftsverband der Mobilitäts- und Verkehrsdienstleister; AGV MOVE)
- Comité international des transports ferroviaires (CIT)
- Community of European Railway and Infrastructure Companies (CER)
- German Transport Forum (Deutsches Verkehrsforum; DVF)
- Union Internationale des Chemins de Fer (UIC)
- Association of German Transport Companies (Verband Deutscher Verkehrsunternehmen; VDV)

The principles of the stakeholder charter also apply to dialog with policymakers. In addition, we have set strict internal standards for participation in political processes, which are summarized as "Group Principles Ethics – Code of Conduct" and which are binding Group-wide.

Passenger Advisory Board makes a valuable contribution

For 15 years, the DB Passenger Advisory Board has been giving valuable impetus to improvements to products and services in numerous workshops, surveys and discussions, thus setting measures in motion. Twice a year, the committee, which consists of 30 private customers, comes together for ordinary meetings. In addition, it advises on and supports numerous projects relevant to customers. In the year under review, the Passenger Advisory Board was involved in various projects at an early stage in questions of strategic orientation, such as the deployment of artificial intelligence at DB Dialog or the further development of DB Lounges.

GRI 102-40 102-44

Stakeholders	Key topics in 2019	Key dialog formats
Passengers	Schedule alterations and improvements Punctuality Digitalization (WiFi/route agent) Journey comfort/customer service/improvements to passenger information Integration of transport association tickets in the DB Navigator Vehicle modernization/Idea Train New vehicles (S-Bahn (metro) in Munich and Berlin)	Passenger advisory board Online dialog platforms/social networks Customer dialog (telephone)/customer enquiries Dialog forum with BahnCard 100 customers/top customer events Own dialog events and customer events Trade fairs and product conferences (including GreenTech 2019) Train or bus labs Labs (d.lab, DB mindbox)
Business customers	Climate protection in transport Future topics, drivers and trends in worldwide logistics Punctuality and reliability Digitalization of logistics/customer interface (link2rail) Customer dialog Innovative freight cars Green logistics/innovative concepts	Direct exchange with customers, including trade fairs and discussions Own dialog and customer events Customer workshops Annual customer satisfaction survey at DB Schenker and DB Cargo Surveys, e.g. monthly satisfaction check
Policymakers/regulators	Infrastructure development and financing Digitalization Germany in sync (Deutschland-Takt) Intermodal competition Future of financing public transport Regulatory frameworks	Parliamentary evenings Association activities Participation in discussion rounds and expert presentations Participating in dialogs arranged by the BMVI Our own events, such as competition symposiums or fireside evenings
Employees	Talent acquisition Group initiative on the work of the future "People. Shape. The future." Compass for a strong coexistence Digital portable devices for all Employee satisfaction DB Group diversity	Regional recruiting events (e.g. DB job tour) Social intranet platform (DB Planet) and networking of employees (digital portable devices for all) HR-Future labs focusing on professional and job profiles of the future and new work Crowdworx (Group-wide platform for innovative idea management) Global follow-up process down to team level following employee survey Diversity Week
Investors	Climate package/support from the Federal Government Competitive situation/regulatory environment Indebtedness Development of factor costs Profitability development	Road shows One-on-ones Direct contacts Investor relations Web site
Suppliers	Supplier management and development Quality/qualification Innovation/digitalization Antitrust law Cooperation in mutual trust Meeting deadlines Reviews of business partners Sustainability in the supply chain Market development	6th Railway Forum Berlin Direct supplier development meetings Innovation workshops Innovation partnerships Round Table Rail Initiative (RTR) Industry network Dialogs regarding supplier sustainability assessments Dialogs on competition Supplier days in the product areas Topic-related discussion groups with rail industry associations Future initiatives for railway construction together with construction associations
Associations/specialist public	Climate protection in transport Infrastructure development and financing Energy policy framework Noise remediation Compliance/anti-corruption	Annual conference of the Association of German Transport Companies (VDV) Industry meeting for local/regional rail passenger/public transport: "RegioSignale 2019" Environmental Forum Advisory Board for the Quiet Middle Rhine Valley Sponsoring member of the 2 Degrees Foundation (Stiftung 2 Grade) Specialist conferences on nature conservation and hazardous substances High-level talks and exchanges on special topics with passenger, environmental and industry associations and the public transport authorities Expert exchange on compliance topics with university representatives Member of the Administrative Board of the German Compliance Institute (Deutsches Institut für Compliance e. V.; DICO) Corporative member of Transparency International Deutschland e. V.
Media	Agenda for a Better Railway Strong Rail Employer attractiveness Digitalization projects Upgrade of digital services Quality in the existing network Climate protection, nature and species protection and noise remediation	Press releases Media packages (deutschebahn.com) Press and photo appointments Background discussions Interviews, report Social media (Facebook, Twitter)

GRI 102-43

MAIN ACTIVITIES

Hosting of the 23rd Environmental Forum

Our Environmental Forum has firmly established itself as the central platform for environment-related issues in the mobility sector. About 200 decision makers from politics, economy, society, associations and science met at the conference. At the Environmental Forum 2019, the key theme of mobility in times of climate change was discussed, including with German Minister of the Environment Svenja Schulze, the First Mayor of Hamburg, Dr. Peter Tschentscher, Chairman of the DB Supervisory Board, Michael Odenwald, Chief Executive Officer, Dr. Richard Lutz, and the Member of the Management Board responsible for Digitalization and Technology, Prof. Dr. Sabina Jeschke.

Advisory Board for the Middle Rhine Valley/Noise Remediation Report 2019

In the year under review a further meeting of the Advisory Board for a Quieter Middle Rhine Valley took place. The members of the Advisory Board were informed about the current status of the implementation of the noise remediation measures. A total of about € 139 million will be invested in additional noise-reducing projects in the coming years on both sides of the Rhine.

In the NOISE REMEDIATION REPORT by DB Group, we present the key progress of our activities to reduce rail transport noise.

Summit meeting with environmental associations

On November 25, 2019, DB Group held its annual dialog with the leaders of the environmental associations Association for the Environment and Nature Protection in Germany (Umwelt und Naturschutz Deutschland), German Nature Protection Association (Deutscher Naturschutzring; DNR), German Environmental Aid (Deutsche Umwelthilfe; DUH), Greenpeace, German Nature Conservation Association (Naturschutzbund Deutschland; NABU) and Transport Club of Germany (Verkehrsclub Deutschland; VCD). The focus was on the Green Transformation: the specific focus was on how DB Group intends to shift more traffic to green rail, how the rail network is being further electrified, and how DB Group is publicly positioned as a green mobility provider.

Responsibility and social commitments

In the DEUTSCHE BAHN FOUNDATION gGMBH, DB Group has merged its charitable commitment and DB Museum in order to fulfill its social responsibility more effectively. Deutsche Bahn Foundation seeks to co-create an equitable society, and improve social cohesion. It combines railway history with setting the course for the future. For this reason, it operates the DB Museum, is committed to integrating those on the edges of society, and supports voluntary work. The mission statement "Ensuring a connection. Creating links. Setting the course." summarizes its task.

LANGUAGE AS THE KEY TO EDUCATION AND INTEGRATION

Deutsche Bahn Foundation, together with the READING FOUNDATION (STIFTUNG LESEN), is heavily involved in reading and language support. One expression of this shared commitment is the nationwide reading aloud day. The reading aloud kits with 20 books were presented to more than 1,000 family-supporting institutions in the year under review. Deutsche Bahn Foundation publishes three reading aloud stories for children online every week for free.

PROFESSIONAL INTEGRATION

Training posts remain unfilled because many high school students are not aware of what jobs are available and which would suit them. Deutsche Bahn Foundation and the Learning through Engagement Foundation (Stiftung Lernen durch Engagement) developed the "Appointed heroes – learning through engagement for career opportunities" ("Berufene Helden – Lernen durch Engagement für Chancen im Beruf") project to intervene in this area. Teachers assist high school students in planning and implementing a project based on their own social environment that encourages career orientation and/or skills needed for training. The students organize and reflect on their projects, acquiring specific training competences and skills, thereby laying the foundation for their future professional lives.

In addition, since the year under review, we have been implementing various pilot projects, particularly to support children and adolescents from educationally disadvantaged living backgrounds in the area of digital skills in order to contribute to greater educational fairness, and to support single parents and women of migrant backgrounds in their professional integration.

STRENGTHENING VOLUNTEERING

For the fourth time, DB employees who are involved in non-profit organizations in their free time were able to apply to the Deutsche Bahn Foundation in the year under review. The funds are directly channeled into concrete projects and benefit non-profit organizations. As part of the DB Award, the Special Prize for Social Commitment was awarded for the first time by Deutsche Bahn Foundation in the year under review.

To recognize and reward social engagement, Deutsche Bahn Foundation, as one of the three main sponsors of the German Engagement Prize, supported the Top Prize for Civic Engagement in Germany.

SUPPORT FOR PEOPLE IN NEED

Deutsche Bahn Foundation works closely with the RAILWAY STATION MISSIONS (BAHNHOFSMISSIONEN) and their supporting institutions, which provide support at over 100 stations in Germany. Under the mission statement "Learning for Life," Deutsche Bahn Foundation promotes local projects of individual railway station missions nationwide. In the year under review, seven sites implemented low-threshold education opportunities (including media skills mediation and assistance support with authority issues). They enable regular visitors to the railway station missions to acquire everyday skills and to experience self-efficacy in order to develop new life perspectives.

The video interpreting pilot project with the Conference for Church Railway Station Mission facilitates support conversations with non-German-speaking passengers at more than 20 locations.

Deutsche Bahn Foundation also supported a walk-in clinic near the Berlin Central Station, where people without health insurance could receive medical assistance at any time of the year and free of charge. Beyond that, Deutsche Bahn Foundation offered structured discussions to those with mental and psychological issues through "Encouragers at the Station" at the Berlin Central Station and where necessary connected them to the social and psychiatric health system in Berlin.

PROMOTING MENTAL HEALTH

Deutsche Bahn Foundation has been involved since 2014 in working to destigmatize depression as a mental illness in society. Together with the GERMAN DEPRESSION AID FOUNDATION (STIFTUNG DEUTSCHE DEPRESSIONSHILFE), it supports the German Federation against Depression (Deutsches Bündnis gegen Depression) in over 80 cities and regions. The annual Germany Depression Barometer (Deutschland-Barometer Depression) study from the Foundation of German Depression Aid (Deutsche Stiftung Depressionshilfe) and Deutsche Bahn Foundation in the year under review investigated the key topics of depression and age, which resonated particularly strongly in the media.

HELP FOR HOMELESS CHILDREN

In the year under review, Deutsche Bahn Foundation presented its touring exhibition "uncoupled" at 12 stations; 20 large-format photographs and texts draw attention to the issue of youth homelessness. Together with the nationwide OFF ROAD KIDS FOUNDATION, Deutsche Bahn Foundation helps to prevent runaways and sofa-hoppers from having to live on the streets. Using the online platform SOFA-HOPPER.DE and the first virtual Streetwork-Station in Germany, young people at risk of homelessness can access qualified contact and advice points all over Germany. Here, young people can discuss problems with street advisors and get help anonymously.

HUMANITARIAN AID

In collaboration with the Development Helps Association (Bündnis Entwicklung Hilft), Deutsche Bahn Foundation supports people in acute humanitarian emergencies. With targeted international aid projects, it contributes to the longer-term improvement of the living situation. The Indian aid project Nai Disha (New Direction) organizes prevention and educational work along the most frequented lines, as well as access to medical diagnosis and treatment for truck drivers. This can be used to reduce the spread of tuberculosis and other infectious diseases. The project partner DAHW German Leprosy and Tuberculosis Aid (DAHW Deutsche Lepra- und Tuberkulosehilfe e. V.) is supported by DB Schenker employees on the ground.

DB MUSEUM – LIVING HISTORY

Deutsche Bahn Foundation runs the DB Museum, which features three sites. A permanent exhibition tracking the history of the railway in Germany forms the core of the museum and is on show in the building in Nuremberg. In addition to the railway land KIBALA, there is a further exhibition area for children to participate in, which opened in the year under review. Temporary exhibitions and an extensive event and educational program supplement the offer. With a total of about 2,500 shelving meters of documents, over one million photographs, countless original objects, about 150,000 pieces of media and over 600 vehicles, the DB Museum has the most extensive and oldest collection of railway history in Germany. The Koblenz and Halle sites will be supported by honorary employees in their work as part of a cooperation with the BSW & EWH Foundation Family (Stiftungsfamilie BSW & EWH). In the year under review, the number of visitors increased by 3 % to over 225,000 guests. The Nuremberg building, in particular, recorded a significant increase in the number of visitors (+6 %).

Group management report

Fundamentals

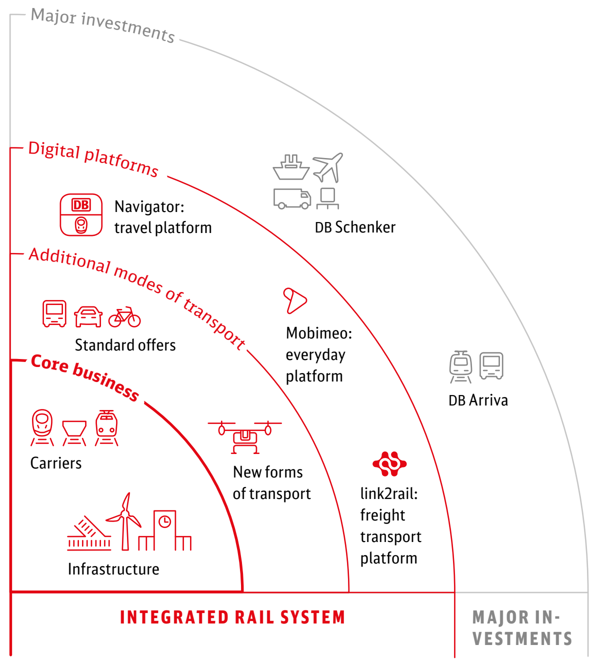
DB Group

GRI 102-1 102-2 102-3 102-4 102-6 102-7 102-18

Deutsche Bahn Group (DB Group) is a leading supplier of mobility and logistical services with a clear focus on rail transport in Germany. Its headquarters are in Berlin. About 340,000 employees are employed by DB Group, including over 200,000 in the integrated rail system. By integrating transport and rail infrastructure, as well as through the economically and environmentally intelligent linking of all modes of transport, we move both people and goods.

DB Group largely consists of the integrated rail system and the two major international subsidiaries DB Schenker and DB Arriva.

Basic understanding of DB Group



Our integrated rail system includes our passenger transport activities in Germany, our rail freight transport activities, the OPERATING SERVICE UNITS 61 F. and the rail infrastructure companies (RIC) in Germany.

- In passenger transport, we transport more than seven million people each day on our trains and buses in the integrated rail system.
- In rail freight transport, our network carries more than 230 million tons of freight each year.
- At about 33,000 km, our rail network in Germany is Europe's longest and we are also one of Germany's largest energy suppliers.

The major international subsidiaries DB Schenker and DB Arriva expand the service portfolio:

- DB Arriva transports over six million passengers per day throughout Europe by train and bus.
- DB Schenker transports over 100 million shipments on the road, about 1.2 million tons of air freight and almost 2.3 million TEU of ocean freight per year.

With our national and international services, we take on leading market positions in the market segments relevant to our activities:

- In Europe DB Group is market leader in regional rail passenger transport and second in long-distance rail passenger transport.
- DB Group occupies third position in European public road passenger transport.
- DB Group is also market leader in track infrastructure and in operating stations in Europe, as well as in European rail freight transport and in European land transport.
- DB Schenker takes fourth place in air freight worldwide, and fifth in ocean freight and contract logistics.

With the new STRONG RAIL STRATEGY 71 FF. DB Group is focusing on the business operations of the integrated rail system. Given the importance of Strong Rail for Europe, Europe will continue as the field of action for DB Group in the future. Major international subsidiaries such as DB Schenker and DB Arriva will in the future be measured for their contribution to Strong Rail. Strategically relevant subsidiaries such as DB Schenker will therefore continue to be held as financial investments. Subsidiaries without strategic relevance will be reviewed.

MARKET POSITIONS IN PASSENGER TRANSPORT

No. 2 in European long-distance rail passenger transport (based on revenues)	No. 1 in European regional rail passenger transport (based on revenues)	No. 3 in European public road passenger transport (based on revenues)
1. Société Nationale des Chemins de fer Français (SNCF)	**1. DB Group**	1. Régie autonome des transports Parisiens (RATP)
2. DB Group	2. SNCF	2. SNCF
3. Ferrovie dello Stato (FS)	3. Nederlandse Spoorwegen (NS)	**3. DB Group**
4. Swiss Federal Railways (SBB)	4. FS	4. Transdev
5. Red Nacional de los Ferrocarriles Españoles (RENFE)	5. Go Ahead	5. Transport for London

Data for competitors based on annual reports, analysts' research and our own calculations.
Market positions reflect developments over the calendar year 2018.

MARKET POSITIONS IN FREIGHT TRANSPORT AND LOGISTICS

No. 1 in European rail freight transport (based on tkm)	No. 1 in European land transport (based on revenues)	No. 4 in worldwide air freight (based on t)
1. DB Cargo	**1. DB Schenker**	1. DHL
2. Fret SNCF	2. Dachser	2. Kuehne + Nagel
3. Rail Cargo Group	3. DHL	3. DSV Panalpina
4. PKP Cargo	4. DSV Panalpina	**4. DB Schenker**
5. Mercitalia Rail	5. Kuehne + Nagel	5. Expeditors

No. 5 in worldwide ocean freight (based on TEUs)	No. 5 in worldwide contract logistics (based on revenues)
1. Kuehne + Nagel	1. DHL
2. Sinotrans	2. XPO Logistics
3. DHL	3. Kuehne + Nagel
4. DSV Panalpina	4. CEVA Logistics
5. DB Schenker	**5. DB Schenker**

Data for competitors based on annual reports, analysts' research and our own calculations.
Market positions relate to the calendar year 2018.
Values for DSV and Panalpina (merged in August 2019) combined under DSV Panalpina.

CHANGES IN THE GROUP PORTFOLIO

The Supervisory Board of DB AG has commissioned the Management Board to drive various options for a DB Arriva sale. The process is still underway.

DB Arriva's contribution to Strong Rail is limited in operational and strategic terms because DB Arriva serves local markets in European countries outside of Germany. There are currently no significant synergies with the integrated rail system on the customer, production or product side.

GRI 102-5

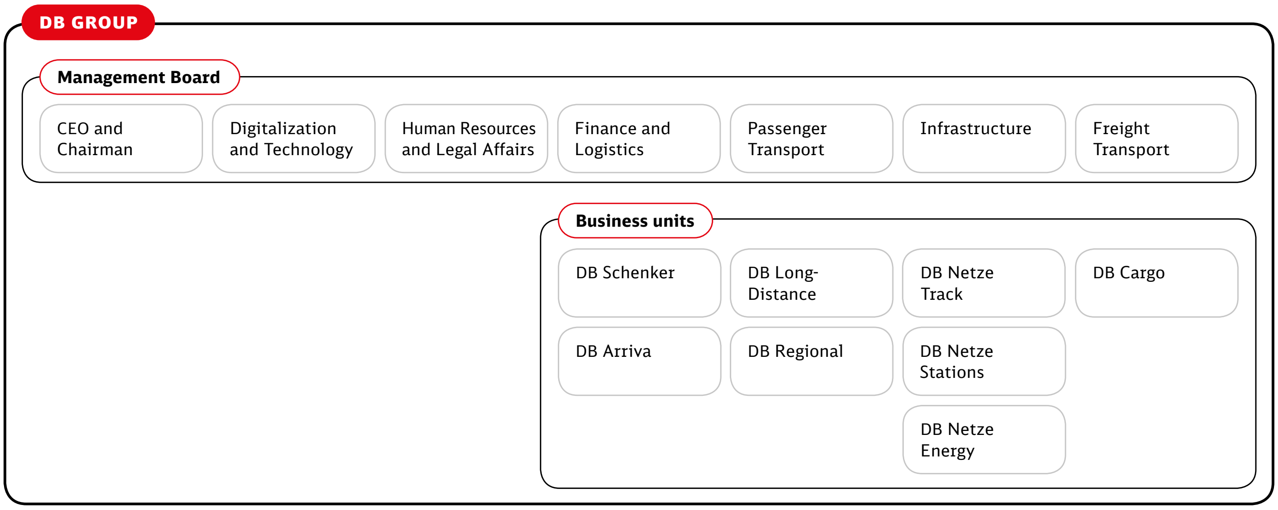
ORGANIZATIONAL STRUCTURE

Deutsche Bahn AG (DB AG) is the parent company of DB Group. It has been a stock corporation under German law since it was founded in 1994 and accordingly has a dual management and control structure comprising a Management Board and a Supervisory Board. It is wholly owned by the Federal Republic of Germany (Federal Government).

Within DB Group, DB AG manages all the business units in its function as an operating management holding company and supports the business units via various central Group functions (including legal, corporate development, finance and treasury, balance sheets, tax, insurance) and **ADMINISTRATIVE SERVICE UNITS** 61 F. In addition, **OPERATING SERVICE UNITS** 61 F., as legally independent DB AG subsidiaries, primarily provide services for internal customers. These include DB Systel GmbH, DB Sicherheit GmbH, DB Services GmbH and DB Kommunikationstechnik GmbH.

The DB Group RIC are legally independent companies with separate balance sheets and statements of income, and thus fulfill all unbundling requirements under European and national law. There is also a functional unbundling, which guarantees the independence of decisions by DB Netz AG on infrastructure access and charges. Reliability and stability form the basis of the high quality of the infrastructure. The essential cornerstones for profitable business are sustainable financing of the existing infrastructure and its expansion as required. The **PERFORMANCE AND FINANCING AGREEMENT (LEISTUNGS- UND FINANZIERUNGSVEREINBARUNG; LUFV)** 237 F. contributes significantly to ensuring the maintenance of the existing network.

DB Group organization chart



As of January 1, 2020.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The changes in the COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD 43 are presented in the Supervisory Board report.

CORPORATE GOVERNANCE REPORT

The CORPORATE GOVERNANCE REPORT 44 FF. is part of this Group management report.

GRI 102-16

SERVICE AND FINANCIAL RELATIONSHIPS IN DB GROUP

Within DB Group, because of strong operational interconnections and dependencies, there are service and financial relationships between the management holding company DB AG and the individual business units, as well as between business units.

These can be organized into four groups:

- Operational business relationships between two companies, which may arise through the use of infrastructure, such as when DB Regio AG uses the rail network of DB Netz AG, for which it pays train-path usage fees.
- Business relationships with Group management: DB AG is responsible for providing services for the operating companies such as central procurement, which organizes and controls the procurement process for trains.
- Group financing: DB AG performs and consolidates the financing function in DB Group. In this context, DB AG obtains funds on the capital market through its financing subsidiary Deutsche Bahn Finance GmbH (DB Finance) and transfers these funds as loans to the Group companies.
- Domination and profit and loss transfer agreements: In Germany, domination and profit and loss transfer agreements are used for the formation of a consolidated tax group that allows companies to offset tax losses against profits. In DB Group, the company ultimately subject to tax in Germany is DB AG.

The arm's length principle serves as the fundamental characteristic of business relationships. This means that compensation is always based on market prices. In DB Group this applies to charges for operational business relationships, service units and Group financing. Intra-Group customers pay the same fees for utilizing train-paths as non-Group customers. The prices of intra-Group services are reviewed regularly on the basis of market analyses to ensure that they are in line with the market. The terms of financing transactions are based on prevailing market conditions in the financial and capital markets.

Group functions perform controlling and monitoring functions. These services are generally not charged. By contrast, the services of the service units are generally charged to the intra-Group recipients of the service, in relation to the service provided.

The reasons and motivation for aligning the costs of business relationships in DB Group with market conditions are as follows:

- A value-based corporate management approach can only be successful if it is embedded at all levels in DB Group. This, in turn, can only be achieved through business relationships at fair market conditions. Success and failure must be transparent in order to facilitate economic control.
- The RIC are legally required to provide their services without discrimination. The Federal Network Agency (Bundesnetzagentur; BNetzA) assesses whether prices are in line with the market. Prices are transparent for everyone.
- Alignment of business relationships with market conditions is also both necessary and stipulated for tax reasons and from the perspective of minority shareholders.

The effects of domination and profit and loss transfer agreements within DB Group on profits and payments are not qualified as business relationships, but are a consequence of DB Group's status as a domestic contract group and the associated rights and obligations of all the incorporated domestic companies.

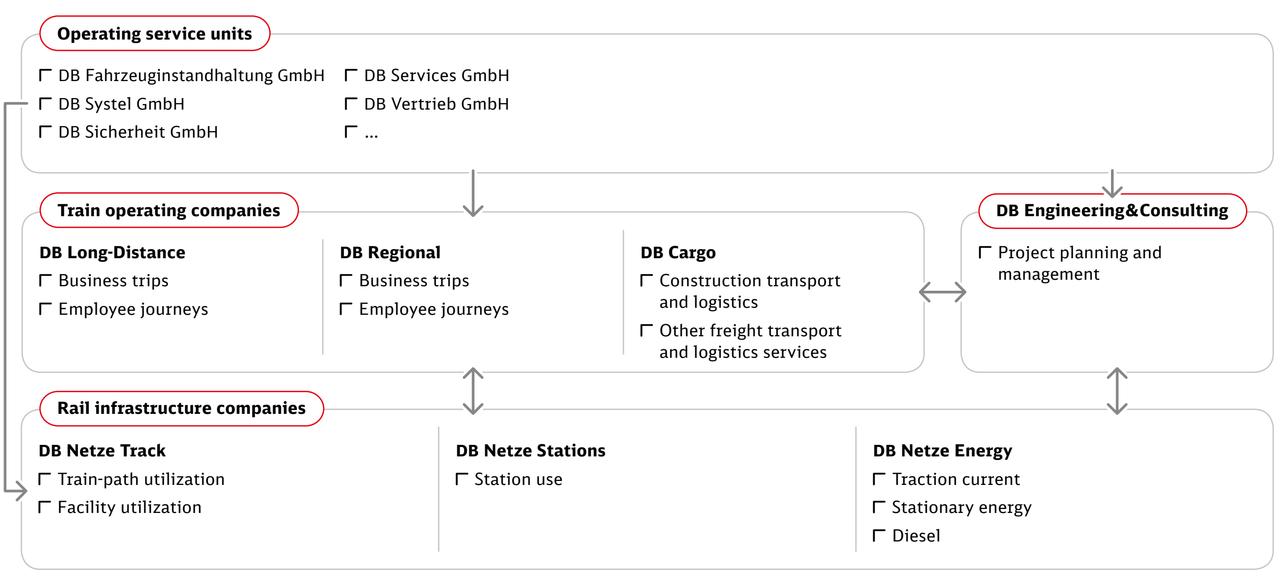
Operational business relationships

The most extensive operational business relationships result from the use of the track infrastructure and the procurement of energy. As for non-Group customers, fees for the use of infrastructure are based on the published pricing systems (train-path pricing system, facility pricing system and station pricing system). The procurement of energy includes the purchase of traction energy (diesel fuel and traction current) as well as electricity for stationary facilities (such as switch heaters and train preheating systems).

The main effects of the intra-Group settlement of business relationships between the various DB Group business units for services rendered in infrastructure utilization are illustrated in the table below:

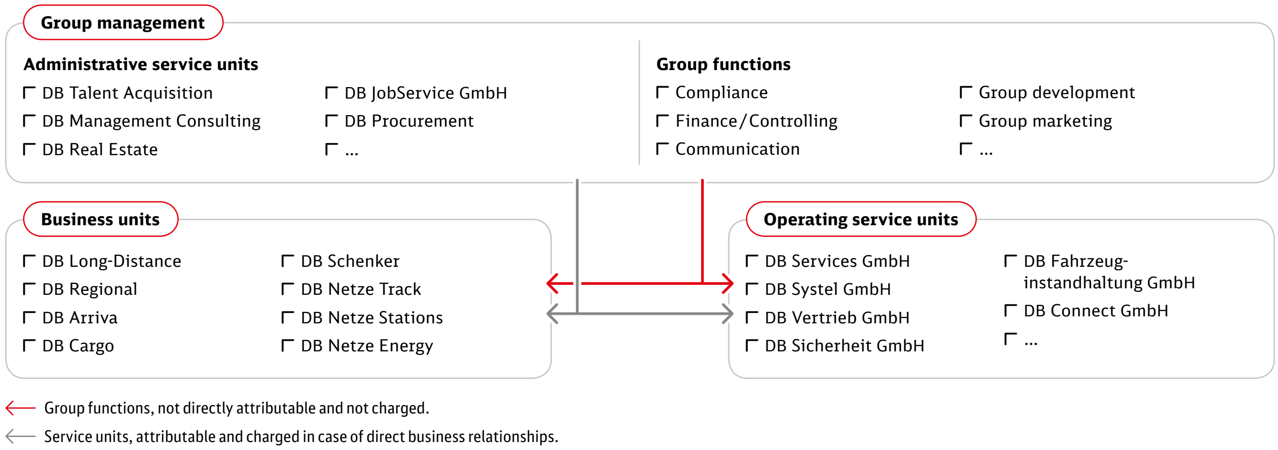
Intra-Group business relationships from infrastructure utilization in 2019 *(€ million)*	DB Long-Distance	DB Regional	DB Cargo	DB Netze Track	DB Netze Stations	DB Netze Energy	Subsidiaries/Other	DB Arriva	DB Schenker
Train-path utilization	-1,020	-2,310	-371	+3,699	–	–	+4	-2	–
Use of local infrastructure	-33	-52	-136	+224	–	-2	-1	–	–
Station use	-102	-595	–	+6	+690	–	+1	–	–
Energy charges	-348	-610	-268	-162	-86	+1,498	-25	+1	–

Significant operational business relationships (integrated rail system)



← Significant intra-Group relationships.

Business relationships with Group management



Business relationships with Group management

Group management incorporates various Group and service functions that, with a few regulatory exceptions, perform functions for the entire DB Group. The costs of Group functions are generally not passed on to the business units (no Group charges).

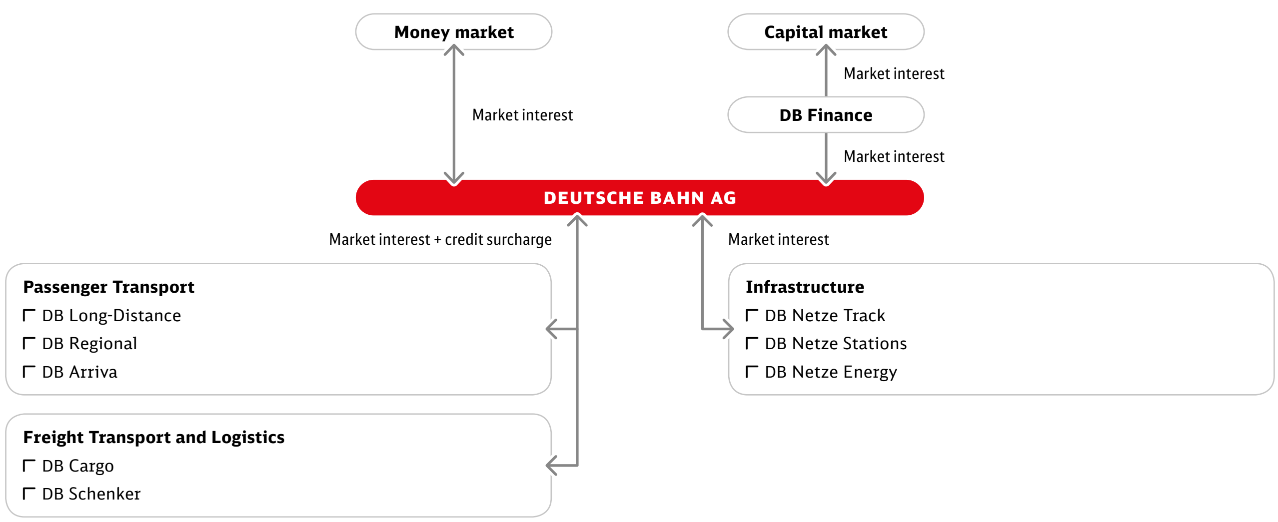
Expenses for administrative service units are only passed on if these result from direct service relationships with the business units or are directly attributable to a specific service. This applies in particular to expenses on the use of real estate, central procurement and technology services, and for centrally consolidated insurance expenses.

The Group job market performs an important central function. DB JobService GmbH employs staff whose jobs in German companies of DB Group have been lost, with the aim of finding another intra-Group job for them. It therefore plays a key role in the functioning of the DB-internal labor market.

Group financing

Group Treasury at DB AG is responsible for DB Group financing. This ensures that all Group companies are able to borrow and invest funds at optimal terms and conditions. Before obtaining funds from external sources, we first conduct intra-Group financing transactions. When borrowing external funds,

Group financing



DB AG takes out short-term loans in its own name, whereas long-term capital is generally obtained through the Group's financing company, DB Finance. The funds are passed on to the Group companies as short-term credit lines, which can be utilized as part of cash pooling on internal current accounts and/or through fixed short-term credit, or in the form of long-term loans. This concept enables us to pool risks and resources for the entire Group. Further advantages arise from the consolidation of our know-how, realized synergy effects and minimized refinancing costs.

The Group Treasury operates as an in-house bank, although it provides a service function rather than acting as a profit center. The Group companies have business relationships with the Group Treasury (foreign exchange transactions, cash pooling, cash investments and taking up of loans). The conditions are set according to the at arm's-length principle in line with market rates. This means that the agreed interest rates are in line with those quoted by the banks if they were not intended to yield a profit. Market rates also mean that credit margins are adjusted in line with creditworthiness: the credit margin for the infrastructure companies is largely in line with the credit margins of DB AG in the financial and capital market. The credit margins for non-infrastructure companies are higher and are based on an internal metric-based credit rating and the credit margins quoted on the capital market.

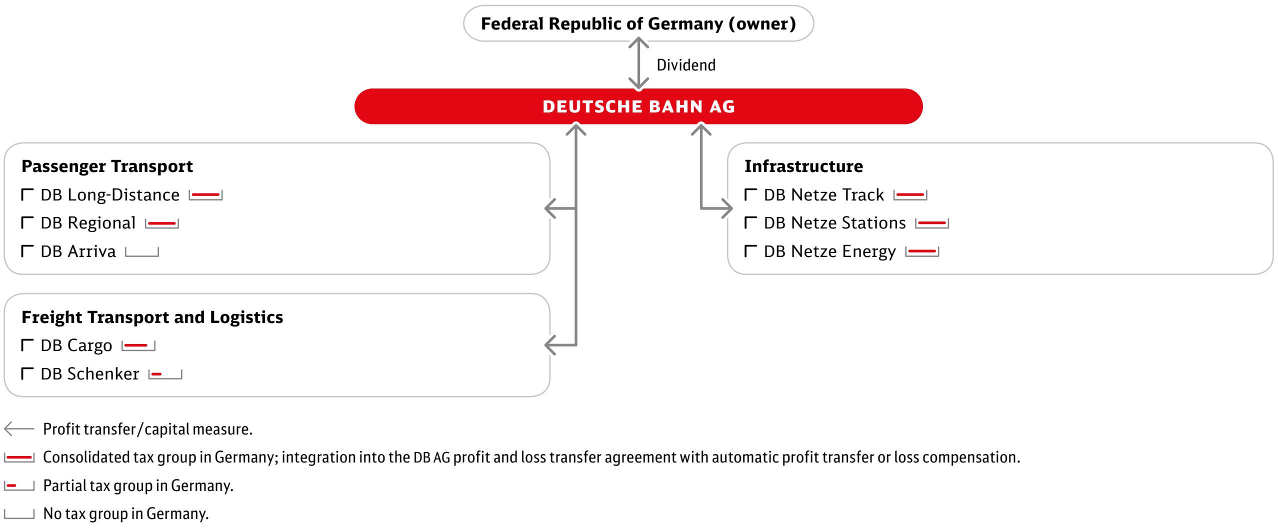
Consolidation of the Group finance function in DB AG gives us a uniform market presence in the financial and capital markets, and allows us to achieve economies of scale and cost benefits. In addition, central Group financing enables us to adequately monitor financial transactions and achieve comprehensive risk management.

Domination and profit and loss transfer agreements

Profit transfer and loss compensation between companies in Germany do not constitute service relationships. On the contrary, the profit and loss transfer agreement stipulates that the amount of profit distributed or the sum required to offset losses is not reset every year but is calculated automatically. The cash flow is based on the shareholder's right to profits or obligation to compensate any losses. Notwithstanding this, DB Group ensures that Group companies have sufficient equity despite the obligation to offset potential losses generated by other companies within the Group.

Investors are only willing to provide capital if amortization and returns are guaranteed. A purely debt-based financing model is not commercially viable, as it is associated with high risks. Profits are essential for maintaining DB Group's capital expenditure capacity. Profits generated are either retained or distributed to the Federal Government as the sole shareholder. The share of profit retained in DB Group increases the capital expenditure and borrowing capacity.

Domination and profit and loss transfer agreements



Cash flows between DB AG and DB Infrastructure companies (*€ million*)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**	**Total**
FROM PROFIT AND LOSS TRANSFER AGREEMENT																					
DB Netz AG	+790	+181	+548	+324	+183	+260	+212	-146	-338	-768	+44	-307	-197	-66	-217	-81	-280	-390	-509	-402	**-1,159**
DB Station & Service AG	+70	-0	+251	-37	-55	-69	-52	-90	-190	-150	-141	-155	-160	-169	-188	-203	-176	-186	-190	-146	**-2,036**
DB Energie GmbH	-34	-2	-29	-43	-47	-44	-111	-106	-18	-91	-38	+38	-62	+37	-39	-51	-35	-59	-12	+3	**-743**
FROM CAPITAL INCREASES BY DB AG																					
DB Netz AG	-	-	-	-	-	+600	-	-	-	-	+620	-	-	+5	-	-	-	+1.000	-	-	**+2,225**
DB Station & Service AG	-	-	-	-	-	-	-	+286	-	+28	+111	+14	-	-	-	-	-	-	-	-	**+439**

(+) Inflow of capital to subsidiary.

(-) Outflow of capital to DB AG.

GRI 102-16

Non-financial Group statement

The CSR Directive Implementation Act (CSR-Richtlinien-Umsetzungsgesetz; CSR-RUG) implementing EU Directive 2014/95/EU (CSR Directive on disclosure of non-financial and diversity information by certain large companies and groups) came into force in 2017. Disclosures on the business model, environmental, employee and social matters as well as on respect for human rights and on combating corruption and bribery are required, insofar as needed for understanding business development, business results, the position of the Group and the effects of business development on the mentioned aspects.

Although DB Group does not fall within the scope of the CSR-RUG, we have decided to provide a non-financial statement (Nichtfinanzielle Erklärung; NFS) voluntarily.

Under our integrated report approach, DB Group already reports fully on all material sustainability topics. In the **2019 MATERIALITY ANALYSIS** 51, the three areas of action – capacity expansion of the infrastructure and vehicle fleets, climate protection and economic performance – were identified as essential within the meaning of the CSR-RUG.

The contents of the NFS can be found in the relevant chapters of the Group management report and were prepared using the international standards of the Global Reporting

NFS elements	**DB topics**	**References**
Business model	DB Group **58 FF.**	–
Environmental matters	Greenhouse gas emissions **87 FF.** Renewable energies **88 F.**	–
Social matters	Capacity expansion for the infrastructure and vehicle fleets **77 FF.**, **136 FF.**	–
Other matters (economic)	Business development **99 FF.**	–
VOLUNTARY ADDITIONAL INFORMATION		
Environmental matters	Protection of biological diversity **263** Air quality control **262 F.** Water consumption **263**	Other environmental matters that were assessed as not significant in the 2019 stakeholder survey within the meaning of the GRI standards. Therefore, they do not fall within the scope of the CSR-RUG. These topics are, however, voluntarily reported to ensure our accountability to our stakeholders.
Employee matters	Gender equality **98**, **265** Working conditions **96 F.**, **265 F.** Respect for the rights of trade unions **96 F.** Safety at the workplace **259 F.**, **266 F.** Health protection **266 F.**	Was assessed as not significant in the 2019 stakeholder survey within the meaning of the GRI standards. Therefore, these topics do not fall within the scope of the CSR-RUG. Nevertheless, they are voluntarily reported to ensure our accountability to our stakeholders.
Respect for human rights	Prevention of human rights violations **257 F.**	Was assessed as not significant in the 2019 stakeholder survey within the meaning of the GRI standards. Therefore, these topics do not fall within the scope of the CSR-RUG. Nevertheless, they are voluntarily reported to ensure our accountability to our stakeholders.
Combating corruption and bribery	Instruments for combating corruption and bribery **256 F.**	Was assessed as not significant in the 2019 stakeholder survey within the meaning of the GRI standards. Therefore, these topics do not fall within the scope of the CSR-RUG. Nevertheless, they are voluntarily reported to ensure our accountability to our stakeholders.

Initiative (GRI) in the core option and taking into account the reporting requirements of the United Nations Global Compact (UNGC). In addition, we provide additional voluntary disclosures on further matters.

GRI 102-2 102-4 102-6 102-7

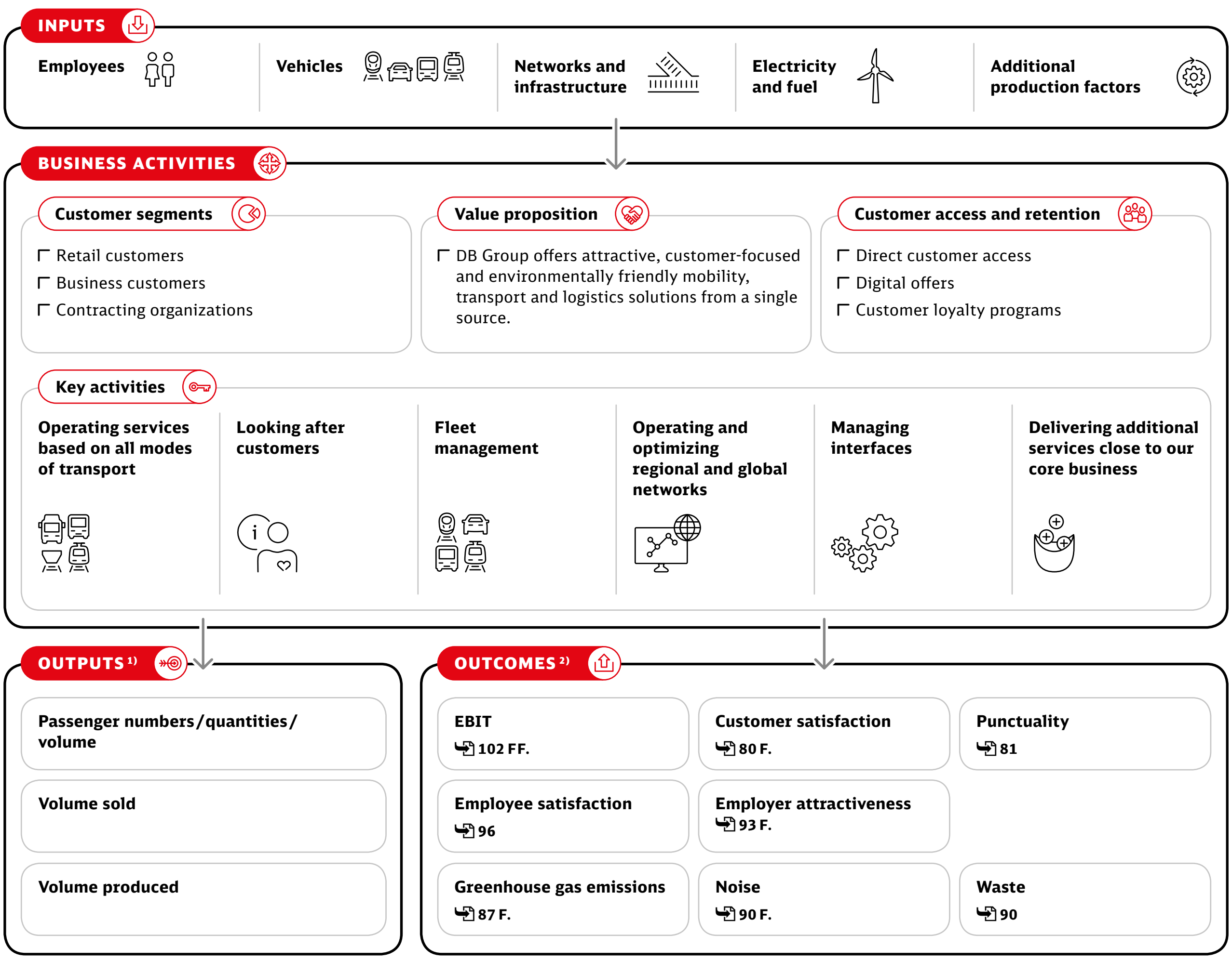
Business model with a clear customer focus

DB Group offers attractive, customer-focused and environmentally friendly mobility, transport and logistics solutions and networks from a single source. We use the possibilities of **DIGITAL TECHNOLOGIES** 82 FF., to improve our operational and administrative processes, to constantly further develop offers for the customer, to integrate new services, and to simplify the customer interface. Our customers are individuals, business customers and contracting organizations in local and regional transport.

The integrated rail system is at the heart of our business activities. In addition, we are gradually expanding our business portfolio in the area of mobility and logistics in order to meet our customers' needs more effectively and respond to new market demands.

- Our passenger transport business activities are broadly diversified. In addition to bus and rail transport, this also includes intelligent links with other modes of transport such as cars and bicycles, but also with new forms of mobility that complement the core business and enable door-to-door mobility. We offer long-distance rail passenger transport within Germany and into neighboring countries. DB Arriva has a Europe-wide presence in regional and local transport.
- Our business activities in the freight transport and logistics market were moved to an international platform very early on. DB Cargo and DB Schenker operate first and

DB Group business model



1) Key products and services.
2) Internal and external consequences and results from business activities and outputs along the entire value-added chain.

foremost in the business-to-business segment. We offer our customers industry-specific solutions in rail freight, in land transport, in global air and ocean freight as well as contract logistics. Covering all relevant modes of transport allows us to offer complex combined logistics services and to make use of synergies in our networks for the benefit of our customers.

As an operator of networks and provider of services in passenger transport, freight transport and logistics, as well as track infrastructure, our economic success is influenced by the GENERAL ECONOMIC ENVIRONMENT 100 and the specific DEVELOPMENT OF THE VARIOUS RELEVANT MARKETS 116 FF., 154 F., 161 F.:

- Demand for passenger transport is driven first and foremost by the growth of major cities, the size of the population, the number of people in employment, and real disposable incomes. The competitive situation relative to the car is markedly influenced by the trend in fuel prices.
- Our freight transport and logistics operations depend largely on economic developments. Due to our global networks we monitor the development not only of global gross domestic product (GDP) and world trade, but also of economic growth in the regions, countries, and trade relations in which we have a high market share or in which high growth rates in the exchange of goods can be expected. Customary early-warning indicators of the business climate and of the expectations of procurement managers are an integral part of our monitoring system.

  The market environment of DB Cargo is particularly influenced by the manufacturing industry's production output and the development of the iron, coal and steel, and chemical industries. Furthermore, the cross-border movement of goods within Europe is growing in importance.
- The services of the Infrastructure business units cover important elements of their customers' value-added chains. In this respect, the development of demand is a factor that is largely determined by upstream passenger and freight transport markets. The area of marketing in DB Netze Stations is also important. Consumer trends in the general public are an important factor here, much as they are in general retail in Germany.

The development of the economic and early-warning indicators, as presented above, influences how we manage our market activities and resources. OPPORTUNITIES AND RISK 168 FF. can therefore be recognized early on, and as a result short-term management activities and long-term positioning can be focused accordingly. At the same time we work systematically on optimizing our operating value drivers.

Operating regional and worldwide transport networks often necessitates a high level of capital employed, long capital expenditure cycles and distinctive fixed-cost structures. In this respect, achieving optimal capacity utilization of our networks and systematically developing, integrating and cost-effectively operating these networks with the efficient use of resources are important to DB Group's economic development. Ensuring and improving service quality for our customers is at the center of our activities. By expanding what we offer our customers, particularly digital services and customer loyalty programs, and integrating new forms of mobility and intelligently linking different modes of transport, we intend to gain additional customers in order to realize increasing volumes and economies of scale.

We generally use operating performance data to measure capacity utilization in our networks and our relative shares of the markets. In order to determine a relative return, we calculate ratios comparing this performance data with the revenues generated (specific revenues).

With our national and international subsidiaries, we operate as DB Group in all segments of the transport market. Our comprehensive service portfolio enables us to offer our customers services combined from a single source.

In most of our business units, incoming orders are not a relevant performance indicator, and the majority of the Group's revenues are generated independently of long-term contracts.

DB Regional and DB Arriva are an exception to this rule, together accounting for about one-third of Group revenues. In these business units, the order book in the form of long-term transport contracts entered into with the public transport authorities of Germany's Federal states and franchisers in other European countries constitutes a key performance metric for business development. There are also long-term contractual relationships with customers in DB Schenker's contract logistics line of business, which generates about 6% of Group revenues.

There are five key success factors in the development of DB Group, which are a central component of DB Group's business model:

- Corporate social responsibility: As a provider of mobility and logistics solutions, DB Group has a great deal of responsibility. As the backbone of green and networked mobility, rail plays a key role: it helps to achieve set climate targets, it promotes peoples' integration and quality of life, and it strengthens the business location as well as Europe's people and economy. We are consistently focusing our business operations on achieving STRONG RAIL 71 FF. and prioritizing our activities along the value-added chain.

- Entrepreneurial approach to business: In the course of the German rail reform in 1994, DB Group established itself as a commercial enterprise.
- Integrated Group: As a system integrator in Germany, we serve as an important driving force for technological innovation. The integrated Group structure enables us to achieve positive synergies and align our infrastructure to support efficiency, market orientation and profitability. The digitalization of rail can only be successfully developed and implemented in the integrated rail system. Thanks to the economically, environmentally and technologically intelligent links between different modes of transport, we offer our customers door-to-door mobility and logistics solutions from a single source.
- Europe as the field of action: As the geographical and economic heart of Europe, Germany has a special responsibility for the future of the continent. Given the importance of a strong rail system for Europe, Europe will continue as the field of action for DB Group in the future. In order to take into account the customers' need for cross-border solutions, we continue to position ourselves at European level with our passenger transport activities. Due to the European and worldwide orientation of our freight transport and logistics activities, we offer our customers the access they need to global networks.
- Digitalization: DB Group uses the technologies and methods of digitalization to offer customers an attractive range of products. This means, on the one hand, that we are incorporating new transport offers into our product portfolio, such as ON-DEMAND MOBILITY 85, and establishing new platforms for our customer interfaces. On the other hand, we support our internal processes with technologies such as artificial intelligence (AI), so that we can continue to offer customers a reasonable price level with efficient processes.

Political and legal topics

POLITICAL ENVIRONMENT

We regularly report on the development of competition on the rail in our brochure COMPETITION REPORT.

Regulatory and transport policy topics

CLIMATE ACTION PROGRAM 2030

On October 9, 2019, the German Federal Cabinet adopted the 2030 Climate Action Program. The measures enshrined in the program (the Climate package) seek to ensure that the national climate protection targets for 2030 (55% less greenhouse gas compared to the year 1990) are achieved. In addition to introducing CO_2 pricing an extensive package of measures, for example in the transport sector, is envisaged, some of which have already been implemented through legal amendments. Efforts to increase the attractiveness of local public transport and rail passenger transport, including through the PLANNED INCREASE IN THE MUNICIPAL TRANSPORT FINANCING ACT (GEMEINDEVERKEHRSFINANZIERUNGSGESETZ; GVFG) AND REGIONALIZATION FUNDS 177, are of particular significance for rail transport. The program also includes strengthening rail freight transport. Measures to this end include, among others, enabling long freight trains, the digitalization of rail freight transport, and continuing the promotion of train-path prices and promoting cost reduction for facilities. Further points of considerable relevance include the announced CAPITAL INCREASES 176, which are to bring further measures to the rail infrastructure for modernization and increased quality and capacity, as well as expansion of the rail network; the REDUCTION IN VALUE-ADDED TAX 176 for long-distance rail passenger transport which entered into force on January 1, 2020; and the envisaged PLANNING ACCELERATION 177.

NATIONAL PLATFORM FUTURE OF MOBILITY

GRI 102-13

The national platform Future of Mobility (NPM), which was established by the Federal Government, began its work in late September 2018. The objective of the cross-modal transport platform is to develop forward-thinking concepts and recommendations for action in order to keep competitive companies and jobs in Germany, as well as viable, affordable, demand-oriented, climate-friendly and sustainable mobility. The work of the platform is divided into six working groups. Working Group 1, climate protection in transport, developed an interim report in 2019 in which it identified ways to achieve the 2030 climate targets in the transport sector. Initial reports on the results of the work were also produced for the other working groups. On December 18, 2019, the 2019 progress report was published, which formulates ten core theories on the future of mobility and represents the work of the NPM to date. The working groups will continue their ongoing work and cooperation. DB Group is represented in the steering committee and in the working groups Climate protection in transport and Digitalization for the mobility sector.

RAIL FUTURE ALLIANCE

GRI 102-13

Since October 2018, the Rail Future Alliance, initiated by Federal Transport Minister Andreas Scheuer, has been working under the management of the parliamentary Secretary of State Enak Ferlemann to tackle the Federal Government's objectives and measures in the area of railway policy. The contents of the Future Alliance were developed and discussed within six working groups: introduce a synchronized schedule for all of Germany (Deutschlandtakt), expand capacity, strengthen the competitiveness of rail, reduce noise emissions, and digitalization, automation and innovations; skilled employees need in rail. DB Group participates in all the working groups and in the steering committee. An interim report was submitted to the Rail Summit (Schienengipfel) on May 7, 2019, and on October 15, 2019 measures for an immediate action program were adopted by the steering committee. A final report (master plan for Rail 2020) is expected to be available in the summer.

MASTER PLAN FOR RAIL FREIGHT TRANSPORT

The implementation of the master plan for rail freight transport will continue as per the procedure thus far in order to supplement the work of the Rail Future Alliance. The rail freight transport round table held another meeting with key representatives from the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI) and from the sector on April 8, 2019 and on October 7, 2019. The immediate measure, train-path price support, was implemented from July 1, 2018 for a period of five years. In 2019, € 350 million was available for funding. Immediate measures to be taken also include the Federal program Future of Rail Freight Transport, which seeks to strengthen innovation in the sector. In the Federal budget, € 30 million of spending is planned for 2020. The EU Commission has yet to notify the funding regulation, with its publication currently expected in Spring 2020. As a further measure to strengthen rail freight transport, the 2020 Federal budget is providing for facility price support of € 40 million. A funding regulation is currently being prepared for this purpose.

AMENDMENT TO THE RAILWAY REGULATORY FRAMEWORK

In order to implement the regulatory section of the fourth EU railway package, the Federal Government initiated an amendment to the railway regulatory framework on March 27, 2019. As the Railway Regulation Act (Eisenbahnregulierungsgesetz; ERegG) was negotiated in parallel with the fourth railway package, the corresponding European requirements and assessments were largely taken into account when the ERegG entered into force in its original form. There was therefore relatively little need for adjustment in Germany as a result of the EU requirements. In particular, the unbundling requirements were made more stringent (regulations on the independence of the rail infrastructure operator and financial transparency/accounting within vertically integrated railway companies), and therefore related to the expanded competencies of the BNetzA. In addition to these changes relating to the ERegG, the requirements of the General Railway Act (Allgemeines Eisenbahngesetz; AEG) were adapted to a limited extent, including with regard to preparing contingency plans. The new regulations entered into force on July 16, 2019 and were implemented at DB Group. In the course of the legislative procedure, the Federal Government agreed with the Federal states that it would examine further matters as part of the comprehensive evaluation of the railway regulatory regime provided for in the coalition agreement, and that it would coordinate with the Federal states. In order to carry out this evaluation, the BMVI first requested an experience report on the application of the ERegG at the BNetzA. BMVI forwarded this report to the associations and Federal states on November 5, 2019 and the opportunity for providing a statement was granted. DB Group participated in the process. Based on the results of the report and the statements, the need for an amendment to the ERegG will be determined and a draft bill will be prepared on this basis.

RAILWAY LAW CONSOLIDATION OF LAWS ACT

On June 17, 2019, the BMVI submitted a draft bill for a Railway Law Consolidation of Laws Act (Eisenbahnrechtsbereinigungsgesetz) and initiated a hearing of associations. The draft bill is central in the adaptation of references, specifying details of regulations, and editorial adjustments. The draft covers, among other aspects, regulations of the AEG, the ERegG and the Federal Railway Administration Act (Bundeseisenbahnverwaltungsgesetz). In addition to this, the draft bill contains material change proposals with regard to the exemption of real estate for the purposes of railway operations, and relating to protective measures and cutting back vegetation on railway operating facilities based on regulations of the Federal Highway Act (Bundesfernstraßengesetz). DB Group participated in the hearing of associations with a statement.

TELECOMMUNICATIONS SIGNAL SUPPLY THROUGHOUT RAIL ROUTES

The period for supplying the main rail route with a cell phone signal from the spectrum auction 2015 expired at the end of 2019. According to information from the telecommunications network operators, the main transport routes had not yet been fully supplied by late 2019. The BNetzA checks the overall completion and any consequences that arise as a result. Taking into account the customer desire for seamless connectivity and uninterrupted telephony during rail journeys, the implementation of supply requirements under the 2019 5G auction come to the fore. By late 2024, all rail routes should be provided with a cell phone signal. DB Group has initiated the project master plan connectivity rail in order to make this a reality.

EUROPE-WIDE REDEFINITION OF THE RAILWAY TELECOMMUNICATIONS SYSTEM

A central theme for railway telecommunications is the provision of a signal by cell phone network operators, which is crucial to connectivity, as is equipping the railway with sufficient frequency. This is because by late 2033, the current frequency assignments for railway telecommunications will expire across Europe. The European Commission is currently running working groups on a mandate from the European Conference of Postal and Telecommunications Administrations (CEPT) regarding the technical and regulatory parameters for the reassignment of railway telecommunications frequencies in Europe. Equipping the railway with sufficient frequency is essential for the planned digitalization of railway operations, enabling applications such as automatic train operation (ATO) to be implemented in the future. By the end of 2019, the railway companies had the opportunity to produce their own studies on the planned future frequency use by the member states represented in the CEPT, in order to justify their specific frequency needs and their applications.

MOBILITY PACKAGE I ON SOCIAL LEGISLATION IN EUROPEAN ROAD FREIGHT TRANSPORT

Mobility Package I, which was presented on May 31, 2017 contains, alongside further legislative proposals, an initiative for a comprehensive revision of the competitive and social policy standards of European road freight transport. To this end, the European Council and Parliament negotiated a compromise on December 11, 2019. As a result, truck drivers should in the future be given the right to return to their hometown at least every three to four weeks. Regular weekly rest periods (45 hours) must be spent outside the driver's cab. In the case of cabotage, three transports within seven days should remain possible. In addition, a cooling-off period of four days must be upheld. This rule also applies to the inflow and onward carriage of combined transport.

Bilateral transport is excluded in relation to dispatching drivers and the associated guarantee of working conditions at the respective place of work for the period of employment (place of work principle). To improve monitoring, new trucks must be equipped with a second-generation digital tachograph by 2023, and light commercial vehicles (over 2.5 t) should also be equipped with one in the future. The new regulations on competition and on driving and rest periods should also apply to light commercial vehicles used in international transport.

The formal legislative procedure has not yet been concluded with the compromise. The plenary session of the European Parliament could give its approval in May 2020.

PROPOSALS FOR A MULTI-YEAR EU FINANCIAL FRAMEWORK

On May 2, 2018, the Commission proposed a budget amounting to € 1,279 billion for the new EU budget (MFF) for the years 2021 to 2027. The funds of the Connecting Europe Facility (CEF) are to be increased to about € 42 billion for investments in trans-European transport, digital and energy networks, of which about € 31 billion are earmarked for investments in transport networks. In the current financial framework, the budget for transport networks is about € 24 billion. Top-ups come from a separate budget of € 6.5 billion for transport networks with a dual civil and military use. In November 2018, the European Parliament argued in favor of additional funding of € 7 billion for the transport network. Negotiations on the financial framework are underway at the Council of the European Union. It is expected that the Council will call for a reduction in the funding. A final decision may only come in the second half-year of 2020.

NATIONAL RAIL NOISE PROTECTION ACT (SCHIENENLÄRMSCHUTZGESETZ)

In 2017, German legislature adopted the law banning the operation of loud freight cars (Rail Noise Protection Act). As of December 13, 2020, the law prohibits the use of all loud freight cars on the German rail network in the course of a schedule change in 2020/2021. For the implementation of the law, DB Netz AG has updated the rail network terms and conditions of use. DB Cargo always procures new freight cars with WHISPER BRAKES 91 and upgrades the existing fleet accordingly. In addition, a large number of other freight cars from domestic and foreign train operating companies (TOCs) and rail car owners travel on the German network, and these are also bound by the statutory requirement.

EU RESTRICTS USE OF LOUD FREIGHT CARS

In the year under review, the technical specification for interoperability relating to the subsystem "rolling stock — noise" (TSI Noise) was adopted by the EU Commission. From the end of 2024 on, the TSI Noise will provide for a prohibition on operating loud freight cars on heavily frequented lines (known as quieter routes) throughout the EU. Quieter routes are all routes on which, on average, more than 12 freight cars operate overnight on a line section of more than 20 km. On the quieter routes, loud freight cars, that is freight cars that do not comply with the requirements of the TSI Noise for new vehicles, will be prohibited from operation throughout the day.

Given the ongoing conversion of its freight cars to equip them with quiet composite brake shoes, DB Cargo is ready for this change.

LEGAL TOPICS

Procedure regarding additional financing contributions for Stuttgart 21

At the end of 2016, in order to avoid risks under the statute of limitations, we initiated proceedings in the Stuttgart Administrative Court against our project partners seeking additional financing contributions on the basis of what is known as the negotiation clause. The project partners gave a comprehensive response to the lawsuit in Spring 2018. DB Group has now responded to the statement of defense. In the course of the response, the lawsuit was extended. This was based on the increase in the total value to € 7.7 billion at the time. Following the repeated increase in the total value to € 8.2 billion, the lawsuit will be extended once again. A verbal negotiation regarding the lawsuit is not anticipated until the first half of 2020 at the earliest.

Civil proceedings on infrastructure utilization fees

While the German Federal Supreme Court (Bundesgerichtshof; BGH) argued in a ruling in 2011 that regulated infrastructure utilization charges could be reviewed again by the civil courts for fairness using the benchmark of section 315 of the German Civil Code (Bürgerliches Gesetzbuch; BGB), the European Court of Justice (ECJ) decided in 2017 that the civil court review was contrary to European law and could lead to discrimination. With the ruling of October 29, 2019 (reasons for the ruling being available since January 29, 2020), the BGH again interpreted the ECJ's ruling as restrictive in the extent that it affirms the civil court's ability to review the regulated rail infrastructure charges against the benchmark of the prohibition of abuses under antitrust law (Article 102 of the Treaty on the Functioning of the European Union [TFEU]). Consequently, the legal disputes that are pending between DB Netz AG, DB Station&Service AG and TOCs or public transport authorities continue. The courts will now have to clarify in each individual case whether there is an infringement of the regulated rail infrastructure charges under article 102 TFEU. Given the obvious contradiction of the BGH's decision with the legal opinion of the ECJ, the ECJ may reconsider the matter. At the same time, several parties with access rights have submitted requests to the BNetzA for a retroactive review of rail infrastructure charges, which the BNetzA rejected with the resolutions of October 11, 2019 as inadmissible, since the applicants had sufficient regulatory legal protection options in the past, but did not fully exercise them. The resolutions are not yet final.

Antitrust topics

LAWSUIT BY THE FEDERAL STATE OF SAXONY-ANHALT

The Federal state of Saxony-Anhalt filed a lawsuit against DB Netz AG, DB Regio AG and DB AG claiming compensation for damages under antitrust law due to allegedly illegal train-path pricing by DB Netz AG through the levying of regional factors between 2005 and 2011. For its part, DB Regio AG is suing the Federal state of Saxony-Anhalt for the years 2008 to 2014. The District Court of Frankfurt am Main has dismissed the lawsuit of the state of Saxony-Anhalt. The state has appealed against the decision. A decision on the procedure sought by DB Regional is pending.

ADDITIONAL INFORMATION IS AVAILABLE IN THE 2018 INTEGRATED REPORT 61 F.

CLAIMS FOR DAMAGES AGAINST AIRLINES

DB Group is pursuing compensation for damages against the airlines that were part of the so-called air freight cartel, which, according to the findings of various competition authorities around the world, agreed on kerosene and security surcharges, among other things, from 1999 to at least 2006 at the expense of freight forwarders such as DB Schenker. Claims for damages were entered against several airlines in Germany and the USA in 2014. In the meantime, we were able to conclude the US procedure through out-of-court settlements. In addition, out-of-court settlements relating to the proceedings in Germany have thus far been concluded with five airlines. Settlement negotiations are being conducted with additional airlines to settle these proceedings.

LAWSUIT AGAINST PROHIBITED AGREEMENTS ON GROSS LIST PRICES

In December 2017, DB Group filed a lawsuit with the Munich Regional Court against the corporate groups DAF, Daimler, Iveco, MAN and Volvo/Renault. The EU Commission found in 2016 and 2017 that these companies had concluded prohibited agreements on gross list prices between 1997 and 2011. There were also agreements to delay the introduction of new emissions reduction technologies and to pass their costs onto customers. In addition to its own claims, DB Group is also asserting the claims of the German Armed Forces and of over 40 companies from all areas of the German economy. In the meantime, on behalf of DB Group, external competition economists have quantified the damage under the claim as totaling more than € 500 million, including interest.

Strong Rail

Our inner ambition

Germany needs a strong rail system – that is our inner ambition, and that is what we, at Deutsche Bahn, stand for. A strong rail system helps our country to overcome existential challenges:

- **FOR THE CLIMATE.** No other motorized transport today is as climate-friendly as rail. In addition, no means of transport is as electric as rail, which holds the largest market share of e-mobility in Germany. No other mass transport can achieve a 100% share of renewable energies as quickly. A strong rail system is therefore an essential prerequisite for fulfilling the Federal Government's and the EU's climate targets, because a reduction in emissions in the transport sector cannot be achieved without a massive shift in the mode of transport towards climate-friendly rail transport. In concrete terms, a strong rail system means a reduction of the CO_2 total emissions by up to 10.5 million tons per year, which is equivalent to the annual CO_2 footprint of one million people.
- **FOR PEOPLE.** More and more people are living in urban centers. By 2050, almost 85% of the population in Germany will probably live in metropolitan areas. The increasing traffic is already presenting cities and metropolitan areas with logistical, social and environmental challenges. The situation is different in many rural areas. Here, one of the central challenges is preserving individual mobility. In the future, a strong rail system can continue to enable vibrant, urban coexistence and the connection of rural regions, because it will enable real freedom of movement and allow travel time to be used in a variety of ways, without wasting valuable hours in our days. A strong rail system means doubling the number of passengers using long-distance rail passenger transport, as well as significantly more passengers using local transport each year. This results in a saving of about five million passenger car journeys every day and about 14,000 plane journeys in Germany.
- **FOR THE ECONOMY.** Demand for the transport of goods is expected to increase by more than 20% over the next ten years. At the same time, more and more people are commuting to work or working flexibly at different locations and at different times. With a strong rail system, this rising volume of traffic can be overcome and ecologically friendly, economic growth is possible. A strong rail system is therefore a crucial competitive factor for Germany's future economic success. It helps Germany to secure its position as the world champion of exports. With it, we compete for the most modern transport logistics and develop decisive technological stimuli for the future. More precisely, a strong rail system represents growth in the market share of rail freight transport from 18% to 25%. This corresponds to about 13 million fewer truck journeys per year on German roads.
- **FOR EUROPE.** Germany has a special responsibility for the future of Europe. It is the most populous country and the geographic and economic heart of the continent. This role means Germany must be the pioneer and set the precedent for advancing European objectives. Climate protection, jobs, economic growth: much depends on the fact that Germany and Europe's transport routes remain future-proof. A strong rail system is the necessary link between East and West, and North and South. In this context, it is not only an important instrument for cultural cooperation between the individual countries, but also a crucial factor in jointly achieving the set objectives. A strong rail system for Europe means working together to realize a European network.

Our Strong Rail strategy

With the DB2020+ strategy, we have already set ourselves the goal of harmonizing the economic, social and environmental factors with our business goals. Since then, sustainability, in all its dimensions, has been anchored in our value framework and is an integral part of our DNA. In response to rapidly changing environmental, social and political conditions, but also to internal challenges, we have further developed our strategic focus and a new method of design – our inner ambition – which is the heart of our new Strong Rail strategy.

With the Strong Rail strategy, we expressly acknowledge our social responsibility and define our concrete contribution to achieving the Federal Government's central transport and climate policy objectives. As the geographical and economic heart of Europe, Germany has a special responsibility for the future of the continent. Given the importance of a strong rail system for Europe, Europe will continue as the field of our activities in the future. In the future, however, we will be focusing more on the core business of railway in Germany and are therefore taking into account the internal challenges and rising expectations of our stakeholders regarding the responsibility of DB Group. We will therefore measure everything we do on the value of its contribution to a strong rail system. This also includes our subsidiaries. Subsidiaries with strategic significance for a strong rail system such as DB Schenker, will continue to be held as financial investments. Joint operational initiatives will focus on achieving synergies within the integrated network. Subsidiaries without strategic relevance for the Strong Rail strategy will be put to the test.

We have already set the course for a shift in the mode of transport with our Agenda for a Better Railway, which was decided in the previous year, and started to create additional capacities in the short term, to increase product quality and to improve customer satisfaction. The Agenda for a Better Railway was the basis and starting point for the development of the Strong Rail strategy. With the new strategy, we continue the positive developments of the Agenda for a Better Railway, broaden the scope of the content and the timescale, and thus create a larger strategic framework of Group-wide relevance. Our new Strong Rail strategy is a framework with which we also create the internal prerequisites for shifting traffic to the rails and ensure sustainable alignment with the GREEN TRANSFORMATION 86 of DB Group.

In order to create the necessary conditions in both the system and the organization for the shift in the mode of transport, we have identified three areas of expansion within the Strong Rail framework:

- **MORE ROBUST** – we are committed to the comprehensive expansion of performance-critical capacities. With a long-term focus on growth and technological innovations, we are creating the necessary capacities in infrastructure, vehicles and personnel. Among other things, together with the Federal Government, we are investing in the development and construction of lines and hubs, additional terminals for freight transport and the purchase of new vehicles. The digitalization of rail operations, better capacity management and the enhancement of measures in recruiting and qualification also create more capacity. More trains, more train-paths and more employees will enable us to transport significantly more people and goods while offering higher quality of service.
- **MORE POWERFUL** – in order to be able to achieve a high and sustainable performance level in the long term, we will also carry out structural changes. We will simplify the organization and consistently align it with the common goal of a strong rail system. In order to be closer to the customer and respond more quickly to employees, we rely on a strong regulatory and functional organization, the introduction of customer-oriented collaborative processes to improve cross-business cooperation and a binding process philosophy with common standards and methods. With simple processes and clear responsibilities, we achieve more discipline and speed in our implementation of strategies.
- **MORE MODERN** – we will increase the attractiveness of rail for our customers. With more frequent and faster connections, the rail supply will be significantly improved. By expanding in the area of new mobility, we provide our customers with an integrated offer that almost extends the rail line right up to their doorstep and complements

The building blocks of the Strong Rail strategy

local public transport in a meaningful way. By using digital technologies, we will also facilitate the effortless switch between different means of transport. The integration of new and innovative forms of mobility and the use of smart services and digital platforms create clear added value for our customers. In this way, we take into account the rising expectations and create an attractive offer for sustainable mobility and logistics.

We have identified five central topics for each field of expansion, the building blocks. The essential criterion for selecting these building blocks is their business-unit-wide significance for the Strong Rail strategy.

A shift in the mode of transport to rail can only unleash its full potential for environmental and climate protection if we also strengthen and expand our contribution to this. We take our ecological responsibility seriously and are also implementing our GREEN TRANSFORMATION 86. To this end, we have defined a further building block, through which we are reducing our ecological footprint and thus strengthening the effectiveness of the shift in the mode of transport. As part of this building block, environment and 100 % green electricity, we are ensuring that our traction current will be fed from 100 % renewable energy sources by 2038 and that the energy infrastructure is available for this.

The building blocks form the strategic framework of our business operations and are supplemented by business-unit-specific building blocks.

MOBILIZATION OF EMPLOYEES

We are convinced that we will only achieve our goals with motivated employees and managers. Therefore, the active involvement of our employees in the implementation of the strategy is particularly crucial for achieving a strong rail system. The 15 EMPLOYEE BUILDING BLOCKS 22 FF. are thus of particular significance. The goal is to develop 15 additional building blocks that reflect employees' concerns and will enable DB Group to successfully implement all building blocks in the future. The additional building blocks are intended to create a general framework that will enable employees to act in a sustainable way, in the sense of the strategy.

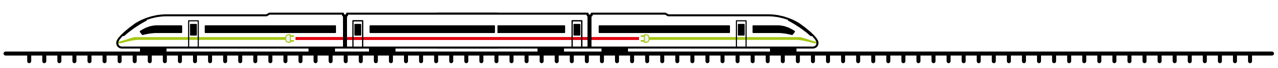
In interdisciplinary teams, employees develop their own solutions for the biggest challenges they face. The Management Board has undertaken to ensure that the 15 employee building blocks are implemented.

In addition, the core concern, strategic goals and the key messages must be enshrined in the attitude of all employees to enable successful mobilization. To this end, we are relying on strong and powerful internal and external communication regarding change.

STRATEGY IMPLEMENTATION

The building blocks of the Strong Rail strategy serve as a regulatory framework for the implementation and monitoring of the strategy. Concrete measures are the basis for each building block. A so-called construction manager was named for the operational control of each building block, and they

Schedule for the next ten years



MORE ROBUST
- Fleet expansion, particularly in long-distance transport
- Equipping vehicles with the European Train Control System (ETCS)
- Expansion of depots in Hamburg, Krefeld and Berlin
- 100,000 new employees
- 2nd main line in Munich
- Digitalization of processes
- Commissioning of various hubs/corridors
- Automation and digitalization of maintenance sites
- Redesign of ICE 1 and ICE 3 trains
- Freight cars with intelligent sensor technology
- Capacity-oriented schedule adjustments
- Attractive working conditions
- Opening of Stuttgart 21

MORE POWERFUL
- Optimization of all six overarching processes
- Establishment of flat hierarchies
- Implementation of further Expansions camps (AusbauCamps)
- Establishment of a steering committee for strategy implementation
- Anchoring daily performance dialogs
- Aligning the target systems of transport operators and service providers to end customers
- Implementation of the employee building blocks

MORE MODERN
- Introduction of 30-minute-cycle connections
- Implementation of integrated mobility concepts
- Market presence as an integrated freight forwarder
- Offering on-demand mobility solutions
- Digitalization of passenger rights
- Provision of space at stations for new mobility concepts
- Use of multi-system locomotives for international transport
- Introduction of digital voice assistance system
- Integration of new forms of mobility into public transport tariff systems
- Development of Mobimeo as an industry solution for everyday mobility

GREEN TRANSFORMATION

Reduction of greenhouse gas emissions by increasing the share of renewable energies in the DB traction current mix to 80 % (by 2030) | Increasing the energy efficiency of all DB means of transport | Development of a strategy for the use of alternative fuels are accountable to the Management Board for designing the specific measures and their operational implementation. The building blocks were anchored within the framework of the mid-term planning. We monitor the target contribution on the basis of key performance indicators (KPIs). Success is constantly measured, and is managed and monitored within the Strong Rail Board, a specially created body, supervised by the Management Board and the Chairs of the large business units of the integrated rail system.

STRONG RAIL TARGET SYSTEM

Based on the transport policy objectives of the Federal Government, we are pursuing three sector goals, which we, at DB Group, are contributing to:

- Doubling of passenger numbers in rail passenger transport,
- increasing the market share of rail freight transport from 18% to 25%, and
- generate 100% of traction current from renewable energies by 2038.

We measure the achievement of targets through ten DB-specific targets. Our primary objective is to make our contribution to the shift in the mode of transport. To this end, we are focusing equally on growth in rail passenger and rail freight transport.

The shift in the mode of transport is a joint responsibility of the industry, which is why achieving the targets is not exclusively dependent on DB Group. In addition to supporting policy with accelerated approval processes, financing and fair competitive conditions, there is also a need, for example, for sufficient capacity in the industry to modernize and expand infrastructure facilities. We're focusing on the collective work of all parties involved in the shift in the mode of transport. The exact time of the target achievement therefore depends on various factors that DB Group alone cannot influence.

The top targets of the Strong Rail strategy

What do we want to achieve?

Doubling passengers numbers in long-distance transport

How do we measure this?

260 million passengers at DB Long-Distance

What are we doing to achieve this?

- More reliable, faster and more frequent connections.
- Increasing frequency – introduction of Germany in sync (Deutschland-Takt).
- Shorter travel time between many major cities thanks to additional ICE Sprinter connections.
- More seats thanks to the conversion of existing trains and the procurement of new trains.
- Better door-to-door connections in close collaboration with our partners, by integrating new forms of mobility.
- Intuitive, easy travel support throughout the entire travel chain with DB Navigator and bahn.de.

What do we want to achieve?

Increase in passengers numbers in local transport

How do we measure this?

+1 billion passengers in local transport (based on 2015), thereof 0.7 billion at DB Regional (rail) and 0.3 billion in New Mobility

What are we doing to achieve this?

- More reliable, faster and more frequent connections.
- More seats thanks to the conversion of existing trains and the procurement of new trains.
- Better door-to-door connections in close collaboration with our partners, by integrating new forms of mobility.
- Intuitive, easy travel support every day, thanks to intermodal Mobimeo technology.

What do we want to achieve?

Increase in volume sold in rail freight transport

How do we measure this?

+70% volume sold at DB Cargo (Germany) (based on 2015)

What are we doing to achieve this?

- Stabilization of the production system by establishing robust control, production and management processes.
- Expansion of production capacities through capital expenditures in multi-system locomotives, freight cars and automation.
- Increasing traffic on European top corridors.
- Improvement of system access for customers with and without sidings.
- Strengthening the competitiveness of single wagon transport.
- Digitalization of our customer interface.

What do we want to achieve?

Increasing the capacity of the rail network

How do we measure this?

+>30% train kilometers on track infrastructure (based on 2015)

What are we doing to achieve this?

- Expansion of network capacity. This also includes measures of the 2030 network plan and Germany in sync.
- Advancing the digitalization of the network, for example through the comprehensive rollout of ETCS, digital interlockings and digital rail operations.
- Make better use of existing capacities, with fewer faults, capacity-saving driving and construction, traffic optimization and better utilization of under-used infrastructure.

CUSTOMER

What do we want to achieve?

Increase of customer satisfaction

How do we measure this?

- > 80 SI at DB Long-Distance
- > 75 SI at DB Regional
- > 70 SI at DB Cargo

What are we doing to achieve this?

- Consistent realignment of all core processes to focus on the end customer.
- Increasing the basic quality of stations by increasing the cleaning frequency at highly frequented stations, as well as more personnel and technology for greater cleanliness and safety.
- Increasing the quality of stay at stations, among other things, by expanding the range of services and incorporating new forms of mobility.
- Implementation of an intelligent system for passenger information and equipping all stations with new passenger information indicators.

What do we want to achieve?

Improvement of operational punctuality

How do we measure this?

- > 85 % at DB Long-Distance
- > 95 % at DB Regional
- > 77 % at DB Cargo

What are we doing to achieve this?

- Short-term alleviation of bottlenecks, including upgrading heavily used infrastructure with targeted maintenance measures.
- Increasing vehicle availability and quality, including expanding maintenance capacity.
- Introduction of supporting systems, including implementation of intelligent forecasting systems (Big Data) for an early response to disruptions.

EMPLOYEES

What do we want to achieve?

Improving employee satisfaction

How do we measure this?

> 3.8 SI

What are we doing to achieve this?

- Continuation of the employee survey and follow-up workshops to derive concrete opportunities for change and measures for improvement.
- Implementation and rollout of the compass for strong cooperation as a central orientation instrument and a benchmark for better collaboration and performance.
- To establish attractive working and employment conditions, including through participation and voting opportunities.
- Proactively shaping the work of the future, through Future Labs, among other things.
- Commitment to diversity as an integral part of the corporate culture.

CLIMATE

What do we want to achieve?

Increase of share of renewable energies in the DB traction current mix

How do we measure this?

100 % green electricity by 2038

What are we doing to achieve this?

- We are consistently replacing discontinued power plant contracts with renewable energy sources, for example from framework contracts concluded in the year under review.
- DB Netze Energy has signed agreements with Innogy SE and RWE Supply & Trading on the supply of green electricity from the Nordsee-Ost offshore wind farm. The electricity contract has a duration of five years and starts in 2024.
- With a Europe-wide tender, DB Netze Energy is looking for contractual partners for the conclusion of framework contracts for the supply of electricity from renewable energies.

ECONOMIC

What do we want to achieve?

Generation of an adequate return above the cost of capital

How do we measure this?

ROCE ≥ 6.5 %

What are we doing to achieve this?

- We are making all necessary capital expenditures and expenses to realize the Strong Rail strategy.
- Making additional expenditures for additional expenses and capital expenditures in quality and reliability over the next few years, as well as systematic expansion of capacity to achieve growth targets.
- Simplification and streamlining of structures and processes.
- Improvement in the operating income situation, in particular implementation of the turnaround at DB Cargo.

What do we want to achieve?

Ensuring financial stability

How do we measure this?

Debt coverage ≥ 20 %

What are we doing to achieve this?

- Improvement in the operating profit situation.
- Adjustments to the Group portfolio (sale of DB Arriva).
- Option for further issue of hybrid bonds.
- Some of the capital expenditures are financed by additional investment grants and equity increases from the Federal Government from the climate package.

Customer and quality

Overview of key figures (rail in Germany)

SHIFT IN THE MODE OF TRANSPORT

Passengers long-distance transport *(million)* – Target: 260

2024	> 180
2019	**150.7**
2018	147.9
2017	142.2
2016	139.0
2015	131.9

Passengers regional transport *(million)* – Target: 2,500

2019	**1,972**
2018	1,940
2017	1,933
2016	1,883
2015	1,883

Volume sold rail freight transport *(million tkm)* – Target: 120,000[1]

2024	~78,000
2019	**60,702**
2018	64,169
2017	67,566
2016	68,630
2015	71,039

1) +70 % compared to 2015.

Train kilometers on track infrastructure *(million train-path km)* – Target: 1,400[1]

2024	> 1,150
2019	**1,090**
2018	1,085
2017	1,073
2016	1,067
2015	1,054

1) + > 30 % compared to 2015.

CUSTOMER

Customer satisfaction DB Long-Distance *(SI)* – Target: > 80

2024	> 81
2019	**76.5**
2018	77.1
2017	77.2
2016	76.7
2015	75.1

Customer satisfaction DB Regional *(SI)* – Target: > 75

2024	> 71
2019	**66.1**
2018	66.3
2017	68.1
2016	68.6
2015	71.3

Customer satisfaction DB Cargo[1] *(SI)* – Target: > 70

2024	> 66
2019	**61**
2018	60
2017	67
2016	–
2015	64

1) Survey annually from 2017 onwards.

PUNCTUALITY

Punctuality DB Long-Distance *(%)* – Target: > 85

2024	> 81
2019	**75.9**
2018	74.9
2017	78.5
2016	78.9
2015	74.4

Punctuality DB Regional *(%)* – Target: > 95

2024	> 95
2019	**94.3**
2018	94.0
2017	94.4
2016	94.8
2015	94.2

Punctuality DB Cargo *(%)* – Target: > 77

2024	77
2019	**73.8**
2018	72.9
2017	73.4
2016	76.2
2015	72.9

○ 5-year target — Long-term target

GRI 103

Targets and management approach

THE CUSTOMER IS AT THE CENTER OF OUR ACTIONS

We are working on issues that are material to us and our stakeholders. You can find an overview of our MATERIAL SUSTAINABILITY TOPICS 51 in the chapter "To our stakeholders."

There are a number of levers to increase product quality, but for us, improving PUNCTUALITY 81 F. is the most important starting point. Internal punctuality controls are based on lost units (number of delayed trains). To measure punctuality, we compare the target arrival time to the actual time for every train run. A stop is considered on time if the scheduled arrival time is exceeded by less than six minutes in passenger transport or less than 16 minutes in freight transport. We summarize the arrival of trains on schedule or up to a defined maximum delay using a degree of punctuality. The figures are recorded daily and are made available to executives and employees together with the reasons for the current faults and other management key figures, allowing measures to be taken to manage the situation. In addition, punctuality data, together with the associated indicators, are prepared regularly and used by the Management Board to determine what currently needs to be acted upon and where decisions are required. Punctuality is the key indicator of product quality and is a determining factor in calculating the variable remuneration amount for executives at DB Group.

Other important levers for increasing product quality include the use of modern vehicles, reliable and comprehensive customer and transport information, the quality and reliability of services offered, as well as reasonable travel and transport times. That is why we continually invest in our fleet and infrastructure and optimize cooperation with our suppliers and sector partners. We place a strong emphasis on tapping into the opportunities of digitalization. Our initiatives for increasing product quality and improving customer satisfaction are an important part of the plan to implement the new Strong Rail strategy. CUSTOMER SATISFACTION 80 F. is therefore the most important indicator for our service quality. It provides us with the insights we need to determine concrete measures for improvement.

In addition to the various aspects of product quality, continuous optimization of the price-performance ratio and product innovations, especially in the context of DIGITALIZATION 82 FF., are the main levers for increasing customer satisfaction. We work extremely hard to provide a high-quality basic service and focus on optimizing product and service quality. We offer our customers comprehensive services for their information needs. Our goal is to provide our mobility and logistics solutions at a reasonable price-performance ratio in order to meet the expectations of our customers. The focus is on measures that increase the quality of our services and the efficiency of our processes. In order to assess the success of our measures from the customer's perspective, we use direct indicators such as revenues and the number of customers. In addition to this we use the results of regular surveys to measure our success and find potential areas for improvement.

CAPACITY EXPANSION FOR A STRONG RAIL SYSTEM

Expanding fleet and infrastructure capacity also significantly impacts quality and punctuality.

Infrastructure expansion

With the implementation of volume targets as part of the Strong Rail strategy in passenger and freight transport, we expect train kilometers on track infrastructure to increase further by more than 30%, this means about 350 million train-path km. The growth will be disproportionately realized on that part of the rail network, which is already overburdened today. Additional traffic must therefore be offset by expanding infrastructure capacity. At the same time, we also need to ensure a high level of network reliability and capacity at all times, even during the expansion phase. We can only achieve a high level of performance and growth in the network in cooperation with the Federal Government. LUFV III 135 and measures as part of the CLIMATE ACTION PROGRAM 67 have laid the foundations for financing growth.

There are three main levers to help increase the capacity of the network and the volume produced:

- New construction and expansion: Implementing new construction and expansion measures plays a significant role in successfully expanding network capacity. In this case, we have the potential to create an additional 180 million train-path km, laying the groundwork for more traffic on corridors and for new service concepts. The projects needed to achieve this are included in the Federal Government's urgent requirement plan and are being implemented successively. Additional measures supplement these projects, such as further expansion measures to enable Germany in sync (Deutschland-Takt) or track extensions as part of legislation to support structural changes in current coal regions (Strukturstärkungsgesetz).

2 Digital Rail for Germany (Digitale Schiene Deutschland; DSD): DIGITAL RAIL FOR GERMANY 18 F. is our long-term program for increasing capacity, reliability, productivity and interoperability. With the nationwide roll-out of European command and control technology (European Train Control System; ETCS) in conjunction with digital interlockings (digitale Stellwerke; DSTW) and digital rail operations, we are increasing capacity with a potential 100 million extra train-path km, and all without building new tracks. The program includes the completion of ongoing ETCS projects, the implementation of the STARTER PACKAGE 177 from 2020 and the industrialized comprehensive rollout (from 2025 at the latest).

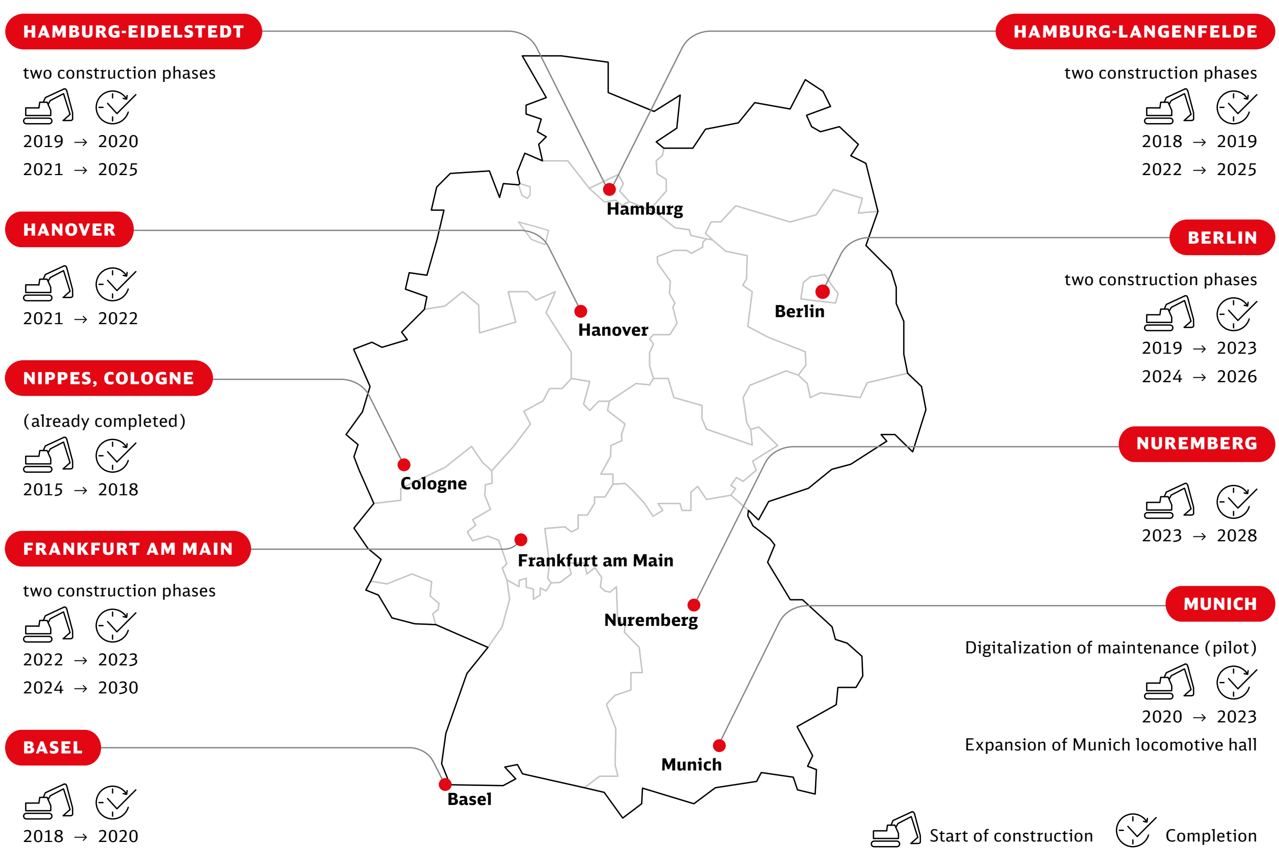
3 Capacity management: With additional measures, we will be able to increase the volume produced by another 70 million train-path km. Improved capacity management is an important component of this. This includes coordinating capacity increases, optimizing capacity during construction, traffic optimization and fault minimization. A budget for optimizing capacity during construction is planned to start in 2020 for the first time with LUFV III 135 to ensure fewer restrictions for TOCs in the future.

Fleet and depot expansion 4

We are massively expanding our maintenance depots and investing in new trains to ensure we build a strong rail system. We are also investing in the modernization of our vehicles. With these levers, we will continue to expand our vehicle availability.

We are investing about € 800 million in maintenance depots for long-distance transport until the end of 2024, improving the punctuality and quality of the ICE and Intercity trains as a result. Larger halls, expanded workshops and warehouses, as well as new sidings for working on and storing trains, ensure faster and better train maintenance in the future.

Expansion planning for the maintenance depot of DB long-distance



Digitalization and automation are being developed further, and we are also creating about 1,000 additional jobs in our depots. About half of these new employees have already been hired.

In order to further increase the vehicle availability and to create additional capacities in our factory halls, digitalization and automation are also being developed further. Innovative technologies are being piloted in individual depots and gradually expanded to other sites. Our focus is on optimizing maintenance for our prospectively largest fleet, the ICE 4, to increase vehicle availability through shorter downtime.

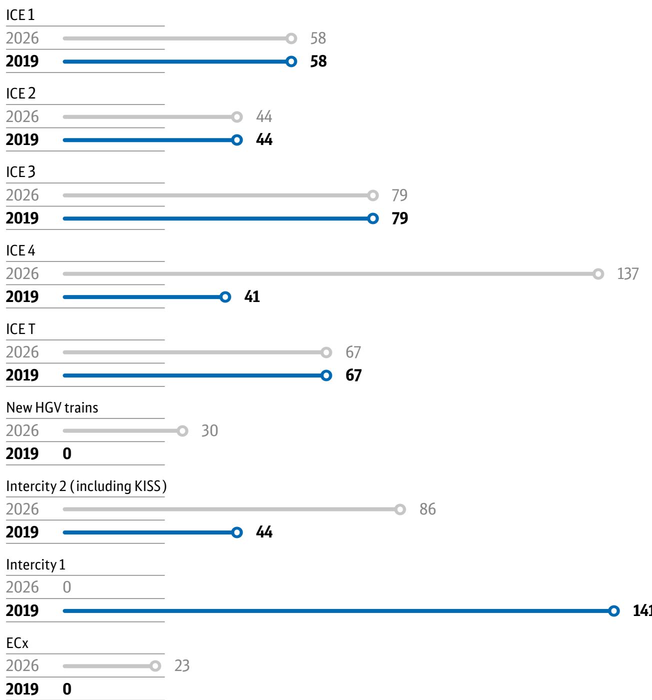
In addition to our depots, we also invest extensively in vehicles. The vehicle fleet for long-distance transport will be increased in the long term by about 25% to up to 600 trains. More specifically, the vehicle fleet will be expanded with a total of more than 300 new vehicles (ICE 4, Intercity 2, ECx and HGV 2.0). HGV 2.0 is the expansion of the high-speed fleet, which travels at 300 km/h.

More than 100 trains in the ICE 1 and ICE 3 fleets are being modernized to improve technical reliability and provide more comfort on board. Equipping almost the entire fleet with ETCS guarantees continuous and reliable availability of digital equipment. We are also optimizing comfort on board the ICE 4 fleet. In addition to new seats, there will be ICE 4 trains with 13 cars and over 900 seats each in the future.

In addition, we have put out to tender the procurement of 90 high-speed trains. Of these high-speed trains (HGV 2.0), 30 are due to start being delivered on a rolling basis from 2022. Most of these will then be maintained at a brand-new depot. As a new and subsequently as the tenth long-distance transport depot, Nuremberg has a key role to play in strengthening the rail system as well as in the climate and mobility transition. The new depot, which is expected to be completed in 2028, helps us to establish sufficient capacities to meet the growing demand on the rails.

The following overview shows the expansion of the vehicle fleet until 2026.

Development of the long-distance transport fleet



We are also investing in our regional transport fleet and depots. Over the next few years, vehicles on the Rhine-Main, Stuttgart and Munich S-Bahn (metro) lines will be modernized extensively. In addition to improving the technical reliability and comfort of the vehicles, we are also working to increase utilization.

For transport contracts with the Rhine-Main and Stuttgart S-Bahn (metro) lines, the vehicle fleet is scheduled to be expanded with the public transport authorities by the end of 2024. Additional single or multi-level multiple units are being procured as part of the transport contracts awarded to service the additional train kilometers.

Vehicles are equipped with ETCS to increase capacity in the existing rail network. Starting in 2023, the Stuttgart S-Bahn (metro) vehicles will be equipped with this technology for the first time.

In addition, there will be major capital expenditures in the workshop infrastructure over the next few years to maintain and expand maintenance capacities. These measures will focus on workshops for the S-Bahn (metro) in Berlin, Hamburg and Munich by 2025.

EFFICIENT AND STABLE PROCESSES ARE NEEDED FOR A STRONG RAIL SYSTEM

The start of 2017 saw the launch of the OPEX (Operational Excellence) program with the overarching themes of maintenance, jointly coordinated construction and skills development. OPEX supports the goal of sustainably changing the performance culture at DB Group. Through OPEX, we are advancing the transformation that has already begun – for quality that persuades and performance that delights our customers.

A further 15 maintenance sites have started the OPEX transformation since November 2019 as part of wave six of the program. The locations involved in phases one to five will continue to be appraised by way of regular maturity assessments to determine the progress of the program and will also receive ongoing implementation support.

However, in order to achieve the goals we have set and successfully make Group-wide improvements, the OPEX approach needs to be developed further, applied to all processes and organizational units and transformed into a holistic approach for the organization (end-to-end processes). With this in mind, we created our Group-wide DB production system: the DB Excellence System.

The DB Excellence System builds on OPEX as a broader and more streamlined extension of the concept. The lean management methodology was developed further for DB Group and was supplemented by digitalization and change management components, for example. The DB Excellence System enables us to have a Group-wide methodology and a tool-kit for improving processes. This should help us to create standardized Group-wide norms, reduce losses at interfaces and boost DB Group's performance. The DB Excellence System is an integral part of our Strong Rail strategy, and its application in particular should help to become more powerful by establishing stable processes.

The DB Excellence System consists of a standardized approach to optimizing and transforming processes and/or organizations. It includes principles, which set out a clear understanding of excellence, and application standards to help meet these principles, as well as the DB Excellence Assessment for analyzing and assessing processes and organizational units on the basis of the excellence maturity levels they have achieved. During its development phase, the DB Excellence System was piloted in two joint process transformations: major disruption management and PlanStart/provisioning in Frankfurt. The experience gained from the two pilot projects was incorporated when creating the system. Other joint process transformations were initiated: PlanStart/provisioning in Berlin and vehicle maintenance.

Shift in the mode of transport to rail

Our STRONG RAIL STRATEGY 71 FF. addresses how rail specifically contributes to achieving the German Federal Government's key transport and climate policy targets. The policy target of shifting the mode of transport from road to rail therefore involves the entire rail sector.

This is evident in how the volume sold and produced has developed, not only of DB Group's TOCs but also of non-Group TOCs, hence for the entire sector:

Performance figures for rail in Germany (sector)	2019	2018	2017
Passengers long-distance transport (million)	152	149	142
DB Group railways	151	148	142
Non-Group railways[1]	2	1	1
Passengers, local transport (million)	2,486	2,472	2,459
DB Group railways	1,972	1,940	1,933
Non-Group railways[1]	514	532	525
Volume sold rail freight transport (million tkm)	132,269	136,080	136,483
DB Group railways	60,702	64,169	67,566
Non-Group railways[1]	71,568	71,911	68,917
Train kilometers on track infrastructure (million train-path km)	1,090	1,085	1,073
DB Group railways	722	736	742
Non-Group railways[1]	368	349	331

Individual figures are rounded and some are estimated, so they may not add up.

[1] 2019 data is based on own estimates.

Performance development in RAIL PASSENGER TRANSPORT IN GERMANY 116 was consistently positive in the year under review. DB Group's TOCs contributed to this growth in particular.

However, in RAIL FREIGHT TRANSPORT IN GERMANY 116 F., the volume sold decreased in the year under review due in part to a decline in goods transported by rail as a result of economic conditions.

The overall train kilometers on track infrastructure in Germany continued to increase in the year under review. Non-Group TOCs contributed to this growth in particular.

Customer satisfaction

Customer satisfaction *(SI)*	2019	2018	2017
DB Long-Distance	76.5	77.1	77.2
DB Regional (rail)	66.1	66.3	68.1
DB Regional (bus)	73	74	74
DB Cargo	61	60	67
DB Netze Stations (passengers/visitors)	69	68	69
DB Arriva (bus and rail, Great Britain)	78	79	80
DB Schenker	71	71	74

Continuous and systematic customer feedback provides the basis for ensuring adequate product and service quality. That is why regularly evaluating customer satisfaction is hugely important to us. The data is gathered in each case by independent market research institutes. It is based on almost 160,000 interviews with end customers and business customers across 35 studies.

In the year under review, overall customer satisfaction for passengers declined, while it remained the same or improved slightly in the key areas of freight transport and logistics for business customers. DB CARGO 132 improved slightly, while DB SCHENKER 165 remained stable. While customers had a better opinion of DB NETZE STATIONS 148 F. and satisfaction in DB REGIONAL RAIL 128 was roughly the same as the previous year, DB LONG-DISTANCE 122 and DB REGIONAL BUS 129 had declining satisfaction rates.

Punctuality

Punctuality *(%)*	2019	2018	2017
DB Group (rail) in Germany	93.7	93.4	93.9
DB rail passenger transport in Germany	93.9	93.5	94.1
DB Long-Distance	75.9	74.9	78.5
DB Regional	94.3	94.0	94.4
DB Cargo (Germany)	73.8	72.9	73.4
DB Arriva (rail: Great Britain, Denmark, Sweden, the Netherlands and Poland)	89.3	89.8	92.3
DB Regional (bus)	90.9	91.0	90.5
DB Cargo (Europe)	74.0	72.8	72.7

To measure punctuality, we compare the target arrival time to the actual time for every train run. We summarize the arrival of trains on schedule or up to a defined maximum delay using a degree of punctuality.

Punctuality in rail transport in Germany improved despite the increased traffic volume and expansion of the construction program. Particular measures have paid off in this respect, such as the expansion of vehicle capacity and availability, the infrastructure prevention program, the consistent progression of PlanStart activities and the work of the Punctuality Management Center and the Construction Management Center.

External disruptions, including those caused by weather, were roughly at the same level as in the previous year, but the resulting negative impact on operations was minimized. The impact of restrictions arising from the disruption was minimized in the period following the disruptive events, and major fault management played a role in achieving this.

As a result, punctuality development fits with our forecast from the 2018 Integrated Report, although an even greater improvement was assumed there.

COMPREHENSIVE MEASURES TO IMPROVE PUNCTUALITY

Better management in high-traffic corridors and hubs

We have been using the plan corridors control tool since the previous year on particularly high-traffic routes to improve management of the delays that are being built up. The first plan corridor was launched between Cologne and Dortmund. In addition to the West pilot corridor (Dortmund–Cologne), the Central corridor (Fulda–Mannheim) was put into action in the year under review. The completion of the South (Würzburg–Nuremberg) and North (Hamburg and Hamburg feeder lines) plan corridors was brought forward in the year under review.

In addition, we are investing in plan corridors to make them more resilient to disruptions, including equipping switches more quickly with special key components and the DIANA diagnostics system. We are also spending more money on cutting back vegetation at specific locations as well as extra machines. At the same time, we are employing over 100 employees to carry out maintenance in the corridors.

Centers for better construction management and improved punctuality

The Construction Management Center was set up in the Infrastructure Board division to keep the number of rail transport restrictions as low as possible despite the extensive construction work. As a result, we were able to forecast the impacts of construction more precisely, develop countermeasures and reduce delays. Thanks to the improved management of construction sites, operational disruptions caused by construction decreased by 40% compared to 2015, while there was an increase by 31% in construction volume and an increase by 3,5% in traffic volume. Record capital expenditures made as part of the STRONG RAIL STRATEGY 71 FF. will make it all the more important to reconcile capacity demand with essential construction works.

The Punctuality Management Center, which was also set up in the Infrastructure Board division, is responsible for developing and implementing measures across business units to take short-term actions to make up for the targets missed during the year. In the year under review, the management center focused a large part of its efforts on implementing and further developing PlanRadar, a universal early warning system for punctuality-related plans and operational processes. As part of PlanRadar, parameters, such as infrastructure restrictions and line capacity, vehicle availability, quality of delivery and critical construction measures, are analyzed in advance and countermeasures are developed and implemented. It particularly focuses on how regional construction measures and other infrastructure restrictions, which have reciprocal effects due to long train routes in passenger and freight transport, interact on a national level. PlanRadar has become a platform that spans regions and business units and enables decisions to be made quickly in the interests of our customers.

Furthermore, the management center is supporting regional DB Netze Track operations and maintenance sites with an on-site project team to reduce the occurrence of faults and delays. This support focuses on sites with the highest occurrence of delays. The first measures were implemented in the year under review in Mainz and Cologne.

Integrated quality planning

Quality planning enables us to place customers' rights at the heart of what we do. In doing so, quality targets for the top key figures, such as punctuality and customer satisfaction by business unit, are reconciled with financial planning, strategy and Group projects, such as integrated capacity management. These targets are obligatory for the mid-term period. The business units develop measures to meet these set quality targets and ensure that the measures are financed and implemented through quality planning. For the first time, punctuality is being forecast for all TOCs using a simulation. The benefits of this include estimating with greater accuracy the impact of increased traffic volumes and measures to improve punctuality and enabling key issues to be deduced for management during the business year.

Vegetation management

In recent years, extreme weather events have increased significantly, impacting our operational processes and punctuality. That is why we are using a more advanced vegetation management that takes into account climate developments in particular. In addition to the tried-and-tested six-meter clearance zone on both sides of the tracks, this plan also includes removing specific trees at risk of storm damage in areas further down the line. We are also encouraging the growth of resilient types of vegetation that are suitable to the location. The objective is to cultivate wooded areas on DB land through forestry management so that they become significantly more resilient in the face of extreme weather conditions. This approach was further developed in the year under review. Other measures include thoroughly inspecting all tree populations along the entire rail network by the end of 2022. They should be stabilized as trees will subsequently be removed or receive support to grow.

Digitalization

TARGETS AND MANAGEMENT APPROACH

GRI 103

Our digital strategy is designed to develop an ultra-smart mobility network by 2030 – networked, automated and customer-oriented. People and goods should move more easily and seamlessly than ever before. Journeys should practically plan themselves and be adapted to the current situation in real time. A strong rail system is our goal, and we are becoming digital to achieve it. These digitalization processes need to be understood and designed as a smart overall system – a long-term development in which we can define the three core activities of the Strong Rail strategy: full networking, self-organized development and simpler use of mobility services for customers.

In three strategic areas digitalization is the key to success for the Strong Rail strategy:

- Digital rail operations make us more robust, for example by using automated schedule planning and scheduling.
- Digital maintenance is making us more powerful, for example by using real-time transparency and more forward-looking planning.
- And the digital customer experience makes us more modern, for example by using more efficient travel chains and more intuitive booking options.

In the future, all of these initiatives will help steadily increase capacity, efficiency and quality over the long term.

Working and corporate cultures play a crucial role in all of these changes. Implementing the digital strategy requires a culture that supports ideas and plans for a new working environment and inspires enthusiasm for new technologies and new forms of working (together). We aim to build an ultra-smart network culture.

The information technology (IT) infrastructure lays essential groundwork to develop digitalization over the next few years. The digital infrastructure concept for a strong rail system comprises five components: connectivity, cloud services, cyber security, development platforms and data management. These five areas have different levels of maturity and priorities.

Connectivity is the most basic requirement for data transfer and exchange because a strong rail system needs high-speed communication. Cloud services help provide dynamic, scalable and on-demand IT services because a strong rail system needs resilient IT resources. Cybersecurity will also continue to be professionalized in the future because only a secure rail system is a strong rail system. Cybersecurity means: comprehensive protection of all digital assets, systems, data and processes. Our development platforms offer modular services to help speed up the development of software. The objective within data management is to provide tools and standards for the general use of all data within the Group.

The digital strategy for a strong rail system aims to achieve long-term, sustainable development, following a vision that makes a crucial contribution to shaping the future of mobility. The target to achieve by 2030 is to have trained mobility systems to detect, calculate and network automatically and to keep everything permanently up to date. AI determines the pace of this by facilitating new ways of managing capacity, eliminating barriers and satisfying personal requirements before they are even identified and expressed. The vehicles feature highly automated driving functions, communicate with one another and automatically keep themselves updated using new sensors, drones and robots. And all employees in this new mobility network can enjoy a working culture that allows them to cooperate freely. The division of the Chief Digital Officer (CDO) is responsible for digitalization at Group level. In the year under review, the division implemented digital initiatives, created adaptable structures and supported the digital revolution:

- We created the DB Digital Base in Berlin, a central location for digitalization within DB Group. This is where executives and employees have access to a wide range of events on digital topics free of charge. These topics include digitalization, new ways of working and promoting collaboration within DB Group.
- With the start-up program DB Intrapreneurs, we are promoting entrepreneurial thinking and actions within DB Group. We upskilled over 500 employees in the year under review with three pitch days, each with four Intrapreneurship teams working on their own business model.
- We are also supporting our digital trainees as part of the digital trainee program. Ten digital trainees started the program in the year under review.
- The Digitalization Competence Center is a crucial organization bringing together those responsible for digitalization from Group management and business units. The digital innovation funnel format is used to draw on current trends to jointly create digital projects and innovations across business units.
- Digital transformation: For us, the term digital transformation means creating the necessary conditions in DB Group. The focus is primarily on bringing in executives and employees and giving them the skills they need through training, new working methods and agile structures.
- The New Digital Business division handles new digital business models, as part of which it examines other influential markets, such as China. The division explores disruptive technologies and uses feasibility studies to check their suitability for DB Group (for example air taxis).

We have further professionalized our cooperation with start-ups, especially through BEYOND1435, our open innovation platform. Together with our partners, we aim to identify new technologies and evaluate them for our own business development. Together with start-ups, we aim to develop and scale disruptive business models using the innovation platform. In the year under review, NEXUS events were held every quarter on specific topics, providing a framework for joint business development among partners.

- DB mindbox is a coworking space and a central location where DB employees can exchange knowledge and cooperate with start-ups. The central funding program, DB StartupXpress, identifies promising start-ups and tests their ideas together with DB Group's business units. The start-ups should be able to implement their digital solutions quickly in cooperation with the business units. Since 2015, well over 1,000 start-ups from about 30 countries have applied for the DB mindbox program. With more than 30 start-ups, we are now working on concrete improvements to the integrated rail system.
- DEUTSCHE BAHN DIGITAL VENTURES (DB DV) is the corporate venture capital arm of DB Group and invests in new, innovative digital business ideas. In addition to focusing on technology such as big data, AI and the Internet of Things, the main focus is on the power of start-ups and technology partners to disrupt markets and their ability to establish forward-looking customer solutions in the three areas of mobility, logistics and smart cities. Investments are made worldwide, focusing on Europe, the United States and Israel. In the year under review,

TERALYTICS

Mobility analyses conducted by the Swiss start-up showed considerable potential for a customer-oriented expansion of our services. Using mobile network data in line with data protection laws, Teralytics provides reliable information on general transport behavior, which can then be used to analyze traveler demand. The aim is to use the analyses from Teralytics to increase capacities specifically where they are needed the most.

TERALYTICS

the portfolio increased by two more investments with Skyports and TERALYTICS 83. SKYPORTS collaborates with manufacturers of air taxis worldwide to design and build vertiports. Through this cooperation, Skyports wants to help create safe and efficient air operations in urban environments. In addition, Skyports is developing and operating end-to-end heavy-lift drones for deliveries in medicine and logistics to overcome inefficiencies of traditional transport routes.

ECOSYSTEMS AND PARTNERSHIPS FOR A STRONG RAIL SYSTEM

Digitalization and global competition fundamentally change market conditions. For example, highly condensed innovation cycles are faster to create new markets, and there is growing pressure on established market players to innovate. We need to change into an ecosystem-focused Group so that we can tap into growth potential in this area and ensure DB Group stays competitive in the long-term. Ecosystems are a network of partners who work on common (or competing) value-added chains for a value proposition. In such partnership-organized value-added chains, the value created exceeds the sum of the individual stages of the chain on their own, for example through straightforward and improved customer experience or increased production efficiency. DB Group is therefore using strong partnerships to open up for greater innovation and is systematically forging partnerships on equal terms. DB Group is being transformed into an ecosystem-focused company in close collaboration between central units and the relevant ecosystem units from the business units. DB DV acts as a Group-wide investment vehicle for all maturity levels; a common umbrella brand is used throughout the entire process to appeal to the market.

The first ecosystems are being developed or expanded in the following four areas:

- Production tech (in development): The digitalization of production processes allows us to increase efficiency in terms of added value in operational processes through cost savings, capacity increases and quality improvements in the integrated rail system. We are focusing on this ecosystem in particular in line with the Strong Rail strategy.
- Sustainability tech (in development): The development of sustainable value propositions and value-added chains addresses customers' growing requirement to consume in an environmentally friendly way.
- Logistics (in development): Attractive value propositions and competitive value-added chains also require integrated transport and logistics solutions with partners. A suitable ecosystem unit is gradually being developed using the ecosystem approach in order to achieve this.
- New Mobility: NeMo stands for robust public transport: universal, straightforward and climate-friendly. The existing ecosystem unit offers integrated mobility in conjunction with passenger transport from a single provider for contracting organizations and municipalities.

DIGITAL RAIL FOR GERMANY

DSD is being implemented in two stages. The first stage lays the foundations and includes creating a digital platform for the rail system by equipping it with digital interlockings and the European Train Control System (ETCS). In September 2019, the DSD rollout initiative was signed, emphasizing that rail industry and policy share a common position on Digital Rail for Germany.

Digitale Schiene Deutschland GmbH was founded to digitalize the rail industry quickly and in a target-oriented manner. The second stage includes new digital technologies that will be used in the rail system in the future, for example automated driving at a minimum distance. This allows the capacity, quality and reliability of the rail system to be increased substantially.

NEW PRODUCT AND SERVICE CONCEPTS

New service capacity utilization display

In April 2019 we launched a new capacity utilization display to be used in the travel information on bahn.de and in DB Navigator. The digital display shows the predicted capacity utilization for each long-distance transport train for the next 28 days.

New Park+Ride app

In cooperation with start-up AIPARK, the Stuttgart S-Bahn (metro) is developing a new Park+Ride app. The app shows whether it is worth leaving the car, predicts the capacity utilization of parking spaces and helps users to navigate to free parking spaces with seamless connections to local public transport in real time.

Continuous further development for better information and greater comfort

- Since August 2019 customers have been able to book season tickets and long-distance transport subscriptions as a mobile or online ticket.
- Since October 2019 it has been possible to book tickets for children travelling alone via DB Navigator.

- Since December 2019 the expanded car sequence has been available in DB Navigator and on bahn.de for both ICE and Intercity/EC trains. Customers can use the service to see where special cars are on the train.
- In addition, 36 transport associations have now been integrated into DB Navigator, meaning that more than 90% of the people who live in these network areas can use DB Navigator's services.

14

ioki expands its offers

With IOKI, we are bringing ON-DEMAND MOBILITY green NO. 142 and autonomous driving into public transport. We have expanded our offer:

- In the Hamburg districts of Lurup and Osdorf, transport company Hamburg-Holstein GmbH (VHH) operates in cooperation with ioki an on-demand bus service – ioki Hamburg. With 20 electric vehicles, ioki Hamburg takes passengers to their destinations using flexible routes 24/7. More than 215,000 passengers used the services in the first year. Another Hamburg district was added to the operating area with Billbrook in November 2019.
- ioki and Stadtwerke Krefeld (SWK) developed a night transport service in Krefeld, which can be booked via the "mein SWCAR" app. On-demand shuttles are a flexible service supplementing local public transport during off-peak times between 8 p.m. and 4 a.m.
- Autonomous driving on public roads in Germany is approaching its next major development in Bad Birnbach. The driverless shuttle bus uses a road to connect the town center with the station located 2 km away.

NEW DIGITALIZATION PROJECTS

2

Further expansion of digital interlockings

In Warnemünde, Germany's second DIGITAL INTERLOCKING green NO. 145 was put into service at the end of October 2019. In the Free State of Bavaria, a digital interlockings will be built for the first time on a main line in the German rail network by 2021. The new interlocking is an important part of digitalizing the Scandinavian—Mediterranean rail corridor, which is to be completely upgraded with new technology in the next few years.

13

App-based train-path booking system

Starting in the year under review, TOCs have been able to book train-paths at the click of a button, just like online shopping, using the Click&Ride app. Thanks to automatic scheduling, it only takes a maximum of three minutes from request to offer, instead of several hours as before. This means lower costs for all involved and better utilization of rail network capacity. Since December 2019, Click&Ride has also been used in full for the first time in rail freight transport.

Testing the use of robotics in customer service

15

New developments, such as in the area of robotics, help us to improve our service even more. To achieve this, we tested the specially designed, talking robotic head SEMMI in the travel center at Berlin's main station. The robotic head has previously been used at Frankfurt Airport and at Tokyo Station (Japan).

SEMMI ROBOTIC HEAD

SEMMI offers innovative voice-controlled customer engagement, which responds with a combination of speech and human-like facial expressions. What makes the robotic head unique is that it behaves in a natural and human-like manner. Everything that SEMMI "knows" has been taught by us, and SEMMI is continuously updated with the latest cutting-edge AI technologies.

Equipping more trains with ETCS

2

ETCS helps optimize the operation of rail systems and improves interoperability across borders. ICEs connecting Berlin and Munich already have this new technology on board, while a further 19 ICE 1s and 17 ICE 3s will be equipped with the technology by 2022. The latter should run on the new construction line Wendlingen—Ulm, as well as in Belgium and between Paris and Strasbourg.

3D printing process further expanded

4

3D PRINTING green NO. 149 offers many advantages, ranging from significantly reduced material use and reduced transport distances to downscaled warehousing and reduced downtime for our trains in the workshop. In addition, 3D printing makes it possible to create replacement parts – which are usually difficult to procure, with delivery times of up to 24 months – at just the press of a button.

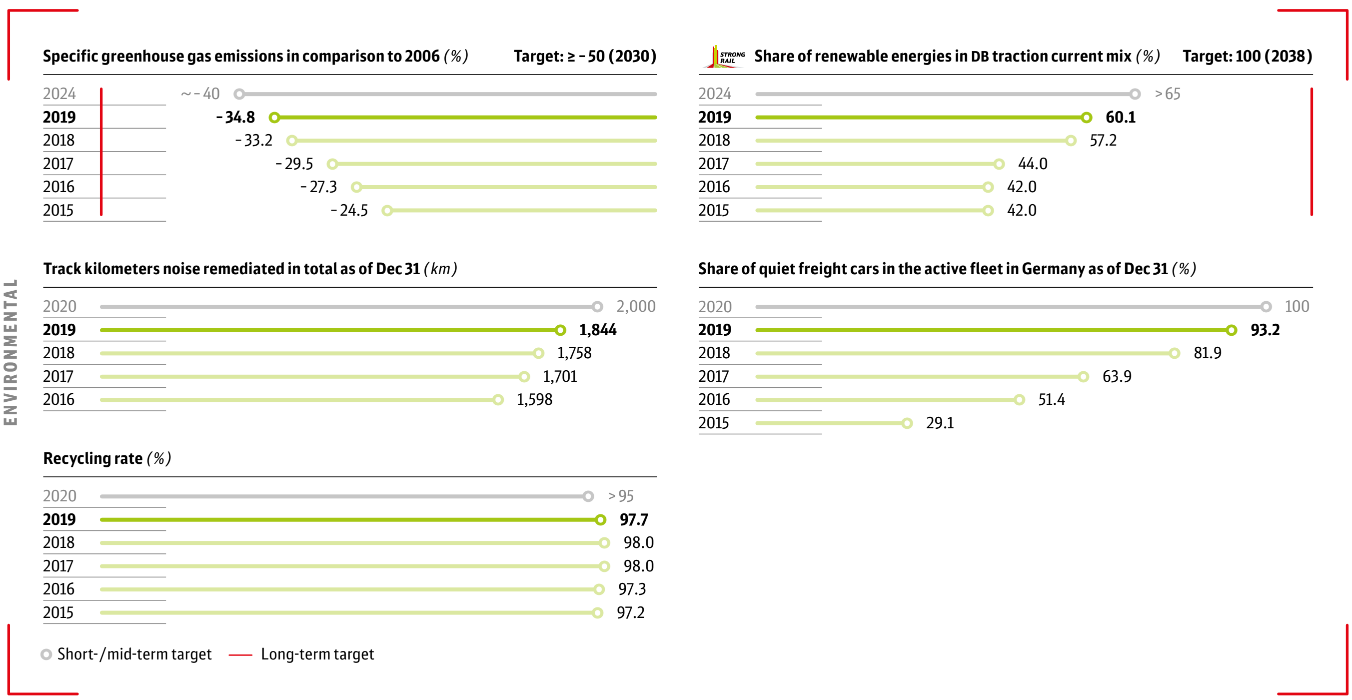
Trial launch of an innovative sound system

15

As part of DB Group's start-up funding program, new station announcement technology was developed with the best sound quality. The trial for the innovative sound system from Holoplot GmbH launched in January 2019. Customers on the underground S-Bahn (metro) platform in Frankfurt am Main central station only receive the information that is relevant to them and can benefit from clearly understandable announcements. This ensures easier guidance and overall quieter background noise.

Environmental

Overview of key figures



The Green Transformation

As one of Europe's largest transport infrastructure operators, we take responsibility for the environment because we want to leave the future generations with a healthy planet to live on. At the same time, we are noticing the consequences of climate change in our core business. According to a study conducted by the Potsdam Institute for Climate Impact Research, Germany is one of the three countries most affected by extreme weather in the world. That is why we want to become one of the most environmentally friendly companies in Germany's mobility sector. With climate, nature and resource protection, and noise reduction, we are working on the important issues for us and our stakeholders. They are included in our strategic objectives and are part of our corporate identity as a sustainable transport services provider.

THIS IS GREEN.

As an environmental brand, "This is green." represents the environmental strategy of DB Group with more than 150 green measures supporting it in the fields of climate protection, nature and resource conservation and noise reduction. **THIS IS GREEN.** *was further developed within the context of the new Strong Rail strategy. Particular highlights of 2019 were the 23rd environmental forum and the corporate campaign.*

Our STRONG RAIL STRATEGY 71 FF. creates the framework for the sustainable reduction of climate-damaging emissions and for biodiversity in the numerous adjacent nature reserves or the compensating natural spaces we have created. We ensure resource conservation, in particular by reusing building materials in the development of our infrastructure and by sorting construction and municipal waste for reuse. At the same time, noise barriers and windows on new and existing routes are reducing the effects of our transport growth on local residents.

Climate protection

GRI 103

TARGETS AND MANAGEMENT APPROACH

By 2050, we intend our transport to be climate-neutral and therefore to reduce our greenhouse gas emissions to zero. For this, we plan to operate our rail transport in Germany step-by-step with 100% eco-power by 2038. An important milestone in this process is our 2030 climate target, with which we have undertaken to halve our specific greenhouse gas emissions by 2030. This covers all major greenhouse gas emissions from our transport and infrastructure business units. In order to achieve this objective, we are raising the share of renewable energies in the DB traction current mix in Germany to 80% by 2030. Since January 2018, DB Long-Distance transport has been running completely on all electrified lines in Germany with ECO-POWER NO. 1, and is therefore climate-neutral.

In our stationary facilities, for example our ECO-POWER STATIONS NO. 147, we have also started to switch the power supply to renewable energy sources. We are continuously expanding the share of energy-efficient production equipment, for example in the course of renewing our vehicle fleet. With new, attractive rail transport services, we are creating incentives to bring more transport to the rails. Examples of this are the Berlin—Munich high-speed rail line or about 9,000 quiet, digitalized freight cars that permit real-time freight tracking. The shifting of transport to rail not only affects the emissions of our own logistics operations, but is also an important component in achieving Germany's national climate targets in the transport sector.

OUR CONTRIBUTION TO THE CLIMATE PROTECTION PLAN 2050

With the Climate Protection Plan 2050, the Federal Government aims to reduce greenhouse gas emissions in the transport sector up to 42% by 2030 compared with 1990, as a first step. With the shift in the mode of transport towards green rail, up to 10.5 million tons CO_2 emissions can be saved per year. In contrast to passenger cars and aircraft, a DB long-distance train with 100% eco-power emits virtually no greenhouse gas. In freight transport, DB rail freight transport generates only one-fifth of the greenhouse gas emissions from trucks.

We monitor the progress of these measures with energy efficiency and specific emissions targets within our business units, whose progress we measure regularly. Our indicators for climate protection are specific greenhouse gas emissions compared to 2006 and the share of renewable energies in the DB traction current mix in Germany.

GRI 305-5

OUR CLIMATE TARGET: TO HALVE GREENHOUSE GAS EMISSIONS BY 2030

Since the previous year, we have been focusing on our new climate target. By the year 2030, we will at least halve specific greenhouse gas emissions – that is emissions related to volume sold – worldwide compared to 2006. Across the entire transport sector in Germany, a shift in the mode of transport to rail by 2030 can save up to 10.5 million tons CO_2 per year.

Simultaneously, international logistics provider DB Schenker has undertaken to grow in a climate-neutral manner. This means that we will keep the greenhouse gas emissions of our global logistics transport outside of Germany constant, despite the expected further increase in transport volume in the coming decade. Compared to 2006, DB Schenker intends to reduce specific greenhouse gas emissions by at least 40%.

NOTES ON GREENHOUSE GAS REDUCTION

With an increase of one million passengers using long-distance rail passenger transport, over 40,000 t of CO_2 can be saved per year compared to car use. This corresponds to the amount of CO_2 that about 3,200 hectares of mixed forest in Germany, roughly the area of the Jasmund National Park on Rügen or about 4,500 football fields, can convert in a year. A total of 160 million tons of CO_2 were generated in the year 2014 in the transport sector in Germany.

In order to be climate-neutral overall by 2050, we are gradually increasing the share of renewable energies in the DB traction current mix until it reaches 100% by 2038, increasing the efficiency of our transport and working on more sustainable transport solutions.

Specific greenhouse gas emissions in comparison to 2006 *(%)*	2019	2018	2017
DB Group	-34.8	-33.2	-29.5

Since the previous year, in addition to reducing the specific greenhouse gas emissions of the carriers, we have also included our stationary facilities in our climate target. We continued to reduce specific greenhouse gas emissions compared to 2006 in line with our targets. The development is above our forecast from the 2018 INTEGRATED REPORT 179 F.

GRI 305-4

Specific CO2e emissions from journeys and transports of DB Group by mode of transport	2019	2018	Change absolute	Change %	2017
Regional rail passenger transport (g/pkm)	48.9	53.1	-4.2	-7.9	58.0
thereof in Germany	47.6	51.3	-3.7	-7.2	57.6
Long-distance rail passenger transport (g/pkm [1])	0.9	1.1	-0.2	-18.2	-12.7
Bus transport (g/pkm)	73.8	77.3	-3.5	-4.5	79.6
thereof in Germany	90.9	88.8	+2.1	+2.4	89.2
Rail freight transport (g/tkm)	19.2	20.1	-0.9	-4.5	20.9
Road freight transport (g/tkm)	87.9	85.8	+2.1	+2.4	92.3
Air freight (g/tkm)	723.7	721.8	+1.9	+0.3	725.4
Ocean freight (g/tkm)	6.2	6.7	-0.5	-7.5	6.8

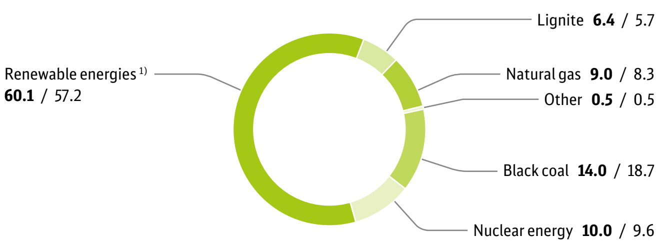
Well-to-wheel (WTW); scope 1-3; without pre- and onward carriage; rail transport companies are calculated with their own energy mix and/or European country mixes.

[1] Previous year's figures adjusted.

The improvement compared with the previous year can be attributed in particular to the further increase in the share of renewable energies in the traction current mix as well as energy efficiency gains on the rails and in ocean freight.

Share of renewable energies in the DB traction current mix

DB traction current mix *(%)* **2019** / 2018



Data for 2019 are based on information and estimates available as of February 2020.

[1] Including additionally procured electricity for all green offerings of DB Group with 100% eco-power (e.g., S-Bahn (metro) Hamburg or DBeco plus) and taking into account a forecast based upon the Renewable Energy Sources Act subsidy.

From January 1, 2018, all passengers traveling on our long-distance trains across Germany are using **100% ECO-POWER** green **NO. 1.** Since the beginning of 2018, the Berlin S-Bahn (metro) has been climate-neutral and contributes to the high share of eco-power in the DB traction current mix. Since 2010, the Hamburg S-Bahn (metro) has been fully powered by eco-power. In rail freight transport, DB eco plus offers our customers the opportunity of climate neutral transports driven by 100% eco-power.

The development corresponds to our **FORECAST FROM THE 2018 INTEGRATED REPORT** 179 F.

In the year under review, to expand the supply of our rail transport with eco-power, we conducted an **EU-WIDE TENDER** 151 for the procurement of 500 gigawatt hours (GWh) of eco-power, and the first contract was concluded for the use of electricity from an **OFFSHORE WIND FARM** 151 for the supply of our traction current grid.

Energy efficiency

GRI 302-1 302-3 302-4 302-5

Specific primary energy consumption by DB Group journeys and transports	2019	2018	Change absolute	Change %	2017
Regional rail passenger transport (MJ/pkm)	0.84	0.84	–	–	0.90
thereof in Germany	0.83	0.84	-0.01	-1.2	0.91
Long-distance rail passenger transport (MJ/pkm)	0.23	0.25	-0.02	-8.0	0.36
Bus transport (MJ/pkm)	1.07	1.14	-0.07	-6.1	1.18
thereof in Germany	1.29	1.26	+0.03	+2.4	1.26
Rail freight transport (MJ/tkm)	0.33	0.33	–	–	0.34
Road freight transport (MJ/tkm)	1.25	1.21	+0.04	+3.3	1.31
Air freight (MJ/tkm)	9.79	9.77	+0.02	+0.2	9.82
Ocean freight (MJ/tkm)	0.08	0.09	-0.01	-11.1	0.09

Well-to-wheel (WTW); scope 1-3; without pre- and onward carriage.

With the cross-fleet increase in energy efficiency and the increase in the share of renewable energies, specific primary energy consumption in rail passenger transport in Germany and in ocean freight has continued to decrease. By using primary energy as a reference, we also take into account the processes required for providing the energy, such as extraction, processing and the transport of fuels or the generation of electricity.

The main levers for reducing our energy consumption are **EQUIPPING OUR FREIGHT TRAIN LOCOMOTIVES WITH DRIVING ASSISTANCE SYSTEMS** 132, as well as modernizing our electric vehicle fleets with new series vehicles with higher energy efficiency (including multi-system locomotives of the 193 series) or the ability to convert kinetic energy into electricity during braking.

With the recovery of energy from **BRAKING PROCESSES** green **NO. 19,** our modern electric locomotives and multiple units make another important contribution to increasing energy efficiency. In the year under review, the recovery rate increased to 16% (previous year: 15%). Currently, the fleet vehicles that are able to "recycle" electricity is growing, for example, with the ICE 4 in passenger transport or the 185 series in freight transport.

In the year under review, we also drove forward the continuous replacement of old, decentralized transformers with modern electronic converters, to increase energy efficiency in the generation of traction current.

GRI 302-1 302-4

Stationary energy requirements in stations, facilities and buildings

Absolute primary energy consumption of DB Group stationary facilities in Germany *(TJ)*	2019	2018	Change absolute	Change %	2017
Rail network operation	6,002	6,090	- 88	- 1.4	6,196
Passenger stations	3,856	3,919	- 63	- 1.6	4,111
Maintenance of rolling stock (depots)	2,978	3,200	- 222	- 6.9	3,432
Other	2,854	3,255	- 401	- 12.3	3,123
Total	**15,690**	**16,464**	**- 774**	**- 4.7**	**16,862**

The about 5,400 stations, and our maintenance depots and buildings in Germany, as well as over 2,000 sites worldwide operated by DB Schenker, account for about 7% of DB Group's total primary energy requirements. To identify potential savings and measure energy consumption over the long term, energy audits were carried out in about 700 subsidiaries in previous years in order to implement the EU Energy Efficiency Directive. DB Energie GmbH, DB Regio AG, S-Bahn Berlin GmbH and S-Bahn Hamburg GmbH, DB Fernverkehr AG and DB Station&Service AG have each had an **ENERGY MANAGEMENT SYSTEM (ENMS)** green. **NO. 78** in accordance with ISO 50001 since 2016. This was partly responsible for the further fall in stationary energy consumption compared to the previous year. At DB Netze Stations, we managed to lower the absolute primary energy consumption by about 22% in comparison to 2010 by the end of the year under review.

ECO-POWER IN 33 STATIONS

Since January 1, 2019, the 15 largest stations in Germany have been supplied with 100% **ECO-POWER** green. **NO. 147.** These include six stations in Berlin, the main stations of Hamburg, Hanover, Düsseldorf, Cologne, Frankfurt am Main, Nuremberg and Stuttgart, and two stations in Munich. The use of renewable energies is supported by the supply of these stations. By the end of 2019, further stations are being added as part of **SMART CITIES** 147 F. and **FUTURE STATIONS** 148 projects. In total, about 76 GWh are replaced by green electricity. This corresponds to about 23% of the annual total electricity consumed by all stations in Germany.

Nature and resources conservation

TARGETS AND MANAGEMENT APPROACH

GRI 103

The protection of biodiversity and natural habitats is another important task that we fulfill, in particular in the operation and further development of our infrastructure. We fulfill all legal requirements regarding nature conservation with our activities, particularly in the new construction and expansion of the track infrastructure, for example by establishing suitable compensation areas.

By the end of 2022, we plan to phase out the use of glyphosate, setting ourselves a challenging nature conservation target. Together with scientific partners, we are working on the development of alternative methods.

GRI 201-2

Climate change is increasingly accompanied by natural events such as storms or floods, which strongly affect DB Group as an infrastructure operator. We want to increase the resilience of DB Group against these dangers and develop strategies and measures to be able to react quickly and purposefully in dangerous situations.

We are driving efficient use of resources by advancing our recycling and reuse processes. Our goal is to keep our waste recycling rate at over 95%. In the case of construction waste in particular, we achieve a very high recycling rate thanks to comprehensive reuse. In the next few years, we will also be increasing our waste management with further development in the area of our other waste, in particular municipal waste. In addition, we are extending the life cycle of our production equipment by redesigning, in particular, rolling stock, using recycled materials and continuously optimizing our material cycles.

BIODIVERSITY AND VEGETATION MANAGEMENT

Research project on glyphosate alternative

In addition to the chemical vegetation control, we are increasingly focusing on the use of mechanical-manual procedures to keep the track area free from vegetation and thus ensure safe rail operations. Climate and environmental protection is anchored in our Strong Rail strategy as one of the most important business goals. Environmentally friendly and sustainable vegetation control is one of the main areas of focus. We are working to develop effective alternatives to herbicides. Possible procedures are currently being tested based on the use of hot water, electrical current and UV-C light.

RESOURCE CONSERVATION

Recycling rate

In the year under review, some 1.5 million tons less waste was generated. The volume development of our most significant waste type, construction waste, was mainly influenced by the Stuttgart—Ulm (–1.5 million t) project in the year under review. As compared with the previous year, the volume of waste generated fell by about 12%. As a result of the decline in the volume of waste, the recycling rate is somewhat lower, but still remains at a very high level. Other declining volumes of waste in the year under review were scrap, electronic waste and waste oil. The volume growth of municipal waste also declined slightly.

GRI 306-2

Volume of waste according to type of disposal	2019	2018	2017
Total waste (thousand t)	11,288	12,807	12,642
Recycling rate (%)	97.7	98.0	98.0
Share of thermal utilization (%)	1.0	0.9	0.9
Share of disposal (%)	1.4	1.2	1.1
Share of hazardous waste [1] (%)	3.4	3.7	3.3

[1] Pursuant to the List of Waste Ordinance, for example waste oil.

By the use of specific measures such as selective dismantling and a contractual commitment to sorting and recycling facilites, we maintained the share of recyclable waste at a high level and continued to further reduce the proportion of waste destined for disposal or incineration. The new strategy for disposing of mixed municipal waste, with the aim of largely recycling the recyclables included therein, is showing the first signs of success. In this way, the volume of reused municipal waste was increased by 30% and the volume of municipal waste recycled was increased by as much as 74% (+7,100 t).

GRI 306-2

Waste according to type *(thousand t)*	2019	2018	2017
Total waste	11,288	12,807	12,642
thereof construction waste	10,838	12,367	12,121
thereof scrap metal	309	318	378
thereof electronic scrap	0.9	1.5	6.1
thereof municipal waste	57.6	58.1	60.2
thereof paper	25.4	19.1	23.1
thereof waste oil	1.7	2.0	4.0
thereof other [1]	55.6	41.5	49.6

[1] For example paint, varnish, sludge and other maintenance-related waste.

Waste management with differentiated disposal of the fractions

GRI 306-2

We endeavor to collect and dispose of different waste types separately. By capturing and collecting individual waste types, we can achieve income for waste and reinject waste into circulation. In this way, we also comply with the amended Commercial Waste Ordinance, which makes separating waste a top priority. We are in a position to dispose of almost every form of waste separately as a single group.

As of January 1, 2019, we have reassigned the disposal service for 80% of municipal waste nationwide, with priority being given to contractually bind sorting services at pretreatment plants. Although municipal waste represents only a small proportion of our total waste, it is the most visible fraction of our waste in our trains and at our stations. The annual absolute quantity which is incurred there roughly corresponds to the annual volume of a large city.

Noise reduction

TARGETS AND MANAGEMENT APPROACH

GRI 103

Together with the Federal Government, we have set ourselves the goal to halve the nuisance to local residents caused by rail transport noise on DB Group lines by 2020. We, as the operator of the rail network, pursue this objective as part of the Federal Government's voluntary noise remediation program and by refitting all active freight cars with WHISPER BRAKES green NO. 05. With our two-pillar strategy for more noise reduction, we are creating greater acceptance among local people towards the shift in the mode of transport to climate-friendly railways.

NEW OVERALL CONCEPT OF THE VOLUNTARY NOISE REMEDIATION PROGRAM 2019

At the beginning of 2019, the BMVI published the new overall concept of the voluntary noise remediation program on existing rail lines. Due to the lowered trigger values and the elimination of the rail bonus, the entire rail network had to be reconsidered and assessed again. The new overall concept now includes about 6,500 km of lines to be renovated regarding noise pollution in over 2,200 cities and municipalities. Parallel to this, the funding guidelines for the program were updated and subsequently published. For the first time, the new directive provides opportunities in the design of noise barriers and now takes into account buildings that were erected up to January 1, 2015. This means that even more people will receive better noise remediation than previously.

NOISE REMEDIATION AND PREVENTION

Noise remediation and prevention in Germany *(as of Dec 31)*	2019	2018	2017
NOISE REMEDIATION (EXISTING NETWORK)			
Noise barriers completed (km)	53.4	44.6	19.9
Homes with passive measures	1,628	2,248	1,634
Track kilometers noise-remediated in total (km)	1,844	1,758	1,701
Noise abatement areas relieved by noise remediation (km)	49.9	43.1	38.1
NOISE PREVENTION (NEW CONSTRUCTION AND EXPANSION LINES)			
Noise barriers completed (km)	59.7	82.9	32.2
Homes with passive measures	2,261	1,571	1,410

Since 1999, we have been reducing noise pollution for residents living near railway lines by the voluntary noise remediation program for existing Federal rail lines. By the end of 2020, we aim to perform noise remediation on a total of 2,000 km of track using fixed NOISE REMEDIATION MEASURES green. NO. 25.

The progress in the year under review on the noise-remediated tracks is slightly above our forecast from the 2018 INTEGRATED REPORT 179 F. Since the start of the program, about 50 km of noise remediation areas have been relieved by noise prevention measures. As a result, on a total of 1,894 km of line, which were identified as particularly noise-burdened, rail transport noise was reduced for residents.

Federal budget call for funding

In the year under review, about € 119 million in funds from the Federal budget (Bundeshaushalt; BHH) was used for active and passive noise remediation measures as part of the noise remediation program. In addition, further projects in noise remediation were financed using the funds of the support program.

REFITTING AND NEW PROCUREMENT OF QUIET FREIGHT CARS

Freight cars in operation equipped with V brake shoes of DB Cargo in Germany *(as of Dec 31)*	2019	2018	2017
New freight cars	9,681	8,470	8,323
Freight cars refitted with whisper brakes	47,963	41,939	31,281
Quiet freight cars	**57,644**	**50,409**	**39,604**

The number of new and existing freight cars with the noise-reducing composite technology continued to increase in the year under review. At the end of the year under review, about 93 % of DB Cargo's active freight car fleet in Germany was already rolling on quiet brake shoes. By the end of 2020, all DB Cargo active freight cars in Germany will be equipped with WHISPER BRAKES green. NO. 5. The progress is in line with our forecast from the 2018 INTEGRATED REPORT 179 F.

INNOVATIVE FREIGHT CARS SUCCESSFULLY TESTED

In April 2019, a working group from DB Cargo and VTG AG presented the results of the research project building and testing innovative freight cars for the BMVI. All project objectives have been achieved and the project is complete. It was demonstrated that, through applying innovations to the freight car and its components, profitability could be increased and the environmental and noise footprint can be improved. The approaches developed to reduce noise must be further examined in terms of operational practicality and profitability. Approaches from the BMVI project on lightweight construction and multifunctionality will be continued in Project m². The aim of this project is to design a modular and multifunctional freight car. The goal is to optimize procurement opportunities and to make the operational capability more flexible, and thus achieve greater customer proximity.

INNOVATIVE NOISE REMEDIATION – PROJECT I-LENA

Together with the BMVI, we have launched the new and application-oriented noise remediation testing initiative (I-LENA), in which about 30 innovative products for NOISE PROTECTION green. NO. 43 are being field-tested on the infrastructure until the end of 2020. These include, among other things, new noise barriers, improved rail grinding and damping of the rail. Another focus of I-LENA green. NO. 54 is sound protection technology for particular noise hotspots. These include, for example, cornering squeals, construction noise or irritating droning when passing through railway bridges. In the year under review, low, lineside noise barriers, temporary noise barriers against construction noise and a new rail grinding method were tested, among others. By the end of the year under review, 23 measures were installed on five test runs or test fields.

Social

Overview of key figures

Employee satisfaction *(SI)* — **Target: > 3.8**

2024	3.8
2019	–
2018	3.7
2017	–
2016	3.7
2015	–

Employer attractiveness *(rank in Germany)*

2020	≤10
2019	**19**
2018	13
2017	13
2016	16
2015	20

External new hires in Germany (excluding young professionals) *(NP)*

2019	**22,758**
2018	20,815
2017	16,064
2016	13,039
2015	11,618

○ Short-/mid-term target — Long-term target

Targets and management approach

GRI 103

Our Human Resources strategy is a vital component of the Strong Rail strategy. It follows the guideline "with people for people."

We intend to recruit, qualify and retain about 100,000 new employees. This objective is expected to make a critical contribution to making DB Group more robust overall.

Our Human Resources strategy comprises four strategic areas of action:

- forward-looking personnel planning,
- innovative recruiting,
- a holistic approach to management, qualification and transformation, and
- actively designing the work of the future.

The objective of each of these four areas of action is to make an important contribution to making DB Group fit for the challenges of the future.

Our major challenge is the demographic change in society and in our workforce. Half of the employees in Germany will leave us in the next ten to 12 years. At the same time, the availability of skilled workers on the labor market in many professions is becoming more and more scarce.

For this reason, we are working to close capacity and skill gaps through resource management and to have the right number of the right employees in the right place. We are focusing on combining precise personnel planning and massive recruitment and qualification.

Our strong employer branding ensures that we are positioning ourselves as an attractive employer in the applicant market and reaching our target groups early via the relevant communication channels. Our indicator employer attractiveness is calculated on the basis of the Trendence employer rankings, which are weighted according to target group.

New approaches to management, qualification and transformation are expected to bring greater assumption of responsibility, cooperation and performance capability to our organization. We are focusing on building up high-performing processes for employee development, performance management and generation management. The new compass for a strong cooperation developed with employee participation should serve as an orientation and benchmark for all employees and executives in DB Group – for better collaboration and performance in the interests of our customers.

Furthermore, the 15 EMPLOYEE BUILDING BLOCKS 22 FF. are anchored as a new participatory element of the Strong Rail strategy.

In order to be a more modern, forward-looking group, we are clearly committed to the diversity of our workforce and we are working intensively to meet the challenges of the future of work. Within the framework of future labs, we are searching for ideas and responses to changing activities and job profiles, changing requirements for life and working models and new forms of collaboration.

We measure the satisfaction of our employees using the various organizational general frameworks – along with their engagement – through our Group-wide employee survey. It is used to determine the situation of the entire Group – broken down to the team level. Firmly anchored in this instrument is our approach of deriving concrete changes and improvement measures using follow-up workshops and fixing them in a manner binding on executives and employees. Together with the follow-up workshops, the employee survey is a powerful tool for promoting our corporate culture.

Personnel planning

In order to ensure DB Group is robust, we need precise personnel management, from recruiting, qualification and functional training, right through to operational availability. We are working to close capacity and skills gaps through holistic resource management and to have the right number of the right employees in the right place. In the Strategic Staff Planning (Strategische Personalplanung; SPP), we have an established strategic instrument for analyzing the challenges to our Human Resources policy, creating for us a standardized and systematized ten-year view into the future in terms of personnel shortfalls and overlaps in operation-critical activities. Through the Strategic Workforce Management, we have further developed the SPP. In addition to the quantitative aspects, qualitative aspects such as the changing professional requirements, activities and skills are taken into consideration in the Strategic Workforce Management, in order to ensure that we can qualify and recruit in an even more targeted manner in the future. We have tested the concept in various companies and applied it in different divisions in the year under review.

In the year under review, a project was set up to review the staff planning process in order to ensure a standardized approach to the development of meaningful and robust Group-wide staff planning. In addition to the greater standardization of responsibilities and skills, the requirements on the system side were also in focus. This means that even greater transparency is achieved in all aspects of staff planning.

In order to improve our forecasting capability, we are also working with innovative methods such as AI and machine learning, which analyze individual aspects of staff planning and questions that go beyond them in the form of specific use cases.

Recruiting

EMPLOYER ATTRACTIVENESS LOWER

Employer attractiveness (*rank in Germany*)	**2019**	2018	Change absolute	Change %	2017
DB Group	19	13	-6	-	13
High school students	15	15	-	-	15
Students/graduates	16	17	+1	-	20
Skilled workers	20	12	-8	-	13
Academically experienced professionals	17	16	-1	-	10

In the year under review, we recorded a decline in the employer rankings. The poorer performance in applicants is attributable to the sometimes critical public discussion about the quality and punctuality of DB Group. However, the year under review was a successful year from the recruiting point of view. Strong employer branding and effective recruiting ensure that we are still perceived as an attractive employer even in a tense labor market and can hire the necessary employees to operate our business successfully and also to ensure its robustness in the long term.

In the year under review, the requirements for new employees were once again particularly high. At Kiel, Bremen, Dortmund, Cologne, Koblenz and Saarbrucken, six further locations with talent acquisition teams were opened. In addition, regional staff marketing teams were set up in all regions and new recruiters were sought at all locations. We have thus further thoroughly regionalized the talent acquisition organization and aligned it with the needs of local labor markets.

Numerous campaigns were carried out for all relevant target groups. In particular, the focus was on the specialist professions that are in high demand. The current employer branding campaign "Welcome, you are one of us." was specifically developed for the respective channels.

We continued to focus on innovation in addressing our target groups. With the DB Job Tour, we have implemented a modern recruiting style. Over seven weeks we were out and about at 27 locations in seven recruiting regions in Germany. The DB Job Tour was not only a particularly candidate-oriented format, but also received wide and positive media attention.

In the year under review, further digital tools were introduced or further developed as a basis for modern recruitment. Our global recruiting software in Germany is the basis for our career site and cross-border cooperation in talent acquisition, and optimizes the applicant experience. Our career site has also been revised. A chatbot now answers basic questions from applicants. With new job ad formats, such as the podcast IT@DB, selected target groups are being approached in an innovative way.

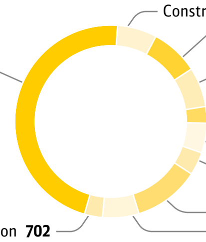
Since November 2019, a digital portal has been available to newcomers in DB Group. The new platform connects seamlessly to the recruiting career portal. This will provide new employees with information about DB Group and the business unit they are entering into before their first day of work. The purpose of the platform is to ensure that the transition from recruiting, through the hiring process right through to arriving at the company is seamless.

In the year under review, our talent acquisition staff received important industry awards. These included two Trendence Awards for greatest image enhancement over 20 years and the best employer branding campaign for skilled employees, the German Award for Online Communication in the Recruiting & Employer Branding category, the Digital Communication Award in the Microsite category and the HR Excellence Award for Active Sourcing.

NEW HIRES AT RECORD LEVELS

In the year under review, DB Group again appointed new employees at record levels in Germany, with a total of about 27,300 new employees (including young professionals). These include over 2,100 train drivers and about 1,800 traffic controllers, as well as about 4,000 maintenance technicians. These are significantly increased numbers of hires in these job groups compared to the previous year. As a result, we are strengthening the rail at challenging points in the system and improving quality for our customers.

External new hires (excluding young professionals) as of Dec 31, 2019 *(NP)*



Even without taking into account the young professionals, we hired more employees than ever before: 22,758 new employees (excluding young professionals) in the year under review. This means that we are implementing our central strategic HR objective of recruiting, qualifying and retaining 100,000 new employees and making DB Group more robust.

Management, qualification and transformation

QUALIFICATION AND TRAINING

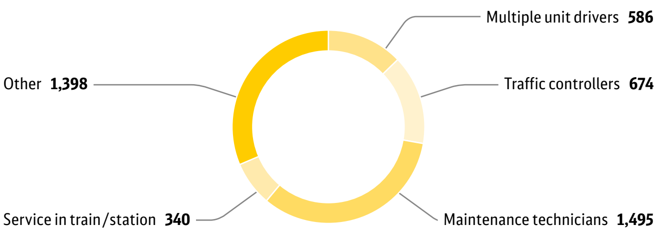
Young professionals as of Dec 31 *(NP)*	2019	2018	2017
Vocational trainees [1]	10,676	9,923	9,540
Dual degree students [1]	1,081	949	900
Graduate trainees [2]	146	157	109
Interns [2]	664	534	537
"Chance plus" participants	250	250	250
DB Group	**12,817**	**11,813**	**11,336**

[1] Germany; includes all class years of vocational training (usually three class years for both vocational trainees and dual degree students).

[2] Germany (companies with about 98% of domestic employees).

Targeted qualification of all employee groups, in particular young professionals, is an important success factor for our sustainable performance. In order to be able to qualify the additional personnel properly and rapidly, we increased our capacities by one-third in the year under review. As many railway-specific professions are not available on the labor market, we are one of the largest trainers in Germany.

External new hires, vocational trainees and dual degree students in Germany as of Dec 31, 2019 *(NP)*



Disclosures on the targeted professional objectives.

Excluding the vocational trainees hired after having successfully completed their training, and students in dual study hired having successfully completed their studies.

In the year under review, about 4,100 vocational trainees and 400 dual-program students were welcomed into DB Group. This is about 300 more young professionals than in the previous year. Most of the vocational trainees started in the role of railman in the operational service in the field track, in the field train driver/transport and electrician with a focus on operating technology. We recognize outstanding performance and great commitment in these entry-level programs through the Excellence Program for particularly high-performing young professionals.

FURTHER INFORMATION ON PLANNING OF NEW TALENT 264

The focus is still on increasing digitalization in vocational training. In the year under review, almost all vocational trainees in their first year of training received a mobile device. We are working to introduce a digital training management tool and enhance digital learning formats by 2020.

We have also placed a special focus on digitalization in our young professional academic programs. For the second time, we conducted the digitalization trainee program in the year under review. A central component of the program is the development of an own digital business model, which also includes the provision of selected digital and agile methods.

EMPLOYEE RETENTION AND DEVELOPMENT

New approaches and high-performance processes in employee retention and development are crucial to the assumption of greater responsibility, cooperation and performance at DB Group. Here, we are fully relying on our Strong Rail strategy. We support employees in five topic areas.

- Perform: The focus is on an honest dialogue about performance, in order to continuously promote high performance. The “my Performance Management” project has developed a solution that makes goal-setting more responsive, focuses on feedback, and makes performance a continuous topic of discussion.
  FURTHER INFORMATION ON PERFORMANCE MANAGEMENT 264
- Learning: A wide range of DB Academy and DB Training, as well as measures implemented directly in everyday working life, help to expand employees’ own skills. The DB Learning World was further expanded as a central learning platform of DB Group. More than 115,000 employees are already using the learning opportunities and also have access to learning content free of charge on the topics of digitalization, lean management, change management and communication. This means that the DB Learning World offers all employees the opportunity to learn independently and in a self-organized way and thus to develop professionally and personally.
- Develop: Succession planning makes a significant contribution to reducing the risk of longer vacancy periods, overcoming silo limits and co-defining clearer perspectives for further development with the executives and employees. The process for strategic succession planning, which was introduced in the year under review, stipulates, among other things, that interested candidates can express their interest in succession to executive functions and those with know-how through a mouse-click on their own initiative. In the future, seamless transitions in personnel changes will be better ensured and succession risks will be made transparent.
  FURTHER INFORMATION ON SUCCESSION PLANNING 265
- Boarding and switching: When a hiring decision is made, onboarding management supports the new employee in preparing for the new tasks in the best possible way. We support onboarding management both digitally and through personal accompaniment. Intergenerational management promotes integration and mutual learning by experienced and new employees.

Employees are responsible for each of these five subject areas themselves. In addition, the respective executive supports their teams as the first personnel developer. The compass for a strong coexistence is a common benchmark for all these areas. The five basic principles for management, cooperation and culture described therein are enshrined in performance assessment, career development, staffing decisions, learning and onboarding management.

15 EMPLOYEE BUILDING BLOCKS

In the year under review, the **15 EMPLOYEE BUILDING BLOCKS** 22 FF. were firmly anchored as a new, participatory element of the Strong Rail strategy. The mobilization and participation of employees are crucial to the success of the new strategy. For this reason, we actively involve our employees in the Strong Rail strategy.

FOLLOW-UP WORKSHOPS AND IDEA MANAGEMENT

Employee satisfaction	2019	2018	2017
Employee satisfaction (SI)	–	3.7	–
Follow-up workshop implementation rate (%)	96.9	–	97.1

The employee satisfaction survey is conducted every two years. If no survey has been conducted, the key figure Follow-up workshop implementation rate is used.

We measure the satisfaction of our employees using the various organizational general frameworks, and their engagement through our two-year anonymized Group-wide employee survey. Following the 2018 employee survey, follow-up workshops were designed as a follow-up measure based on the results. Based on the positive feedback from 2017 workshop participants, the basic concept of the follow-up workshops was expanded and implemented on the basis of the previous cornerstones and quality standards. In the year under review, the flexibility in the formats, methods and business-specific topics of the follow-up workshops was greatly increased in order to ensure an optimal fit for team-specific challenges by executives. The majority of the measures were derived for the areas of action of integration and further development.

A total of more than 12,000 follow-up workshops were carried out Group-wide, in which about 150,000 employees took part. This value is at a comparably high level as in previous years.

In addition, the initiative and participation will be strengthened through the modernization of idea management, which has been supported by a new Web-based IT system since the beginning of the year under review. Improvement initiatives from employees can now be assessed and implemented even more quickly. This means that ideas can now be entered from any device, and the employee has transparency about where and in which phase their idea currently is and when it will be implemented.

Work of the future

In order to strengthen our ability to innovate and to set ourselves up for the future, we intend to actively shape the work of the future in DB Group. Here, it is important to us to involve all employees, especially those who contribute to success in operational activities and in direct customer contact.

FUTURE-ORIENTED EMPLOYMENT CONDITIONS

We are continuing to develop employment conditions on the basis of current and future social developments as well as the expectations of employees and applicants for a modern employer, consistently within the meaning of the **STRONG RAIL STRATEGY** 71 FF. Topics such as participation and individualization are becoming increasingly important.

Flexible design of working hours

We will meet the societal changes and the wishes of our employees in the organization of working hours to facilitate a better balance of work and private life and family through more individualization and the participation of employees. The intensification of DB Group's activities in active design of working hours and the development of attractive working hour models is strategic in terms of increasing employer attractiveness and therefore has a high significance for employee retention and recruitment.

For example, in this context, since 2018, we have been offering the collective bargaining agreement for working hours, under which employees can decide individually whether to reduce their weekly hours by one hour, take six days of additional vacation a year or choose an increased salary, all on an arithmetical basis. This collective bargaining agreement applies to all employees and was expanded in the 2018 pay scale round for the selection from 2020 (valid from 2021).

NEW WORKING ENVIRONMENTS

The flex@work concept deals with work that is flexible in terms of time and location in conjunction with innovative space designs in order to take account of the changing requirements of our employees regarding modern working environments. Employees can choose a height-adjustable desk every day, search for inspiration or focus on their work in retreat rooms, and chat in the café.

Our employees have several options in the use of overtime. In addition to the classic options of administrative leave or payment, collective bargaining employees can contribute time credit from overtime, as well as vacation days and remuneration into an individual long-term account and have them paid out at a later date – for example in the form of a sabbatical, childcare, caring for relatives or early retirement. So far, more than 50,000 employees have activated a value credit account.

Since July 2019, employees subject to collective bargaining agreements have also been able to convert time credits from overtime or additional leave for rotating shift work, shift work and night work into the company pension plan (CPPs) in full or in part, thereby also saving for life after work. Both models (long-term time account and contribution to the CPP) are further supported by DB Group.

At the operational level, we are strengthening the commitment and participation of employees in designing working hours and the individualization within working hours design as part of the framework of what are called operational working hours projects. In these projects, employers, the works council and employees work together to find suitable, feasible and sustainable solutions in service and operational planning – directly on site, in order to be able to offer the best solution for the needs of actual operation.

Mobility services and supported living space

We are actively seeking solutions to the challenges of increasing mobility and affordable housing for our employees. In addition to the traditional travel discounts, we aim to expand the mobility portfolio for employees with attractive products. For example, employees can already make use of offers at favorable conditions for DB company bikes, for Call a Bike or Flinkster.

In many metropolitan areas, a tense housing and job market is causing recruitment efforts to become more difficult. In Greater Munich, this is particularly striking, which is why we have expanded the living space offer for employees in the region in the year under review. The offer of temporary rentable furnished apartments was increased there by 70 units to a total of 188. In addition, we have acquired 74 occupancy rights with the Real Estate Management and Valuation Company (Grundstücks-Verwaltungs- und Verwertungsgesellschaft; GVG). Employees will be able to access long-term living space in the form of a working rental agreement from February 2020.

Modern health management

The contribution of health management to the design of modern employment conditions is demonstrated firstly by a comprehensive modernization of the medical and psychological determination of suitability for applicants and employees working in activities subject to safety requirements. As a result, only the necessary tests are carried out, thereby reducing barriers to recruitment. We are also developing new, innovative ways of relaying health competencies, for example by offering mobile check-ups. Through the new DB Medibus, more than 1,000 tests were carried out at over 30 locations. A special focus of our health management continues to be on the promotion of mental health, most recently through the introduction of a special peer guidance system on depression, which was recognized by the Anti-Stigma Prize of the German psychiatry professional body DGPPN (German Association for Psychiatry, Psychotherapy and Psychosomatics).

Collective bargaining negotiations concluded successfully

GRI
102-41
102-43

Collective bargaining negotiations with the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG) was successfully concluded on December 14, 2018, and with the German Train Drivers' Union (Gewerkschaft deutscher Lokomotivführer; GDL) on January 4, 2019. The agreements have succeeded in agreeing consistent provisions. The collective wage agreements are valid for 29 months – with retroactive effect from October 1, 2018 – until February 28, 2021. In addition to an overall pay increase of 6.1% in two parts, continuation and extension of the option to choose between pay increase, shortened working hours or additional vacation, and improvements to the company retirement benefit were amongst the agreements reached.

FURTHER INFORMATION COLLECTIVE AGREEMENTS AND EMPLOYMENT CONDITIONS 265 F.

THE FUTURE OF WORK AND DIVERSITY

Group initiative on the work of the future

The new group initiative "People. Make. The Future." provides a framework for dealing with Group-wide future career patterns in the industry, new working environments and new forms of collaboration. In order to obtain a comprehensive view of the topic and answer open questions about the future, future labs were founded. The objective is to develop concrete perspectives on the one hand and to derive the necessary steps to make us fit for tomorrow's demands on the other. In this way, the future lab is further developing future perspectives for key professions in the rail sector in order to find solutions to digitalization and demographic changes. The New Ways of Cooperating and Agile Organizational Forms future lab is developing concepts in order to make new work topics practical for us and to create the appropriate organizational general framework. Users and experts from the Agility and Self-Organization network contribute together to disseminating methods, application examples and best practices among interested parties. In various agile islands, new innovative forms of collaboration have already been established in DB Group. Up to now, more than 5,000 employees have been working in structures that are agile or are in transformation.

Many more employees are also working with agile methods in order to achieve advantages such as a higher adaptation speed and more attractive working environments, even within the existing organizational framework.

Group initiative on diversity

The Group initiative "Uniquely Different." underlines our commitment to diversity by raising awareness of diversity, for example through the Diversity Week and the Diversity Day, and by appreciating and making visible DB Group's commitment to diversity.

With "Uniquely Different.", we are committed to a corporate culture in which employees can actively contribute their various and individual ways of living and skills. We stand for a diversity of sexes, generations, ethnic and social origins, religions and world views, sexual orientations and identities, physical and mental abilities, as well as learning and working styles.

WAVING THE FLAG FOR DIVERSITY

In 2019, the CEO and Chairman of the Management Board of DB AG, Dr. Richard Lutz, took on the patronage of railbow, the LGBT network of DB Group. Under the umbrella of railbow, employees are committed to deconstructing prejudices, promoting mutual respect and a positive working environment. For the first time, DB Group, together with railbow, participated in four Christopher Street Day parades with an official carriage.

With this in mind, we promote and use diversity to support recruiting and retaining employees, increase our capacity for innovation and also to move closer to our customers. A clear commitment to diversity is an integral part of DB Group's positioning as a cosmopolitan employer.

SMART HR TRANSFORMATION PROJECT

Through Smart HR, we are using the full potential of digitalization and making Human Resources work more efficient, more modern, and more competitive. We are replacing the current PeopleSoft human resources system with a modern, Cloud-based platform where employees can access many products themselves using digital services at any time and anywhere.

Smart HR is the central transformation project in the HR division. For this purpose, uniform process standards, a clear understanding of the role of the HR function in conjunction with executives and employees, and a unified operating model with a clear understanding of the role of all parties involved are being created.

Number of employees and employee structure

GRI 102-8

Employees as of Dec 31 (FTE)	2019	2018	Change absolute	Change %	2017
DB Long-Distance	17,289	16,548	+741	+4.5	15,993
DB Regional	36,374	35,881	+493	+1.4	35,651
DB Cargo	29,525	28,842	+683	+2.4	28,257
DB Netze Track	48,787	46,969	+1,818	+3.9	45,375
DB Netze Stations	6,216	5,804	+412	+7.1	5,463
DB Netze Energy	1,772	1,734	+38	+2.2	1,721
Other	55,497	53,877	+1,620	+3.0	51,937
Integrated rail system	**195,460**	**189,655**	**+5,805**	**+3.1**	**184,397**
DB Arriva	52,331	53,056	-725	-1.4	54,650
DB Schenker	76,153	75,817	+336	+0.4	71,888
DB Group	**323,944**	**318,528**	**+5,416**	**+1.7**	**310,935**
± Changes in the scope of consolidation	–	-30	+30	–	–
DB Group – comparable	**323,944**	**318,498**	**+5,446**	**+1.7**	**–**

To guarantee better comparability, the number of employees is converted into full-time employees. Figures for part-time employees are measured in accordance with their share of the regular annual working time.

As of December 31, 2019, the number of employees in DB Group increased. At the business unit level, the employee development was particularly evident at DB Netze Track in the areas of maintenance and construction projects, as well as in operations and other, particularly at DB AG and DB Vehicle Maintenance, as well as through the expansion of innovative thematic fields at DB Systel. In addition, the number of employees increased at DB Long-Distance, DB Regional and DB Cargo.

Employees by regions as of Dec 31 (FTE)	2019	2018	Change absolute	Change %	2017
Germany	202,328	196,334	+5,994	+3.1	189,423
Europe (excluding Germany)	92,106	92,336	-230	-0.2	93,655
Asia/Pacific	16,890	16,751	+139	+0.8	15,971
North America	9,285	9,736	-451	-4.6	8,921
Rest of world	3,335	3,371	-36	-1.1	2,965
DB Group	**323,944**	**318,528**	**+5,416**	**+1.7**	**310,935**

Employee loyalty (years)	2019	2018	2017
Average length of service	17	18	19
Average age	45	45	46

Germany (companies with about 98% of domestic employees).

Share of women as of Dec 31 (%)	2019	2018	2017
DB Group	24.3	24.5	23.7
in Germany	23.3	23.2	23.0

FURTHER INFORMATION ON THE NUMBER OF EMPLOYEES AND EMPLOYEE STRUCTURE 267.

Business development

Overview of key figures

ECONOMIC DIMENSION

Revenues adjusted *(€ billion)*

2019	**44.4**
2018	44.0
2017	42.7
2016	40.6
2015	40.5

EBIT adjusted *(€ million)*

2019	**1,837**
2018	2,111
2017	2,152
2016	1,946
2015	1,759

STRONG RAIL **ROCE** 1) *(%)* **Target: ≥ 6.5**

2024	~4.0
2019	**4.3**
2018	5.8
2017	6.1
2016	5.9
2015	5.3

STRONG RAIL **Debt coverage** *(%)* **Target: ≥ 20**

2024	>16
2019	**15.3**
2018	17.6
2017	18.7
2016	18.1
2015	19.0

Gross capital expenditures 1) *(€ billion)*

2019	**13.1**
2018	11.2
2017	10.5
2016	9.5
2015	9.3

Net capital expenditures 1) *(€ billion)*

2019	**5.6**
2018	4.0
2017	3.7
2016	3.3
2015	3.9

Net financial debt 1) **as of Dec 31** *(€ billion)*

2019	**24.2**
2018	19.5
2017	18.6
2016	17.6
2015	17.5

Equity ratio 1) *(%)*

2019	**22.7**
2018	23.2
2017	25.2
2016	22.5
2015	24.0

○ 5-year target — Long-term target

1) Beginning in 2019, limited comparability with the previous year's figures due to the **IFRS 16 EFFECT** 191 f.

Differentiated environment for global and European transport markets

GENERAL FRAMEWORK

Development of important macroeconomic indicators compared to the previous year *(%)*	**2019**	2018	2017
GLOBAL TRADE (IN REAL TERMS)			
Trade in goods	+0.9	+4.1	+6.1
GDP			
Global	+2.6	+3.2	+3.3
USA	+2.3	+2.9	+2.4
China	+6.1	+6.7	+6.9
Japan	+0.9	+0.3	+2.2
Europe	+1.3	+2.1	+2.9
Eurozone	+1.2	+1.9	+2.7
Germany	+0.6	+1.5	+2.8

The data for 2017 to 2019, adjusted for price and calendar effects, is based on information and estimates available as of February 2020.

Source: Oxford Economics

Economic growth in the most important global economic regions lost momentum in 2019. This is mainly because of the noticeably weaker development in the manufacturing sector and, in particular, in the production of capital goods. In the face of numerous political conflicts such as the trade disputes between the USA and China and the future relations between the European Union (EU) and the United Kingdom, which remain unclear despite Brexit being agreed, there is currently great uncertainty for companies. This has led to investments being reduced or postponed in many cases, meaning that the demand for trade-intensive capital goods has fallen significantly. This is also the reason for the significantly lower growth in the global trade in goods.

The major economic regions are affected by these developments to different degrees. For example, the effects of the slowing of trade growth on the open economies of Asia and Europe, which are integrated into the global value-added chains, are comparatively strong. This is particularly true for countries where a high share of their overall economic value creation is in industrial production, such as Germany, Japan and China. As a result, growth in Europe overall is lower than in previous years.

In Asia, growth rates remain high compared to the rest of the world, but are below the values of previous years.

Many emerging and developing countries are also feeling the consequences of the high level of uncertainty. Faced with an increase in the US dollar rate against many other currencies, investments in these countries have become more expensive and therefore more unattractive. In addition, there is an increase in the cost of key imported goods, which are mostly traded in dollars, such as oil.

In the USA, on the other hand, growth has only slightly weakened. Although the economic cycle has also peaked here, the robust development of private consumption continues to ensure solid growth.

ENERGY MARKETS

The central hedging policy of DB Group aims to minimize energy price fluctuations. Our activities are therefore not exposed to the full impact of changes in market priº102ces, at least not in the short term.

Gasoline and diesel

Brent crude *(USD/bbl)*	**2019**	2018	Change absolute	Change %
Average price	64.2	71.7	-7.5	-10.5
Highest price	75.6	86.7	-11.1	-12.8
Lowest price	52.5	49.9	+2.6	+5.2
Year-end price	66.0	53.8	+12.2	+22.7

Source: Thomson Reuters

The annual average price of oil declined, but the effect was dampened by the weak euro. In Europe, fuel prices remained at the previous year's level.

In Germany, after the strong rises in previous years, a slight decline in gasoline and diesel prices overall was recorded. As a result, the competitive situation of the railways deteriorated slightly compared to personal cars and trucks. At the same time, lower fuel prices resulted in cost reductions in land transport at DB Schenker and in the bus business.

Electricity and emissions certificates

Electricity market	**2019**	2018	Change absolute	Change %
BASE LOAD POWER (FOLLOWING YEAR) (€/MWH)				
Average price	48.1	44.1	+4.0	+9.1
Highest price	53.5	56.9	-3.4	-6.0
Lowest price	41.6	32.6	+9.0	+27.6
Year-end price	44.9	51.4	-6.5	-12.6
EMISSIONS CERTIFICATES (€/T CO_2)				
Average price	24.8	16.0	+8.8	+55.0
Highest price	29.9	25.8	+4.1	+15.9
Lowest price	18.4	7.6	+10.8	+142
Year-end price	25.0	24.6	+0.4	+1.6

Source: Thomson Reuters

The price effects that emerged in 2019 did not lead to any significant burden on results in the operating business.

Income situation

- *Revenue increase as a result of performance gains, amongst other reasons.*
- *Rising factor costs, especially in personnel.*
- *Extensive measures to expand capacity, improve quality and to further digitalization.*
- *Operating profit development under pressure.*

COMPARABILITY WITH THE PREVIOUS YEAR

IFRS 16 effect (€ million)	2019	IFRS 16 effect	2019 (excluding IFRS 16 effect)	2018
EBITDA	5,436	943	4,493	4,739
EBIT	1,837	46	1,791	2,111
Net capital expenditures	5,646	1,097	4,549	3,996
Net financial debt as of Dec 31	24,175	4,487	19,688	19,549
Capital employed as of Dec 31	42,999	4,487	38,512	36,657
ROCE (%)	4.3	-0.4[1]	4.7	5.8

[1] Percentage points.

In the year under review, DB Group began applying the new accounting standard IFRS 16 191 f. As a result of the changed presentation of leasing contract liabilities, the income and financial positions of DB Group and its business units were affected in the year under review (IFRS 16 effect):

- The elimination of leasing expenses as operating expenses led to a higher operating profit before depreciation (EBITDA) being reported.
- EBIT was only slightly positively affected as a result of the additional depreciation on leased assets.
- Capital expenditures increased due to the fact that new leases are now being reported under capital expenditures.
- ROCE declined to a lower level, as the capital employed increased disproportionately to EBIT. At the same time, the cost of capital also declined.
- Financial debt increased as of December 31, 2019 through the inclusion of leasing liabilities.
- As part of the first-time application of IFRS 16, we have adjusted our TARGET VALUES FOR ROCE AND DEBT COVERAGE 107 ff.

CHANGES IN THE SCOPE OF CONSOLIDATION 192 ff., on the other hand, did not significantly affect the trends in expenses and income in the year under review.

REVENUES

Revenues (€ million)	2019	2018	Change absolute	Change %
Revenues	44,430	44,065	+365	+0.8
± Special items	1	-41	+42	-
Revenues adjusted	**44,431**	**44,024**	**+407**	**+0.9**
thereof integrated rail system	22,220	21,841	+379	+1.7
± Changes in the scope of consolidation	-77	-	-77	-
± Exchange rate changes	-124	-	-124	-
Revenues comparable	**44,230**	**44,024**	**+206**	**+0.5**
thereof integrated rail system	22,215	21,841	+374	+1.7

Revenues improved slightly. The primarily price- and performance-related growth was mainly felt in business units of the INTEGRATED RAIL SYSTEM 116 ff.

On a comparable basis (adjusted for special items as well as scope of consolidation and exchange rate changes), revenues increased slightly less strongly:

- The special items in the year under review were insignificant. The decline was mainly due to lower revenue discounts in connection with ongoing procedures in infrastructure.
- The effects of changes in the scope of consolidation mainly relate to DB Arriva (€ +74 million) and DB Cargo (€ +3 million).
- The effects of exchange rate changes mainly impacted DB Schenker (€ +109 million) and DB Arriva (€ +14 million).

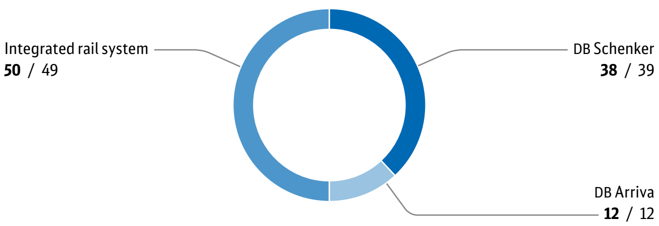
Revenue development of business units

External revenues by business unit (€ million)	2019	2018	Change absolute	Change %
DB Long-Distance	4,824	4,528	+296	+6.5
DB Regional	8,830	8,862	-32	-0.4
DB Cargo	4,188	4,177	+11	+0.3
DB Netze Track	1,687	1,559	+128	+8.2
DB Netze Stations	590	569	+21	+3.7
DB Netze Energy	1,308	1,350	-42	-3.1
Other	581	573	+8	+1.4
Integrated rail system	**22,008**	**21,618**	**+390**	**+1.8**
DB Arriva	5,405	5,433	-28	-0.5
DB Schenker	17,018	16,973	+45	+0.3
DB Group adjusted	**44,431**	**44,024**	**+407**	**+0.9**

The **REVENUE DEVELOPMENT OF THE BUSINESS UNITS OF THE INTEGRATED RAIL SYSTEM** 116 FF. was positive, with the exception of DB Regional and DB Netze Energy. DB Long-Distance and DB Netze Track recorded the largest share of growth. Revenues from DB Arriva and DB Schenker were at about the previous year's level.

Revenue structure

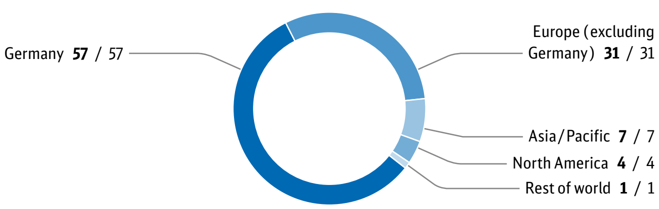
External revenue structure by divisions *(%)* — **2019** / 2018



External revenue structure *(%)*	**2019**	2018
DB Long-Distance	10.9	10.3
DB Regional	19.9	20.1
DB Cargo	9.4	9.5
DB Netze Track	3.8	3.5
DB Netze Stations	1.3	1.3
DB Netze Energy	2.9	3.1
Other	1.3	1.3
Integrated rail system	**49.5**	**49.1**
DB Arriva	12.2	12.3
DB Schenker	38.3	38.6
DB Group	**100**	**100**

There were no significant changes to the revenue structure at business unit level.

External revenues by regions *(%)* — **2019** / 2018



External revenues by regions *(€ million)*	**2019**	2018	Change absolute	Change %
Germany	25,165	24,929	+236	+0.9
Europe (excluding Germany)	13,653	13,593	+60	+0.4
Asia/Pacific	3,121	3,035	+86	+2.8
North America	1,924	1,905	+19	+1.0
Rest of world	568	562	+6	+1.1
DB Group adjusted	**44,431**	**44,024**	**+407**	**+0.9**

Overall, regional revenue development was positive:

- In Germany, revenues increased slightly. This was in particular the result of growth in DB Long-Distance and DB Netze Track. Small, performance-related declines in revenues at DB Schenker and DB Regional had a dampening effect, however.
- Revenue development in Europe (excluding Germany) was at about the same level as in the previous year. Positive effects from volume growth at DB Schenker and the expansion of transports to China at DB Cargo were offset by negative exchange rate effects, among other things.
- Revenues in the Asia/Pacific and North America regions rose, mainly due to exchange rate effects. Adjusted for exchange rate effects, DB Schenker's business development in the Asia/Pacific region was at the previous year's level, and in North America it was weaker.

INCOME DEVELOPMENT

Transition to the adjusted statement of income

- Special issues are eliminated in the adjusted statement of income. The transition to the adjusted statement is a two-step process. Firstly, standard reclassifications are carried out, then the figures are adjusted for individual special items.
- The reclassifications essentially relate to two issues.
  - The first issue is the reclassification of net interest income components not related to net financial debt and pension provisions: predominantly the compounding and discounting effects of non-current provisions (excluding pension obligations) and non-current liabilities (excluding financial debt). The non-operational character of these components can also be seen in the fact that their influence on net interest income very much depends on the interest rates as of the balance sheet date.
  - The second significant reclassification relates to the amortization of intangible assets capitalized in the course of purchase price allocation (PPA) of acquisitions conducted during the assessment of long-term customer contracts. Existing transport contracts are an essential component of the purchase price valuation, in passenger transport in particular. In order to safeguard the operating assessment and to prevent these contracts from being treated differently from other contracts, these amortization components are eliminated from the operating profit. The sum reclassified in the year under review relates almost entirely to the acquisition of Arriva.

Adjustments for special items involve issues which are extraordinary based on the reasons for them and/or the amounts involved, and which would have a significant negative effect on operating development over time. Book profits and losses from transactions with subsidiaries/financial assets are adjusted regardless of their amounts. Individual items are adjusted if they are extraordinary in character, can be accounted for and assessed precisely and are significant in volume.

Operating profit figures

The following presentation of income development describes the changes in the key items on the statement of income, adjusted for special items. The effects of the changes in the scope of consolidation and exchange rate changes are presented in the following table and are not explained further in the following section.

Transition to the adjusted statement of income (€ million)	2019	Reclassifications: IFRS compounding/discounting	Reclassifications: Net investment income	Reclassifications: PPA amortization	Adjustment of special items: Impending losses	Adjustment of special items: Restructuring	Adjustment of special items: Provision for dismantling obligations	Adjustment of special items: Other	2019 adjusted
Revenues	44,430	–	–	–	–	–	–	1	**44,431**
Inventory changes and other internally produced and capitalized assets	3,166	–	–	–	–	–	–	–	**3,166**
Other operating income	3,030	–	–	–	–	- 11	–	- 11	**3,008**
Cost of materials	- 22,262	–	–	–	–	3	–	0	**- 22,259**
Personnel expenses	- 18,152	–	–	–	–	118	–	23	**- 18,011**
Other operating expenses	- 5,157	–	–	–	146	1	71	40	**- 4,899**
EBITDA/EBITDA adjusted	5,055	–	–	–	146	111	71	53	**5,436**
Depreciation	- 3,671	–	–	62	6	4	–	0	**- 3,599**
Operating income (EBIT) | EBIT adjusted	**1,384**	**–**	**–**	**62**	**152**	**115**	**71**	**53**	**1,837**
Net interest income | Operating interest balance	- 655	33	–	–	–	–	–	2	**- 620**
Operating income after interest	**729**	**33**	**–**	**62**	**152**	**115**	**71**	**55**	**1,217**
Result from investments accounted for using the equity method | Net investment income	- 12	–	3	–	–	–	–	–	**- 9**
Other financial result	- 36	- 33	- 3	–	–	–	–	–	**- 72**
PPA amortization customer contracts	–	–	–	- 62	–	–	–	–	**- 62**
Extraordinary result	–	–	–	–	- 152	- 115	- 71	- 55	**- 393**
Profit before taxes on income	**681**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**681**

Excerpt from adjusted statement of income (€ million)	2019 adjusted	2018 adjusted	Change: absolute	Change: thereof due to changes in the scope of consolidation	Change: thereof due to exchange rate effects	Change: thereof IFRS 16 effect	Change: %
Revenues	44,431	44,024	+ 407	+ 77	+ 124	- 48	+ 0.9
+ Inventory changes and other internally produced and capitalized assets	3,166	3,091	+ 75	–	+ 0	–	+ 2.4
+ Other operating income	3,008	2,862	+ 146	+ 1	+ 2	–	+ 5.1
− Cost of materials	- 22,259	- 22,254	- 5	- 23	- 64	–	–
− Personnel expenses	- 18,011	- 17,149	- 862	- 22	- 37	–	+ 5.0
− Other operating expenses	- 4,899	- 5,835	+ 936	- 3	- 18	+ 991	- 16.0
EBITDA adjusted	5,436	4,739	+ 697	+ 30	+ 7	+ 943	+ 14.7
− Depreciation	- 3,599	- 2,628	- 971	- 22	- 4	- 897	+ 36.9
EBIT adjusted	**1,837**	**2,111**	**- 274**	**+ 8**	**+ 3**	**+ 46**	**- 13.0**
+ Net operating interest	- 620	- 618	- 2	+ 2	+ 1	- 69	+ 0.3
Operating income after interest	**1,217**	**1,493**	**- 276**	**+ 10**	**+ 4**	- 23	**- 18.5**
+ Result from investments accounted for using the equity method | Net investment income	- 9	12	- 21	–	- 0	–	–
+ Other financial result	- 72	- 41	- 31	+ 3	- 0	–	+ 75.6
− PPA amortization customer contracts	- 62	- 59	- 3	–	- 0	–	+ 5.1
+ Extraordinary result	- 393	- 233	- 160	–	- 1	–	+ 68.7
Profit before taxes on income	**681**	**1,172**	**- 491**	**+ 13**	**+ 3**	**- 23**	**- 41.9**

In the year under review, exchange rate effects caused an overall immaterial increase in income and expenses. Effects resulting from changes in the scope of consolidation were also not significant.

The economic development remained challenging. Adjusted EBIT developed significantly weaker compared to the previous year, driven by the integrated rail system. Here, charges from additional expenses for measures to expand capacity (in particular personnel), to improve quality and for digitalization, as well as factor cost increases, were only partially offset by revenue increases. In a challenging competitive environment, DB Arriva developed slightly below the previous year's level. The increase in operating profit at DB Schenker had a positive effect, mainly driven by development in land transport and ocean freight. The positive development of adjusted EBITDA was marked by the effect of the first-time application of IFRS 16.

- REVENUE DEVELOPMENT 101 F. was slightly positive.
- Other operating income increased. In the integrated rail system, the effects of train-path price support in rail freight transport throughout the year had a positive effect (offsetting effects in revenues). At DB Arriva, the increase was mainly due to the utilization of provisions for impending losses.

There were noticeable additional charges on the expense side, especially in the case of personnel expenses:

- The cost of materials was at the previous year's level. In the integrated rail system, among others performance-driven lower energy expenses were largely offset by higher purchased transport services at DB Cargo. Higher expenses for infrastructure utilization in Great Britain at DB Arriva were offset by lower purchased transport services at DB Schenker as a result of volume declines and lower freight rates.
- Personnel expenses increased markedly. In addition to tariff effects, especially in the integrated rail system, the higher number of employees also had an impact.
- Other operating expenses declined significantly in the integrated rail system, at DB Arriva and at DB Schenker. This was mainly due to the elimination of leasing expenses as operating expenses through the first-time application of IFRS 16 191 F. (counteracting effects in depreciation).
- Depreciation increased in particular as a result of the IFRS 16 effect. In addition, higher depreciation on vehicles as a result of capital expenditures had an impact, particularly in the integrated rail system.

The operating interest balance was roughly at the previous year's level, meaning that the operating income after interest also decreased. Effects from higher interest for leasing as a result of the capitalization of lease agreements previously treated as operating leases (IFRS 16 effect) were mainly offset by lower interest expenses. This was mainly due to lower interest rates.

Net investment income developed significantly more weakly. This is mainly due to GHT Mobility GmbH, a company which began being included in the consolidated financial statements using the at-equity method in the year under review.

The decline in other financial results was mainly caused by effects from hedging transactions.

The extraordinary charges increased significantly.

Extraordinary result (*€ million*)	2019	thereof affecting EBIT	2018	thereof affecting EBIT
DB Long-Distance	–	–	5	5
DB Regional	0	0	-0	-0
DB Cargo	-12	-12	-13	-13
DB Netze Track	-77	-75	67	67
DB Netze Stations	3	3	7	7
DB Netze Energy	–	–	–	–
Other/consolidation integrated rail system	-109	-109	-82	-82
Integrated rail system	**-195**	**-193**	**-16**	**-16**
DB Arriva	-182	-182	-204	-204
DB Schenker	-2	-2	-7	-7
Consolidation other	-14	-14	-6	-6
DB Group	**-393**	**-391**	**-233**	**-233**

In the year under review, the extraordinary result consisted of the following special items, among other things:

- effects from impending losses (DB Arriva);
- effects in the context of restructuring measures (essentially the Other division);
- effects from adjustments to provisions for dismantling obligations (DB Netze Track); and
- effects arising from the adjustment of pension provisions as a result of the compulsory cancellation of gender-specific inequalities in guaranteed minimum pensions in Great Britain (DB Arriva).

The composition of the extraordinary result in the previous year is presented in the 2018 INTEGRATED REPORT 100.

Net profit for the year

Excerpt from statement of income (€ million)	2019	2018	Change absolute	Change %
Profit before taxes on income	681	1,172	- 491	- 41.9
Taxes on income	- 1	- 630	+ 629	- 99.8
Actual taxes on income	- 137	- 192	+ 55	- 28.6
Deferred tax expenses (-) / income (+)	136	- 438	+ 574	- 131
Net profit for the year	**680**	**542**	**+ 138**	**+ 25.5**
DB AG shareholders	662	528	+ 134	+ 25.4
Hybrid capital investors	5	-	+ 5	-
Other shareholders (non-controlling interests)	13	14	- 1	- 7.1
Earnings per share (€)				
Undiluted	1.54	1.23	+ 0.31	+ 25.2
Diluted	1.54	1.23	+ 0.31	+ 25.2

The significant decline in profit before taxes on income was compensated by the development of the income tax position. This was driven by the development of the deferred tax position at DB AG resulting from taking a longer planning horizon into account. At the same time, the actual income tax expense declined as a result of reduced income tax risks abroad. The net profit for the year (profit after taxes on income) thus increased significantly.

Earnings per share developed accordingly.

Operating profit development of the business units

EBIT adjusted by business units (€ million)	2019	2018	Change absolute	Change %
DB Long-Distance	485	417	+ 68	+ 16.3
DB Regional	408	492	- 84	- 17.1
DB Cargo	- 308	- 190	- 118	+ 62.1
DB Netze Track	807	840	- 33	- 3.9
DB Netze Stations	210	221	- 11	- 5.0
DB Netze Energy	43	21	+ 22	+ 105
Other/consolidation integrated rail system	- 622	- 493	- 129	+ 26.2
Integrated rail system	**1,023**	**1,308**	**- 285**	**- 21.8**
DB Arriva	289	300	- 11	- 3.7
DB Schenker	538	503	+ 35	+ 7.0
Consolidation other	- 13	-	- 13	-
DB Group	**1,837**	**2,111**	**- 274**	**- 13.0**

The development of the ADJUSTED OPERATING PROFIT FIGURES FOR THE BUSINESS UNITS 116 FF. was differentiated, but overall unsatisfactory. The business units of the integrated rail system significantly declined due to factor cost increases. Additional expenses for capacity and quality improvement measures also had a negative impact. The countermeasures introduced dampened these effects slightly. The adjusted EBIT of DB Schenker increased mainly as a result of positive business development. In a challenging market environment, DB Arriva developed slightly below the previous year's level.

DEVIATIONS FROM THE FORECAST

Outlook for 2019 financial year	2018	2019 (March 2019 forecast)	2019 (July 2019 forecast)	2019
Revenues (€ billion)	44.0	> 45	> 45	44.4
EBIT adjusted (€ billion)	2.1	≥ 1.9	≥ 1.9	1.8
ROCE (%)	5.8	~ 4.4	~ 4.4	4.3
Debt coverage (%)	17.6	~ 17	~ 16	15.3

Overall, the development of the income situation was slightly below our expectations, which we had adjusted slightly in July 2019. Revenue growth was weaker than expected, due, among other things, to the economic downturn, particularly at DB Cargo and DB Schenker. As a result, the operating profit fell short of our expectations. Development of ROCE and debt coverage was about in line with our expectations.

Financial position

- *A total of seven senior bond transactions (total volume of about € 2.0 billion).*
- *First hybrid bonds issued (total volume of about € 2.0 billion).*
- *S&P increased rating classification.*

INTEREST RATE ENVIRONMENT

Yield on ten-year German Federal bonds (%)	2019	2018	Change (percentage points)
Average yield	- 0.22	+ 0.46	- 0.68
Highest yield	+ 0.28	+ 0.76	- 0.48
Lowest yield	- 0.74	+ 0.23	- 0.97
Year-end yield	- 0.19	+ 0.25	- 0.44

Source: Thomson Reuters

The yield of the ten-year German Federal bonds (bunds) declined in 2019. For the first time since October 2016, ten-year bunds have again had a negative interest rate. The market development was characterized by ongoing trade disputes and an escalation of the situation in the Middle East. Furthermore, surplus liquidity in the market was noticeable, which generated a corresponding demand for securities with high credit ratings. The European Central Bank (ECB) also continued its loose monetary policy. The decision to implement further monetary policy relief in September 2019 did confirm market expectations but the decline in returns was at least halted by the onset of profit-taking.

FINANCIAL MANAGEMENT SYSTEM

Financial instruments as of Dec 31 (€ billion)	Volume 2019	thereof utilized	Volume 2018	thereof utilized
European debt issuance program	25.0	20.2	25.0	20.1
Australian debt issuance program (AUD 5 billion)	3.1	0.8	3.1	0.7
Multi-currency commercial paper program	3.0	0.9	2.0	-
Guaranteed unutilized credit facilities	2.0	-	2.0	-

In addition to aiming for a sustained rise in enterprise value, DB Group's financial management focuses on maintaining a capital structure that will ensure excellent credit ratings. The key figure used for this purpose, debt coverage, is described in KEY ECONOMIC PERFORMANCE INDICATORS 107 FF.

DB AG contains DB Group's Treasury center. Before obtaining funds from external sources, we first conduct intra-Group financing transactions. When borrowing external funds, DB AG takes out short-term loans in its own name, whereas long-term capital is generally obtained through the Group's financing company, DB Finance.

The funds are passed on to the Group companies through short-term credit lines or in the form of long-term loans. Further advantages of this concept arise from the consolidation of our know-how, realized synergy effects and minimized refinancing costs.

- We have access to a European debt issuance program (EDIP) for long-term debt financing. Six senior bonds were issued under the EDIP in the year under review (total volume: about € 1.9 billion). In contrast, senior bonds with a total volume of € 1.9 billion were redeemed. As a result, the utilization rate increased slightly to about 81% as of December 31, 2019 (as of December 31, 2018: about 78%).
- We also have an Australian debt issuance program (Kangaroo Program). A senior bond was issued under this program (volume: AUD 115 million / € 71 million). The utilization rate increased as a result to about 24% as of December 31, 2019 (as of December 31, 2018: about 20%).
- In the area of short-term debt financing, we still have a multi-currency commercial paper program available to us. As of December 31, 2019, the program was utilized with six USD issues with a maturity term of a few days. The utilization rate increased as a result to about 30% as of December 31, 2019 (as of December 31, 2018: –).
- As of December 31, 2019 we also had guaranteed unutilized credit facilities with residual maturities of between 1.0 and 2.0 years, and continue to have another guaranteed unutilized credit facility of € 0.1 billion.
- In addition, as of December 31, 2019, we were able to rely on credit lines of € 2.7 billion for the operating business (as of December 31, 2018: € 2.5 billion). These credit lines are made available to our subsidiaries around the world and include provisions for financing working capital as well as sureties for payment.
- In order to strengthen the balance sheet structure, we also issued HYBRID BONDS 107 for the first time in the year under review via DB finance.

In the year under review, the leasing volume increased mainly as a result of the IFRS 16 EFFECT 191 F.

In order to finance regional rail passenger transport vehicles, we entered into a sale and leaseback agreement for 18 new electric multiple units from Stadler for the East SH e-network. The lease contract commences on December 11, 2022 and has an imputed term of 30 years. DB Regional is the lessee for the first transport contract period of at least 13 years with a nominal leasing volume of € 104 million. The financing is hedged by the Federal state of Schleswig-Holstein through a capital service guarantee, a reuse guarantee and a transfer of receivables rather than a repayment guarantee, including a waiver of objection.

Bond issues

SENIOR BONDS

ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	Maturity	Residual maturity (years)
XS1936139770	DB Finance	EUR	1,000	1,000	1.125	Dec 2028	9.9
XS1950499712	DB Finance	GBP	300	341	1.875	Feb 2026	7.0
XS1951373585	DB Finance	NOK	1,000	103	2.705	Feb 2034	15.0
CH0479514272	DB Finance	CHF	350	310	0.100	Jun 2029	10.0
CH0479514280	DB Finance	CHF	150	133	0.500	Jun 2034	15.0
XS2007208577	DB Finance	SEK	500	47	2.005	Jun 2039	20.0
AU3CB0264026	DB Finance	AUD	115	71	2.518	Jun 2029	10.0

In the year under review, we issued seven new senior bonds through DB Finance. The equivalent value of the transactions amounted to about € 2.0 billion. The funds were raised to refinance liabilities falling due and for ongoing general Group financing. All proceeds of senior bonds not issued in euros were converted into euros.

- Demand for the four public issues (in EUR, GBP and CHF) under the EDIP came primarily from institutional investors from Europe and Asia.
- The private placements in NOK and SEK were placed exclusively with institutional investors in Scandinavia.
- A senior bond was placed under the Kangaroo program as a private placement with institutional investors in Japan.

HYBRID BONDS

ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	First termination date	Minimum term (years)
XS2010039035	DB Finance	EUR	1,000	1,000	0.950	Apr 2025	5.5
XS2010039548	DB Finance	EUR	1,000	1,000	1.600	Oct 2029	10.0

In addition, for the first time, we issued a hybrid bond in two tranches via DB Finance for a total of € 2 billion. Both tranches have no agreed due date, but the issuer may terminate the hybrid bond for the first time after 5.5 or 10 years.

Because they are classified as subordinated capital, hybrid bonds are calculated as part of equity in accordance with IFRS.

CREDIT RATINGS

Ratings DB AG	First issued	Last publication	Ratings: Short-term	Ratings: Long-term	Ratings: Outlook
S&P Global Ratings	May 16, 2000	Oct 8, 2019	A-1+	AA	Stable
Moody's	May 16, 2000	Oct 11, 2019	P-1	Aa1	Negative

The creditworthiness of DB Group is constantly monitored and assessed by the rating agencies S&P Global Ratings (S&P) and Moody's. Credit ratings provide an independent, up-to-date assessment of a company's creditworthiness. When determining ratings for DB AG, the ownership structure means that the rating agencies take into account not only the quantitative and qualitative analysis of DB Group but also an assessment of the relationship with our owner, the Federal Government, and the potential support that DB AG could receive from it. This means that the ratings given to the Federal Government are also significant for the ratings given to DB AG.

For reasons including the measures announced by the Federal Government in connection with the CLIMATE ACTION PROGRAM 2030 67 and the resulting additional support for DB Group, S&P increased the long-term rating of DB AG from "AA–" to "AA." The outlook and the short-term rating estimates remained unchanged.

Moody's has confirmed the ratings. The outlook was adjusted from "stable" to "negative," mainly as a result of the expectation that the weak key performance figures will continue in the year under review.

Additional information on the subject of RATINGS and the rating agencies' full analyses of DB AG are available on our Investor Relations Web site.

Key economic performance indicators

GRI 103

- *Target adjusted for ROCE and debt coverage.*
- *Development of operating profit worsened ROCE and debt coverage.*

Value management targets (%)	DB Group	Passenger transport	Freight transport and logistics	Infrastructure	Integrated rail system
ROCE	≥ 6.5	≥ 9.0	≥ 11.0	5.5	≥ 6.0
Debt coverage	≥ 20	≥ 50	≥ 50	≥ 20	≥ 20

At DB Group, profitability is a material requirement for financing capital expenditures in our core business, further developing our businesses and seizing opportunities for future growth. Entrepreneurial management is crucial for improving profitability.

In the context of our value management we intend to manage DB Group's enterprise value over the long term such that we can finance capital expenditure on our core business. The financial leadership and management of DB Group – and therefore also the monitoring of the success of our targets for profitable growth – is performed on the basis of a value management system based on key figures. The results are an important factor for our strategic approach, our capital expenditure decisions and employee and management remuneration.

Profitability as an overarching target in value management ensures a long-term reasonable rate of return over several economic cycles. On the basis of market values, we calculate the annual COST OF CAPITAL 109 F. as a weighted average from risk-adequate market returns on equity and debt capital. The actual yield, the return on capital employed (ROCE) is calculated as the ratio of operating profit before interest and taxes (EBIT adjusted) to capital employed. The ROCE target is set higher than the cost of capital. The long-term objective is to achieve an ROCE whose multi-year average reaches the target value, ensuring that costs of capital are covered. This ROCE target corresponds to the minimum required rate of return (MRR). The different business characteristics result in different target values for our activities in passenger transport, in logistics and in rail freight transport as well as in infrastructure. The cost of capital and thus the expected returns from the infrastructure business units are lower than in passenger transport, logistics and rail freight transport owing to our projection of continuing low profit volatility. The target value for the integrated rail system was derived from the value-weighted return expectations of all business units in DB Group with the exception of DB Arriva and DB Schenker. The operating business is always controlled before taxes and the reporting of key figures is accordingly based mainly on pre-tax figures.

Financial stability is an essential component for sustainable economic activity. For DB Group as an asset-intensive company, it is essential that we have access to the capital market at all times under favorable conditions. A major objective is therefore to achieve adequate key debt ratios. Our key indicator for managing indebtedness is DEBT COVERAGE 110. The target value is derived from key rating figures and annual benchmarking with comparable companies with an excellent credit rating.

ROCE

ROCE	2019	2018	Change absolute	Change thereof IFRS 16 effects	Change %
EBIT adjusted (€ million)	1,837	2,111	-274	+46	-13.0
Capital employed as of Dec 31 (€ million)	42,999	36,657	+6,342	+4,487	+17.3
ROCE (%)	**4.3**	**5.8**	**-**	**-0.4[1]**	**-**

[1] Percentage points.

ROCE deteriorated by 1.5 percentage points as a result of a decline in adjusted EBIT while the capital employed rose at the same time. The significant growth in capital employed resulted mainly from the first-time application of IFRS 16 191 F. This generally causes ROCE to shift to a lower level. At the same time, however, the cost of capital also declined.

Yield spread (%)	2020	2019	2018	2017	2016
ROCE	-	4.3	5.8	6.1	5.9
– Cost of capital (pre-tax WACC[1])	5.9	6.4[2]	7.0	7.3	7.7
Spread (percentage points)	**-**	**-2.1**	**-1.2**	**-1.2**	**-1.8**

[1] Each value taken at the beginning of the year.
[2] Value adjusted for IFRS 16 EFFECT 191 F.

In the year under review the negative difference between ROCE and the costs of capital increased. The shortfall is mainly due to the lack of profitability of the RIC and of DB Cargo.

Capital employed

Capital employed as of Dec 31 (€ million)	2019	2018	Change absolute	Change %
BASED ON ASSETS				
Property, plant and equipment	46,591	40,757	+5,834	+14.3
+ Intangible assets/goodwill	3,894	3,730	+164	+4.4
+ Inventories	1,520	1,369	+151	+11.0
+ Trade receivables	4,871	4,962	-91	-1.8
+ Receivables and other assets	2,792	2,250	+542	+24.1
– Financial receivables and restricted bank balances	-404	-174	-230	+132
+ Income tax receivables	60	62	-2	-3.2
+ Assets held for sale	0	26	-26	-100
– Trade liabilities	-5,789	-5,491	-298	+5.4
– Miscellaneous/other liabilities	-3,770	-3,918	+148	-3.8
– Income tax liabilities	-190	-195	+5	-2.6
– Other provisions	-5,098	-5,068	-30	+0.6
– Deferred items	-1,478	-1,648	+170	-10.3
– Assets held for sale	-	-5	+5	-100
Capital employed	**42,999**	**36,657**	**+6,342**	**+17.3**
thereof IFRS 16 effect	4,487	-	+4,487	-

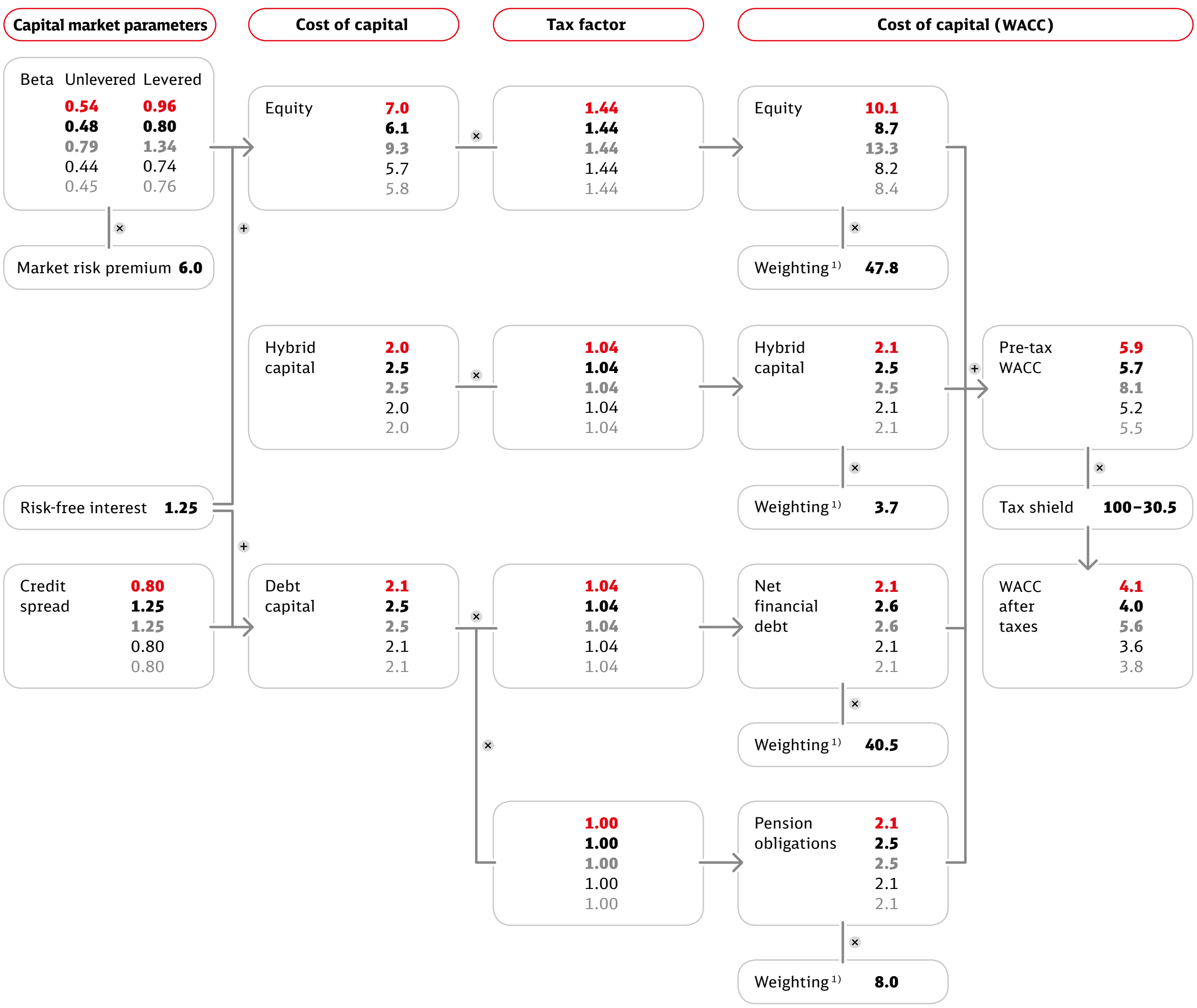
Capital employed equates to the assets deemed necessary for business and subject to the cost of capital, as derived from the balance sheet. The significant growth in capital employed resulted, above all, from an increase in property, plant and equipment. This resulted from the first-time application of IFRS 16 191 F. and the extensive CAPITAL EXPENDITURE ACTIVITIES 112.

Cost of capital

The cost of capital is updated annually to take account of changes in market parameters. We take the long-term focus of the controlling concept into consideration and balance out short-term fluctuations.

In the year under review, taking into account adjustments resulting from IFRS 16 effects for DB Group, there was a decline in costs of capital before taxes from 6.4% to 5.9%. After taxes, there was a cost of capital of 4.1% (previous year: 4.4%).

Determining cost of capital



DB Group / passenger transport / freight transport and logistics / infrastructure / integrated rail system

[1] Impact of capital structure is reflected only in the tax shield; because DB Group is a consolidated tax group, the capital structure of DB Group is used.

Individual figures are rounded and therefore may not add up.

As of December 31, 2019 (%).

We calculate DB Group's cost of capital as a weighted average interest rate of equity, net financial debt and pension obligations. Determined once a year, this reflects current capital market parameters, the prevailing tax framework and the value share of methods used to finance capital employed.

When determining the company-independent capital market parameters, market risk premium and risk-free interest rate, short-term fluctuations in debt and equity market returns are smoothed out in line with the long-term focus of our value management concept. The parameters are determined on the basis of the yields on long-term German bunds as well as the long-term average returns of the German DAX 30 equity index. The parameters used are also validated on the basis of up-to-date recommendations of recognized valuation experts. The company-dependent capital market parameters, beta and credit spread, measure the risk of our debt and equity financing in comparison with alternative forms of investment. Beta reflects the risk of equity capital relative to the risks of the equity markets. The determination is based on comparable international companies at business unit level. The credit spread corresponds to DB Group's current issue costs relative to bonds with an imputed term of ten years. The credit spread for transport and logistics is determined in line with market conditions, using the current capital market data of companies with comparable creditworthiness.

Tax factors are calculated using a taxation rate of 30.5%. The tax factor for net financial debt reflects the trade tax applied to fixed debt interest to be credited. The taxes remaining after this are fully allocated to cost of equity. The weighting of forms of financing is based on market values. Net financial debt and pension obligations are valued at their carrying amounts. Equity weighting is based on recognized business valuation methods.

The weighting of forms of financing for passenger transport, rail freight transport, logistics, infrastructure and the integrated rail system corresponds to that of DB Group as the tax shield resulting from the tax-deductible status of debt interest arises, as a rule, from the fact that DB Group is a consolidated tax group.

DEBT COVERAGE

Debt coverage (€ million)	2019	2018	Change absolute	Change thereof IFRS 16 effect	Change %
EBITDA adjusted	5,436	4,739	+697	+943	+14.7
+ Net operating interest	-620	-618	-2	-69	+0.3
+ Depreciable portion of lease rates	–	1,114	-1,114	-1,114	-100
+ Original tax expenditure	-137	-192	+55	–	-28.6
Operating cash flow after taxes	**4,679**	**5,043**	**-364**	**-240**	**-7.2**
Net financial debt as of Dec 31	24,175	19,549	+4,626	+4,487	+23.7
+ Present value of operating leases as of Dec 31	–	4,245	-4,245	-4,245	-100
Adjusted net financial debt as of Dec 31	**24,175**	**23,794**	**+381**	**+242**	**+1.6**
+ Pension obligations as of Dec 31	5,354	4,823	+531	–	+11.0
+ Hybrid capital[1] as of Dec 31	999	–	+999	–	–
/ **Adjusted net debt as of Dec 31**	**30,528**	**28,617**	**+1,911**	**+242**	**+6.7**
Debt coverage (%)	**15.3**	**17.6**	**–**	**–**	**–**

[1] In accordance with the assessment by the rating agencies, half of the hybrid capital reported in the balance sheet is taken into account when determining the adjusted net debt.

Debt coverage as of December 31, 2019 has decreased. As a result of the pro rata inclusion of the HYBRID CAPITAL 107 and the increase of pension obligations, the adjusted net debt increased significantly more than the adjusted net financial debt. At the same time, the operating cash flow after taxes decreased because of the profit development.

Statement of cash flows

Summary statement of cash flows (€ million)	2019	2018	Change absolute	Change %
Cash flow from operating activities	3,278	3,371	-93	-2.8
Cash flow from investing activities	-3,853	-3,668	-185	+5.0
Cash flow from financing activities	993	449	+544	+121
Net change in cash and cash equivalents	449	147	+302	–
Cash and cash equivalents as of Dec 31	3,993	3,544	+449	+12.7

The first-time application of IFRS 16 191 f. also had an effect on the statement of cash flows. The increase in depreciation, which was due to IFRS 16, resulted in a positive one-off effect on cash flow from ordinary business operations. This was offset by an increase in the reported payments for leasing agreements, which resulted in a negative one-off effect on cash flow from financing activities.

- In cash flow from operating activities, negative effects for reasons including the development of profit, one-time allocations to plan assets of individual benefit plans by DB Arriva in Great Britain and working capital changes, were largely offset by the IFRS 16 effect.
- Cash outflow from investing activities continued to increase, mainly driven by the development of **NET CAPITAL EXPENDITURES** 112 to an even higher level.
- Cash inflow from financing activities increased as a result of the first-time issue of hybrid bonds (€ +1,992 million) and higher net cash inflows from the taking on and redemption of financial loans (€ +581 million). This was offset by a significant increase in payments for leasing contracts, mainly as a result of the first-time application of IFRS 16 (€ –912 million), a lower net cash inflow from the **ISSUE AND REDEMPTION OF SENIOR BONDS** 106 F. (€ –945 million) and the increased dividend payment (€ –200 million).
- In the balance as of December 31, 2019, DB Group held significantly more cash and cash equivalents compared with the end of the previous year.

Asset situation

- *Net financial debt increased primarily because of the IFRS 16 effect and due to capital expenditures.*
- *IFRS 16 effect and infrastructure capital expenditures drove increase in capital expenditures.*
- *Equity ratio decreased.*

NET FINANCIAL DEBT

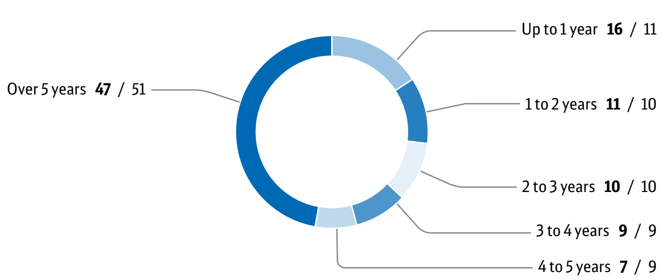
Net financial debt as of Dec 31 (€ million)	2019	2018	Change absolute	Change %
Senior bonds	20,966	20,712	+ 254	+ 1.2
Leasing liabilities[1]	5,015	562	+ 4,453	-
Commercial paper	890	-	+ 890	-
Interest-free loans	707	851	- 144	- 16.9
Other financial debt	1,115	1,119	- 4	- 0.4
Financial debt	**28,693**	**23,244**	**+ 5,449**	**+ 23.4**
− Liquid assets and financial receivables	- 4,397	- 3,718	- 679	+ 18.3
− Effects from currency hedges	- 121	23	- 144	-
Net financial debt	**24,175**	**19,549**	**+ 4,626**	**+ 23.7**
thereof IFRS 16 effect	4,487	-	+ 4,487	-

[1] In the previous year: Finance lease liabilities.

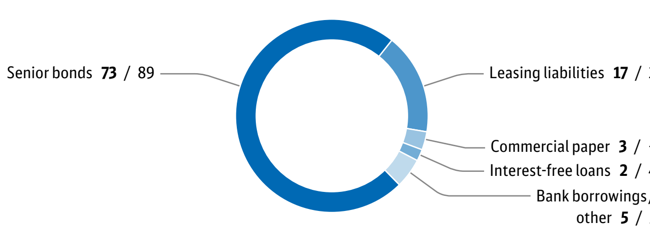
Net financial debt rose significantly as of December 31, 2019. This was mainly due to the inclusion of leasing liabilities from lease agreements previously treated as operating leases (**IFRS 16 EFFECT** 191 F.), as well as a net funding need, as the funds needed for capital expenditures, working capital and costs of capital could not be fully covered by internal financing.

- Financial debt increased noticeably:
  - The euro value of the outstanding **SENIOR BONDS** 106 F. was slightly higher due to issuing. Exchange rate effects did not play a significant role in development due to hedging transactions completed.
  - Leasing liabilities increased primarily as a result of the first-time application of IFRS 16. Dampening effects, among other things as a result of ongoing redemptions, were not significant.
  - The liabilities from commercial papers increased significantly due to issuing.
  - Interest-free loans were reduced by redemptions.
- Our foreign currency senior bonds are mainly hedged by corresponding derivatives against exchange rate fluctuations, so that the exchange rate effects are mainly compensated through the offsetting position of the hedging transaction.
- Cash and cash equivalents increased significantly. The growth in financial debt was not significantly offset.

Maturity of financial debt as of Dec 31 *(%)* **2019** / 2018



Composition of financial debt as of Dec 31 *(%)* **2019** / 2018



The maturity structure and composition of the financial debt has changed, mainly as a result of the first-time application of **IFRS 16** **191 f.**:

- In particular, current financial debt (up to one year) has increased. In contrast, non-current financial debt (over five years) declined in particular.
- The composition of financial debt has shifted towards leasing liabilities. In addition, the share of commercial paper increased due to issuing. The share of senior bonds and interest-free loans to financial debt declined by comparison.

GRI 203-1

CAPITAL EXPENDITURES

Capital expenditures (€ million)	2019	2018	Change absolute	Change thereof IFRS 16 effect	Change %
Gross capital expenditures	13,093	11,205	+1,888	+1,097	+16.8
thereof integrated rail system	11,713	10,606	+1,107	+382	+10.4
− Investment grants	7,447	7,209	+238	-	+3.3
thereof integrated rail system	7,412	7,195	+217	-	+3.0
Net capital expenditures	**5,646**	**3,996**	**+1,650**	**+1,097**	**+41.3**
thereof integrated rail system	4,301	3,411	+890	+382	+26.1

The increase in gross capital expenditures resulted primarily from the inclusion of the finance leases because of the changes to accounting for liabilities arising from leasing agreements (**IFRS 16 effect** **191 f.**). In the integrated rail system, increased capital expenditures in the track infrastructure also had an impact on capital expenditures.

Investment grants, which are almost exclusively allocated to the integrated rail system, also increased significantly. They accounted for about 57% of gross capital expenditures (previous year: about 64%).

Net capital expenditures also increased significantly, partly due to the IFRS 16 effect. In the integrated rail system, there was also an increase in capital expenditures to expand capacity in rolling stock and in the infrastructure works, especially at DB Long-Distance.

The focus of our capital expenditure activities continues to be in the business units of the integrated rail system for measures to improve performance and efficiency in the area of track infrastructure, as well as the renovation and the expansion of our vehicle fleet. The structure of gross capital expenditures has changed slightly due to the first-time application of IFRS 16 and has shifted towards DB Arriva and DB Schenker.

Capital expenditure priorities

Gross capital expenditures by regions (€ million)	2019	2018	Change absolute	Change %
Germany	11,826	10,682	+1,144	+10.7
Europe (excluding Germany)	1,186	506	+680	+134
Asia/Pacific	133	79	+54	+68.4
North America	37	16	+21	+131
Rest of world	13	5	+8	+160
Consolidation	-102	-83	-19	+22.9
DB Group	**13,093**	**11,205**	**+1,888**	**+16.8**

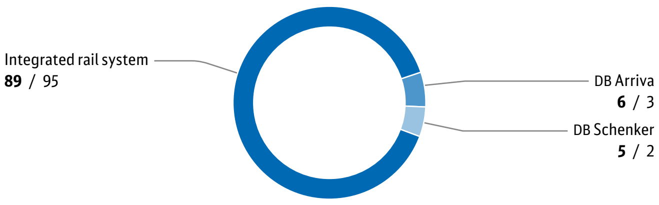
Net capital expenditures by regions (€ million)	2019	2018	Change absolute	Change %
Germany	4,414	3,487	+927	+26.6
Europe (excluding Germany)	1,151	492	+659	+134
Asia/Pacific	133	79	+54	+68.4
North America	37	16	+21	+131
Rest of world	13	5	+8	+160
Consolidation	-102	-83	-19	+22.9
DB Group	**5,646**	**3,996**	**+1,650**	**+41.3**

In the regional breakdown of gross capital expenditures, the focus remained on Germany and the integrated rail system. Adjusted for IFRS 16 effects, the increase is mainly due to infrastructure measures at DB Netze Track and DB Netze Stations, as well as vehicle purchases, particularly at DB Long-Distance.

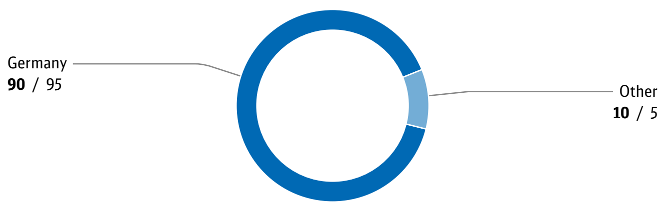
Capital expenditures have also increased in Europe (excluding Germany). In addition to the IFRS 16 effect, higher capital expenditures from DB Schenker in France also had an effect.

In the Asia/Pacific region, DB Schenker invested more heavily in logistics facilities in Singapore.

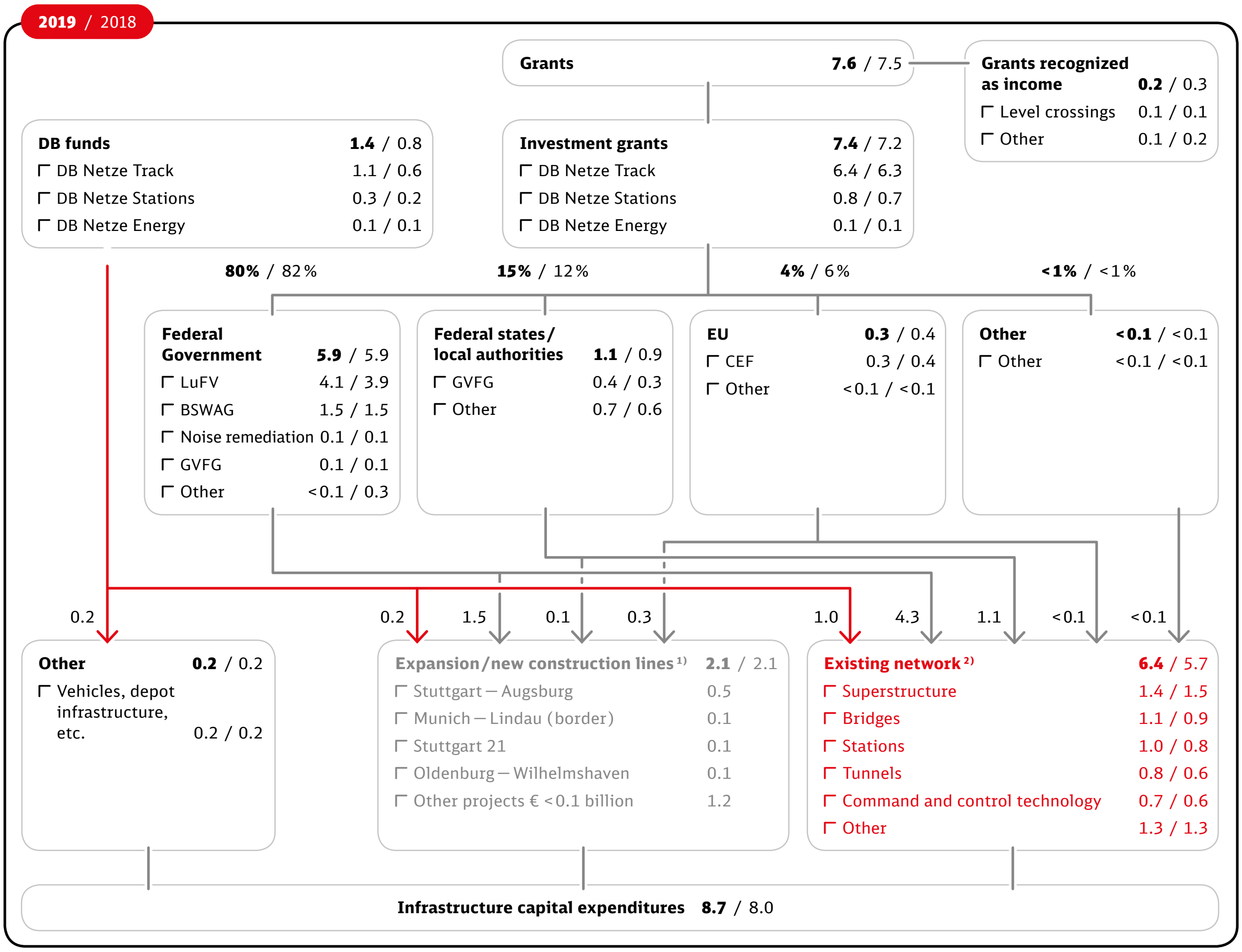
Gross capital expenditures by divisions *(%)* **2019** / 2018



Gross capital expenditures by regions *(%)* **2019** / 2018



Infrastructure grants and capital expenditures (€ billion)



Individual figures are rounded and therefore may not add up.

1) Includes projects under the requirement plan.

2) New and expansion projects may also include replacement capital expenditures within the framework of existing network measures.

The regional distribution of gross capital expenditures has also largely been shifted by the IFRS 16 effect at DB Arriva and DB Schenker towards the regions of Europe (excluding Germany), Asia/Pacific, North America and the rest of the world.

Investment grants

Of the investment grants received by DB Group in the year under review (€ 7,447 million), almost all of them (€ 7,352 million) related to infrastructure. The most important funding sources for capital expenditures on infrastructure are grants, mostly from the Federal Government and from Federal states and local authorities.

Most of these are based on the LUFV 237 F. and the Federal Rail Infrastructure Extension Act (Bundesschienenwegeausbaugesetz; BSWAG). Further investment grants are provided in accordance with the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) and the FEDERAL GOVERNMENT'S NOISE REMEDIATION PROGRAM 90 F. The European Union allocates grants (Trans-European Networks; TEN and Connecting Europe Facility; CEF) for infrastructure capital expenditures on TEN.

In addition to investment grants, DB Group also receives (significantly lower) grants recognized as income, also mainly in respect of infrastructure.

On the balance sheet, investment grants are directly deducted from the PURCHASE AND MANUFACTURING COSTS 205 of the assets to which they relate. The reporting of all grants is such that the competent Federal agencies can conduct comprehensive checks to ensure that they are spent in accordance with their purpose and the law.

A transparent description of the various FORMS OF GRANTS is available online.

BALANCE SHEET

Balance sheet as of Dec 31 (€ million)	2019	2018	Change absolute	Change %
Total assets	65,828	58,527	+7,301	+12.5
ASSETS				
Non-current assets	53,213	46,646	+6,567	+14.1
Current assets	12,615	11,881	+734	+6.2
EQUITY AND LIABILITIES				
Equity	14,927	13,592	+1,335	+9.8
Non-current liabilities	32,820	29,104	+3,716	+12.8
Current liabilities	18,081	15,831	+2,250	+14.2

Balance sheet structure as of Dec 31 *(%)* **2019** / 2018

The first-time application of IFRS 16 191 F. also had a significant influence on the balance sheet development.

The balance sheet total increased significantly:

- Non-current assets increased. In particular, property, plant and equipment (€ +5,834 million) was a key factor. In the integrated rail system, the main effects were from the capitalization of lease agreements previously treated as operating leases, in particular at DB Cargo and in the Other division, as well as vehicle additions at DB Long-Distance. The IFRS 16 effect had a significant increasing effect at DB Arriva and DB Schenker. Non-current receivables and other assets (€ +376 million) increased, partly as a result of higher receivables from transport contracts as of the balance sheet date at DB Regional. Deferred tax assets (€ +214 million) increased as a result of the extension of the planning horizon.
- Current assets also increased. This was mainly due to an increase in cash and cash equivalents (€ +449 million). Other receivables and assets (€ +166 million) increased mainly on the basis of balance sheet date effects. Inventories (€ +151 million) were also higher, mainly for maintenance.

Structurally, the assets side showed a slight shift towards non-current assets.

On the equity and liabilities side there was a considerable increase in equity. The first-time issue of HYBRID BONDS 107 (€ +2,000 million), which are allocated to equity due to their classification as subordinated capital in accordance with IFRS, and the net profit for the year (€ +680 million) were the key factors. This was offset primarily by the decline in the changes recorded in the reserves in connection with the revaluation of pensions (€ –710 million) because of significantly lower interest rates, particularly in Germany and Great Britain, and the dividend payment to the Federal Government (€ –650 million).

The disproportionate increase in the total assets led to a decline in the equity ratio.

- Non-current liabilities increased significantly, owing principally to:
  - higher non-current FINANCIAL DEBT 111 F. (€ +3,351 million); and
  - an increase in pension obligations (€ +531 million), mainly as a result of a declined interest rate in the revaluation. This was counteracted primarily by one-time allocations to plan assets of individual benefit plans by DB Arriva in Great Britain.
  - The decline in accrued expenses (€ –172 million), among other things as a result of effects on the balance sheet date and the redemption of interest-free loans, had a contrary effect.
- Current liabilities also increased markedly. This was mainly due to higher current financial debt (€ +2,098 million). The drivers were the increase in leasing liabilities falling due in the short term (€ +1,009 million), mainly as a result of the first-time application of IFRS 16 191 F. and higher liabilities from commercial paper (€ +890 million) due to issuing. Liabilities from senior bonds falling due in the short term (€ +218 million) also increased.

Within the structure of the equity and liabilities side, the ratio of non-current and current liabilities to the total assets increased slightly accordingly.

OFF-BALANCE-SHEET FINANCING INSTRUMENTS AND UNRECOGNIZED ASSETS

In addition to the assets shown in the consolidated balance sheet, DB Group also uses off-balance-sheet financial instruments and assets that cannot be recognized in the balance sheet.

Most of the off-balance-sheet financial instruments were, up to the year under review, mainly leased or rented items (operating leases) for which a present value was determined. Due to the application of IFRS 16 191 F., since the year under review, off-balance-sheet financial instruments are no longer used to a significant extent.

We use factoring to sell smaller volumes of receivables (as of December 31, 2019: € 685 million; as of December 31, 2018: € 686 million).

With regard to the company pension scheme for employees, the obligations under each retirement scheme are, to some extent, covered and netted by plan assets which are capable of being netted. As of December 31, 2019, total obligations amounted to € 12,749 million (as of December 31, 2018: € 10,635 million) and the fair value of plan assets was € 6,034 million (as of December 31, 2018: € 4,766 million). The balancing process leads to a reduction in the balance sheet total. The net obligation recognized as of December 31, 2019 on the balance sheet was € 5,354 million (as of December 31, 2018: € 4,823 million). In the year under review, one-time allocations to the plan assets of individual benefit plans were made by DB Arriva in Great Britain (€ 392 million).

FURTHER INFORMATION ON FUNDAMENTALS AND METHODS 190 FF.

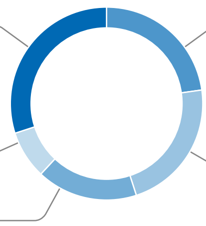
GRI 102-9

PROCUREMENT VOLUME

The procurement volume corresponds to the contractual obligations to suppliers that DB Group has entered into. On subsequent realization these become capital expenditures or expenses (mainly cost of materials and other operating expenses). The total procurement volume amounted to € 34.9 billion in the year under review (previous year: € 34.7 billion).

- Freight and freight forwarding services fell slightly to € 10.6 billion (previous year: € 10.8 billion).
- Industrial products decreased to € 8.1 billion (previous year: € 9.2 billion). This is due in particular to the fact that an extensive ICE 4 order was placed in the previous year.
- In the case of construction and engineering services, the procurement volume increased significantly to € 7.5 billion (previous year: € 6.4 billion). This is due to the large capital expenditure programs in the infrastructure and, in part, the rising market prices of the construction industry.
- Third-party services increased to € 5.9 billion (previous year: € 5.4 billion). As a result of the digitalization initiatives, the need for IT services grew, among other things.
- Cable- and pipe-bound power and fuel declined to € 2.8 billion (previous year: € 3.1 billion).

Procurement volume structure *(%)* **2019** / 2018



The share of local procurement volume in Germany was € 15.9 billion in the year under review.

€ million	**2019**	2018	2017
Procurement volume [1]	18,821	18,358	15,920
Share of local procurement volume (%)	89	92	90

The procurement volume is the total of all the net order values – from individual orders and from framework contracts – that have been completed.

[1] Not including DB Schenker, DB Arriva and foreign companies of DB Cargo.

DEVIATIONS FROM THE FORECAST

Outlook for 2019 financial year *(€ billion)*	2018	**2019 (March 2019 forecast)**	**2019 (July 2019 forecast)**	**2019**
Gross capital expenditures	11.2	>13	>13	13.1
Net capital expenditures	4.0	>5.5	>5.5	5.6
Maturities	2.2	2.2	2.2	2.2
Bond issues (senior)	2.9	≤3	≤3	2.0
Cash and cash equivalents as of Dec 31	3.5	~3	~3	4.0
Net financial debt as of Dec 31	19.5	~24.4	~24.4	24.2

Capital expenditures were in line with our forecast.

With respect to DB Group's financial position, actual developments in the year under review largely corresponded with our forecast for maturities.

Bond issues for senior bonds were below our expectations as a result of other financing measures.

Cash and cash equivalents as of December 31, 2019 were higher than expected due to the better than expected development of indebtedness, among other things.

Development of business units

Business units in the integrated rail system

GRI 102-6

DEVELOPMENTS IN RELEVANT MARKETS

German passenger transport market

In passenger transport our objective is to maintain our strong market position in the rail and bus transport market in Germany in the long term.

Passenger transport market in Germany *(% based on volume sold)*	Growth rate		Market share	
	2019	2018	**2019**	2018
Motorized individual transport	+0.9	-0.1	83.8	83.8
Rail passenger transport	+1.9	+2.8	8.9	8.8
DB Group	+1.2	+2.7	7.6	7.6
Non-Group railways	+5.7	+3.4	1.3	1.2
Public road passenger transport	+0.0	+0.9	6.4	6.5
DB Group	-6.9	-3.9	0.6	0.6
Air transport (domestic)	-1.5	-0.7	0.9	0.9
Overall market	**+0.9**	**+0.2**	**-**	**-**

Figures for 2018 and 2019 are based on information and estimates available as of February 2020. For motorized individual transport, there was a retroactive reduction in volume sold from 2017 onwards due to methodological adjustments by the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung).

In 2019, the German passenger transport market grew slightly more strongly than in the previous year:

- Based on our own estimates, volume sold in motorized private transport has increased moderately:
  - Positive effects due to slightly declining fuel prices as well as a stable labor market situation and higher wages and salaries available.
  - The market share of the motorized private transport was at the previous year's level.
- The volume sold in rail passenger transport increased noticeably:
  - Regional rail passenger transport and long-distance rail passenger transport continued to benefit from the strong income and employment situation.
  - DB Group recorded moderate growth in volume sold, mainly due to supply adjustments and expansions at DB Long-Distance, while DB Regional experienced declines due to tender losses in the previous year.
  - Non-Group railways significantly increased their volume sold. FlixTrain expanded its offer and was able to more than double the number of passengers in long-distance rail passenger transport at a low level, according to our own estimates.
  - The market share of rail passenger transport increased.
- The volume sold in public road passenger transport stagnated:
  - Long-distance bus services recorded significant losses. The driver was a decline in supply at the market leader FlixBus, which recorded slight passenger declines for the first time. At the same time, Pinkbus and BlaBlaBus entered the market for the first time.
  - The volume sold in local bus transport decreased slightly due to declining high school student numbers.
  - DB Regional Bus declined markedly due to declining demand in rural areas and losses of tenders.
  - The market share of public road passenger transport declined.
- The volume sold in domestic German air transport decreased:
  - The number of domestic German flights and seats offered remained below the level before the Air Berlin insolvency. Eurowings, in particular, reduced its domestic German flights in its winter schedule.
  - Strikes at Lufthansa worsened negative development.
  - The market share of air transport remained unchanged.

Overview of business units

Revenues adjusted (€ million)	Total revenues		Change		External revenues		Change	
	2019	2018	absolute	%	2019	2018	absolute	%
DB Long-Distance	4,985	4,682	+303	+6.5	4,824	4,528	+296	+6.5
DB Regional	8,945	8,968	-23	-0.3	8,830	8,862	-32	-0.4
DB Cargo	4,449	4,460	-11	-0.2	4,188	4,177	+11	+0.3
DB Netze Track	5,652	5,511	+141	+2.6	1,687	1,559	+128	+8.2
DB Netze Stations	1,339	1,314	+25	+1.9	590	569	+21	+3.7
DB Netze Energy	2,812	2,850	-38	-1.3	1,308	1,350	-42	-3.1
Other	5,192	4,990	+202	+4.0	581	573	+8	+1.4
Consolidation integrated rail system	-11,154	-10,934	-220	+2.0	–	–	–	–
Integrated rail system	**22,220**	**21,841**	**+379**	**+1.7**	**22,008**	**21,618**	**+390**	**+1.8**
DB Arriva	5,410	5,441	-31	-0.6	5,405	5,433	-28	-0.5
DB Schenker	17,091	17,050	+41	+0.2	17,018	16,973	+45	+0.3
Consolidation other	-290	-308	+18	-5.8	–	–	–	–
DB Group	**44,431**	**44,024**	**+407**	**+0.9**	**44,431**	**44,024**	**+407**	**+0.9**

Operating profit figures (€ million)	EBITDA adjusted		Change			EBIT adjusted		Change		
	2019	2018	absolute	thereof IFRS 16 effects	%	2019	2018	absolute	thereof IFRS 16 effects	%
DB Long-Distance	789	675	+114	+4	+16.9	485	417	+68	+1	+16.3
DB Regional	1,056	1,126	-70	+9	-6.2	408	492	-84	+0	-17.1
DB Cargo	13	54	-41	+99	-75.9	-308	-190	-118	+7	+62.1
DB Netze Track	1,443	1,446	-3	+5	-0.2	807	840	-33	+0	-3.9
DB Netze Stations	349	362	-13	+13	-3.6	210	221	-11	+1	-5.0
DB Netze Energy	128	87	+41	+20	+47.1	43	21	+22	+2	+105
Other/consolidation integrated rail system	-162	-289	+127	+244	-43.9	-622	-493	-129	+14	+26.2
Integrated rail system	**3,616**	**3,461**	**+155**	**+394**	**+4.5**	**1,023**	**1,308**	**-285**	**+25**	**-21.8**
DB Arriva	752	575	+177	+183	+30.8	289	300	-11	+10	-3.7
DB Schenker	1,082	703	+379	+366	+53.9	538	503	+35	+11	+7.0
Consolidation other	-14	–	-14	–	–	-13	–	-13	–	–
DB Group	**5,436**	**4,739**	**+697**	**+943**	**+14.7**	**1,837**	**2,111**	**-274**	**+46**	**-13.0**
Margin (%)	12.2	10.8	–	–	–	4.1	4.8	–	–	–

Capital expenditures (€ million)	Gross capital expenditures		Change			Net capital expenditures		Change		
	2019	2018	absolute	thereof IFRS 16 effects	%	2019	2018	absolute	thereof IFRS 16 effects	%
DB Long-Distance	1,241	1,081	+160	+7	+14.8	1,241	1,081	+160	+7	+14.8
DB Regional	560	539	+21	+4	+3.9	548	526	+22	+4	+4.2
DB Cargo	570	587	-17	+137	-2.9	523	586	-63	+137	-10.8
DB Netze Track	7,441	6,901	+540	+6	+7.8	1,055	564	+491	+6	+87.1
DB Netze Stations	1,096	883	+213	+2	+24.1	262	164	+98	+2	+59.8
DB Netze Energy	193	187	+6	-7	+3.2	61	65	-4	-7	-6.2
Other/consolidation integrated rail system	612	428	+184	+233	+43.0	611	425	+186	+233	+43.8
Integrated rail system	**11,713**	**10,606**	**+1,107**	**+382**	**+10.4**	**4,301**	**3,411**	**+890**	**+382**	**+26.1**
DB Arriva	718	326	+392	+338	+120	683	312	+371	+338	+119
DB Schenker	662	273	+389	+377	+142	662	273	+389	+377	+142
Consolidation other	–	–	–	–	–	–	–	–	–	–
DB Group	**13,093**	**11,205**	**+1,888**	**+1,097**	**+16.8**	**5,646**	**3,996**	**+1,650**	**+1,097**	**+41.3**
thereof investment grants	7,447	7,209	+238	–	+3.3	–	–	–	–	–

German freight transport market

Freight transport market in Germany (% based on volume sold)	Growth rate 2019	Growth rate 2018	Market share 2019	Market share 2018
Rail freight transport	-2.8	-0.3	18.6	19.2
DB Group	-5.4	-5.0	8.5	9.0
Non-Group railways	-0.5	+4.3	10.0	10.1
Road freight transport	+0.5	+3.3	71.9	71.8
Inland waterway transport	+7.5	-15.5	7.1	6.6
Long-distance pipelines	+1.0	-5.5	2.4	2.4
Overall market	**+0.3**	**+0.9**	-	-

Figures for 2018 and 2019 are based on information and estimates available as of February 2020.

In 2019, the performance development of the German freight transport market fell short of expectations. Growth weakened again compared with the previous year, which was marked by record low levels, and remained significantly below the average for the last five years, with an annual increase of about 2.3%. This was mainly due to the noticeable economic slowdown with declining industrial production. In this environment, individual modes of transport developed very differently.

RAIL FREIGHT TRANSPORT

The Federal Statistical Office once again significantly expanded its reporting scope in 2019 in regards to the Statistics on Rail Freight Transport. On the one hand, this resulted in a significantly improved picture of the market situation but, on the other, means that no solid market development could be presented due to the lack of comparable data for the previous year. Corrections were also made for the years 2016 and 2017, which resulted in deviations from our previous reporting.

According to our own calculations, no growth could be recorded in volume sold by the freight railways in Germany in 2019. This was caused by declined development in the key industries for rail freight transport, such as the steel, chemicals and automotive industries.

- The economic environment deteriorated significantly. The shifts back towards inland waterway transport, which had supported the development in the previous year as a result of the low water, also had a negative impact.
- The development of individual product groups compared with the previous year cannot be quantified as a result of the changes made to the reporting scope by the Federal Statistical Office. This also applies to combined transport, the development of which similarly lost momentum, most likely mainly due to weaker trade stimuli.
- According to our calculations, non-Group railways again recorded above-average development in 2019, but the performance level of the previous year was not entirely achieved. This was supported by transport shifts from DB Cargo because of, among other things, quality reasons or entry by former cooperation partners in cross-border transport into the German section of transports.

ROAD FREIGHT TRANSPORT

The development of road freight transport significantly lost momentum in 2019 compared with the strong growth in the previous year. The market share remained virtually unchanged.

- The sustained above-average development of the trucks registered abroad is also confirmed in the results of the toll statistics of the Federal Office of Freight Transport. The strongest growth rates continued to be achieved by trucks from the Central and Eastern European region. Above all, trucks from Poland, Lithuania and Romania recorded a high growth rate.
- In addition to the further increase in demand from the construction industry, the performance development was also supported by robust development in the consumer goods sector and the share of transport in intermediate goods, which was lower in comparison to rail. Another growth contribution was also provided by stimuli from the similarly weakened but still positive trade in goods, especially from the import of goods, in which the vehicles registered abroad clearly dominate. Their share of total road freight transport is steadily increasing in cross-border transports and cabotage transports.
- The truck market was characterized by a persistently high level of competition, a scarce resource availability that continued until the autumn, and significantly increased costs as a result of the expansion of the truck toll on all Federal roads as of July 1, 2018, the noticeable increase in toll charges as of January 1, 2019 and additional personnel costs. The lower fuel prices, on the other hand, had a dampening effect.

INLAND WATERWAYS

In inland waterway transport, 2019 showed a strong positive baseline effect after the low-water-related slump in performance in the previous year. Overall, however, the performance increase was lower than expected due to the weak economic stimuli. The market share did recover after the heavy loss in the previous year, but remained significantly below the value of 2017.

- By type of goods, the strongest increases were recorded in the areas of iron ore/rock/earth and coke/petroleum products. In transported containers, however, development continued to be weak and in the areas of coal/petroleum/natural gas and secondary raw materials/waste, it was lower even than the previous year's level.

European rail freight transport market

The volume sold in European rail freight transport (EU 28, Switzerland and Norway) decreased in 2019. This was particularly due to the continued decline in the coal sector and the weak development in other key industries, such as steel, chemicals and automotive. On the other hand, European foreign trade had a supporting effect. The positive stimuli came mainly from transport services across the North Sea ports of Antwerp, Rotterdam, Hamburg and the China transports. Combined transport once again achieved an above-average growth contribution.

Of the top railways in Europe, the French Fret SNCF, in particular, was able to increase its volume sold. The reason for this is, however, above all the catch-up effect following the massive strikes in the previous year. On the other hand, the strikes that occurred again at the end of the year had a negative impact. Volume sold decreased in the European network of DB Cargo. While development in the Eastern and Central regions had a negative impact on the overall result, development in the Western region remained stable.

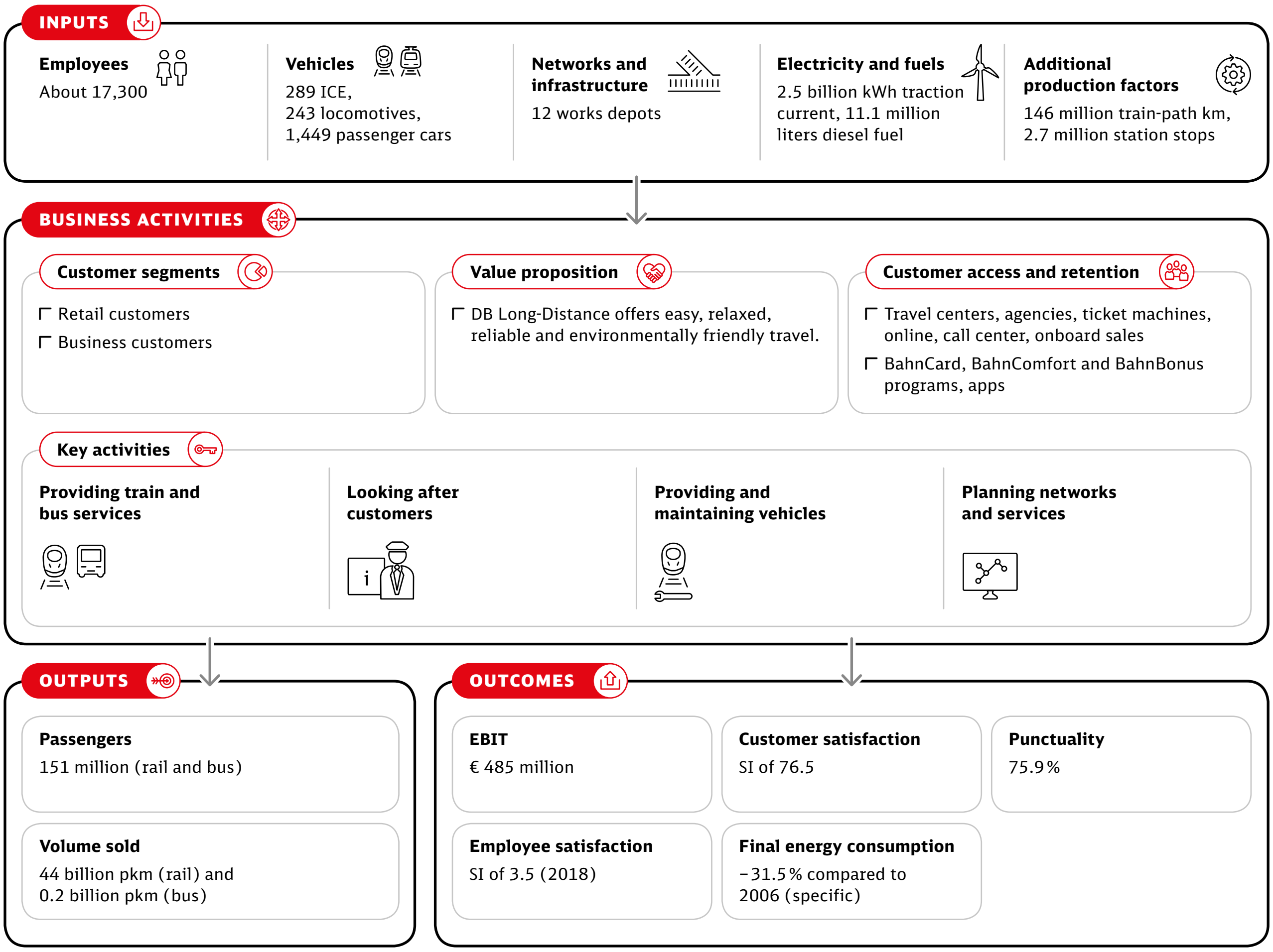
DB LONG-DISTANCE BUSINESS UNIT

Business model

DB Long-Distance offers customers comfortable and environmentally friendly travel within Germany and into neighboring countries. Regularly scheduled daily services with the ICE/Intercity/EC fleet form the backbone of long-distance transport. Offerings are being expanded by island services to Sylt and Wangerooge. Long-distance bus services (IC Bus) provide an extension to the rail transport offering for domestic and international travel.

The important key performance figures are volume sold, volume produced and the load factor. The management is based on the target figures for passenger growth, operating profit (EBIT), employee satisfaction, punctuality and customer satisfaction.

DB Long-Distance business model



The cost side largely correlates with the volume produced, which is derived from the schedule. Personnel and facility resource management is determined on the basis of the annual train schedule to optimize the cost per unit per train kilometer traveled. The key drivers are personnel, maintenance and infrastructure expenses, the latter being very fixed-cost intensive. Only a small portion of expenses vary with train capacity utilization.

The most important sources of income for long-distance transport operated on a purely commercial basis are revenues from the sale of tickets and BahnCards. Our employees, a modern vehicle fleet and a high-quality infrastructure are key resources. This is why intra-Group infrastructure companies and service providers as well as the vehicle industry are important partners. Furthermore, the cooperation with railways in countries bordering Germany is very important for cross-border connections.

Markets and strategy

According to forecasts, the long-distance transport market will continue its current growth rate over the next few years. Despite increasing intra- and inter-modal competition, DB Long-Distance transport intends to further expand its market share through attractive offers. The proportion of the population living in urban metropolitan areas is expected to increase from 62 to 70 million in Germany by 2050, making fast and direct connections between major cities ever more important. At the same time, the connection of people in rural regions to long-distance transport must be ensured.

As an integral component of the **STRONG RAIL STRATEGY** 71 FF. DB Long-Distance makes an important social contribution. In the year under review, we integrated our ongoing activities into the new strategy and consistently continued them, but we also put measures to the test and ended them if necessary. By revising our top-project portfolio along the three expansion fields of the Strong Rail strategy, we have further sharpened our focus on our strategic objectives. Our core identity – "Our drive: Connecting people, overcoming distances," "Our mission: Best possible journey – together with passion and excellence" and "Our promise: Arriving by the time of boarding" – continues to be of central importance.

The central objective is to double the number of passengers to 260 million per year compared to 2015. This requires the expansion and stabilization of production on the one hand and the creation of an attractive travel offer on the other. Through this, DB Long-Distance contributes significantly to the desired shift in the mode of transport towards rail and to tackling climate change. In order to achieve the objectives, the strategy of DB Long-Distance transport includes the three strategic expansion areas of the Strong Rail strategy:

- DB Long-Distance is becoming **MORE ROBUST:** In order to counteract future capacity bottlenecks, DB Long-Distance is increasing its **VEHICLE FLEET AND MAINTENANCE CAPACITY** 78 F. In order to improve technical reliability and increase comfort on board trains, more than 200 new trains will be put into operation by 2024 and older ICE 1 and ICE 3 trains are undergoing a general overhaul. By 2024, we are also planning to create about 2,000 new jobs. This means that we must take on several times this number of new employees in order to compensate for fluctuation and age-related departures and to achieve this massive expansion. The focus of the recruiting activities is on the rapid and qualified occupation of positions critical to operations and services, such as drivers and train attendants. In addition, we are continuously working to improve the satisfaction of our employees.
- DB Long-Distance is becoming **MORE POWERFUL:** Our objective is to provide all long-distance trains with the highest quality and at competitive costs through improved processes. In order to increase vehicle availability and quality, material requirements planning and scheduling is to be further digitalized and optimized.
- DB Long-Distance is becoming **MORE MODERN:** DB Long-Distance aims to build a flexible, reliable and high frequency long-distance transport network. Our target is for 80% of the population in Germany to have direct access to long-distance transport through more intensive connection of the regions and a strengthening of the metropolitan network. We are creating attractive and competitive offers not only through expansion of the lines and increasing frequency, but also through shorter travel times. Our digital customer channels support our passengers during their journey. At the same time, we are facilitating access to our system via the digital platform, offering modern and up-to-date journey support and establishing a personal service component through the hosting concept, making us sustainable and competitive.

Development of our fleet

VEHICLE PROJECTS CONTINUED

- The ICE 4 has been in regular operation since December 2017. Since the end of the year under review, more than 40 ICE 4 multiple units have been in use. In addition to the Cologne—Rhein/Main and Berlin—Munich lines, transport services to Switzerland were also included in the schedule change in December 2019.
- Since the schedule change, maintenance to the ICE 4 has also been taking place in Berlin, in addition to the previous maintenance depots in Hamburg, Munich and Cologne.

- The **REDESIGN green NO. 87** of ICE 3 was continued. After 15 years of operation, 63 trains will be made fit for the future by 2022. Fifty trains will be equipped with ETCS and can then be used on new high-speed lines. After modernization, the vehicles can be used for at least another 15 years.
- In the year under review, the modernization of the ICE 1 fleet began with a prototype train. The trains are to be fitted with new seat covers, carpeting, a modern passenger information system and improved drive technology, among other things.

NEW VEHICLE PURCHASES

- In February 2019, a framework contract for up to 100 train sets, locomotives and cars was signed with Patentes Talgo, including a first contract order encompassing 23 train sets. Delivery of the first train is planned for January 2023. The ECx is expected to start operating as of December 2023 after the trial operation has been passed.
- In September 2019, the last of the 17 Intercity 2 trains of the second contract order was accepted.
- In mid-July 2019, the purchase agreement for the transfer of a total of 17 used double-deck multiple units (Stadler KISS type) was signed by the Austrian Westbahn. As of March 8, 2020, nine four-part double-deck traction multiple units (first sub-fleet) will initially be added to our range of services. The second sub-fleet consists of eight six-part trains expected to go into operation at the 2021 schedule change.
- In September 2019, the procurement project for 30 new high-speed ICE trains began. The first trains are scheduled to begin operating at the end of 2022.

VEHICLE AVAILABILITY UNDER STRESS

In the year under review, vehicle availability continued to be under severe stress. This development was driven, among other things, by capacity bottlenecks in heavy and operational maintenance and the once again exceptionally long period of heat in summer 2019, which led to a significant increase in outages. However, the return to a stable operation was achieved significantly faster than in the previous year. Compensating positive effects resulted from:

TECHNICAL DEFECTS IN PROVISION OF TRAINS

DB Long-Distance summarizes the technical availability of components in the provision of trains for operation. This survey is used for internal management and takes into account even the smallest technical shortcomings in the trains, including those that do not restrict the safety and availability for passengers. Our target is to allow trains to go into operation without any restrictions and to continuously improve in this area.

- transition of the new depot in Cologne-Nippes into regular operation, further technical stabilization of the fleet, for example by the rolling transformer maintenance in the ICE 3 and new wheelsets in the ICE T,
- continuous fleet renewal due to the inflow of the ICE 4 and Intercity 2 trains.

SOFTWARE PROBLEM WITH INTERCITY 2

The trains in the second Intercity 2 series, which are used in the southwest, are susceptible to disruption due to errors and defects in vehicle functions. As a result, there are often quality restrictions for customers. Together with the manufacturer Bombardier, we are working on eliminating the problems. The required software release and the conversion of the vehicles will start at the earliest from August 2020 and be finished by the end of 2020.

BahnCard holders

Customer retention (as of Dec 31)	2019	2018	Change absolute	Change %	2017
BahnCards (thousand)	5,292	5,254	+38	+0.7	5,368

After a slight decline in the previous year, the overall number of BahnCard holders increased again. The number of BahnCards 50 and 100 was expanded, while there was a decline in the BahnCard 25.

Digitalization and innovation

EXPANSION OF THE COMFORT CHECK-IN

The comfort check-in allows passengers with a mobile or online ticket to check themselves in and pass through ticket control without interruptions. The service is now also available on individual Intercity lines and in some cross-border transport. Until now, this was only possible in combination with a seat reservation in the ICE and with national connections.

SUCCESSIVE EXPANSION OF WIFI

Now that all ICE trains offer WiFi, we are also gradually equipping our Intercity fleet with free Internet access. The first Intercity cars equipped with WiFi have been in use since mid-March 2019. From 2021, our customers should be able to use WiFi in all long-distance trains.

Environmental measures

- The **MICRO-PLASTIC-FREE HAND SOAPS green NO. 146** in long-distance trains are alternatives to decrease the wastewater burden with the smallest synthetic particles.

- In March 2019, a photovoltaic system with an electrical maximum performance of 360 kW was put into operation at the COLOGNE-NIPPES DEPOT green NO. 48 on a roof surface of 2,100 m². In the future, about 360 MWh of solar energy will be produced per year to cover the base load.

Development in the year under review

- *Punctuality improved despite challenges.*
- *Tangible performance gains due to positive stimuli from the market and competitive environment, as well as expansion of services.*
- *Economic development clearly positive.*
- *Extensive capital expenditures: further inflow of new trains.*

Punctuality in long-distance transport was increased by the IMPROVEMENT MEASURES IMPLEMENTED 81 F., despite additional challenges due to more intensive construction activities in the network.

Customer satisfaction decreased slightly. This was mainly due to weak punctuality levels at the beginning of the year and very high utilization in the second half-year of 2019. To assess customer satisfaction, about 52,000 customers are asked each year in six waves about their satisfaction with their latest journey.

Performance development in rail transport was very positive:

- The number of passengers and volume sold continued to increase. The primary drivers of this development were the expansions of services offered, including on the Berlin—Munich and North Rhine-Westphalia—Stuttgart routes, and economic stimuli. Further improvements in offered services also had a positive effect. The high level of construction activity in the network partially dampened development.
- The increase in volume produced resulted from the expansion of services, in particular on the Essen—Stuttgart and Berlin—Munich routes.
- The capacity utilization of the trains remained stable. This is due to the increase in capacity as a result of the expansion of services, with a simultaneously increased number of passengers.

In bus transport, supply adjustments on individual lines led to a decline in volume sold overall. However, the number of passengers remained stable.

Economic development was very satisfactory: the operating profit figures improved as a result of the increase in revenues. There was a dampening effect due to increases in expenses.

- Revenues were positive in terms of prices and performance effects. Supportive effects also resulted from the economic environment and from the expansion of services.
- The increase in other operating income (+15.3 % / € +29 million) is attributable, among other things, to higher income from vehicle sales.

On the expense side, there were noticeable additional charges, particularly in terms of personnel and maintenance expenses and depreciation:

- The development of the cost of materials (+5.1 % / € +135 million) was mainly driven by higher infrastructure expenses as a result of price and performance effects, as well as increased maintenance expenses.

DB Long-Distance	2019	2018	Change absolute	Change %	2017
Punctuality (rail) (%)	75.9	74.9	–	–	78.5
Customer satisfaction (SI)	76.5	77.1	–	–	77.2
Passengers (rail) (million)	150.7	147.9	+2.8	+1.9	142.2
Passengers (long-distance bus) (million)	0.7	0.7	–	–	0.7
Volume sold (rail) (million pkm)	44,151	42,827	+1,324	+3.1	40,548
Volume sold (long-distance bus) (million pkm)	173.2	194.6	-21.4	-11.0	176.6
Volume produced (million train-path km)	145.7	143.4	+2.3	+1.6	140.5
Load factor (%)	56.1	56.1	–	–	55.5
Total revenues (€ million)	4,985	4,682	+303	+6.5	4,347
External revenues (€ million)	4,824	4,528	+296	+6.5	4,193
EBITDA adjusted (€ million)	789	675	+114	+16.9	611
EBIT adjusted (€ million)	485	417	+68	+16.3	381
Gross capital expenditures (€ million)	1,241	1,081	+160	+14.8	1,060
Employees as of Dec 31 (FTE)	17,289	16,548	+741	+4.5	15,993
Employee satisfaction (SI)	–	3.5	–	–	–
Employee satisfaction - follow-up workshop implementation rate (%)	97.9	–	–	–	99.5
Share of women as of Dec 31 (%)	27.2	27.2	–	–	27.3
Specific final energy consumption compared to 2006 (based on pkm) (%)	-31.5	-29.3	–	–	-26.7

- The higher personnel expenses (+7.8%/€ +76 million) resulted mainly from collective bargaining agreement wage increases and an increase in the number of employees.
- Other operating expenses (+0.7%/€ +4 million) were close to the previous year's level. Higher costs for training and IT services were offset by lower expenses for consultancy services.
- The significant increase in depreciation (+17.8%/€ +46 million) is mainly attributable to newly procured ICE 4 and Intercity 2 trains and the expansion of the depots infrastructure.

Capital expenditure activities increased clearly. In addition to vehicle purchases, especially for ICE 4 and Intercity 2 trains, measures to increase capacity of maintenance depots created an increase in capital expenditures.

The number of employees increased as of December 31, 2019 due to the expansion of services and the implementation of measures to improve service, comfort and quality.

Employee satisfaction is measured every two years. In the year under review, the focus was on the follow-up processes to the 2018 survey. The follow-up workshop implementation rate is part of the employee survey and remained stable at a very high level.

The share of women remained at the same level as the previous year.

The specific final energy consumption on the rail has declined further compared to 2006 (based on passenger kilometers (pkm)). The driver of this improvement was, above all, the expansion of the ICE 4 fleet. The nationwide use of a driving assistance system, which uses up-to-date information to give driving recommendations for a smooth and resource-friendly operation, supported this.

DB REGIONAL BUSINESS UNIT

Business model

The core service of DB Regional is to bring millions of passengers in regional transport to their destination every day in a **PUNCTUAL, SAFE, COMFORTABLE AND ENVIRONMENTALLY FRIENDLY MANNER** green. **NO. 3,** and in doing so, to meet the requirements of the respective transport contract.

Our offers cover both regional rail passenger transport with regional express, regional railway and S-Bahn (metro) lines as well as regional and urban bus transport services. We therefore offer passengers comprehensive mobility services in major cities and metropolitan areas, but also especially in rural areas. Our regional organizational structure guarantees local transport services oriented towards the requirements of our local customers.

As a rule, DB Regional provides its regional rail passenger transport services within the framework of the Regionalization Act as a public service task and on behalf of the competent public transport authorities. The public transport authorities are either the Federal states or a state-owned company, or municipal special-purpose associations. The public transport authorities conclude long-term transport contracts and route concessions with transport companies, mainly within the framework of competitively awarded tenders. These contracts determine the volume produced and contain detailed specifications on quality and fare pricing. With integrated transport concepts, high-quality mobility services and targeted capital expenditures on the vehicle fleet and digitalization, we aim to defend our leading market position and strengthen our role as a quality and innovation leader in the field of regional rail passenger transport.

Volume sold and volume produced are important key performance figures. Transport contracts typically refer to the volume produced. Concession fees, in addition to revenues from ticket sales, are the most important source of income. However, contracts where fare proceeds remain directly with the contracting organization, while the transport company is fully compensated by the public transport authority for the entire range of services (gross contracts), are also of increasing importance.

Predefined terms in transport contracts and route concessions, combined with the extensive production system, result in a cost structure with high fixed costs. The major drivers are personnel, maintenance, energy and infrastructure expenses. Only a small portion of expenses vary with train capacity utilization.

In the rail sector, integrated bids covering vehicle procurement, financing, fleet management, operation and maintenance were generally required by the public transport authorities in the past. Nowadays, fragmented tender models are becoming more common. In such models, partial services or even only the basic operation are put out to tender. Other partial services remain the responsibility of the public transport authorities in these models (financing, for example) or the responsibility of the vehicle suppliers (maintenance, for example). On the basis of its high performance at all stages of the value-added chain, DB Regional is in a position to tailor partial services as required and to operate successfully on the market as a subcontractor for competitors.

In the national bus market, competition in the regional bus market continues to increase, both as a result of tenders and of licensing auctions. In urban transport, bus services are often awarded to local municipal companies in in-house awards.

DB Regional business model

INPUTS

Employees
About 36,400

Vehicles
776 locomotives, 4,067 multiple units, 11,261 rail cars, 2,738 passenger cars, 11,520 buses (including external)

Networks and infrastructure
55 workshops (rail) and 74 workshops (bus), 185 depots

Electricity and fuels
3.1 billion kWh traction current, 345 million liters of diesel fuel (bus including external and rail), 0.5 million kg natural gas (bus)

Additional production factors
113 million station stops

BUSINESS ACTIVITIES

Customer segments
- Retail customers
- Business customers
- Contracting organizations

Value proposition
- DB Regional offers customer-oriented, punctual, reliable and environmentally friendly transport solutions.

Customer access and retention
- Local sales points, travel centers, agencies, ticket machines, online, call center, on-board sales
- Subscriptions, apps

Key activities

Providing train and bus services

Looking after customers

Providing and maintaining vehicles

Create competitive offers

OUTPUTS

Passengers
2.5 billion (rail and bus)

Volume sold
42 billion pkm (rail) and 6 billion pkm (bus)

Volume produced
0.5 billion train-path km and 0.5 billion bus kilometers

OUTCOMES

EBIT
€ 408 million

Customer satisfaction
SI of 66.1 (rail) and SI of 73 (bus)

Punctuality
94.3% (rail) and 90.9% (bus)

Hit rate
76%

Employee satisfaction
SI of 3.5 (2018)

Final energy consumption
–30.0% (rail) and +1.7% (bus) compared with 2006 (specific)

Markets and strategy

The German regional rail passenger transport and local public transport market will continue to grow in the coming years. Increasing regionalization funds will create stability in the coming years. From the CLIMATE PACKAGE 67, we expect further positive stimuli for German local public transport. DB Regional intends to benefit from this positive market environment as the largest provider.

DB Regional is oriented towards the STRONG RAIL STRATEGY 71 FF. and interprets it for local transport under the slogan “Regional and urban mobility.” DB Regional understands local public transport across different modes of transport and brings together regional rail passenger transport, bus, sharing and pooling offers and, in the future, its platform solutions as well. This is carried out in collaboration with other Group companies such as ioki, Clevershuttle or Mobimeo.

In order to achieve the objectives, the strategy of DB Regional consists of the three strategic areas of the Strong Rail strategy:

- DB Regional is becoming **MORE ROBUST:** Thanks to modern vehicles and the increasing use of the possibilities of digitalization and automation in operation and maintenance, DB Regional contributes to a sustained improvement in quality and an appreciation in the value of regional rail passenger transport. In addition to these aspects, more capacity is also needed. To this end, DB Regional, in consultation with the public transport authorities, intends to gradually increase the fleet strength and systematically invest in the redesign of existing vehicles and in a sustainable improvement in quality. Sufficient and qualified personnel are also of great importance for a robust operation.

9 DB Regional is becoming **MORE POWERFUL:** For DB Regional, quality and management capability continue to be important topics. For this purpose, the DB EXCELLENCE SYSTEM 80 is being implemented in operations and maintenance. Driving assistance systems are increasingly being used, platforms and IT systems are being developed to allow customer assistants to be digitally networked, and AI is being explored in planning and scheduling. In maintenance, DB Regional combines operation and maintenance by automating data on the technical vehicle condition and transmitting it to maintenance during the journey. To this end, the fleet is equipped with sensors and transmission facilities.

13 14 DB Regional is becoming **MORE MODERN:** Together with intra-Group partners, DB Regional is expanding cross-mobility solutions and making it possible to connect regional rail passenger transport and local public transport to create an intelligent addition. DB Regional intends to defend its position as the leading provider of urban and regional mobility in Germany in the future and to further strengthen it with innovations and an even greater customer focus.

Development of awarded transport contracts and order book

AWARDED TRANSPORT CONTRACTS IN RAIL TRANSPORT

Transport contracts awarded (rail) 2019	Term	Volume (million train km) p.a.[1]	total[1]
Elbe-Spree network (NES) (2 lots)	12/2022-12/2034	14.5	171.3
EBO area Karlsruhe Network Grid 7b	12/2022-12/2035	4.6	59.8
Lusatia Network (NL)	12/2022-12/2035	4.3	55.9
East Schleswig-Holstein e-network	12/2022-12/2035	4.2	54.6
Stuttgart S-Bahn (metro)	07/2028-06/2032	13.5	54.0
Mainfranken e-network	12/2021-12/2027[2]	4.8	28.6
Emergency award S1/S4 (NRW)	12/2019-12/2021	4.9	9.8
Nuremberg S-Bahn (metro) S6	12/2021-12/2030	0.6	5.4
Baltic Coast West subnetwork	12/2019-12/2021	2.2	4.4
Munich – Buchloe suburban transport services	12/2021-12/2026[2]	0.7	3.3
Line extension FTX Jena – Leipzig[3]	12/2018-12/2023	0.5	2.7
Allgäu 2021 (transition)	12/2020-12/2021	1.7	1.7
RB 25 Velgast – Barth (– Bresewitz)	12/2019-12/2025	0.1	0.8
U28 Děčín – Bad Schandau – Rumburk	12/2019-12/2023	0.2	0.7
Transitional contract RE1 Göttingen – Lower Saxony national border[3]	12/2018-12/2021	0.1	0.4
Total[1]		**56.9**	**453.4**

[1] Differences due to rounding are possible.

[2] Option for extension possible.

[3] Retroactively published in the Official Journal of the European Union.

In the German regional rail passenger transport market, 25 tender procedures were concluded in the year under review (previous year: 29 procedures) and about 88 million tkm p.a. (previous year: about 93 million train km p.a.) were awarded. Of the train kilometers newly awarded, about 49% had previously been operated by companies within DB Group.

DB Regional was successful in 15 tenders (including published contract amendments) (previous year: 17 tenders), or 65% (previous year: 70%) of the train km awarded p.a.

Taking into account the lot limitation on the Elbe-Spree network, the hit rate was 76% of the achievable annual service volume or 73% of the achievable performance volume awarded over the period.

AWARDED TRANSPORT CONTRACTS IN BUS TRANSPORT

Transport contracts awarded (bus) 2019	Term	Volume (million bus km) p.a.[1]	total[1]
Schleswig – Flensburg Süd	01/2020-12/2029	2.5	24.9
North Friesland South	08/2019-07/2029	2.0	20.2
Ostholstein Center	08/2020-07/2030	1.9	19.3
Osnabrück Wallenhorst	06/2020-05/2030	1.7	16.6
North Friesland North	08/2019-07/2029	1.6	16.4
OD Stormarn (1 lot)	12/2019-12/2029	1.5	14.7
WTV – Waldshut West	12/2019-12/2029	1.4	14.0
Velbert urban transport	12/2019-12/2027	1.2	9.9
Other (31 contracts)	2-10 years	11.0	84.8
Total[1]		**24.8**	**220.8**

[1] Differences due to rounding are possible.

In bus transport in Germany, in the year under review, services were awarded with a volume of 134 million commercial vehicle kilometers (cvkm) (previous year: 110 million cvkm) in 186 tenders (previous year: 158 tenders). Of the services newly awarded, 29% (previous year: 38%) were previously operated by DB Regional Bus.

In the year under review, we participated in 114 tenders (previous year: 111 tenders) with a volume of 85 million cvkm (previous year: 81 million cvkm). We won 29% of the tender procedures in which we participated (previous year: 46%).

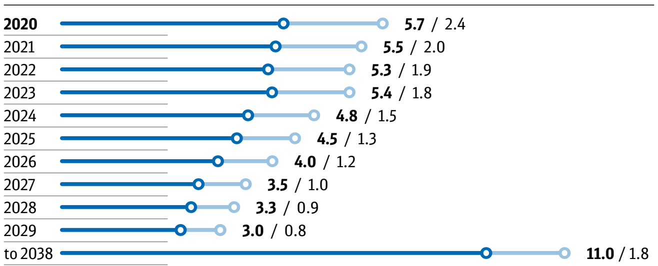
ORDER BOOK

Order book as of Dec 31 (*€ billion*)	2019	2018	Change absolute	%
DB Regional	72.6	70.9	+1.7	+2.4
secured	56.0	52.7	+3.3	+6.3
unsecured	16.6	18.2	-1.6	-8.8

Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

In the year under review, DB Regional was able to increase the net order book, this means the number of train km won from the competition was higher than the share lost to competitors. In addition, there was additional traffic or larger tender volumes. Overall, the net order book increased by 38% (+138 million train km). Additions of about € 7.5 billion from the transport contracts awarded were offset by disposals – mainly due to services performed – of about € 8.6 billion. In addition, changes to assumptions had a positive impact of about € 2.9 billion (mainly due to energy price and tariff developments).

Order book by years as of Dec 31, 2019 *(€ billion)* secured / unsecured



Development of our fleet

VEHICLE CONVERSION MEASURES

The measures to improve our vehicle fleet include the redesign of the interior, the installation of passenger information and video recording systems and the renewal of the paintwork.

- Since 2016, 69 out of a total of 111 vehicles of the 474 series have been refurbished for S-Bahn (metro) Hamburg.
- A total of 36 vehicles of the 420 series and 238 vehicles of the 423 series are to be refurbished for the S-Bahn (metro) Munich transitional contract. In the year under review 13 electric multiple units of the 420 series and 84 electric multiple units of the 423 series were modernized.
- For the Rhine-Ruhr S-Bahn (metro), 48 vehicles of the 422 series have been refitted, including 20 in the year under review.
- In line with the commissioning of the regional railway line 27 in North Rhine-Westphalia the modernization of 16 electric multiple units of the 425 series was completed.
- By the end of 2019, eight out of a total of 20 double-deck cars were modernized for the Haardachse network.

NEW VEHICLE PURCHASES

- 18 double-deck rail cars were ordered from Stadler for the Schleswig-Holstein East e-network transport contract. Delivery is scheduled for December 2022.
- In the year under review, the eight vehicles of the 622 series from Alstom ordered for the Nuremberg d-network were put into operation as scheduled.
- For the Rhine-Moselle-Express, the delivery of the 1440 series from Alstom started and 16 vehicles were accepted as scheduled.
- For the Saar e-network, 25 vehicles of the 1440 series were accepted on schedule, then resold to the lessor and rented from them.
- In December 2019, seven rail cars of the 430 series were ordered from Bombardier for the S-Bahn (metro) Rhine-Main transport contract. Delivery is scheduled for the first half-year of 2023.

VEHICLE AVAILABILITY UNDER STRESS

Vehicle availability improved during the year under review. However, there were still delays and restrictions relating to the delivery of new trains:

- The delivery of the 2010 double-deck cars for the Schleswig-Holstein Central network, which began in December 2015 having been delayed by Bombardier, was completed in the year under review.
- Since December 2016, a total of 15 locomotives and three diesel rail cars have been rented from Paribus for use in the Schleswig-Holstein West network transport contract. The delayed rental of the 90 passenger cars from Paribus began after the rectification of defects in the last quarter of 2019.
- To date, 40 of the total of 82 vehicles of the 490 series have been contractually accepted for the transport contract for the Hamburg S-Bahn (metro), which started in December 2018. In addition to this, another eight vehicles are being used as part of a transfer of use.
- The PESA Link diesel multiple units of the 632 series and 633 series were accepted in the year under review for the Sauerland transport contract. For the Dreieich transport contract, the delivery of the 632 series will be completed with the acceptance of the last vehicle in 2020. In terms of vehicles for the Allgäu d-network transport contract, no authorization has yet been granted. The full delivery of the vehicles is expected to take place in 2020.
- The delivery of the vehicles ordered from Škoda for the Nuremberg-Ingolstadt-Munich-Express is expected to take place only in the first half of 2020 due to the present deficiencies.

Digitalization and innovation

- DB Regional is undertaking a variety of measures to combat graffiti. Among other things, an app was developed to facilitate faster and more specific recording of graffiti, in order to clean trains more quickly and get them back onto the tracks.

- The Stuttgart region is the first metropolis fully equipped with WiFi in the S-Bahn (metro). The Stuttgart Regional Association and the S-Bahn (metro) are jointly investing nearly € 5 million for technology and operations, which is initially planned for six years.
- WiFi equipment is being implemented in many regions. On the Rhine-Main S-Bahn (metro), passengers can access the Internet free of charge on every train. The fleet's WiFi equipment was completed in October 2019. It will start in the Munich S-Bahn (metro) in 2020. The Hamburg S-Bahn (metro) is also working on WiFi expansion.

Environmental measures

- Of 850 diesel traction multiple units and locomotives, about 800 have been equipped with telematics systems, which measure fuel consumption and give driving recommendations to the multiple unit driver. Significant savings have already been shown in the first test drives. After the full rollout of the system, this type of **ENERGY-SAVING DRIVING METHOD** green **NO. 8**, is expected to save about 30,000 t CO_2 per year.
- Since November, DB Regional Bus Nordrhein-Westfalen has been operating the first **ELECTRIC BUS** green **NO. 63** in urban transport together with the Stadtbus Bocholt GmbH. The bus operates two lines and is fully eco-powered.

Legal topics

STATE AID PROCEDURES AND REQUESTS FOR INFORMATION ON TRANSPORT CONTRACTS

The formal investigation by the EU Commission against the Federal Government for the alleged provision of illegal state aid as a result of the conclusion of a transport contract between DB Regional and the Federal states of Brandenburg and Berlin is ongoing. This also applies to the preliminary investigations concerning the transport contract for the Berlin S-Bahn (metro), the transport contract with the Rhine-Ruhr transport association (Verkehrsbund Rhein-Ruhr; VRR), as well as the Baden-Württemberg transport contract.

Development in the year under review

- *Slight decline in volume produced leads to almost stable revenue development.*
- *Delays in vehicle deliveries require further replacement concepts.*
- *Profit was burdened by an increase in expenses with almost stable revenues.*

Punctuality in rail transport was slightly increased. In bus transport, it was close to the previous year's level.

Customer satisfaction in rail transport developed more or less steadily and was able to halt the downward trend of previous years. To assess customer satisfaction, about 25,000 customers (rail) and 1,500 customers (bus) are asked each

DB Regional	2019	2018	Change absolute	Change %	2017
Punctuality (rail) (%)	94.3	94.0	–	–	94.4
Punctuality (bus) (%)	90.9	91.0	–	–	90.5
Customer satisfaction (rail) (SI)	66.1	66.3	–	–	68.1
Customer satisfaction (bus) (SI)	73	74	–	–	74
Passengers (million)	2,507	2,521	-14	-0.6	2,562
thereof rail	1,972	1,940	+32	+1.6	1,930
Volume sold (million pkm)	47,908	48,615	-707	-1.5	48,911
thereof rail	41,633	41,878	-245	-0.6	41,876
Volume produced (rail) (million train-path km)	452.5	460.1	-7.6	-1.7	459.3
Volume produced (bus) (million bus km)	479.8	518.6	-38.8	-7.5	532.0
Total revenues (€ million)	8,945	8,968	-23	-0.3	8,734
External revenues (€ million)	8,830	8,862	-32	-0.4	8,629
Rail concession fees (€ million)	5,627	5,472	+155	+2.8	3,879
EBITDA adjusted (€ million)	1,056	1,126	-70	-6.2	1,156
EBIT adjusted (€ million)	408	492	-84	-17.1	508
Gross capital expenditures (€ million)	560	539	+21	+3.9	674
Employees as of Dec 31 (FTE)	36,374	35,881	+493	+1.4	35,651
Employee satisfaction (SI)	–	3.5	–	–	–
Employee satisfaction – follow-up workshop implementation rate (%)	99.9	–	–	–	100
Share of women as of Dec 31 (%)	16.8	16.2	–	–	16.0
Specific final energy consumption (rail) compared to 2006 (based on pkm) (%)	-30.0	-29.4	–	–	-28.5
Specific final energy consumption (bus) compared to 2006 (based on bus km) (%)	+1.7	+6.0	–	–	+4.8

year about their satisfaction in two waves. Customer satisfaction in bus transport declined slightly. The reasons for this are local challenges for individual companies, for example during the periodic conversion of the schedule or the conversion of a station in the course of the year.

Performance development was differentiated:

- In rail transport, performance losses marked the development of volume sold and volume produced. The number of passengers improved.
- Bus transport showed a consistently declining performance development.

The economic development of DB Regional is particularly affected by the development of the higher-revenue and higher-performance rail line of business (share of revenues: 88%). The adjusted EBIT was exclusively generated in the rail line of business. Overall, the development in the year under review was challenging. The operating profit figures declined.

- Revenues were close to the previous year's level, as positive effects from higher concession fees (for example due to contractually agreed adjustments for higher costs) were completely offset by declines resulting from performance losses in rail and bus transport.
- Other operating income (+10.4%/€ +37 million) increased mainly due to higher income from vehicle sales.

There were noticeable additional charges on the expenses side:

- The cost of materials (+0.7%/€ +39 million) was driven in particular by higher expenses for maintenance services.
- Personnel expenses (+3.8%/€ +77 million) rose as a result of collective bargaining agreements and the higher number of employees.
- Other operating expenses (–4.6%/€ –33 million) decreased mainly as a result of lower additions to provision.
- Depreciation (+2.2%/€ +14 million) increased mainly because of capital expenditures.

Capital expenditure activity increased slightly. In particular, capital expenditures were made in the procurement of multiple units for the West Ring traffic and in electric multiple units of the 1440 series for the Rechter Rhein tender, in diesel multiple units of the 632/633 series for the Sauerland Network and the Dreiech tender, as well as in the redesign of the 423 series of the Munich S-Bahn (metro).

76% of employees are employed in the rail line of business, with 24% in the bus line of business. The number of employees increased slightly in both lines of business.

Employee satisfaction is measured every two years. In the year under review, the focus was on the follow-up processes to the 2018 survey. The follow-up workshop implementation rate as part of the employee survey was once again at a very high level.

The share of women rose slightly in the year under review.

The specific final energy consumption in rail transport compared to 2006 (based on pkm) has decreased further. This was mainly due to a reduction in traction energy consumption (traction current and diesel). The delay in the energy-saving driving project in diesel transport had a dampening effect on this development. Reasons for the delays are an unexpectedly high cost for the integration of the telematics into vehicles and the data reengineering required by the different data formats of the various vehicle and engine manufacturers. In bus transport, the specific final energy consumption (in relation to bus kilometers) has also decreased compared with the previous year. However, it is still slightly above the specific value of 2006. The reason for this is the increasing provision of comfort features, which leads to higher energy consumption.

RAIL LINE OF BUSINESS

- *Number of passengers higher despite performance losses.*
- *Personnel expenses increased as a result of collective bargaining agreements and personnel expansion.*
- *Delays in vehicle deliveries require ongoing replacement concepts.*
- *Profit development declined, particularly as a result of performance losses and higher expenses.*

			Change	
Rail line of business	**2019**	2018	absolute	%
Passengers (million)	2,010	1,984	+26	+1.3
thereof rail	1,972	1,940	+32	+1.6
Volume sold (million pkm)	42,204	42,542	–338	–0.8
thereof rail	41,633	41,878	–245	–0.6
Volume produced (million train-path km)	452.5	460.1	–7.6	–1.7
Total revenues (€ million)	7,848	8,000	–152	–1.9
External revenues (€ million)	7,740	7,753	–13	–0.2
Rail concession fees (€ million)	5,626	5,471	+155	+2.8
EBITDA adjusted (€ million)	1,037	1,092	–55	–5.0
EBIT adjusted (€ million)	454	513	–59	–11.5
Gross capital expenditures (€ million)	496	473	+23	+4.9
Employees as of Dec 31 (FTE)	27,715	27,494	+221	+0.8

Performance development in the rail line of business was dampened by the loss of tenders. More stable production and associated lower cancellations, increased performance, and higher capacity utilization allowing the number of passengers to be increased slightly.

On the economic side, performance losses and increased maintenance and personnel expenses led to weaker operating profit figures.

- Revenue development was largely characterized by performance losses and, in contrast, the increase in concession fees due to the indexing.
- Other operating income increased, mainly due to higher income from vehicle sales. Lower payments for compensation for damage had a dampening effect.

There were noticeable additional charges on the expenses side:

- Cost of materials increased slightly as a result of higher maintenance services. Performance-related declines in energy expenses had a dampening effect.
- Personnel expenses rose slightly in the wake of a greater number of employees and as a result of collective bargaining agreements.
- Other operating expenses declined mainly as a result of lower additions to provisions.
- Depreciation increased slightly as a result of vehicle acquisitions and redesign measures.

Capital expenditure activities increased due to vehicle acquisitions for transport contracts won.

The number of employees increased slightly, partly as a result of more demand and collective bargaining regulations.

BUS LINE OF BUSINESS

- *Intensification of the competitive environment led to performance losses.*
- *Delayed implementation of optimization measures.*
- *Operating profit development under pressure.*

Bus line of business	2019	2018	Change absolute	Change %
Passengers (million)	496.8	537.1	- 40.3	- 7.5
Volume sold (million pkm)	5,704	6,073	- 369	- 6.1
Volume produced (million bus km)	452.8	492.4	- 39.6	- 8.0
Total revenues (€ million)	1,162	1,228	- 66	- 5.4
External revenues (€ million)	1,090	1,109	- 19	- 1.7
EBITDA adjusted (€ million)	20	34	- 14	- 41.2
EBIT adjusted (€ million)	- 46	- 21	- 25	+ 119
Gross capital expenditures (€ million)	64	66	- 2	- 3.0
Employees as of Dec 31 (FTE)	8,659	8,387	+ 272	+ 3.2

Performance development in the bus area declined as a result of tender-related performance losses.

Economic development remained under pressure. The decline in revenues led, among other things, to a significant decline in the operating profit figures.

- Revenue development was characterized by performance losses and lower rail replacement services.
- Other operating income partially compensated for the revenue development, partly as a result of higher income from compensation for damages and reimbursements.

Expenses did not decline to the same extent as revenue development:

- Cost of materials decreased slightly, driven by performance declines.
- Personnel expenses increased due to the higher number of employees, as well as a result of collective bargaining agreements.
- Other operating expenses declined slightly as a result of the IFRS 16 effect (opposite effect in depreciation).
- The increased depreciation resulted from capital expenditures in the previous year and the IFRS 16 effect.

Capital expenditure declined, partly due to the stresses on business development.

The number of employees rose slightly as of December 31, 2019.

DB CARGO BUSINESS UNIT

Business model

DB Cargo offers its customers access to one of the largest rail networks in the world with about 4,200 customer sidings in Europe and its mission to be the number one in European rail freight transport. The dense, international network stretches along the huge European freight transport corridors. It provides rail transport throughout Europe in the segments of block train, single wagon and combined transport. Individual industry solutions complete the range of services offered. Mainly self-owned traction units and freight cars are used to provide services. The key industries served are the iron, coal and steel industries, chemical, automotive and construction materials industries, heavy industry and consumer goods, as well as intermodal transport. The customer structure is characterized by major customers. The most important key performance indicator is volume sold measured in ton kilometers. The relevant capacity utilization figure is measured in tons per train. The cost structure is mainly influenced by volume produced in train km. Major cost drivers are personnel, infrastructure and maintenance expenses.

The most important source of revenue is the transport of goods by rail. Key resources are customer relationships, a good level of logistical customer understanding, motivated and well-trained employees, along with the efficient use of rolling stock and a capacity-related high-quality infrastructure. The intra-Group infrastructure companies and service providers are important suppliers in this respect.

DB Cargo business model

INPUTS

Employees
About 29,500

Vehicles
2,680 locomotives, 82,685 cars

Networks and infrastructure
Active in 17 European countries, about 4,200 customer sidings, 10 train formation yards and 22 maintenance depots

Electricity and fuels
2.1 billion kWh traction current, 141 million liters diesel fuel

Additional production factors
162 million train-path kilometers

BUSINESS ACTIVITIES

Customer segments
- Business customers with a focus on automotive, construction materials, chemicals, industrial goods, intermodal, consumer goods and iron, coal and steel.

Value proposition
- DB Cargo offers customer-oriented, reliable and efficient transport solutions across Europe.

Customer access and retention
- Segment sales with key account management
- Regional sales
- Telephone sales
- Customer service center

Key activities
- **Conducting transport by train**
- **Designing European transport solutions**
- **Providing and maintaining vehicles**
- **Planning and operating networks**
- **Providing supplemental logistical services**

OUTPUTS

Freight carried
232 million t

Volume sold
85 billion tkm

OUTCOMES

EBIT adjusted
€ – 308 million

Customer satisfaction
SI of 61

Punctuality
74.0 %

Employee satisfaction
SI of 3.5 (2018)

Final energy consumption
– 21.0 % compared to 2006 (specific)

Quiet freight cars
57,644

Markets and strategy

DB Cargo operates a closely-knit international network and is active in 17 countries in Europe and China. This unparalleled network is the foundation for building further on DB Cargo's leading position in the European rail freight transport market.

Rail freight transport in Germany and Europe will grow in the long term. For the European freight transport market, growth of over 20 % is expected by 2030 due to global economic development and growing trade flows. Despite strong growth in types of goods predisposed to truck transport, this cannot be overcome by road freight transport alone. Protecting the climate is another major challenge. As freight transport on the rail emits 80 % fewer greenhouse gases than freight transport on the road, neither the German nor the European climate targets can be achieved without a significant shift in the mode of transport from the road to the environmentally friendly rail. As a result, rail freight transport is becoming increasingly important, and DB Cargo is rising to meet this challenge.

In addition, the Federal Government has decided on measures to strengthen rail freight transport in Germany in the long term. Central topics include increased infrastructure performance capacity, the digitalization and automation of rail freight transport, and the promotion of single wagon transport and multimodal transport concepts. In addition,

TRAIN-PATH PRICE SUPPORT 68 already began being effectively introduced in mid-2018 in order to make rail more attractive for additional transport services compared to the road from a price perspective and to support capital expenditures. Overall, the policy in Germany aims to increase the market share of rail freight transport in the long term.

In order to be able to participate in market growth, DB Cargo must first effect a turnaround to improve its quality and productivity in Germany and Europe. These are the prerequisites for satisfied customers, more transport orders and profitable growth. In order for DB Cargo to develop its strategic development contribution to STRONG RAIL STRATEGY 71 FF., the Strong Cargo program has been established. Procedures, processes and structures were adjusted here in several modules, both in production – particularly in single wagon transport – and at the interfaces to sales and distribution, in order to increase competitiveness and to make DB Cargo fit for the future.

In order to achieve the objectives, the strategy of DB Cargo comprises the three strategic areas of the Strong Rail strategy:

4 5
- DB Cargo is becoming **MORE ROBUST:** DB Cargo will build up the necessary vehicle and personnel capacities, thus aligning itself towards profitable growth and technological innovations. In order to do this, we will invest in the intelligent expansion of the fleet (multisystem locomotives and modular freight cars) and drive forward the level of automation of the fleets and maintenance. In order to improve our operating performance, we will, even in the context of demographic changes, update and further qualify operating personnel in a targeted manner (drivers, switchmen and car inspectors) and negotiate for more competitive working conditions that can be selected based on life phases.

9
- DB Cargo is becoming **MORE POWERFUL:** DB Cargo will further stabilize its internal and customer-specific processes by focusing and simplifying the organization. To this end, we will implement a culture of excellence and proactivity in order to continuously increase reliability and punctuality for our customers. To facilitate reliable management of operational personnel, networks and operational activities, we will drive forward digitalization and automation (for example planning, scheduling, implementation, automated station handling and paperless transport). At the European level, we will actively engage in the harmonization of procedures and regulations such as European braking regulations and general frameworks (TCR) and begin preliminary work ourselves.
- DB Cargo is becoming **MORE MODERN:** DB Cargo will create a clear added value for its customers and increase the attractiveness of its products, not least through the use of digital technologies and the effortless switch between transport modes. On the one hand, we will focus on the operation of high-performance, economically viable single wagon transport and on the other hand on international growth segments, multimodal door-to-door transport and intermodal supply chain control. 12 13

Digitalization and innovation 15

- DB Cargo is advancing the digitalization of its freight car fleet: at the end of the year under review, about 43,700 cars were already equipped with the latest telematics and intelligent sensors. By the end of 2020, the entire fleet of about 68,000 cars in Germany are to be digitally equipped.
- In April 2019, the DB Cargo/VTG working group presented the results of the research project ON CONSTRUCTING AND TESTING OF INNOVATIVE FREIGHT CARS 91 to the BMVI.
- With its digital product suite, Wagon Intelligence offers a comprehensive range of solutions in the context of digitalization. Through the use of Wagon Timer (detecting and reducing standstill time), Wagon Compass (transparent presentation of freight car journey), Wagon Operator (transparency of train formation yards and unloading points to detect and avoid congestion), Wagon Shock Detector (detecting disruptions throughout Europe) and Wagon Analytics (mass data analysis of congestion points, duration times and routes), we are increasing transparency and are able to offer our customers innovative services and optimize workflows at DB Cargo.
- DB Cargo has signed a contract with Siemens Mobility for forward-looking maintenance. The partnership is the first time in Europe that a manufacturer and a TOC are joining together in order to exchange and utilize technical data even after the vehicles have been delivered. Through what is referred to as condition-based maintenance, vehicles are no longer subject to rigid maintenance intervals, but are maintained according to their needs and based on their current condition. By converting to condition-based and forward-looking maintenance, availability and accordingly profitability are increased.

Environmental measures

- In 2017 and 2018, DB Cargo launched a comprehensive program to procure a total of 100 electrical multisystem locomotives of the 193 series, which were delivered in the year under review and are in use. A significant energy saving is achieved through the use of the new multisystem locomotives.
- The driver assistance system **LEADER** green **NO. 8** (Locomotive Engineer Assist Display and Event Recorder) has been in operation since autumn 2016. In the year under review, 641 electric multiple units from the relevant 145, 152, 185 and 187 series were equipped with LEADER. The system functions as a personal assistant and provides tips on how to best steer the train using the respective line profile and how to take advantage of schedule buffers. Since May 2019, all LEADER devices have been connected to the operational live data of DB Netz AG. This complements the driving recommendation calculations using the information on the actual operating situation. Leader processes statistical data and shows the vehicle driver driving recommendations for energy-saving driving.
- Modern electric traction units can feed electrical energy back into the traction current grid when braking. DB Cargo has optimized the use of the maximum permissible braking forces in the automatic driving and braking operation for 180 traction units of the 185.1 series, thereby significantly improving the energy efficiency of these traction units.

Development in the year under review

- *Performance and profit development continued to decline due to a clouded economic environment in industries predisposed to rail transport (especially steel).*
- *Rail Freight Transport Campaign makes a positive contribution.*

Punctuality increased significantly due to developments in Germany. This was the effect of the measures taken to improve **PUNCTUALITY** 81 F.

After the significant decrease in the previous year, customer satisfaction improved slightly. Production quality and wagon availability continue to be critically assessed. About 850 customers participated in the central customer satisfaction analysis.

Performance development continued to decline, driven by the development in Central Europe. All performance figures declined, mainly as a result of the economic downturn in industries predisposed to rail transport.

The economic development remained tense. Revenue development was at the previous year's level, but, in particular, the development of personnel expenses and cost of materials led to a decline in operating profit figures.

- 81% of revenues were generated in Central Europe, 13% in Western Europe and 6% in Eastern Europe. Revenues were at the previous year's level. Effects from performance losses in Germany were offset by other revenues (including special transport services) and performance gains in Europe-Asia transport.

DB Cargo	2019	2018	Change absolute	Change %	2017
Punctuality (%)	74.0	72.8	–	–	72.7
Customer satisfaction (SI)	61	60	–	–	67
Freight carried (million t)	232.0	255.5	-23.5	-9.2	271.0
Volume sold (million tkm)	85,005	88,237	-3,232	-3.7	92,651
Volume produced (million train-path km)	162.5	165.8	-3.3	-2.0	175.6
Capacity utilization (t per train)	523.2	532.3	-9.1	-1.7	527.5
Total revenues (€ million)	4,449	4,460	-11	-0.2	4,528
External revenues (€ million)	4,188	4,177	+11	+0.3	4,209
EBITDA adjusted (€ million)	13	54	-41	-75.9	130
EBIT adjusted (€ million)	-308	-190	-118	+62.1	-90
EBIT margin (adjusted) (%)	-6.9	-4.3	–	–	-2.0
Gross capital expenditures (€ million)	570	587	-17	-2.9	328
Employees as of Dec 31 (FTE)	29,525	28,842	+683	+2.4	28,257
Employee satisfaction (SI)	–	3.5	–	–	–
Employee satisfaction – follow-up workshop implementation rate (%)	98.9	–	–	–	96.5
Share of women as of Dec 31 (%)	11.5	11.5	–	–	11.2
Specific final energy consumption compared to 2006 (based on tkm) (%)	-21.0	-20.4	–	–	-17.1
Quiet freight cars in Germany as of Dec 31	57,644	50,409	+7,235	+14.4	39,604

- Other operating income (+18.9%/€ +75 million) increased markedly, mainly due to the all-year **TRAIN-PATH PRICE SUPPORT** 68 (opposite effects in revenues).

On the expenses side, there was an increase, driven by the personnel expenses and cost of materials:

- Cost of materials (+3.2%/€ +81 million) was above the level of the previous year, mainly due to increased transport services purchased.
- Personnel expenses (+5.3%/€ +87 million) rose significantly as a result of collective bargaining agreements and particularly from staffing expansion, especially in Central Europe.
- Other operating expenses (−9.5%/€ −65 million) declined, mainly due to the **IFRS 16 EFFECT** 191 f. (opposite effect in depreciation).
- Depreciation (+31.6%/€ +77 million) increased mainly because of the IFRS 16 effect and due to capital expenditures.

Gross capital expenditures declined slightly. The IFRS 16 effect compensated for this.

As of December 31, 2019, 67% of employees are employed in Central Europe, 14% in Western Europe and 13% in Eastern Europe. The number of employees increased, especially in Central Europe. This was offset by the fluctuation- and performance-related reduction of employees in Western Europe.

Employee satisfaction is measured every two years. In the year under review, the focus was on follow-up processes to the 2018 employee survey. The follow-up workshop implementation rate rose to a very high level both nationally and internationally.

The share of women remained stable.

The specific final energy consumption compared to 2006 and compared with the previous year was further reduced.

CENTRAL EUROPE REGION

- *Additional burdens due to weak performance development in the economic climate.*
- *Positive effects from Rail Freight Transport Campaign.*
- *Expansion of business in Belgium.*
- *Tracking of operating personnel to stabilize production.*
- *Operating profit development under pressure.*

			Change	
Central Europe region	**2019**	2018	absolute	%
Freight carried (million t)	225.2	235.9	-10.7	-4.5
Volume sold (million tkm)	68,265	71,343	-3,078	-4.3
Volume produced (million train-path km)	127.3	134.0	-6.7	-5.0
Total revenues (€ million)	4,859	4,852	+7	+0.1
External revenues (€ million)	3,375	3,451	-76	-2.2
EBITDA adjusted (€ million)	-9	75	-84	-
EBIT adjusted (€ million)	-230	-98	-132	+135
Gross capital expenditures (€ million)	455	521	-66	-12.7
Employees as of Dec 31 (FTE)	19,741	18,978	+763	+4.0

Performance development in Central Europe declined in particular due to the decline in crude steel and vehicle production in Germany. The business expansion in Belgium had a compensating effect. The capacity utilization (tons per train) was further improved slightly.

The economic development remains challenging. The increase in income was not able to offset the higher expenses, meaning that the operating profit figures declined.

- Despite the decline in performance, revenues were at the previous year's level. This resulted, among other things, from higher revenues from purchased transport services, including to stabilize production in Germany. External revenues decreased due to performance.
- Other operating income increased significantly, mainly due to the train-path price support (opposite effects in revenues).

On the expenses side, there was an increase, driven by the personnel expenses and cost of materials:

- The cost of materials increased, particularly as a result of increased purchased transport services to stabilize production in Germany, among other things. In addition, price increases also had an impact.
- Personnel expenses increased as a result of collective bargaining agreements, as well as the tracking of operating personnel at DB Cargo AG.
- The increase in other operating expenses resulted primarily from higher purchased services. The cost-reducing **IFRS 16 EFFECT** 191 f. was more than compensated.
- The increase in depreciation was mainly due to the IFRS 16 effect.

Gross capital expenditures decreased due to lower capital expenditure measures. The IFRS 16 effect had an increasing effect.

The number of employees increased, mainly due to appointments in the operating area in Germany and as a result of the business expansion in Belgium and Italy.

WESTERN EUROPE REGION

- *Decline in demand caused by the economic situation and negative effects in France.*
- *In Great Britain, uncertainties about the form of Brexit had an effect.*
- *Overall satisfactory business performance.*

Western Europe region	2019	2018	Change absolute	Change %
Freight carried (million t)	46.4	48.5	-2.1	-4.3
Volume sold (million tkm)	11,906	11,910	-4	-
Volume produced (million train-path km)	27.3	23.6	+3.7	+15.7
Total revenues (€ million)	675	640	+35	+5.5
External revenues (€ million)	546	516	+30	+5.8
EBITDA adjusted (€ million)	91	48	+43	+89.6
EBIT adjusted (€ million)	15	-9	+24	-
Gross capital expenditures (€ million)	82	47	+35	+74.5
Employees as of Dec 31 (FTE)	4,190	4,365	-175	-4.0

Performance development in Western Europe was differentiated. Volume produced grew. The volume sold was at the previous year's level. Capacity (tons per train) decreased. Development in Spain had a positive effect. The renewed strikes in France and bad weather at the end of 2019 had a dampening effect.

Economic development was significantly higher than in the previous year: income increased more than expenses, so that the operating profit figures improved.

- Revenues increased as a result of the elimination of the negative effects from the previous year (strikes in France and severe weather in Europe), as well as growth in the metal and intermodal divisions, among other things.
- Other operating income increased mainly as a result of higher income from vehicle sales in Great Britain.

On the expenses side, there was an increase, driven by the cost of materials:

- Cost of materials increased, mainly as a result of higher purchased transport services. Among other things, lower maintenance expenses resulting from the takeover of maintenance services that were previously provided to the Group externally had a compensating effect.
- Personnel expenses increased slightly as a result of the expansion of maintenance activities and salary adjustments.
- Other operating expenses declined as a result of the IFRS 16 EFFECT 191 F. (opposite effect in depreciation).
- Depreciation increased due to the IFRS 16 effect.

Capital expenditures increased, particularly in Great Britain and because of the IFRS 16 effect.

As of December 31, 2019, the number of employees declined, mainly due to fluctuations and performance.

EASTERN EUROPE REGION

- *Overall positive revenue development, in particular due to the Europe-Asia transport services.*
- *Price measures offset factor cost increases.*
- *Increase in personnel costs due to a tense labor market situation.*
- *Decline in volume sold in Poland caused by economic conditions.*

Eastern Europe region	2019	2018	Change absolute	Change %
Freight carried (million t)	15.5	16.7	-1.2	-7.2
Volume sold (million tkm)	4,834	4,984	-150	-3.0
Volume produced (million train-path km)	7.9	8.1	-0.2	-2.5
Total revenues (€ million)	411	310	+101	+32.6
External revenues (€ million)	267	210	+57	+27.1
EBITDA adjusted (€ million)	35	25	+10	+40.0
EBIT adjusted (€ million)	12	11	+1	+9.1
Gross capital expenditures (€ million)	33	19	+14	+73.7
Employees as of Dec 31 (FTE)	3,950	3,927	+23	+0.6

Performance development in Eastern Europe in relation to volume sold and volume produced was weaker. The amount of freight carried fell markedly, partly due to lower capacity in the Polish seaports and declines in coal traffic.

Economic development was almost stable: the revenue growth was largely offset by higher factor costs, among other things.

- Revenues increased mainly as a result of price effects. In addition, logistics services and the Europe-Asia transport services also showed a positive development.
- Other operating income declined as a result of the elimination of positive effects from the sale of locomotives and freight cars in the previous year.

On the expenses side, there was an increase, driven by the cost of materials:

- Cost of materials increased significantly as a result of higher transport performance purchases for the China transport services.
- Personnel expenses increased due to wage increases, mainly driven by a tense labor market situation in Eastern Europe.
- Other operating expenses decreased significantly. This resulted from the IFRS 16 effect (opposite effect in depreciation).
- Depreciation increased significantly as a result of the IFRS 16 effect.

Capital expenditures increased as a result of the IFRS 16 effect.

Among other things, the number of employees increased slightly as a result of appointments for the Europe—Asia corridor.

INFRASTRUCTURE

Development in relevant markets

GRI 102-6

In Germany, we assume dual responsibility for rail transport as a result of our integrated Group structure. We are both the operator and primary user of the track infrastructure. The resulting greater focus on customers and efficiency in our infrastructure benefits all train operating companies (TOCs) without discrimination. In addition to the Group's internal code of conduct, competitive neutrality of our track infrastructure is ensured by means of regulation that is considered strict by international standards.

DB track infrastructure in Germany: selected key figures	2019	2018	Change absolute	Change %
Infrastructure customers	442	440	+2	+0.5
Intra-Group	18	18	-	-
Non-Group	424	422	+2	+0.5
Train-path demand (million train-path km)	1,090	1,085	+5	+0.5
Intra-Group railways	722.1	736.2	-14.1	-1.9
Non-Group railways	368.2	349.2	+19.0	+5.4
Share of non-Group railways (%)	33.8	32.2	-	-
Station stops (million)	156.4	154.1	+2.3	+1.5
Intra-Group railways	116.3	117.1	-0.8	-0.7
Non-Group railways	40.2	37.0	+3.2	+8.6

Overall, the train-path demand and the number of station stops continued to develop positively in 2019. In line with the long-term trend, non-Group railways gained further market shares, while the demand for intra-Group railways declined in total.

The slightly positive development in regional rail passenger transport resulted from more orders due to higher regionalization funds.

Bridge program of the LuFV II successfully completed

Since 2015, we have extensively renewed a total of 902 bridge constructions. As a result, the contractually prescribed target from the LuFV II of 875 was significantly exceeded. In addition to the modernization of the bridges, we are building and renovating road or pedestrian crossings, replacing the passageways and level crossings with new bridges and conducting ongoing renovation work on existing buildings. The substance of the facilities is significantly improved by the high investment. Over the next ten years, the LuFV III will be used to tackle the renewal of a further 2,000 railway bridges.

New performance and financing agreement from 2020 for the existing network

The term of the LuFV II ended on December 31, 2019. During the five-year term, we continued to intensify the modernization of the existing network. The contractual objective to invest a total of € 20 billion – consisting of the Federal Government's infrastructure contribution, the dividend payouts of DB AG and DB funds – in the existing network, was met in the years 2015 to 2019.

The preservation and modernization of the existing infrastructure will be continued as of 2020 by the LuFV III with a significantly increased budget. After over two years of negotiations, the Federal Government – represented by the Federal Ministry of Transport and Digital Infrastructure and the Federal Ministry of Finance (BMF) – and DB Group reached an agreement with a duration of ten years, which entered into force on January 1, 2020. By the year 2029, a total of € 86 billion will be invested in the maintenance and modernization of the existing network (thereof € 24 billion from DB funds). The annual resources available for capital expenditures and maintenance are therefore increasing by about 54% compared to the LuFV II. Both the Federal Government and DB Group are significantly increasing their contributions. In addition, the post-tax earnings of the railway infrastructure company should be distributed to the Federal Government and reinvested in full again in the rail infrastructure.

In addition to the technical requirements, further significant additional requirements were also identified, for example for capacity-saving construction measures, raising platforms to increase accessibility, digital BOS radio and video systems. A contractual provision was also set for the first time to reduce the investment backlog (backlog requirement) in LuFV III. A total of about € 4.5 billion is provided for this in particularly critical areas.

In addition, annual target values for the individual quality indicators have been agreed, which ensure a continuous improvement in infrastructure quality. During the term of LuFV III, the Federal Government and DB Group will examine whether the system of quality indicators will be modified and, in future, the cause and effect relationship between the funds used and the achievable infrastructure quality can be used in the target value calculation.

The longer term creates more planning certainty for us and the economy. This means that the construction and planning companies' capacities can be developed in a future-oriented manner, and long-term agreements with suppliers can be concluded. This serves as an incentive for more consistency and innovation in the rail construction industry.

Progress on the Stuttgart–Ulm project

On January 26, 2018, the DB AG Supervisory Board approved a financing framework of € 8.2 billion for the Stuttgart 21 Project. This financing framework contains a buffer of just under € 0.5 billion to take into account unforeseen events, which can only be claimed with the prior consent of the Supervisory Board. On June 19, 2019, the Supervisory Board approved this buffer in order to finance potential cost increases due to increased market prices in the outstanding awarded tenders.

Digital planning and construction

Building information modeling (BIM) is a collaborative method of working where all data on rail infrastructure facilities is fed into an optimized planning, construction and management process that covers the entire life cycle and is available digitally. DB Group has successfully started using BIM. DB Engineering & Consulting GmbH (DB E&C) has already successfully completed numerous BIM projects. It is currently applying the BIM method in about 100 DB Group infrastructure projects and is implementing the most modern digital technologies for data acquisition, planning and construction monitoring to this end. DB Netze Stations has been using BIM to plan and construct all of its new station projects since January 2017. DB Netze Track has successfully completed the pilot phase. The Federal Government also found that the use of the BIM method generally has no effect on financial contributions. New complex and standardizable projects will therefore be planned with BIM in the future. DB Netze Track therefore meets the requirements of the Federal Government's tier plan. With the DB BIM strategy, the guidelines for further development and dissemination of the method were set. The long-term objective is to create a so-called digital twin of the DB Netze Track facilities, which will be used for simulating plan, construction and operating scenarios.

Schedule 2020

DB Netze Track has worked on a stable schedule for 2020 with 140 schedule designers in the network schedule. The fact that competition on the rails is continuing to increase is mainly demonstrated by the applications from non-Group TOCs for train-paths in the 2020 network schedule. Their share in long-distance rail passenger transport has doubled compared with the previous year. This is similar to the development in regional rail passenger transport and rail freight transport, where the applications from non-Group companies increased by more than 39% and 37% respectively. The schedule process follows clear rules and is monitored by the BNetzA.

Development of infrastructure

GRI 203-1

In the year under review, about € 10.6 billion was spent for the renewal and maintenance of the rail network, stations and energy facilities. This includes LuFV financing of about € 4.3 billion and about € 2.3 billion for maintenance. In total, more than 50 major projects are in the planning and construction phases. About € 2.3 billion was invested in major projects in the Federal Transport Infrastructure Plan in the year under review. Information on current and future construction projects can be found in our CONSTRUCTION INFORMATION PORTAL (BAUINFOPORTAL).

COMMISSIONS

Almost 30 projects were completed in the year under review. These included, among other things:

- As part of the second expansion stage of the Magdeburg railway hub, on May 12, 2019 the new platforms 2–5 and the associated rail infrastructure were commissioned.
- As part of the Hoyerswerda–Horka–Border G/PL expansion line, the two-track commissioning of the line section Niesky–Horka was carried out in October 2019.

UNDER CONSTRUCTION

Progress on the Stuttgart–Ulm project

Construction work on the Stuttgart 21 sub-project continued to progress in the year under review:

- With a length of more than 49 km, more than 80% of the tunnels for Stuttgart 21 have been bored and excavated.
- In the construction of the future central station, five full chalices, two supporting chalices (Restkelche) and a total of 12 chalice feet are being concreted. Work is also underway on the station's floor panel. The work on the northern and southern end is being further advanced.
- In the Filder tunnel, the fourth and final tunnel drive of the tunnel boring machine has been completed. The inner shell has been constructed in the Cannstatt, Feuerbach, Obertürkheim and Untertürkheim supply tunnels.
- The road surface of the Neckar bridge was concreted.
- Following the submission of an appeal to the Higher Administrative Court (Verwaltungsgerichtshof), the decision to reinstate the immediate enforceability of plan approval section 1.3a in the airport sector was suspended in December 2018. Recovery of the plan approval procedure and restoration of immediate implementation by the Federal Railway Authority (Eisenbahn-Bundesamt; EBA) took place in October 2019. As a result, an application was filed to restore the suspensive effect of the appeal against the change plan approval decision. A court decision on this is pending.

- In the case of the new construction line Wendlingen—Ulm, the tunnel boring work of a total of 62 km has been completed as far as possible. In the Albvorland tunnel, the boring work with both tunnel boring machines has been completed. The first sections of the small and large Wendling curve are under construction. On the Fils Valley viaduct, the link between the Boßler and Steinbühl tunnel, the bridge superstructure is being built, and numerous pillars have been completed. Along the line on the Alb plateau and the Alb descent tunnel, the railway technical equipment and the construction of the ballastless slab tracks are underway.

Modernization of Stuttgart Central Station

From the beginning of 2020, the historic concourse building of Stuttgart Central Station, the Bonatzbau, will be extensively modernized in parallel to the Stuttgart—Ulm (S21) rail project. The protected structure is being given a new supporting structure and modern building technology. In addition, several new underground buildings and newly designed forecourts are being created at Stuttgart Central Station.

At the end of March 2019, the first preparatory work was started for a service building on platform 1 for the duration of the construction. This has been under construction since late April 2019. Since June 2019, a waiting hall has also been erected at the Kurt-Georg-Kiesinger-Platz. During the reconstruction of the concourse building, the new hall offers a heated waiting area with seats for about 120 passengers. The start of the main construction work is planned for the beginning of 2020. The first partial areas are expected to be available to passengers from 2024 onwards.

Expansion of the Cologne hub

The highly-frequented Cologne hub is to be expanded through a total of 17 infrastructure measures. The construction works to expand the S 13 from Troisdorf to Bonn-Oberkassel are running on schedule as far as possible. At present, the preliminary planning phase has been completed for Project S 11, with its core package of expansion measures between Cologne Central Station and Bergisch Gladbach. A planning agreement was drawn up for the planning of two additional local transport tracks between Cologne-Hansaring and Hürth-Kalscheuren (Westspange Köln) and the electrification of the Eifel line between Hürth-Kalscheuren and Kall in February 2019. The southern Gummersbach street expansion project is approaching the end of draft and approval planning. In the expansion line project 4 Cologne—Aachen, work is in the plan approval section 1, for the Eschweiler station, and plan approval section 2, for Aachen-Rothe Erde, in the execution phase.

Oldenburg—Wilhelmshaven expansion line

Since 2011, the two-track expansion and electrification of the Oldenburg—Wilhelmshaven line has been underway, in order to ensure a high-performance and demand-oriented infrastructure development in a less popular area for the JadeWeserPort deep-water port.

- For the plan approval section 1, Oldenburg—Rastede, the start of construction of the main works was carried out in January 2020 after delays due to a court decision on emergency appeals in connection with ongoing actions against the plan approval decision.
- In the plan approval section 4.1, Varel—Sande, the building work is expected to be completed on schedule in April 2020.
- In the plan approval section 4.2, the start of construction was carried out in August 2019.
- In the plan approval section 5, Sande—Wilhelmshaven, the building work in all areas is on schedule. The electronic interlocking at Sande was expected to be commissioned in March 2020.
- In the plan approval section 6, Weißer Floh—JadeWeserPort, modified plan documents were disclosed in December 2019.

Frankfurt hub expansion

The Frankfurt am Main hub is one of the most heavily frequented in our network. With the infrastructure expansion plan Frankfurt RheinMain Plus, we are ensuring the expansion of capacity in the hub and a good connection between local and long-distance passenger transport. New additions were made to the Frankfurt Central Station hub in the year under review, among other things a long-distance rail tunnel, for which the feasibility study was launched in autumn 2019.

Reconstruction of the Dresden railway

The Dresden railway is an important connecting element on the major transport axis to Southeastern Europe, as it is reducing the burden on the Anhalt railway as an important European transport hub in the direction of the south. As part of the project, about 16 km of line will be rebuilt, including the renovation of nine bridges and three stations, and the elimination of nine level crossings.

For the first time in Germany, a noise barrier has already been erected in the end position before the main construction services begin in order to effectively protect residents against construction noise.

The construction work in the Berlin section continues to run on schedule. In August 2019, the plan approval decision was issued after about 22 years of the procedure for the section Blankenfelde—Mahlow in the Dresden railway project for the Brandenburg section.

Proceedings were brought against the decision before the Federal administrative court and provisional legal protection was requested. This means that further awards for the main construction services in the section Blankenfelde—Mahlow are risk-prone.

Munich—Lindau expansion line 48

The electrification and expansion of the Munich—Lindau—border G/A line enables a modern long-distance transport service to be offered between the European metropolises of Munich and Zurich.

The legal approval proceedings were completed for all sections in the year under review. Between now and 2020, the main construction phase will be carried out with widespread section-by-section line suspensions.

Modernization of Dortmund central station

The main construction works to modernize the Dortmund central station began in June 2018. After completion of the work, predicted in 2024, the station will be completely accessible and allow for barrier-free connectivity between all modes of transport. The first stage of construction has already been completed and platforms 26/31 were put into operation in the year under review.

Lehrte MegaHub

The essential structural infrastructure of the Lehrte MegaHub was completed in the year under review. The test and trial run started with the schedule change in December 2019. The start of the trial run with public transport is planned for April 2020. The total commissioning of the transshipment facility is also planned for 2020.

PLANNED

Karlsruhe—Basel expansion/new construction line

The 182 km long Karlsruhe—Basel expansion/new construction line has an important function for supra-regional and international rail transport due to its geographical position. It is considered to be the heart of the European freight corridor between Rotterdam and Genoa.

Following the damage in the east tunnel of Rastatt Tunnel, preparations to renovate have been underway since March 2018. On April 11, 2019, DB Netz AG concluded an agreement with ARGE Tunnel Rastatt (consortium) on the planning of the renovation and completion of the damaged east tunnel. On August 7, 2019, the concept for the further construction of the Rastatt Tunnel was presented.

In the sections south of Offenburg, planning is proceeding according to the decisions of the German Bundestag and the Landtag (state parliament) of Baden-Württemberg, to finance noise remediation measures above the statutory level. The key requirements of the region, as discussed in the meetings of the project advisory board, are being integrated into the planning.

In section 7, between Appenweier and Kenzingen, a four-track line spanning about 40 km is being completely re-planned. Several early public participations are planned for 2020. In section 8a (Freiburg freight bypass), the first discussion took place in the year under review, taking into account the new general framework for noise remediation. The planning for the upgrade of Freiburg Bay to 200 km/h (Section 8b) will take off after the contract has been awarded to the general planner. This part of the project is planned according to the BIM METHOD 136. A civil dialogue with an architect's workshop on the design of noise protection barriers was organized in section 9, the results of which will come into effect from 2020.

Hanau—Fulda expansion/new construction line

The existing capacity bottleneck between Hanau and Fulda is to be eliminated with the Hanau—Würzburg/Fulda expansion/new construction line. Journey times should also be reduced. The line is one of the most heavily travelled in Germany.

The project has made progress in planning for the Hanau—Gelnhausen expansion line and the Gelnhausen—Fulda new construction line. Preparatory measures for the expansion, such as the electronic interlocking at Gelnhausen and bridge construction work, will soon begin. Additional measures were developed with the region – for example for noise remediation and accessibility – and were handed over to the BMVI for parliamentary referral.

From over 1,000 line segments examined, 13 variants were mapped out, compared and discussed in a forum with regional interest groups for the train-path selection for the new construction line. Our early and comprehensive involvement of the general public has been described as exemplary. The so-called version IV was the version submitted to the regional planning process. Among other things, it could shorten the passenger transport journey time between Frankfurt and Fulda, improve local transport services and reduce the noise caused by train transport in the region.

Rhine/Main—Rhine/Neckar new construction line

The Rhine/Main—Rhine/Neckar corridor has one of the largest traffic volumes in Germany. A new double-track line is being planned between Frankfurt and Mannheim, which will be used in the future by long-distance passenger transport during the day and by freight transport at night. The line should remove the existing bottleneck, increase capacity and shorten travel time between Frankfurt and Mannheim. In

2016 we resumed planning, which has since been accompanied by a participation process. At present, the various route and connection variants are being examined.

Construction of new S4 from Hamburg to Bad Oldesloe

The expansion of the S-Bahn (metro) line 4 will help to strengthen local transport between Hamburg and Schleswig-Holstein, and to improve the quality of long-distance and freight transport. The legal procedures are currently underway for all three plan approval sections. The overall completion is aimed for before commissioning of the Fehmarn Belt Fixed Link. The framework agreement on the overall project financing was signed on November 29, 2019, by the BMVI, the Federal states of Hamburg and Schleswig-Holstein, as well as DB Netz AG.

Fehmarn Belt Fixed Link

The Fehmarn Belt Fixed Link project is in the design and approval planning stage. The approval documents for the plan approval sections were submitted to the EBA. The first public disclosures should be made in 2020.

A referral to the German Bundestag was prepared in parallel with the approval procedures. A report on the result of the preliminary planning, including the demands from the early public participation, was submitted on April 12, 2019, to the BMVI and forwarded to the Committee on Transport and Digital Infrastructure on June 21, 2019.

Construction of a new link across the Fehmarn Sound is also being realized in connection with the Fehmarn Belt Fixed Link. The decision in favor of a preferred variant will probably be made in the first quarter of 2020.

Rhine-Ruhr-Express

The Rhine-Ruhr metropolitan region is to be more closely connected by the Rhine-Ruhr-Express (RRX). The implementation of this transport concept, as well as the operation of further local public transport links and long-distance transport, require the extensive upgrading and conversion of the track infrastructure. The project is divided into a total of 15 plan approval sections.

For the plan approval section 3.2, Duisburg, and 3.0a, Düsseldorf airport, the plan approval documents were revealed in September and October 2019. The design planning for the plan approval section 2.0, Düsseldorf-Reisholz and Düsseldorf-Benrath, is currently being tendered. Construction work on plan approval section 4.0 Mülheim has begun. For the plan approval section 1.2, Leverkusen, and section 1.3, Langenfeld, the complaints against the plan approval decisions were withdrawn. This means that a construction permit is now available for 6 out of 15 plan approval sections. Construction work in Leverkusen and Langenfeld is currently being prepared and construction is planned for the beginning of 2020.

Expansion and electrification of the Hochrhein railway Basel—Erzingen

With the electrification of the Hochrhein line between Basel Badischer station and Erzingen (Baden), an important gap is closed for the electrical traction between Basel and Schaffhausen (Switzerland). The current “diesel island” can be eliminated by electrification of this section of the route. This means that continuous transport between Basel Badischer station and Singen (Hohentwiel) will be possible with electrical instead of diesel vehicles in future.

A traffic task (verkehrliche Aufgabenstellung; VAST) was created for the new operating program up to May 2019. Additional infrastructure measures are required to implement this desired schedule for the Nahverkersgesellschaft Baden-Württemberg (local transport company).

In addition, the expansion of the stations to 155 m length and 55 cm platform height, as well as securing accessibility and the construction of three additional stops, will be included in the project.

The addendum to the planning agreement was agreed. The drawing was carried out on September 30, 2019.

Expansion and electrification of the Bodensee Belt railway

As part of the electrification of the Southern railway, the Bodensee Belt railway is to be expanded and electrified in the Radolfzell and Friedrichshafen section, as well as Stahringen and Stockach-Hindelwangen.

The planning agreement for the service phases 1 and 2 was drawn up in January 2019.

Currently, service phase 1 is in planning. An operating program study is currently being prepared, and a VAST and operational task (BAST) will follow. The preplanning will then be put out to tender.

Mannheim hub

The requirement plan project Mannheim hub includes several measures to resolve the bottlenecks in the greater Mannheim area.

In November 2018, the BMVI upgraded the Mannheim hub project from potential to urgent requirement. However, not all bottlenecks were able to be solved, in the event of a scarce benefit/cost ratio, with the configuration of measures from the Mannheim hub study. For this reason, the BMVI is providing even more optimization requirements. This is currently being investigated as part of an optimization study. Potential large-scale bypass variants should also be tested. The BMVI will involve the affected Federal states, the region and DB Netz AG in the preparation of the study. The result of the optimization study is the determination of an expansion requirement that meets traffic and national economic objectives. Based on this, the scope of planning required for the Mannheim railway hub and the first planning services will be tendered out. DB Netz AG will then examine and evaluate any possible variants as part of the planning process, and determine a preferred solution. However, from a previous assessment of the Mannheim hub, planning for the four-track expansion of the Heidelberg-Wieblingen—Heidelberg Central Station section is already underway. The preplanning has been awarded. The basic evaluation should be completed by February 2020.

Mannheim—Karlsruhe expansion/new construction line

In a joint meeting, the BMVI and DB Netz AG agreed to expand the area of investigation of the Molzau—Graben-Neudorf—Karlsruhe expansion/new construction line further to the north and to run it in the future under the Mannheim—Karlsruhe expansion/new construction line project. Since the beginning of September 2019, the first planning services have been announced as part of a feasibility study and are expected to be awarded by the beginning of 2020.

In the analyses, basic possibilities for increasing the capacity in passenger and freight transport are being developed for the expansion of the existing lines, as well as possible new construction lines with connection to the Mannheim and Karlsruhe railway hubs. However, a preferred variant can only be selected if the possible solutions for the entire connection between Mannheim (including the Mannheim railway hub) and Karlsruhe have been examined.

Three track expansions of Karlsruhe—Durmersheim

The requirement plan for the three-track expansion of Karlsruhe—Durmersheim is intended to create additional capacity south of Karlsruhe. A feasibility study was completed in June 2019, which serves as a basis for the preparation of the operational tasks.

Relocation of the Hamburg-Altona long-distance train station

The measure provides for the replacement of the existing Hamburg-Altona terminal station with a new building at the Diebsteich location for long-distance and regional transport, including a new concourse building. The current S-Bahn (metro) station in Altona will remain. The new station will have six long-distance and two S-Bahn (metro) tracks.

In December 2017, the EBA issued the plan approval decision, but the German Transport Association Region North (Verkehrsclub Deutschland Landesverband Nord e.V.; VCD) launched a complaint. This resulted in an order requiring the project to stop construction.

However, at the initiative of the city of Hamburg, DB Group and the VCD showed that they were ready to carry out a “fact check” together in the course of the year under review, in which arguments for and against a station relocation were exchanged, moderated by the Hamburg Finance Senator.

In the course of the fact check, an approximation was recorded, which resulted in a concluding joint declaration on February 11, 2020. Within this, capacitive improvements in the project and a future joint discussion forum were agreed. In return, it is now recorded in the court that the VCD will withdraw its complaint as soon as the newly elected citizenship, after the election on February 23, 2020, formally approves the agreement. No legal proceedings in Altona would be pending anymore, the construction stoppage would be lifted and the preparation for construction could be resumed.

Remodeling and modernization of Frankfurt central station

From the middle of 2020, the feeder level and the northern section at Frankfurt central station will be remodeled and modernized. As well as new access points, visitors can also expect a newly structured underground shopping passage in the future. The construction permit was approved by the EBA at the beginning of January 2019. It is being built in several construction phases. The work is planned to conclude at the end of 2024.

DB Netze Track business unit

BUSINESS MODEL

With more than 33,000 km of track, DB Netze Track operates the largest railway network in Europe. More than one billion train-path kilometers are traveled each year on the tracks in Germany. The most important sources of income are revenues from train-path products, which constitute over 90% of total revenues. Train-path prices are established on a transparent basis by a train-path pricing system regulated by the BNetzA.

DB Netze Track is also responsible for managing infrastructure operations as well as for securing long-term infrastructure quality and availability, and non-discriminatory access to train-paths and service facilities. This includes preparing schedules in close cooperation with customers, operations management, construction management and maintenance.

The cost structure is dominated by fixed costs. The rail network is one of the most important cost drivers. The use of resources for the operation and maintenance of infrastructure facilities is very much influenced by specific facility characteristics, requirements relating to operational opening hours and the degree of rationalization in operating business activities. As the dimensions of the infrastructure only change in the long term due to new construction or expansion projects or targeted dismantling, the optimal capacity utilization of the existing infrastructure is of major importance for economic success.

A high level of quality and availability for customers also calls for a forward-looking, integrated capital expenditures and predictive maintenance strategy. Capacity utilization is measured by train kilometers on track infrastructure. In terms of relative network capacity utilization, this figure can be compared to the length of line operated. To reach our growth target of an increase of more than 30% in train-path kilometers, it is essential that new and expansion projects concentrate on removing bottlenecks and on the creation of additional capacity for growth in transport in the main corridors and metropolitan areas.

In particular, the contributions made by the Federal Government for infrastructure financing are decisive for ensuring the competitive ability of rail transport. An entrepreneurial-driven infrastructure integrated within DB Group is also crucial to continue to be able to make our own, high contribution to the cofinancing of these infrastructure measures. The budgetary resources of public authorities, in particular the Federal Government, are of considerable relevance for the financing of replacement capital expenditures in the existing infrastructure, as well as for the financing of new and expansion projects.

DB Netze Track business model

INPUTS

Employees
About 48,800

Vehicles
736 maintenance vehicles

Networks and infrastructure
Rail network about 33,000 km in length, operation-critical facilities

Additional production factors
Electricity, fuel

BUSINESS ACTIVITIES

Customer segments
- About 440 business customers (thereof more than 420 non-Group customers)

Value proposition
- DB Netze Track provides non-discriminatory access to a safe, reliable rail network that is in line with requirements.

Customer access and retention
- Key account management
- Regional sales
- E-services

Key activities

Providing a safe, reliable infrastructure that is in line with requirements

Planning and operating networks

Conducting train operations

OUTPUTS

Train kilometers on track infrastructure
1.1 billion train-path km

OUTCOMES

EBIT
€ 807 million

Customer satisfaction
SI of 65

Punctuality
93.1%

Employee satisfaction
SI of 3.7 (2018)

Track kilometers noise-remediated in total
1,844 km

Waste
5,246 thousand t

MARKETS AND STRATEGY

Demand in passenger and freight transport has increased significantly over the last few years and has led to a higher intensity of use of the rail infrastructure. In the coming years, on the basis of economic development, we expect growth in demand for freight transport and a significantly increased traffic volume in passenger transport, and therefore a further increase in capacity requirements, supported by measures such as, for example, increasing regionalization funds, service expansions in long-distance rail passenger transport and the reduction of train-path prices in freight transport.

By developing infrastructure in line with customer and market requirements, we want to enable the entire rail transport sector to take advantage of growth potential. The new STRONG RAIL STRATEGY 71 FF. incorporates DB Netze Track's strategic topics. DB Netze Track is intending to create the infrastructural and operational requirements for the implementation of a strong rail system as a capacity manager. The objective is to expand network capacity, to digitalize and renew the network, and to improve the use of capacity. DB Netze Track is also striving for the continuous renovation of the existing network and an increase in the performance capability of the organization.

In order to achieve the objectives, DB Netze Track's strategy comprises the three strategic areas of the Strong Rail strategy:

1 2 3
- DB Netze Track is becoming **MORE ROBUST:** Through the expansion of infrastructure and new construction and expansion projects, DB Netze Track is striving to increase network capacity in corridors and hubs in order to eliminate existing bottlenecks and to be able to provide the required capacity for supply expansion. As part of the strategy implementation, there is a focus on increasing the quality of the existing network. The aim is to improve the facilities' quality and profitability. In addition to infrastructural measures, DB Netze Track is striving to establish a new control philosophy as part of capacity management, which focuses on utilization of capacity. In addition to the planned expansion and new construction of infrastructure, DB Netze Track focuses on levers for increasing capacity, such as the more efficient use of track closures during construction activities or the avoidance of overloading usable capacities.

9
- DB Netze Track is becoming **MORE POWERFUL:** DB Netze Track is implementing measures that are designed to create the basis for effective and stable processes and to form the most efficient organization possible. In the year under review, the design of a comprehensive, customer-focused end-to-end process was further advanced. All performance and support processes should be customer-oriented in the future.
- DB Netze Track is becoming **MORE MODERN:** The measures taken from the more robust strategic area provide a basis for the consequential building blocks from the more modern strategic area. The measures taken by DB Netze Track, for example, provide a basis for achieving the objectives of expanding Germany's railway network (Germany in sync), thus further promoting the shift in the mode of transport. 11

GENERAL FRAMEWORK

BNetzA approves train-path prices for 2020

The competent ruling chamber approved the train-path prices for the schedule year 2019/2020 on January 13, 2019, including the proposed 1.8% increase of train-path prices in regional rail passenger transport. This follows from the statutory linking of the train-path price development to the growth rate of the regionalization funds. For long-distance rail passenger and freight transport, prices were increased by about 2.4% compared to the previous year. As in the decisions on the train-path pricing system (TPS) of 2018 and 2019, the train-path prices originally requested in most of the long-distance segments were raised in the course of approval by the BNetzA and lowered for standard rail freight transport trains; by about € 28 million respectively. DB Netz AG has appealed against this decision. The first decision is expected to be in the middle of 2020 at the earliest.

BNetzA sets maximum limits on total costs for the working schedule period of 2020/2021

In a decision on August 22, 2019, as part of regulating the incentivization of train-path prices, the BNetzA set the maximum limits for total costs of DB Netz AG and DB RegioNetz Infrastruktur GmbH, for the working schedule period of 2020/2021, at about € 5 billion. The decision contains an adjustment clause. The upper limit can be increased by maintenance expenses induced by the LuFV, if the LuFV III is recognized as a so-called qualified regulatory agreement by the Federal agencies. DB Netz AG and DB RegioNetz Infrastruktur GmbH have submitted their request for this in due time.

Incentive system approved by the BNetzA

The BNetzA approved the incentive system requested by DB Netz AG for rail passenger transport as part of the rail network terms of usage (Schienennetz-Benutzungsbedinungen; SNB) using the waiver of notice in May 2019, with effect from June 1, 2019. In comparison to the previous regulations, significantly higher payments would be levied for delays caused by construction work, among other issues. After the incentive system was rejected the previous year, an agreement was able to be reached at the end of 2018 as part of a market dialogue in the passenger transport sector on all key points of the incentive system.

In freight transport, there is agreement to introduce the incentive system as early as the schedule change 2020/2021. However, there is no final agreement on the specific design, despite intensive market participation, which means that the open points must be clarified in the context of the SNB approval procedure by the BNetzA. DB Netz AG submitted a corresponding request to the BNetzA at the beginning of October 2019. A decision by the BNetzA is not expected before the close of the first quarter of 2020.

Developments in noise protection

The noise-based train-path pricing system (lärmabhängiges Trassenpreissystem; LaTPS) currently provides for a surcharge of 5.5% on the regular train-path price for loud freight trains. The surcharge increased to 7% for schedule change 2019/2020. Freight trains consisting of at least 90% of cars with quiet brake shoes are exempt from the surcharge. In the year under review, we received and approved a total of 57,463 applications for 2018 in the LaTPS (2017: 36,646) to promote the noise remediation of existing freight cars. A total of about € 10 million (for 2017: about € 8 million) was paid out to the TOCs for the applications submitted. The LaTPS will be in place until the end of 2020. The program is income-neutral for its entire duration.

As of late 2020, the RAIL NOISE PROTECTION ACT 69 will apply, meaning that the operation of freight trains and passenger trains, in which one or several noisy cars are in use, is generally prohibited on the German rail network. DB Netz AG is currently preparing to implement the requirements of the Rail Noise Protection Act. These specifications must be applied bindingly by the authorized access persons when applying for rail track capacity for the network schedule 2020/2021.

Capacity round table

The Capacity round table was launched at the beginning of July 2019 as an industry-wide body that will discuss the essential levers for capacity management and achieve consensus on concrete measures to improve capacity control and planning. The stated objective of the Capacity round table is to identify short- and medium-term measures with a specific contribution to the overall system, which are in common areas and therefore provide added value beyond the members' own work. To this end, the current situation regarding capacity in the network and the challenges of reconciling conflicting targets between driving and building on the network are discussed with the industry on the basis of specific key figures. Three industry-wide working groups also analyze and create capacity-optimizing measures and implement them. These include, for example, investigating measures to increase the capacity of stations, opportunities for temporary use of selective door controls, the study of new approaches to planning and allocating capacities as part of the schedule process or even measures for improving the dispositive cooperation in bottlenecks.

ENVIRONMENTAL MEASURES

After the successful tests of the cooling effect of white rails in summer 2019, we have, for the first time, tested the color coating during ongoing operation. For this purpose, 1,000 m of track on the high-speed line Hanover—Würzburg was coated with an environmentally friendly white paint. Sound results are expected at the earliest in 2020, and form the basis for a possible expansion of the project to other lines.

Retrofitting up to 600 older interlockings

DB Group is technically equipping older interlockings to support the traffic controllers in track monitoring. In January 2019, new technology was installed at the pilot sites of Utting in Bavaria and Nieukerk in North Rhine-Westphalia, Germany. In the year under review, the upgrading of all old interlockings began after successful test operations. Up to 600 interlockings should be equipped by 2024. The conversion will cost about € 90 million. In addition to the technical retrofitting of older interlockings, the planning and construction for renovation is unaffected by this additional measure.

LEGAL TOPICS

Arbitration processes for the Rastatt Tunnel ongoing

Following the damage in the east tunnel of the Rastatt Tunnel, preparations to renovate have been underway since the previous year. In July 2019, the application for plan change was submitted to the EBA. The corresponding approval procedure will take about one year. On the basis of a further agreement between DB Netz AG and the working group (Arbeitsgemeinschaft; ARGE) Tunnel Rastatt (consortium), resuming the tunneling operation should continue in the non-damaged western part in 2020. At the same time, the mediation proceedings agreed between DB Group and ARGE Tunnel Rastatt from the previous year are ongoing, to clarify the cause of the damage during tunnel boring and thus who is responsible. The procedure continues due to numerous potential causes of damage that are to be determined.

DB Netze Track	2019	2018	Change absolute	Change %	2017
Punctuality DB Group (rail) in Germany (%)	93.7	93.4	–	–	93.9
Punctuality (rail) in Germany[1] (%)	93.1	92.9	–	–	93.6
Customer satisfaction (SI)	65	64	–	–	67
Length of line operated as of Dec 31 (km)	33,291	33,299	-8	–	33,348
Train kilometers on track infrastructure (million train-path km)	1,089	1,084	+5	+0.5	1,072
thereof non-Group railways	368.2	349.2	+19.0	+5.4	331.3
Share of non-Group railways (%)	33.8	32.2	–	–	30.9
Total revenues (€ million)	5,652	5,511	+141	+2.6	5,364
External revenues (€ million)	1,687	1,559	+128	+8.2	1,522
Share of total revenues (%)	29.8	28.3	–	–	28.4
EBITDA adjusted (€ million)	1,443	1,446	-3	-0.2	1,484
EBIT adjusted (€ million)	807	840	-33	-3.9	687
Operating income after interest (€ million)	628	634	-6	-0.9	442
Gross capital expenditures (€ million)	7,441	6,901	+540	+7.8	6,601
Net capital expenditures (€ million)	1,055	564	+491	+87.1	660
Employees as of Dec 31 (FTE)	48,787	46,969	+1,818	+3.9	45,375
Employee satisfaction (SI)	–	3.7	–	–	–
Employee satisfaction – follow-up workshop implementation rate (%)	99.0	–	–	–	99.1
Share of women as of Dec 31 (%)	19.2	19.2	–	–	18.8
Track kilometers noise remediated in total as of Dec 31 (km)	1,844	1,758	+86	+4.9	1,701

[1] Non-Group and DB Group TOCs.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *Punctuality and track demand slightly higher.*
- *Increased revenues from price and volume effects.*
- *Higher expenses for personnel in particular had a negative impact on the development of profit.*
- *Net capital expenditures increased significantly.*

Both the punctuality of the non-Group TOCs and intra-Group TOCs increased, mainly due to the initiated **IMPROVEMENT MEASURES** 81 F.

Customer satisfaction improved slightly. To assess this, about 290 customers are asked about their satisfaction with all of the services offered to them. Our customers positively assessed our services in the areas of service competency and network timetable, particularly. Above all, the areas of infrastructure availability and construction measures were viewed critically.

Train kilometers on track infrastructure increased, above all, in the wake of higher demand from non-Group customers (especially in regional transport) and from DB Long-Distance. Lower demand from intra-Group customers in freight and regional transport had a dampening effect.

Economic development was slightly weaker. The positive income development was largely offset by higher personnel expenses, which led to a slight decline in the operating profit figures.

- Revenues increased noticeably due to increases in demand and price effects.
- Other operating income (+0.4%/€+4 million) was at the previous year's level overall. Lower income from, among other things, the disposal of fixed assets (real estate) was offset by higher project income, among other things.

On the expenses side, there were noticeable additional charges, especially in the case of personnel expenses.

- Cost of materials (–1.9%/€–37 million) declined, partly due to lower special charges in maintenance expenses (weather damage). Higher energy expenses had a dampening effect.
- Personnel expenses (+6.8%/€+200 million) rose as a result of the collective bargaining agreements and the higher number of employees.
- The increase in other operating expenses (+4.4%/€+52 million) resulted, in particular, from increased expenses for compensation for damages and increased IT services due to volume. In particular, lower rental expenses had a partially compensating effect.
- Depreciation (+5.0%/€+30 million) increased significantly due to lower write-ups on damaged sleepers and capital expenditures.

Capital expenditures increased appreciably as a result of the increase in net capital expenditures. This resulted, in particular, from higher capital expenditures in expansion projects (primarily the Stuttgart–Ulm Project) and higher capital expenditures in the existing network.

The number of employees increased significantly to cover demand and ensure succession planning, particularly in the areas of maintenance, construction projects and operations.

Employee satisfaction is measured every two years. In the year under review, the focus was on follow-up processes to the 2018 survey. The follow-up workshop implementation rate was stable at a very high level.

The share of women remained unchanged.

Within the framework of the NOISE REMEDIATION PROGRAM 90 F., we also carried out noise remediation measures on additional lines in the year under review.

DB Netze Stations business unit

BUSINESS MODEL

DB Netze Stations is the largest station operator in Europe. In addition to the core business, the development and operation of stations, the business unit offers a variety of mobility-oriented services in stations. With about 1.0 million m² of leasing area, we are among Germany's largest commercial landlords.

Each day, more than 420,000 trains from more than 110 TOCs, with more than 20 million passengers and visitors in total, use our stations. We set particular priorities in the areas of service, safety and cleanliness so that we can offer customers a high degree of quality. Our station managers also work hard on-site to ensure seamless operations.

Our station portfolio has a particularly wide geographical coverage. The infrastructure required is characterized by high fixed costs. A provision of equipment and infrastructure in line with needs is crucial to our commercial success.

Revenues are generated primarily from station stops (regulated, about 70% share) in the stations and from leasing out commercial space (not regulated). Our most important regulatory partners are the BNetzA and the EBA.

DB Netze Stations business model

INPUTS

Employees
About 6,200

Networks and infrastructure
About 5,400 stations, about 700 stops with marketing, about 9,500 platforms, about 6,300 passenger information facilities, about 6,800 dynamic visual displays, about 2,400 elevators, about 1,000 escalators, about 300 parking garages and parking spaces

Additional production factors
331 GWh electricity

BUSINESS ACTIVITIES

Customer segments
- Retail customers
- Business customers, particularly TOCs, tenants and mobility service providers
- Contracting organization

Value proposition
- DB Netze Stations provides attractive stations and concourse buildings with a range of mobility services and retail spaces.

Customer access and retention
- Key account management
- Regional sales
- Customer services at the station

Key activities
- Operating stations
- Leasing out commercial space
- Providing reliable infrastructure

OUTPUTS

Station stops
153 million

Rented space
1 million m²

OUTCOMES

EBIT adjusted
€ 210 million

Employee satisfaction
SI of 3.7 (2018)

Customer satisfaction
Traffic station (passengers/visitors) SI of 69, traffic station (TOCs and public transport authorities) SI of 61, tenants SI of 79

Facilities quality
Grade: 2.87

Primary energy consumption
−22.1% compared to 2010 (absolute)

MARKETS AND STRATEGY

We are facing a period of significant change. The mobility market is growing and changing. Digital solutions are massively accelerating this development. New forms of mobility are emerging and car transport is increasingly being questioned. Social structures are undergoing changes: the age gap is continuing to expand; cities are growing and stretching their infrastructures to their limits; rural areas are shrinking but must nevertheless maintain their access to mobility. In order to shape the future, we have further developed our strategy in the most significant areas. The basis for implementing the strategy is restructuring the organization. The entire structure and process organization is consistently adjusted and oriented to the passengers and visitors. The business unit headquarters was changed to a new process model and a new organizational structure. This will also be implemented in the regions from April 2020. The restructuring is actively contributing to the **STRONG RAIL STRATEGY** 71 FF., with its three strategic areas: more robust, more effective and more modern.

- DB Netze Stations is becoming **MORE ROBUST:** The core of this strategic area is the qualitative and capacitive development of our stations for more passenger growth and more visitors. Because of the targeted shift in the mode of transport, the focus is particularly on the capacity of the stations. By continually optimizing our cleaning and maintenance concepts, we are improving the basic quality of our stations and adjusting the capacity at stations with frequency-related bottlenecks. We would also like to include the station environment in this consideration.
- 9 DB Netze Stations is becoming **MORE POWERFUL:** Our processes begin with the customers and their requirements, and we develop solutions to increase customer satisfaction. With the creation of our performance processes, we ensure that our actions are aligned with the needs of our customers and systematically collect their feedback. We implement consistent, end-to-end responsibility for all our processes. We focus on the effect on the end customers. The introduction of comprehensive performance management for all organizational units creates transparency about relevant key figures and enables clear control along our customer-oriented processes. This also includes the continuous application of digital solutions in order to be more efficient in production and operation.
- DB Netze Stations is becoming **MORE MODERN:** Our services at the station must benefit our customers and improve their stay. Free WiFi at major stations and comfortable resting areas already make it possible for passengers to make good use of waiting times. We continue to expand this offering and achieve steadily increasing availability. We want to strengthen the customer experience at our stations while creating a pleasant quality of stay. For this purpose, we are bringing new offers and services to our stations. Our first step will be to develop specific concepts for 16 **FUTURE STATIONS** 148 and test them by the end of 2020. Since 2018, we have continuously adapted to **NEW PASSENGER INFORMATION** 147 at the stations and want to connect all stations to the new system by 2022. We are realizing new land use concepts and services at the station via the **SMART CITY INITIATIVE** 147 F. We are bringing new digital services and products for our customers into development. Thanks to new marketing concepts and the expansion of our sector mix, we are creating attractive product and retail offers. 14 15

GENERAL FRAMEWORK

BNetzA approves station prices 2020

On June 14, 2019, the BNetzA approved the station prices of DB Station&Service AG with very few changes. There was a slight reduction in the cost basis during the review, but this did not have any effect on station prices.

DEVELOPMENT OF INFRASTRUCTURE

Station campaign: Record capital expenditures in stations

Between 2020 and 2024, € 9.0 billion should be channeled into the modernization and maintenance of stations. The Federal Government and the Federal states provide significant funding to modernize station infrastructure, especially to improve accessibility. Outstanding projects include the renovations and redesigns of the main stations in Dortmund, Frankfurt am Main, Munich and Stuttgart, among others. A great deal of spending is also being made in many smaller and mid-sized stations, for example in new escalators, elevators, information boards for passengers, benches, signage systems, floors and ramps for accessibility.

Capacity and frequency recording

In order to enable growth in passenger numbers, the capacity of the stations must be ensured. The first step is to create transparency about possible bottlenecks and their causes. For this purpose, passenger counting and further analyses at relevant stations are conducted. In the next few years, digital counting methods will be used to enable sustainable capacity management. A system for frequency recording that was tested in Stuttgart is being developed further and, possibly, rolled out to other stations.

Accessibility at passenger stations

In the year under review, we improved accessibility at about 100 stations. More than three-quarters of all stations now have step-free access and more than half of all platforms are equipped with the tactile guidance system. We invest in numerous smaller and medium-sized stations, for example with new escalators, elevators, ramps, seating, digital traveler information and multi-sensory guidance systems. We put the fully accessible configuration of stations in particular focus with these measures. Now, 78% of the 5,400 passenger stations are step-free – meaning that we have already reached 84% of passengers. For those who are blind or visually impaired, more than 5,000 of the 9,200 platforms are already fitted with tactile, i.e. touch-based, signage systems on the floor of the platforms. Beyond that, all newly installed elevators provide tactile controls and a speech module.

1 **Modernization, commissioning of and building new stations**

- At the turn of the year 2019/2020, two new stations, Gateway Gardens and Hamburg Elbbrücken, were commissioned. The renovation of the western horizontal block at Hamburg central station was also completed.
- At the beginning of December 2019, Ingolstadt Audi station was opened. The Free State of Bavaria, the city of Ingolstadt, Audi AG and DB Group have invested € 15 million. From the station there is direct, fully accessible access to the factory premises and to the public transport network.
- In March 2019, the Federal state of Lower Saxony, the Landesnahverkehrsgesellschaft Niedersachsen (public transport company of the Federal state of Lower Saxony), the Regionalverband Großraum Braunschweig (Regional Association of Greater Braunschweig) and DB Netze Stations signed a framework contract for the recommissioning or new construction of a total of 19 traffic stations in Lower Saxony in the coming years. Total costs amount to about € 50 million.
- In May 2019, the Brandenburg Ministry of Infrastructure and Regional Planning and DB Netze Stations concluded a framework agreement. It has a volume of € 170 million. New fully accessible access points, improved information services, more seats and longer platforms, among other things, are being built at 150 stations.
- In June 2019, Saxony-Anhalt completed a framework agreement with DB Netze Stations. In the period 2019 to 2022, the Federal state and DB Group are investing about € 70 million in a total of 80 stations.
- Also in June 2019, Nahverkehr Rheinland GmbH (NVR) and DB Netze Stations signed financing agreements for the modernization of 17 stations in the Rhineland. In total, NVR and DB Netze Stations are investing about € 64 million to modernize and improve stations.
- A total of € 34.5 million is planned for 25 stations in Saxony by the year 2025. The aim is to improve the accessibility of the platforms and the appearance of the stations. The Free State of Saxony, the Upper Elbe Transport Association, the Federal Government and DB Netze Stations are participating in the financing.

DIGITALIZATION AND INNOVATION

Passenger information of the future 15

The passenger information of the future is the largest software development project in DB Netze Stations to date. We have converted over 70 stations in Saxony, Bavaria and Lower Saxony to the new passenger information system. In this context, a new voice was chosen for clearly understandable announcements at the stations. DB employees and customer associations were involved in the selection of the new voice at the station.

Smart cities 15

The goal of Smart City | DB is to offer solutions for intelligent and environmentally friendly networking of mobility and logistics based on existing infrastructure. The station forms the basis of the product portfolio and is to be further developed into a mobility hub with a higher quality of stay. The transfer of the organizational unit in May 2019 to DB Netze Stations aims to establish a closer link with the station's points of focus.

The first Smart City station was unveiled in the summer of 2019 at the Berlin-Charlottenburg S-Bahn (metro) station. In addition to the modernization of the station building and the improvement of the entrance hall with smart benches, the station forecourt was also remodeled in close cooperation with the district. Further development of the concepts is planned at other stations in Germany, such as at the Dammtor and Harburg stations in Hamburg, and at Mülheim station in Cologne.

Smart City | DB seeks and maintains dialogue with cities. In addition to the existing Memorandum of Understanding (MoU) with the free and Hanseatic city of Hamburg, which was signed in 2017, a further MoU was concluded in September 2019 with the City of Cologne and the Nahververkehr Rheinland (local transport Rhineland), with the aim of providing digital solutions and innovative ideas to make public transport more climate-friendly and convenient for citizens.

Expanding cleaning via WhatsApp

At 222 stations, customers can now register necessary cleaning via WhatsApp.

Future stations

In the year under review, we launched new services and offers at 16 **FUTURE STATIONS** green **NO. 74.** We want to increase the satisfaction of our customers with measures such as digital waste bins, a moss wall for a better climate and parking spaces for e-scooters.

The first Bike+Ride campaign storage facility

Together with the Federal Government, we successfully launched our Bike+Ride campaign. By 2022, up to 100,000 new bicycle spaces will be created at stations throughout Germany. The first system was opened in Hof in September 2019.

ENVIRONMENTAL MEASURES

- Since January 2019, we have supplied 33 **STATIONS WITH ECO-POWER** 89, including the 15 most-frequented stations in Germany. By 2030, we intend to reduce absolute primary energy consumption compared to 2017 by 15%.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *Increased demand from additional traffic and increased schedule frequencies.*
- *Burdens on profits by higher expenses for basic quality in personnel and maintenance.*
- *Leasing business stable.*
- *Implementation of measures to increase energy efficiency.*

Facilities quality is assessed locally and is determined on the basis of a detailed calculation and weighting algorithm in accordance with the provisions of the **LUFV** 237. The facilities quality remained almost stable at a good level.

Customer satisfaction (traffic stations) has improved slightly, partly as a result of a more positive assessment of safety and cleanliness. Customer satisfaction is recorded annually in about 32,000 interviews with passengers and visitors. In the case of business customers, the customer satisfaction of TOCs and the public transport authorities remained stable. The tenants customer satisfaction has made a noticeable positive development. Above all, the assistance and support services have a high relevance for overall satisfaction.

DB Netze Stations	2019	2018	Change absolute	Change %	2017
Passenger stations	5,384	5,368	+16	+0.3	5,365
Facilities quality (grade)	2.87 [1]	2.88 [1]	–	–	2.89
Customer satisfaction, traffic station (passengers/visitors) (SI)	69	68	–	–	69
Customer satisfaction, traffic station (TOCs and public transport authorities) (SI)	61	61	–	–	62
Customer satisfaction, tenants (SI)	79	76	–	–	78
Station stops (million)	153.3	150.9	+2.4	+1.6	150.0
thereof non-Group railways	40.0	36.8	+3.2	+8.7	35.9
Total revenues (€ million)	1,339	1,314	+25	+1.9	1,265
thereof station revenues (€ million)	905	880	+25	+2.8	851
thereof rental (€ million)	393	391	+2	+0.5	384
External revenues (€ million)	590	569	+21	+3.7	540
EBITDA adjusted (€ million)	349	362	-13	-3.6	372
EBIT adjusted (€ million)	210	221	-11	-5.0	233
Gross capital expenditures (€ million)	1,096	883	+213	+24.1	709
Net capital expenditures (€ million)	262	164	+98	+59.8	103
Employees as of Dec 31 (FTE)	6,216	5,804	+412	+7.1	5,463
Employee satisfaction (SI)	–	3.7	–	–	–
Employee satisfaction – follow-up workshop implementation rate (%)	97.5	–	–	–	97.8
Share of women as of Dec 31 (%)	44.7	45.2	–	–	46.2
Absolute primary energy consumption (stations) compared to 2010 (%)	-22.1	-20.5	–	–	-17.1

[1] Preliminary figure.

The slight increase in station stops was mainly due to increased schedule frequencies and additional traffic in regional transport. In particular, the higher demand was driven by non-Group railways.

Economic development was slightly weaker. Significant increases in expenses, particularly in the areas of personnel and maintenance, could not be fully offset by growth on the income side, meaning that the operating profit figures decreased.

- The increase in revenues is mainly attributable to higher station revenues due to price and volume conditions. The revenues from rental and leasing were at the previous year's level. The development of external revenues reflects the growing market share of non-Group railways.
- Other operating income (+17.4%/€+33 million) increased significantly, mainly as a result of increased income from real estate sales.

On the expenses side, there were significant additional charges.

- Cost of materials (+7.2%/€+43 million) increased, mainly as a result of more extensive maintenance services and increased energy costs.
- Personnel expenses (+10.4%/€+35 million) increased significantly as a result of a higher number of employees and collective bargaining agreements.
- The slight increase in other operating expenses (+3.1%/€+8 million) resulted, among other things, from more IT and communication services.
- Depreciation (−1.4%/€−2 million) declined slightly, mainly due to the revaluation of economic useful lives.

The higher capital expenditures mainly took place in the modernization of existing stations and the construction of new stations.

The number of employees increased as a result of higher employee numbers, particularly in the areas of construction and facility management.

Employee satisfaction is measured every two years. In the year under review, the focus was on the follow-up processes to the 2018 survey. The follow-up workshop implementation rate was almost unchanged at a very high level.

The share of women decreased slightly at a relatively high level.

The positive trend of the past years is continuing, with the further reduction of the stations' absolute primary energy consumption in comparison to 2010, for example through the use of energy-saving technologies.

DB Netze Energy business unit

BUSINESS MODEL

DB Netze Energy offers industry-standard energy products related to traction energy and stationary energy supply. These include traction current and diesel for rail transport, as well as electricity, gas and heat for stations and other DB Group properties. Furthermore, DB Netze Energy supplies industrial customers throughout Germany with a broad array of electricity and gas products. Private customers throughout Germany are also offered the certified eco-power supply. The range of services is rounded out with energy economics-related consulting and technical services.

The traction current grid is the technical backbone of traction power provision in Germany, for which DB Netze Energy as the network operator ensures a high level of provision reliability. The required current is generated in traction current power stations or fed via converters/transformers. In order to provide for diesel traction units, DB Netze Energy offers a network of filling stations across Germany, which can also be partially used by road vehicles. In addition, DB Netze Energy operates 50 Hz medium-voltage networks to supply energy to stations and provides a charging infrastructure for electric vehicles on the road. The infrastructure operated by DB Netze Energy is to a high degree and in varying forms subject to regulation by the BNetzA.

MARKETS AND STRATEGY

DB Netze Energy is responsible for economically and ecologically efficient energy procurement and for reliable energy provision for TOCs. DB Netze Energy also has a high-performance infrastructure for the provision of electricity and diesel to mobile and stationary consumers. The business unit strategy Departure to the DB Energy Transition was further implemented in the year under review and integrated with the STRONG RAIL STRATEGY 71 FF.

- DB Netze Energy is becoming **MORE ROBUST:** DB Netze Energy is ensuring power supply while traffic volumes increase. For this purpose, the financial basis was laid for the construction of additional power converter capacities in the year under review. These are supported by the LUFV III 135 with over € 100 million until 2024.
- DB Netze Energy is becoming **MORE MODERN:** DB Netze Energy is a central driver of the TOCs in Germany, as an energy provider. In order to completely switch DB traction current to renewable energies by 2038, existing fossil fuel power plant contracts will henceforth be replaced by renewable energies in an environmentally sustainable way. DB Netze Energy is working together with vehicle manufacturers, public transport authorities and Federal agencies on the piloting of appropriate supply solutions. In

DB Netze Energy business model

INPUTS

Employees
About 1,800

Networks and infrastructure
About 7,900 km traction current grid, about 1,780 transformer stations, 187 gas stations, 50 power plants / converters / transformers

Additional production factors
Electricity, fuel

BUSINESS ACTIVITIES

Customer segments
- Business customers
- Retail customers

Value proposition
- DB Netze Energy offers customer-oriented and environmentally friendly access to products in the areas of traction current and diesel, as well as stationary energy.

Customer access and retention
- Key account management
- Regional sales
- Online customer platforms

Key activities
- **Providing reliable infrastructure**
- **Procuring energy**
- **Selling energy**
- **Offering energy business-related and technical services**

OUTPUTS

Traction current (16.7 Hz and direct current)
7,986 GWh

Stationary energy (50 Hz and 16.7 Hz)
14,932 GWh

Diesel fuel
410.6 million l

OUTCOMES

EBIT adjusted
€ 43 million

Customer satisfaction
SI of 78

Supply reliability
99.99 %

Employee satisfaction
SI of 3.8 (2018)

Share of renewable energies in the DB traction current mix 60 %

the year under review, feasibility studies were conducted for public transport authorities in regional rail passenger transport.

GENERAL FRAMEWORK

DB Netze Energy implemented BNetzA regulation in due time

In July 2019, as a result of complaints from TOCs and electricity suppliers about delayed grid usage and balancing group settlements, the BNetzA had obliged DB Energie GmbH to compile and forward all open settlements by November 1, 2019, as well as after the above-mentioned date, within the contractually agreed periods. Compliance with the requirements was achieved, whereby the settlements have been submitted to all customers in due time since then, and a threatened penalty payment could be avoided.

BNetzA opens a procedure for defining traction current grid access

At the beginning of 2019, Resolution Chamber 6 of the BNetzA opened a procedure for the further development of business processes for access to the traction current grid with a market consultation. The procedure for defining should improve transparency and liability of the access rules, data formats and communication deadlines for all market partners (electricity suppliers, TOCs, vehicle owners and DB Netze Energy as the operator of the traction current grid). DB Netze Energy has introduced its own proposals to this end and welcomes this further development, which was expected to be adopted at the beginning of 2020.

Federal Court of Justice confirms the methods for determining equity interest rate

On July 9, 2019, the Federal Court of Justice approved the BNetzA reduction of the equity interest rate for operators of electricity grids and thus repealed the decision of the Higher Regional Court of Düsseldorf. The Higher Regional Court had criticized the BNetzA methods for the calculation of the equity interest rate, as it did not adequately take into account the special features of the capital markets. About 1,100 municipal utilities and network operators, including DB Netze Energy, had lodged a complaint against the reduction of the permitted equity interest rate by the BNetzA. For DB Netze Energy, the Federal Court's decision means that, for the duration of the third regulatory period from 2019 to 2023, an equity interest rate of 6.91% applies to new installations and 5.12% for old installations. This significantly lowers the equity interest rate compared to the second regulatory period (9.05% for new installations and 7.14% for old installations).

ENVIRONMENTAL MEASURES

- DB Netze Energy has concluded a supply contract for electricity from an offshore wind farm with Innogy and RWE Supply&Trading. From 2024, the North Sea wind farm will supply green electricity for five years. The delivery volume comprises 25 megawatts (MW). This corresponds to the installed power of four **WIND TURBINES** green. **NO. 47**, and about 8% of the total generation of the wind farm, which consists of 48 units with a total of 295 MW.
- At the end of September 2019, DB Netze Energy published another EU-wide tender for the purchase of 500 GWh of eco-power. A framework contractor is sought, which will supply electricity from renewable energy sources to DB Group over a period of eight years.
- DB Netze Energy is working on solutions for diesel replacement on non-electrified lines. In this case, it is not always necessary to continuously extend a line with an overhead cable. The operation of battery-powered trains or hydrogen-powered fuel cell trains provides an alternative. Discussions with various public transport authorities in regional rail passenger transport are currently being conducted, as are feasibility studies. In addition, synthetic fuels offer the opportunity to reduce greenhouse gas emissions. We are testing these for their suitability in the AdvancedTrainLab and in the Bremen engine factory.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *Decline in demand for electricity and diesel products.*
- *Sales price effects and positive price development in energy procurement led to a significant improvement in operating profit.*
- *Share of renewable energies in the DB traction current mix rose again.*

Supply reliability remained at its previous high level. Customer satisfaction was also stable at a very good level. Competence and reliability were assessed very positively across all product areas. Improvements arose in particular in the

DB Netze Energy	2019	2018	Change absolute	Change %	2017
Supply reliability (%)	99.99[1]	99.99[1]	–	–	99.99[1]
Customer satisfaction[2] (SI)	78	78	–	–	–
Customer satisfaction, traction current and diesel[2] (SI)	71	75	–	–	–
Customer satisfaction, electricity and gas plus (intra-Group customers)[2] (SI)	78	79	–	–	–
Customer satisfaction, electricity and gas plus (non-Group customers)[2] (SI)	86	81	–	–	–
Traction current (16.7 Hz and direct current) (GWh)	7,986	8,245	-259	-3.1	8,284
Traction current pass-through (16.7 Hz) (GWh)	1,566	1,576	-10	-0.6	1,906
Stationary energy (50 Hz and 16.7 Hz) (GWh)	14,932	18,196	-3,264	-17.9	19,331
Diesel fuel (million l)	410.6	429.6	-19.0	-4.4	436.1
Total revenues (€ million)	2,812	2,850	-38	-1.3	2,794
External revenues (€ million)	1,308	1,350	-42	-3.1	1,301
EBITDA adjusted (€ million)	128	87	+41	+47.1	141
EBIT adjusted (€ million)	43	21	+22	+105	72
Gross capital expenditures (€ million)	193	187	+6	+3.2	177
Net capital expenditures (€ million)	61	65	-4	-6.2	53
Employees as of Dec 31 (FTE)	1,772	1,734	+38	+2.2	1,721
Employee satisfaction (SI)	–	3.8	–	–	–
Employee satisfaction – follow-up workshop implementation rate (%)	100	–	–	–	100
Share of women as of Dec 31 (%)	13.3	13.8	–	–	13.5
Share of renewable energies in the DB traction current mix (%)	60.1	57.2	–	–	44.0

[1] Preliminary figure (not rounded).
[2] No survey conducted in 2017.

areas of tank and stationary energies. In the area of traction current, as a result of **DELAYS IN THE SETTLEMENT PROCESS** 150 a slight overall decline was recorded.

Development declined in volume terms:

- Sales of traction current decreased. The development was driven by the lower demand from intra-Group customers, particularly in freight and regional transport.
- The traction energy that was conducted for non-Group customers was close to the previous year's level.
- In the stationary energy area, sales volume declined significantly. This was mainly due to lower optimization measures on the energy market and a slight decline in operating business in the industrial customer sector.
- Demand for diesel fuels was below the previous year's level due to the development of intra-Group customers in freight and regional transport.

Economic development was significantly positive. The volume-related decline in income was more than offset by lower energy procurement expenses. The operating profit figures improved.

- Revenues declined slightly. Volume-related declines, particularly in the areas of traction current and stationary energy, were not completely offset by higher sales prices.
- The decline in other operating income (–5.7%/€–5 million) resulted from the absence of positive one-off effects from the previous year and lower insurance income.

On the expenses side, the demand-driven lower energy-related expenses were particularly important.

- Cost of materials (–3.3%/€–86 million) declined, mainly due to declining energy expenses due to lower procurement volumes. Lower procurement prices for diesel fuel had a supportive effect.
- Personnel expenses (+4.8%/€+6 million) increased as a result of collective bargaining agreements and a higher number of employees.
- The decrease in other operating expenses (–3.8%/€–5 million) resulted from the **IFRS 16 EFFECT** 191 F. (opposite effect in depreciation). Higher expenses from the impairment of receivables had a partially offsetting effect.
- Depreciation (+28.8%/€+19 million) increased due to the IFRS 16 effect.

Gross capital expenditures increased mainly due to the renewal of traction current switchgears and other energy supply systems. Higher investment grants as part of the LuFV for the maintenance of the traction current infrastructure led to a slight decline in net capital expenditures.

The number of employees increased slightly as a result of increased regulatory requirements.

Employee satisfaction is measured every two years. In the year under review, the focus was on follow-up processes to the 2018 survey. The follow-up workshop implementation rate was stable at a very high level.

The share of women decreased slightly.

The **SHARE OF RENEWABLE ENERGIES IN THE DB TRACTION CURRENT MIX** 88 continued to increase.

SUBSIDIARIES/OTHER

DB Engineering & Consulting

DB E&C expertise is in demand worldwide:

- As part of the digitalization of the Stuttgart railway hub, DB E&C has been producing the technical tender documents for the tender procedure from spring 2019. The Stuttgart hub is, among other things, part of the **STARTER PACKAGE ETCS/DIGITAL INTERLOCKINGS** 177 in the course of **DIGITAL RAIL FOR GERMANY** 84.
- In May 2019, DB E&C was commissioned by the state-owned Kazakh railway company KTZ to carry out a comprehensive transformation at the subsidiary KTZ Passenger Transportation. The core aim of the contract is to provide management personnel and active change management in order to ensure the sustainable implementation of the optimization measures that have been developed.
- In July 2019, DB E&C in Riga signed a contract for the planning of the first Rail Baltica section in Latvia. The Rail Baltica connects Lithuania, Latvia and Estonia to the European network with a normal track line.
- In December 2019, the planning contract for the last subsection of the Karlsruhe–Basel expansion/new construction line was awarded to a consortium that DB E&C is part of. DB E&C is responsible for equipment engineering, among other things.
- In December 2019, DB E&C and the Transport Ministry in Qatar signed a contract for the development of an overall plan for Qatar's freight transport. The Qatar Freight Master Plan is intended to provide the general framework for a sustainable, logistical infrastructure in order to support the economic development of the emirate. In December 2019, the Green Line was also opened in Qatar – the complete first construction stage of the Doha Metro is now in operation. In the previous year, DB E&C had laid the

foundation for the development of the integrated railway concept for Qatar and has been the strategic partner of the Qatari railway since then, for the development and expansion of its transport network.

- In the year under review, DB E&C opened branches in the UK (Birmingham) and Ireland (Dublin). DB E&C has signed a seven-year contract with Irish Rail on project management and consulting services. It will support the state-owned railway of the Republic of Ireland in the introduction of a new train control system. In Great Britain, DB E&C is advising the development company HS2 Ltd. in the construction of the first ballastless slab tracks on the island and has also qualified for a consultancy framework agreement with the UK Ministry of Transport.

Deutsche Bahn International Operations

Deutsche Bahn International Operations GmbH acquires, initiates and is responsible for rail operations and maintenance projects outside Europe. The focus is on asset-light projects with opportunities for attractive returns, which contribute to the STRONG RAIL STRATEGY 71 FF. by strengthening profits, know-how and employer attractiveness. In return, customers of Deutsche Bahn International Operations benefit from the wide-ranging expertise of DB Group. New project opportunities are constantly being tested and pursued in North America, Latin America, the Near and Middle East, and Asia.

- The Etihad Rail DB, in which Deutsche Bahn International Operations holds a 49% share, was commissioned in the first half of 2019 to bring its experience and expertise gained from the operation of a 260-km-long freight line in the United Arab Emirates, into the planning process for a new, about 600-km-long line in the UAE.
- In the USA, the operation of a first section of the California High-Speed Rail is currently being prepared in Central Valley. The operation of the first high-speed line in California, which is to connect San Francisco and Los Angeles, will be commissioned in a few years with the support of Deutsche Bahn International Operations and transitioned into regular operation. At present, DB Engineering&Consulting USA Inc., together with Deutsche Bahn International Operations, is advising the US Federal agency in California on the preparation of the rail operations.

Development in the year under review

- *Personnel expenses increased as a result of collective bargaining agreements and a higher number of employees.*
- *Digitalization and Group projects advanced.*

Subsidiaries/other	2019	2018	Change absolute	Change %
Total revenues (€ million)	5,192	4,990	+202	+4.0
External revenues (€ million)	581	573	+8	+1.4
EBITDA adjusted (€ million)	-62	-200	+138	-69.0
EBIT adjusted (€ million)	-575	-453	-122	+26.9
Gross capital expenditures (€ million)	714	511	+203	+39.7
Net capital expenditures (€ million)	713	508	+205	+40.4
Employees as of Dec 31 (FTE)	55,497	53,877	+1,620	+3.0

The area Subsidiaries/other encompasses the governance functions (such as corporate development, finance and treasury, and Human Resources) and the dependent administrative service units (such as Shared Service Center accounting and HR services) of the holding company DB AG. This segment also bundles the legally independent administrative service units within DB Group (including DB Temporary Work and DB JobService) and the independent operating service units (such as DB Vehicle Maintenance and DB Systel) which provide services to several DB Group business units.

The increase in total revenues resulted mainly from higher revenues with intra-Group customers, in connection with, among other things, a higher demand for digitalization solutions and cyber security at DB Systel, projects in the area of vehicle maintenance and vehicle conversions, and increased project business at DB E&C.

The improvement in adjusted EBITDA resulted from the decline in other operating expenses as a result of the first-time application of IFRS 16 191 F. The EBIT development was affected, among other things, by collective bargaining effects and the continued ramp-up of the Group's projects. Countermeasures were able to compensate for some of the effects.

The higher capital expenditures mainly resulted from the activation of rental and leasing agreements (IFRS 16 effect).

The number of employees increased, partly as a result of additional recruitment for Group projects and service commissions, and the increase in in-house production volumes, especially at DB E&C, DB Systel, DB Vehicle Maintenance and the Bahnbau Group (rail infrastructure construction).

DB Arriva business unit

GRI 102-6

DEVELOPMENT IN RELEVANT MARKETS

Passenger transport

Throughout Europe, regional and local transport contracts are being increasingly put out to tender. DB Arriva expects to continue taking advantage of these in the future. DB Arriva has operations in the bus and/or rail transport business in 14 European countries. This constitutes a good position for further growth. The liberalization of the European passenger transport markets is still, however, progressing at different speeds across Europe.

Bus and rail in Europe

European passenger transport market (% based on volume sold)	Growth rate 2019	2018
Rail passenger transport	+4.0	+2.1
DB Group	+0.7	+1.9

Figures for 2018 and 2019 are based on information and estimates available as of February 2020.

There is a close correlation between the performance of the economy and developments in the European passenger transport market. The environment for passenger transport in Europe developed favorably in 2019. Employment grew, but more moderately than in previous years. Wages and salaries continued to increase significantly, contributing to the continued positive consumer sentiment in private households. At the same time, fuel prices remained virtually the same.

Business model DB Arriva

INPUTS

Employees
about 52,300

Vehicles
1,183 multiple units, 18 locomotives, 80 passenger cars, 16,390 buses (including external)

Networks and infrastructure
about 48,000 bus stops (Great Britain), 594 operated stations (Great Britain)

Electricity and fuel
555 million l fuel, 321 million kWh electricity

BUSINESS ACTIVITIES

Customer segments
- Private customers
- Passenger Transport Authorities (PTAs)

Value proposition
- DB Arriva offers customer-oriented, efficient and affordable transport solutions.

Customer access and retention
- Local sales points, travel centers, agencies, tickets machines, online, call center, onboard sales
- Subscriptions, apps

Key activities

Providing train and bus services

Looking after customers

Providing and maintaining vehicles

Operation and optimization of local networks

OUTPUTS

Passengers
2.2 billion (bus and rail)

Volume sold
12.6 billion pkm (rail)

Volume produced
1.1 billion bus km and 0.2 billion train-path km

OUTCOMES

EBIT adjusted
€ 289 million

Customer satisfaction
SI of 78

Punctuality
89.3 % (rail)

Employee satisfaction
SI of 3.6 (2018)

Greenhouse gas emissions
−9.7 % (rail) and −10.1 % (bus) compared to 2006 (specific)

FlixBus continued to be the main driver of developments in European long-distance bus services. In addition, BlaBlaBus positioned itself as a new, major long-distance bus brand in Europe.

European rail passenger transport grew significantly. There was greater international activity from European railways:

- In Italy, the expansion of services by state-owned railway Trenitalia and private railway Italo boosted volume sold. Trenitalia also applied for high-speed train-paths in France and Spain.
- France witnessed the longest rail strike in its history at the end of the year. The French state-owned railway SNCF prepared to enter the Spanish market, while the Spanish state-owned railway RENFE decided to enter the French market.
- Demand in Sweden rose due to the trend of passengers avoiding traveling by plane. The Swedish state-owned railway SJ added to its national night train service and prepared for the service to expand across Europe.
- FlixTrain applied for train-path in France and Sweden.
- In the Czech Republic, the expansion of services from the private operator Regiojet led to a performance increase. The Leo Express private railway expanded to Poland.

GENERAL FRAMEWORK

Further liberalization of the transport market in Europe

DB Arriva continues to follow transport policy developments in France, which are expected to create the framework in which future operators will need to deliver their services. The Île-de-France region (Greater Paris) opened up its bus system to competition. All bus lines in the Grande Couronne (outer departments of Greater Paris) will be opened by 2021. The Petite Couronne (Paris and the inner departments of the region) will follow by 2025. The French Government and some regions announced that they plan to start tendering for rail passenger transport in 2020.

BUSINESS MODEL

With buses, trains, trams, water buses, car- and bike-sharing systems, DB Arriva offers a wide range of transport solutions. The activities of DB Arriva are divided into three lines of business: UK Bus, UK Trains, and Mainland Europe.

Volume sold and volume produced are important key performance figures. In addition to revenues from fares, subsidies are an important source of income. Revenues from fares are the only source of income for transport services operated on a purely commercial basis.

Predefined terms of transport contracts, concessions and route concessions, combined with the complex production system, result in a cost structure with a high proportion of fixed costs. The major drivers are personnel, maintenance, energy and track access charges in case of rail services. Only a small portion of expenses vary with the bus or train capacity utilization.

Throughout Europe, DB Arriva works with local, regional and national authorities to bring new and improved services to customers. DB Arriva's regional presence allows it to quickly respond to changes, especially new regulatory requirements and changing customer expectations. DB Arriva works closely with its customers to develop efficient, tailor-made and sustainable transport solutions.

Customers particularly appreciate the experience that DB Arriva has with operating various transport solutions and DB Arriva's commitment to providing high-quality, reliable, efficient and cost-effective services.

MARKETS AND STRATEGY

Activities of DB Arriva *(by country)*	Services offered
Croatia	bus
Czech Republic	bus/rail
Denmark	bus/rail/water bus/car sharing
Great Britain	bus/rail
Hungary	bus
Italy	bus/rail/tram/water bus
Poland	bus/rail
Portugal	bus/rail/tram
Serbia	bus
Slovakia	bus/bike sharing
Slovenia	bus
Spain	bus
Sweden	bus/rail/tram
The Netherlands	bus/rail/water bus/bike sharing

DB Arriva aims to achieve growth in the European passenger transport market with operations in 14 countries. DB Arriva's vision is to become Europe's mobility partner of choice. This is underpinned by four strategy pillars; a strong foundation, delivering growth through tenders and acquisition, the best employees and being the preferred choice for customers.

Sustained profitable growth is only possible as long as DB Arriva provides high-quality services that its customers can afford and enjoy using. To achieve this, DB Arriva is continuously investing in new vehicles, improving its passenger information systems and developing new mobility solutions to complement traditional passenger transport modes. Profitable growth is the basis for guaranteeing a stable and sustainably successful business. DB Arriva achieves this primarily by taking part in tenders for transport contracts and through acquisitions.

- In UK Bus, DB Arriva aims to optimize existing business and expand the services offered to customers. For example, DB Arriva expanded the on-demand minibus service, ARRIVACLICK, in Liverpool, Leicestershire and Hertfordshire. To make using buses more convenient for passengers, DB Arriva introduced CONTACTLESS PAYMENT 157.
- In the case of UK Trains, the CrossCountry franchise had its contract extended by one year to October 2020.
- DB Arriva is also growing in the Mainland Europe line of business by winning new transport contracts or having existing ones renewed. In the Czech Republic, rail transport services grew significantly. DB Arriva is also expanding its activities in the Polish bus segment with the commissioning of two new contracts.

Committed employees are a vital part of why DB Arriva is successful, and its employer attractiveness enables DB Arriva to attract and retain talent. That is why DB Arriva regularly conducts employee surveys and has developed an action plan to continually improve employee retention.

DB Arriva's journey to Destination Green is an integral part of its corporate culture. Central to this is reducing fuel consumption, improving air quality and reducing carbon emissions. By introducing new telematics systems in about 16,000 buses, DB Arriva expects to reduce its greenhouse gas emissions by about 72,000 t of CO_2 per year. In addition, DB Arriva continues to commission electric buses, particularly in Sweden, Denmark and the Netherlands. This allows DB Arriva to help the respective contracting organizations reduce their greenhouse gas emissions and improve air quality.

DEVELOPMENT OF AWARDED CONTRACTS AND THE ORDER BOOK

Awarded transport contracts in bus transport

Transport contracts awarded (bus) 2019		Term	Volume (million bus km) p. a.[1]	Total[1]
Italy	Friuli Venezia Giulia—Udine (SAF)	05/2020-12/2030	20.5	205.4
Czech Republic	Prague region and Central Bohemia[2]	12/2019-12/2024	34.5	172.3
Spain	Madrid CRTM[2]	12/2019-12/2029	23.0	115.0
Czech Republic	Plzen region south	06/2020-06/2030	10.0	100.1
Great Britain	London (19 separate lines)[3]	2-5 years	20.4	82.6
Czech Republic	Plzen region north	03/2020-03/2030	8.2	81.9
Slovenia	Regional transport Slovenia[2]	12/2019-12/2021	22.5	45.0
Poland	City of Warsaw II	09/2019-12/2026	4.0	29.0
Italy	SAB extension[2]	12/2019-12/2021	13.4	26.8
Czech Republic	Jesenicko—Olomucky region (North Moravia)	01/2020-01/2030	2.2	21.9
Denmark	NT 16[2] and NT 25	2 and 10 years	5.3	21.7
Slovakia	Zilina regional—LIPTOV and ORAVA	11/2019-11/2021	10.6	21.2
Czech Republic	City of Prague[2]	12/2019-12/2024	3.9	19.4
The Netherlands	Schiphol Coach Airside	04/2020-11/2024	4.5	17.9
Great Britain	Stansted Airport—London and Regional Coach connections (Batch 2)	02/2020-02/2025	3.3	16.7
Czech Republic	Kralovehradecky region[2]	03/2019-08/2020	6.6	8.8
Czech Republic	Pardubicky region[2]	12/2019-06/2020	5.7	8.5
Czech Republic	Pribram city transport	12/2019-12/2029	0.8	7.8
Other[3]		1-10 years	6.8	27.8
Total[1]			**206.2**	**1,029.8**

[1] Differences due to rounding are possible.
[2] Extension of the existing transport contract.
[3] Including extensions of existing contracts.

- In Italy, DB Arriva had a ten-year bus contract renewed in November 2019 with an order volume of € 1.16 billion. As a result, DB Arriva will continue to operate 750 buses in the Friuli-Venezia Giulia region.
- In December 2019, DB Arriva was awarded a new contract to operate bus services in and around Schiphol/Amsterdam airport. In April 2020, DB Arriva will start operating buses between the terminal and the aircraft. In November 2020, DB Arriva will also start operating bus services between the airport's parking facilities and the terminal.

Awarded transport contracts in rail transport

Transport contracts awarded (rail) 2019		Term	Volume (million train km) p.a.[1]	Volume (million train km) Total[1]
Great Britain	CrossCountry[2]	10/2019-10/2020	35.0	35.0
Czech Republic	Zlin Region – Package B	12/2019-12/2029	1.9	18.7
Czech Republic	Liberec—Stara Paka	12/2019-12/2029	0.7	7.4
Czech Republic	MoT Trains (R21, R22, R24, R26)	12/2019-12/2022	2.0	6.0
Total[1]			**39.6**	**67.1**

[1] Differences due to rounding are possible.

[2] Extension of the existing transport contract.

- DB Arriva was awarded a one-year extension to the CrossCountry contract.

Order book

Order book in passenger transport as of Dec 31 (*€ billion*)	2019	2018	Change absolute	Change %
DB Arriva	15.3	20.1	-4.8	-23.9
secured	8.6	9.5	-0.9	-9.5
unsecured	6.7	10.6	-3.9	-36.8

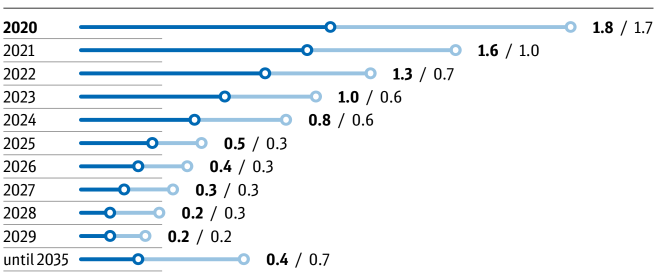
Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

In the year under review, the order book declined. This was driven by the rail activities, while UK Bus (+3.2%) and Mainland Europe's bus operations (+3.9%) recorded growth.

The additions from awarded transport contracts won of about € 2.9 billion were offset by disposals – primarily as a result of service rendered – of about € 4.1 billion and changes in assumptions of about € -3.6 billion. The changes in assumptions include the premature CESSATION OF ARRIVA RAIL NORTH FRANCHISE 177, while positive exchange rate effects had the opposite effect.

Order book in passenger transport by years as of Dec 31, 2019 (*€ billion*)

secured
unsecured



DIGITALIZATION AND INNOVATION

- In March 2019, DB Arriva launched the bike-sharing system BikeKIA in Žilina/Slovakia. This scheme is supported by Kia Motors, a major local employer. At present, 120 bicycles are available across 20 different locations in the city.
- DB Arriva completed the introduction of contactless payment systems in about 3,600 buses. These systems make paying for journeys easier and faster for customers.
- UK Bus expanded its on-demand minibus service ArrivaClick by winning tenders in Liverpool, Leicestershire and Hertfordshire. In Leicestershire, DB Arriva teamed up with a large housing developer to provide the ArrivaClick service. For the first time in Great Britain, an on-demand service has been financed through a Section 106 agreement, which is directly connected to a construction permit.
- In November 2019, DB Arriva was awarded the contract to operate a new mobility pilot scheme in the Dutch province of Limburg. The new service will be offered for two years starting in February 2020.
- The regulator in the UK approved the commencement of a new commercial rail service between London and Blackpool. To be operated by Grand Central, the service will operate under an open access model, rather than most rail services in the UK that are operated under a franchise model. Competition will deliver more choice for customers and improve connectivity. Services are expected to start in Spring 2020.

ENVIRONMENTAL MEASURES

- DB Arriva signed a contract with Webfleet Solutions to equip 16,000 of its buses across ten countries with their telematics system. This technology gives the bus drivers real-time feedback on braking, accelerating and idling to help reduce fuel consumption and be more environmentally friendly.
- Together with the Dutch province of Limburg, DB Arriva is working toward operating a zero-emissions transport network in the region by 2026. This initiative is already underway with the commissioning of 55 zero-emissions buses in Maastricht (total: 96). In September 2019, DB Arriva also finished commissioning 23 zero-emissions buses in Leiden. This makes DB Arriva the second-largest electric bus operator in the Netherlands, and almost a third of the entire electric bus fleet in the Netherlands is operated by DB Arriva.

- In June 2019, DB Arriva introduced new buses to the city of Helsingborg in southern Sweden with 85 new and refurbished buses (including 13 **ELECTRIC BUSES** green **NO. 63**).
- In August 2019, DB Arriva introduced new buses to Warsaw/Poland, reinforcing its position as one of the leading private bus operators in the capital. This new fleet also includes 54 natural-gas-powered buses.

OTHER EVENTS

- DB Arriva continued commissioning new and modernizing existing trains during the year under review. These were deployed on the London Overground and Grand Central.
- The number of customers for the Copenhagen branch of the car-sharing service DriveNow, which is operated by DB Arriva, reached 100,000. The DriveNow service area is extending to other parts of Copenhagen as part of an expansion program.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *Countermeasures are mitigating the effects of a challenging market and competitive environment.*
- *Positive effects from the acquisition of VT-Arriva were offset by the cessation of Arriva Trains Wales.*
- *Overall development was slightly below the previous year's level.*

Punctuality in DB Arriva passenger rail transport services (Great Britain, Denmark, Sweden, the Netherlands and Poland) decreased slightly primarily due to contract portfolio changes.

In Great Britain, DB Arriva operates services with a continued high customer satisfaction ratings. Grand Central continued to have an industry-leading customer satisfaction rating. It was voted the best long-distance operator for the ninth time and best value for money in the National Rail Passenger Survey (Autumn 2019). In the same survey, Chiltern enjoyed passenger satisfaction levels of 90%.

DB Arriva's development in the year under review was impacted by two significant portfolio changes:

- The acquisition of the remaining third-party shares in VT-Arriva (December 2018) strengthened bus activities in the Mainland Europe line of business.
- The cessation of the Arriva Trains Wales (ATW) franchise (October 2018).

As such, performance development differentiated: the number of passengers (bus and rail) increased, driven by the bus activities in Mainland Europe, while rail volume sold declined as a result of UK Trains cessation of the ATW franchise. Volume produced fell in bus and rail transport.

The economic development was slightly below the previous year's level in a challenging market and competitive environment. The change in accounting for leases (**IFRS 16 EFFECT** 191 F.) led to a significant increase in adjusted EBITDA.

The revenues were generated 20% by UK Bus, 40% by UK Trains and 40% by Mainland Europe.

- Revenues were roughly at the same level as in the previous year. Declines in revenues, which were mainly caused by the cessation of the ATW franchise, were almost

DB Arriva	2019	2018	Change absolute	Change %	2017
Punctuality (rail) (Great Britain, Denmark, Sweden, the Netherlands and Poland) (%)	89.3	89.8	–	–	92.3
Customer satisfaction bus and rail in Great Britain (SI)	78	79	–	–	80
Passengers bus and rail (million)	2,214	1,998	+216	+10.8	1,976
Volume sold (rail) (million pkm)	12,617	12,999	-382	-2.9	13,334
Volume produced (bus) (million bus km)	1,065	1,074	-9	-0.8	1,075
Volume produced (rail) (million train-path km)	168.9	177.6	-8.7	-4.9	177.6
Total revenues (€ million)	5,410	5,441	-31	-0.6	5,345
External revenues (€ million)	5,405	5,433	-28	-0.5	5,338
EBITDA adjusted (€ million)	752	575	+177	+30.8	569
EBIT adjusted (€ million)	289	300	-11	-3.7	301
Gross capital expenditures (€ million)	718	326	+392	+120	374
Employees as of Dec 31 (FTE)	52,331	53,056	-725	-1.4	54,650
Employee satisfaction (SI)	–	3.6	–	–	–
Employee satisfaction – follow-up workshop implementation rate (%)	95.3	–	–	–	89.9
Share of women as of Dec 31 (%)	14.9	16.9	–	–	14.7
Specific greenhouse gas emissions (rail) compared to 2006 (based on rail car units) (%)	-9.7	-12.3	–	–	-12.8
Specific greenhouse gas emissions (bus) compared to 2006 (based on bus km) (%)	-10.1	-18.2	–	–	-17.2

completely compensated by higher passenger revenues from UK Trains, the acquisition of VT-Arriva and positive exchange rate effects.

- Other operating income (+43.5%/€ +94 million) largely increased due to utilization of provisions for impending losses.

The development of expense items was impacted by portfolio changes and increased costs, among other factors:

- Cost of materials increased (+9.1%/€ +149 million) mainly as a result of higher expenses for infrastructure utilization at UK Trains. The acquisition of VT-Arriva and higher maintenance expenses, especially at Mainland Europe, supported this development. The cessation of the ATW franchise had a partially compensating effect.
- Personnel expenses (−0.6%/€ −15 million) mostly remained the same. The effects from the cessation of the ATW franchise were largely compensated by the acquisition of VT-Arriva, the increased number of employees at UK Trains, salary increases and exchange rate effects.
- Other operating expenses (−23.5%/€ −239 million) fell significantly as a result of the IFRS 16 effects (opposite effect in depreciation) and the cessation of the ATW franchise.
- The increase in depreciation (+68.4%/€ +188 million) was largely impacted by the IFRS 16 effects.

Capital expenditures also increased mainly as a result of the IFRS 16 effect.

As of December 31, 2019, 29% of DB Arriva employees were employed in the UK Bus line of business, 21% in the UK Trains line of business and 49% in the Mainland Europe line of business. The number of employees fell, largely as a result of the cessation of transport contracts in the Mainland Europe line of business. There was also contraction in the UK Bus line of business. This was partially offset by recruitment at Arriva Rail North.

Employee satisfaction is measured every two years. In the year under review, the focus was on follow-up processes to the 2018 survey. Follow-up workshops were once again conducted at a significantly higher rate.

The share of women declined significantly.

The change in the specific greenhouse gas emissions resulted from changes in the collection of data.

UK Bus line of business

- *Countermeasures are partially mitigating effects from significant cost pressure.*
- *Performance in London is improving despite the persistently challenging market environment.*
- *Final patient transport contracts expired.*

UK Bus line of business	2019	2018	Change absolute	Change %
Passengers (million)	716.5	723.4	-6.9	-1.0
Volume produced (million bus km)	345.9	352.8	-6.9	-2.0
Total revenues (€ million)	1,076	1,062	+14	+1.3
External revenues (€ million)	1,074	1,060	+14	+1.3
EBITDA adjusted (€ million)	134	152	-18	-11.8
EBIT adjusted (€ million)	44	72	-28	-38.9
Gross capital expenditures (€ million)	64	44	+20	+45.5
Employees as of Dec 31 (FTE)	15,130	15,609	-479	-3.1

Overall performance development declined slightly, driven by the current negative market development and portfolio changes.

Economic development shows revenue growth as well as higher expenses for driver costs, driver training and digitalization projects, for example, leading to reduced operating profit.

- Revenue development was positive, mainly as a result of passenger revenue growth, revenues from bus sales and exchange rate effects. This was offset by the cessation of contracts in non-emergency patient transport.
- There were significant additional liabilities on the expense side, particularly in terms of personnel expenses.
- Cost of materials increased slightly as a result of higher expenses for maintenance and the procurement of buses for resale. These were largely compensated by exchange rate effects and slightly lower energy expenses due to lower performance.
- Personnel expenses increased, mainly as a result of collective bargaining agreements, a shortage of drivers and the absence of a one-off effect related to a pension liability management exercise from the previous year.
- Other operating expenses fell due to the IFRS 16 EFFECT 191 F. (opposite effect in depreciation). Increased expenses for driver training and digitalization projects (contactless payment systems) partially compensated for this.
- Depreciation increased significantly as a result of the IFRS 16 effect.

Capital expenditures also increased significantly as a result of the IFRS 16 effect and digitalization projects.

The number of employees fell, largely due to the cessation of the non-emergency patient transport contracts.

UK Trains line of business

- *Cessation of the ATW franchise in October 2018.*

UK Trains line of business	2019	2018	Change absolute	Change %
Passengers (million)	354.8	370.9	- 16.1	- 4.3
Volume sold (million pkm)	10,264	10,729	- 465	- 4.3
Volume produced (million train-path km)	115.8	124.2	- 8.4	- 6.8
Total revenues (€ million)	2,190	2,312	- 122	- 5.3
External revenues (€ million)	2,137	2,261	- 124	- 5.5
EBITDA adjusted (€ million)	220	112	+ 108	+ 96.4
EBIT adjusted (€ million)	80	78	+ 2	+ 2.6
Gross capital expenditures (€ million)	277	61	+ 216	-
Employees as of Dec 31 (FTE)	11,215	10,775	+ 440	+ 4.1

Performance development was impacted by the cessation of the ATW franchise (October 2018).

The development of the operating profit was slightly positive as expenses fell more than income. The development was particularly driven by the cessation of the ATW franchise, as well as the ongoing delays in implementing infrastructure projects at Arriva Rail North. The significant increase in adjusted EBITDA was a result of the IFRS 16 effect.

- Revenues decreased due to the cessation of the ATW franchise. Higher passenger revenues and positive exchange rate effects partially compensated for this.
- Other operating income increased, mainly as a result of utilizing provisions for impending losses and additional financing for project costs. This was partly offset by the cessation of the ATW franchise.

The development of expense items was driven by the cessation of the ATW franchise. Higher expenses for infrastructure utilization partly compensated for this:

- The significant increase in cost of materials was mainly caused by higher expenses for infrastructure utilization and lower performance-related income due to construction work. Negative exchange rate effects had an increasing effect as well.
- Personnel expenses decreased due to the cessation of the ATW franchise. This was partly offset by a higher number of employees at Arriva Rail North.
- Other operating expenses decreased significantly due to the IFRS 16 effects (opposite effect in depreciation) and the cessation of the ATW franchise in particular.
- Depreciation increased significantly due to the IFRS 16 effect.
- Capital expenditures also increased significantly as a result of the IFRS 16 effect.

The number of employees increased due to recruitment at Arriva Rail North.

Mainland Europe line of business

- *Acquisition of VT-Arriva in Hungary in December 2018 had positive effects.*
- *Implementation of countermeasures in response to the challenging market environment with ongoing cost pressures, including driver shortages in Central and Eastern Europe.*

Mainland Europe line of business	2019	2018	Change absolute	Change %
Passengers (bus) (million)	1,018	781.0	+ 237.0	+ 30.3
Passengers (rail) (million)	125.4	122.7	+ 2.7	+ 2.2
Volume sold (rail) (million pkm)	2,353	2,270	+ 83	+ 3.7
Volume produced (bus) (million bus km)	719.5	721.2	- 1.7	- 0.2
Volume produced (rail) (million train-path km)	53.2	53.5	- 0.3	- 0.6
Total revenues (€ million)	2,321	2,210	+ 111	+ 5.0
External revenues (€ million)	2,182	2,112	+ 70	+ 3.3
EBITDA adjusted (€ million)	402	351	+ 51	+ 14.5
EBIT adjusted (€ million)	174	193	- 19	- 9.8
Gross capital expenditures (€ million)	377	204	+ 173	+ 84.8
Employees as of Dec 31 (FTE)	25,572	26,256	- 684	- 2.6

Performance development in the Mainland Europe line of business was largely positive:

- In rail transport, the number of passengers and the volume sold increased mainly as a result of the development in Sweden. The cessation of a transport contract in the Netherlands had a slight dampening effect. The volume produced remained virtually the same.
- The number of bus passengers generally rose because of the acquisition of VT-Arriva (December 2018). The volume produced was at the previous year's level.

Economic development was weakened as a result of a challenging market environment, among other factors. Positive effects were partly a result of expanding business in Hungary (acquisition of VT-Arriva). The increase in adjusted EBITDA was a result of the IFRS 16 effect.

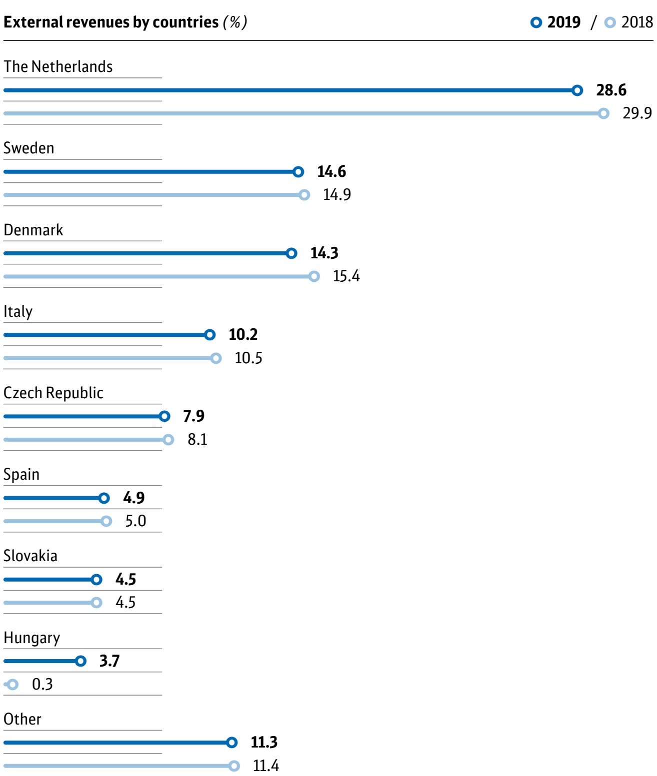
- Revenue development was positive, mainly due to the acquisition of VT-Arriva and performance gains in Sweden. In contrast, the cessation of transport contracts in Denmark and the Netherlands, as well as exchange rate effects, had a dampening effect.
- Other operating income fell slightly.

The development of expense items was significantly driven by the acquisition of VT-Arriva as well as increased operating costs:

- The significant increase in cost of materials was mainly driven by the acquisition of VT-Arriva, higher maintenance expenses and the impact of fuel tax refunds in the Netherlands in the previous year, relating to earlier years.
- Personnel expenses increased slightly. The effects resulting from the acquisition of VT-Arriva were largely compensated by the cessation of transport contracts.
- The decline in other operating expenses mainly resulted from the IFRS 16 EFFECT 191 F. (opposite effect in depreciation).
- Depreciation increased significantly due to the IFRS 16 effect.
- Capital expenditures increased significantly, mainly as a result of the IFRS 16 effect and the procurement of buses. This was countered by the completion of capital expenditures in the previous year relating to the Northern Lines contract in the Netherlands, due to start in December 2020.

The number of employees fell, due in large part to the cessation of transport contracts.

External revenues by countries *(%)*



The external revenue structure did not change significantly. The cessation of transport contracts contributed to the decline in Denmark and the Netherlands.

DB Schenker business unit

DEVELOPMENT IN RELEVANT MARKETS

GRI 102-6

European land transport

- The European land transport market recorded further growth in 2019.
- Continuous high demand caused prices to rise moderately, meaning that the market continued to be characterized by rising revenues. Investments in digital platforms for consolidating supply and demand of transport capacities led to an increase in pressure on margins, which was already present due to intense competition.
- Risks caused by various cost drivers remained: driver shortages led to increases in salary costs, fuel prices are on the rise again, and toll costs are also growing. The need for adjustment grew due to increasing changes in the shipping structure (weight decreases, more flexible transport requirements) and investments in digital structures.
- DB Schenker maintained its market-leading position and succeeded in increasing land transport revenues.

Air freight

- The international air freight market reflected global trade development, with negative volume growth on almost all main trade routes. The excess capacity that resulted from this slump had a dampening effect in 2019 on freight rates. Ongoing trade restrictions at a political level and rather weak economic development in many regions represented additional obstacles.
- DB Schenker recorded a significant decrease in air freight volume.

Ocean freight

- In 2019, the global growth of container ocean freight saw a sharp decline as a result of significantly weaker global trade and the effects of the trade conflict between China and the USA. Weaker demand led to excess capacity in container shipping and, as a consequence, increased pressure on freight rates.
- Volume development on the main routes was differentiated. Transport volumes between the USA and Asia and from Europe to Asia declined. The container transport route between South America and Asia recorded the highest growth.
- Although freight rates initially remained relatively constant in 2019, they then fell due to weak development on the most important trade routes.
- DB Schenker succeeded in increasing its ocean freight volume.

Contract logistics

- The global market for contract logistics also developed positively in 2019 and was marked by further growth. The Asia / Pacific region continued to grow at an above-average rate. The unbroken outsourcing trend and the growing e-commerce business can be picked out as the key drivers of this development.
- Providers are increasingly investing in digital warehouse management components in order to improve efficiency. Rising competitive pressure is accompanied by pressure on margins.
- DB Schenker took advantage of the growth opportunities and continued to expand its revenues in the contract logistics business.

GENERAL FRAMEWORK

IMO 2020 regulations entered into force

The International Maritime Organisation (IMO) has introduced a new fuel regulation that, from January 1, 2020, limits sulfur emissions to 0.5%, which has led to ships having to significantly reduce their emissions both on the high seas and in coastal areas. This change affects the entire shipping industry. Thanks to the regulation, shipping is becoming more

DB Schenker business model

INPUTS

Employees
About 76,200

Vehicles
34,331 vehicles used on a regular basis (including external, excluding spot market)

Networks and infrastructure
More than 2,100 locations in over 130 countries, including about 430 locations in land transport and about 800 global locations in air/ocean freight, 8.4 million m² in warehouse space in contract logistics worldwide

Additional production factors
Fuels, electricity and water

BUSINESS ACTIVITIES

Customer segments
- Business customers with a focus on automotive, chemicals, consumer, electronics, healthcare, industrials, retail and semiconductors / solar

Value proposition
- DB Schenker offers customer-oriented, reliable and eco-friendly integrated solutions in transport and warehousing worldwide.

Customer access and retention
- Branch offices with territorial distribution
- Key account management
- E-services

Key activities

Planning and operating global networks

Implementing / organizing transport and warehousing services

Purchasing cargo space

Providing supplemental logistical services

OUTPUTS

Land transport shipments
107 million

Air freight volume (export)
1.2 million t

Ocean freight volume (export)
2.3 million TEU

OUTCOMES

EBIT adjusted
€ 538 million

Customer satisfaction
SI of 71

Employee satisfaction
SI of 3.8 (2018)

Greenhouse gas emissions
–64 % (ocean freight), –9 % (air freight) and –24 % (land transport) compared to 2006 (specific)

environmentally friendly. DB Schenker is cooperating with shipping companies that are actively working to reduce their greenhouse gas emissions and comply with IMO 2020.

BUSINESS MODEL

DB Schenker serves established markets and emerging national economies as an integrated transport and logistics services provider with a global network. In land transport, the dense network connects the most important economic regions in Europe. Services include time and cost-optimized services for general cargo, partial and full load transport along with door-to-door solutions across Europe. As one of the global leaders in air and ocean freight, DB Schenker offers the entire range of services in this segment. In contract logistics, the services offered cover all stages of the value-added chain from supplier to producer/trade, end customers and spare parts service. The core area of expertise is the planning and handling of complex global supply chains, including sustainable logistics concepts.

DB Schenker has a global customer base in a wide range of industries and a focus on industrial customers. The vertical market approach is aimed at developing industry-specific solutions. Major customers are provided with tailored solutions as global accounts.

In air and ocean freight, we act solely as a freight forwarder without our own aircraft and ships. In some segments of land transport, we use our own vehicles and containers. Transshipment terminals and warehouses are generally our own property or are leased over the longer term.

In addition to airlines and shipping companies in air and ocean freight, our major partners include land transport subcontractors for the supply of transport services.

Performance measurement depends on the line of business: for land transport, the key indicator is the number of shipments; for air freight, it is the tonnage billed; while in ocean freight, it is the freight volume, measured in TEU. There is no comparable volume measurement in the contract logistics segment. In this case, market comparisons are usually made on the basis of revenues. DB Schenker has a relatively low capital intensity and real net output ratio. About 70% of revenues in the transport business line come from procured intermediate input services. Therefore, optimizing these purchase relationships and balancing various influential success factors such as transport relations, volume, weight and mode of transport represents an important factor for success and a value driver. The same applies to managing fluctuations in freight rates and the specific surcharges to these freight rates. In particular, the effective and efficient use of personnel is a key driver below gross profit. This is of particular importance in the contract logistics line of business. Here, know-how and experience relevant to the industry are an essential success factor in the optimal design of intra-company logistics processes. Effective IT support is also especially important.

The most important sources of revenues are transport and logistics services, including added value services such as the assembly of modules or assemblies in the automobile industry or putting together special sales packaging for the retail sector.

MARKETS AND STRATEGY

DB Schenker holds a leading market position in all market segments – European land transport, global air and ocean freight, as well as contract logistics. Our vision is to be the leading integrated transport and logistics services provider with a global reach. In order to achieve this objective, DB Schenker intends to further strengthen and expand its leading market position.

With its PRIMUS STRATEGY 164, DB Schenker intends to significantly increase profitability and focus its portfolio even more on international growth markets. A comprehensive transformation program was introduced to drive change in the three core areas of growth, efficiency and culture.

The individual business lines of land transport, air and ocean freight and contract logistics are developing measures and putting them in practice. In addition, overarching issues are being managed centrally. Examples include comprehensive programs to increase efficiency, which involve implementing new management practices among other plans.

Digitalization is increasingly gaining in importance as a driver of disruption in the logistics industry. DB Schenker therefore has a dedicated digitalization unit. Initiatives such as data-driven business models, online platforms and technical innovations are being promoted on a global scale.

Development of the network

- DB Schenker is operating a new spare parts center for an automobile manufacturer in Canada. It is about 16,000 m² in size and is located in Mississauga, Ontario. The premises also include a training center and a test vehicle warehouse.
- At the Augsburg freight traffic center, DB Schenker opened a new, state-of-the-art logistics hall with a total storage space of 38,000 m².

- DB Schenker is represented in Bangladesh through its own subsidiary company. As a local unit, Schenker Logistics (Bangladesh) Limited offers the entire range of services of DB Schenker under the Indian cluster organization.
- DB Schenker is expanding its global network into eight Caucasian and Central Asian countries. As the first step, a branch office was established in Kazakhstan. This was followed by DB Schenker's own national organizations in Georgia, Armenia, Azerbaijan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan.

Progress in implementation of PRIMUS

A large number of initiatives were implemented in the year under review that move DB Schenker forward on the way to becoming the sector's leader, its PRIMUS.

- Growth: Among other things, the business development programs in all products contributed to stable revenue development in the year under review – despite the slowdown in the global economy and growing geopolitical tensions with their significantly negative influences on the logistics business – including, for example, targeted regional specializations to key customers in the software industry.
- Efficiency: Due to the new organizational structure in the Global Finance Department and the structuring of the Global Business Service Center in Bucharest and Manila, DB Schenker is continuing to develop more efficiently. One focus, for example, is on the financial end-to-end processes that are being consistently standardized and optimized in various projects.
- Culture: Following the start of the program in 2017, all executives have completed "The Future is Here" program. In order to further promote cultural change in the company, all new executives will also be involved as catalysts during their onboarding.

DIGITALIZATION AND INNOVATION

- DB Schenker is a founding partner of the Aerotropolis Smart City project in Australia. The Aerotropolis commercial center is to be created near the Western Sydney Airport. This includes the planning of a digitally supported freight and logistics supply system, a state-of-the-art refrigeration logistics center and logistics technologies for the aerospace and defense industry.
- DB Schenker has successfully tested the use of exoskeletons at several logistics locations. Exoskeletons are electromechanical constructions worn on the body. Supplementing ergonomically designed workplaces, they are intended to support employees in lifting and turning movements.
- As part of a pilot project, DB Schenker in Leipzig is testing autonomous logistics robots from the manufacturer Gideon Brothers. The autonomous robots use AI to store a map of their environment and can safely move away from obstacles.
- DB Schenker has put an autonomous forklift into operation. The system from the Austrian supplier AGILOX transports empty containers at the Eching site at Munich across a distance of about 150 m. The AGILOX has a fork that can move up and down, with which the containers can be raised and lowered. The AGILOX can record an environment map for navigating around the site within a very short period of time.

ENVIRONMENTAL MEASURES

- DB Schenker has joined the EV100 INITIATIVE and signed the self-obligation of the TRANSPORT DECARBONIZATION ALLIANCE, according to which urban transport is to be changed to zero-emissions vehicles by 2030. GRI 102-12
- DB Schenker is a founding member of the Emission Council for Zero Emission Trucks (ECTA), which is committed to developing the EU-wide political framework for the promotion of low-emissions vehicles. GRI 102-13
- Since May 2019, eight MAN-eTGE transporters have been in use in Oslo to operate the city logistics in a low-emissions manner and reduce greenhouse gas emissions by a total of 80%.
- The test, started in the previous year, of five FUSO-eCanter ELECTRIC TRUCKS green NO. 122 and five eDucato transport vehicles in Germany and France was continued in the year under review.
- With the installation of LED LIGHTING SYSTEMS green NO. 50 at 17 locations in Germany, Finland and France, as well as a photovoltaic system at a location in Sweden, measures have been implemented with an expected total energy saving of about 5.5 MWh per year.
- In the year under review, five sites in Italy, Great Britain and Ireland were equipped as ECO WAREHOUSES green NO. 112. As a result, DB Schenker has developed an integrated concept that enables the warehouse building to operate in an energy-efficient manner and to significantly reduce greenhouse gas emissions.

DB Schenker	2019	2018	Change absolute	Change %	2017
Customer satisfaction (SI)	71	71	–	–	74
Shipments in land transport (thousand)	107,132	106,468	+664	+0.6	100,452
Air freight volume (export) (thousand t)	1,186	1,304	-118	-9.0	1,300
Ocean freight volume (export) (thousand TEU)	2,294	2,203	+91	+4.1	2,169
Total revenues (€ million)	17,091	17,050	+41	+0.2	16,430
External revenues (€ million)	17,018	16,973	+45	+0.3	16,345
Gross profit margin (%)	36.1	34.8	–	–	34.3
EBITDA adjusted (€ million)	1,082	703	+379	+53.9	676
EBIT adjusted (€ million)	538	503	+35	+7.0	477
EBIT margin (adjusted) (%)	3.1	3.0	–	–	2.9
Gross capital expenditures (€ million)	662	273	+389	+142	246
Employees as of Dec 31 (FTE)	76,153	75,817	+336	+0.4	71,888
Employee satisfaction (SI)	–	3.8	–	–	–
Employee satisfaction – follow-up workshop implementation rate (%)	92.6	–	–	–	96.0
Share of women as of Dec 31 (%)	36.1	35.7	–	–	35.5
Specific greenhouse gas emissions (land transport) compared to 2006 (based on tkm) (%)	-24.0	-25.8	–	–	-20.2
Specific greenhouse gas emissions (air freight) compared to 2006 (based on tkm) (%)	-9.1	-9.3	–	–	-8.8
Specific greenhouse gas emissions (ocean freight) compared to 2006 (based on tkm) (%)	-64.3	-61.2	–	–	-60.7

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *Weaker stimuli from the market and competitive environment.*
- *Improvement in profits, particularly in land transport.*
- *Comprehensive initiatives for reducing costs, improving efficiency and digitalization.*

Customer satisfaction remained stable. Since 2017 we have been surveying about 15,000 customers annually in 28 countries on customer satisfaction.

Volume development was positive in land transport and ocean freight. As a result of the tense market situation, air freight volume declined markedly.

The economic development was encouraging. The operating profit figures were positive, partly as a result of an increase in income. Gross profit also rose, most clearly in contract logistics. The gross profit margin improved.

Revenues were generated 41% in land transport, 21% in air freight, 18% in ocean freight and 16% in contract logistics.

The adjusted EBIT was generated 32% in land transport, 32% in air freight, 17% in ocean freight and 15% in contract logistics.

- Revenue development was at the previous year's level. The positive development in land transport, ocean freight and contract logistics, as well as overall positive exchange rate effects, were almost completely offset by declines in air freight.
- Other operating income (−7.2%/€ −20 million) decreased, partly as a result of lower income from the release of provisions and the disposal of property, plant and equipment.

The volume and freight rate developments were particularly noticeable on the expenses side:

- Cost of materials (−1.5%/€ −167 million) declined slightly due to air freight. Demand-related growth in ocean freight and exchange rate effects partially compensated for this.
- Personnel expenses (+5.4%/€ +176 million) rose as a result of a higher number of employees, mainly in contract logistics and land transport, as well as exchange rate factors.
- The decline in other operating expenses (−17.3%/€ −365 million), in particular in contract logistics, was mainly attributable to the IFRS 16 EFFECT 191 F. (opposite effect in depreciation).
- Depreciation (+172%/€ +344 million) increased due to the IFRS 16 effect.

Capital expenditure activity has increased significantly. The growth was mainly due to the IFRS 16 effect. Even adjusted for this impact, capital expenditure increased in the regions of Asia/Pacific and Europe, among others. Capital expenditures continued to focus on Europe.

At the end of the year under review, 29% of employees were employed in land transport, 9% in air freight, 7% in ocean freight and 32% in contract logistics. Overall, the number of employees was roughly at the level of the end of the previous year.

Employee satisfaction is measured every two years. In the year under review, the focus was on follow-up processes to the 2018 survey. The follow-up workshop implementation rate was stable at a very high level.

As of December 31, 2019, the share of women rose slightly.

In land transport, the reduction in greenhouse gas emissions compared to 2006 remained at the previous year's level. Slight fluctuations can be attributed to volatility in the cargo mix, which affects weight utilization and therefore greenhouse gas efficiency.

The reduction in air transport is driven by the continuous replacement of older aircraft types by newer ones.

The significant reduction in ocean freight is primarily attributable to further consolidation of transport services. With the Ocean Network Express (ONE) and the merger of Maersk and Hamburg Süd, further synergies have been achieved in the services offered.

DB Schenker is actively working in the Clean Cargo Working Group (CCWG), in particular to ensure the data quality of the over 3,000 vessels covered, whose emissions and transport services are reported for 85% of container shipping.

In the energy consumption of stationary facilities, the significant reduction is attributable to various efficiency measures, but also to reduced energy consumption due to climatic conditions.

Land transport line of business

- *Further development of the network and product portfolio and quality improvements with positive effects.*
- *Price effects had a positive impact.*

			Change	
Land transport line of business	**2019**	2018	absolute	%
Shipments in land transport (thousand)	107,132	106,468	+664	+0.6
Total revenues (€ million)	7,125	7,092	+33	+0.5
External revenues (€ million)	7,058	7,023	+35	+0.5
EBITDA adjusted (€ million)	341	196	+145	+74.0
EBIT adjusted (€ million)	172	125	+47	+37.6
Employees as of Dec 31 (FTE)	21,811	21,580	+231	+1.1

Volume development was slightly positive in land transport.

The economic development was encouraging. The operating profit figures improved significantly as a result of a disproportionate increase in income.

- Revenue development adjusted for exchange rate effects was slightly higher, mainly due to price factors. Negative exchange rate effects led to a development close to the previous year's level.
- Cost of materials decreased slightly. Exchange rate effects, in particular, had an impact on expenses. Adjusted for exchange rates, the cost of materials was at the previous year's level.
- Personnel expenses increased due to the increase in the number of employees.
- As a result of the first-time application of IFRS 16, there was a shift from other operating expenses to depreciation.
- This resulted in a correspondingly positive effect on EBITDA, which subsequently developed significantly more positively than EBIT.

The number of employees increased in part due to taking on temporary workers.

Air freight line of business

- *The collapse in demand and high available capacities led to a significant decline in freight rates.*
- *A range of measures for standardization and improving productivity are being implemented.*

			Change	
Air freight line of business	**2019**	2018	absolute	%
Air freight volume (export) (thousand t)	1,186	1,304	-118	-9.0
Total revenues (€ million)	3,542	3,804	-262	-6.9
External revenues (€ million)	3,542	3,804	-262	-6.9
EBITDA adjusted (€ million)	204	186	+18	+9.7
EBIT adjusted (€ million)	172	178	-6	-3.4
Employees as of Dec 31 (FTE)	6,883	7,032	-149	-2.1

Performance development declined significantly as a result of the global market slowdown.

The economic development was weaker: adjusted EBIT deteriorated as the decline in expenses was unable to fully compensate for performance-related weak income development.

- Revenue development declined as a result of performance and the freight rate development. This was partly offset by positive exchange rate effects.

- In line with the volume and freight rate development, cost of materials also decreased. Adjusted for exchange rate effects, the decline was even stronger.
- Personnel expenses increased as a result of wage increases and exchange rate effects.
- As a result of the first-time application of IFRS 16, there was a shift from other operating expenses to depreciation. Depreciation also increased due to an IT project.
- This resulted in a correspondingly positive effect on EBITDA, which subsequently developed more positively than EBIT.

The number of employees decreased as a result of the volume decline, particularly in the Asia / Pacific and Middle East and Africa regions.

Ocean freight line of business

- *Increase in demand in the Full Container Load (FCL) division significantly surpassed market growth.*
- *Measures to improve efficiency in implementation.*
- *Tenders awarded for major projects in Europe, South America and the Asia / Pacific region.*

Ocean freight line of business	2019	2018	Change absolute	Change %
Ocean freight volume (export) (thousand TEU)	2,294	2,203	+ 91	+ 4.1
Total revenues (€ million)	3,090	2,930	+ 160	+ 5.5
External revenues (€ million)	3,090	2,930	+ 160	+ 5.5
EBITDA adjusted (€ million)	104	84	+ 20	+ 23.8
EBIT adjusted (€ million)	91	81	+ 10	+ 12.3
Employees as of Dec 31 (FTE)	5,396	4,974	+ 422	+ 8.5

Performance development in ocean freight was positive. In particular, the high-volume trade between the Asia-Pacific region and Europe, as well as the development on the export routes to South America, had an impact.

The economic development was encouraging. Income increased more than the operating expenses. As a result, the operating profit figures increased significantly.

- Revenues increased, mainly driven by volume growth and exchange rate effects.
- Cost of materials also increased significantly as a result of increased volumes and exchange rate effects.
- Personnel expenses increased as a result of the service expansion and exchange rate factors.
- As a result of the first-time application of IFRS 16, there was a shift from other operating expenses to depreciation. Depreciation also increased due to an IT project.
- This resulted in a correspondingly positive effect on EBITDA, which subsequently developed more positively than EBIT.

The number of employees has increased as a result of business development.

Contract logistics line of business

- *Good business development in the existing and new customer base.*
- *Implementation of measures to increase productivity.*
- *Shortage of skilled employees delays commissioning of new sites.*
- *Crisis in the automotive sector negatively impacts income development.*

Contract logistics line of business	2019	2018	Change absolute	Change %
Warehouse space (million m²)	8.4	8.3	+ 0.1	+ 1.2
Total revenues (€ million)	2,734	2,622	+ 112	+ 4.3
External revenues (€ million)	2,733	2,621	+ 112	+ 4.3
EBITDA adjusted (€ million)	312	141	+ 171	+ 121
EBIT adjusted (€ million)	79	92	- 13	- 14.1
Employees as of Dec 31 (FTE)	24,625	24,439	+ 186	+ 0.8

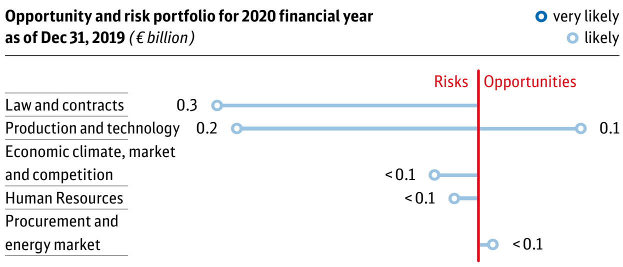
Economic development in contract logistics was dampened: adjusted EBIT deteriorated despite a slight increase in revenues, particularly as a result of the significant increase in personnel expenses.

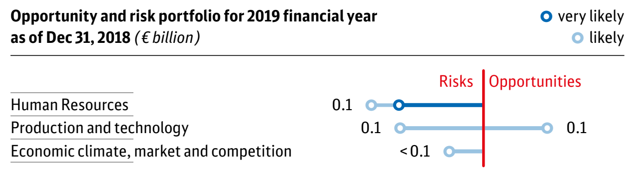
- The development of revenues was slightly positive as a result of business expansions and growth in the existing business, particularly in Europe. Positive exchange rate effects support development.
- Cost of materials also increased, but only to a below-average extent. Exchange rate effects also had an expense-increasing effect.
- Personnel expenses increased as a result of a higher average number of employees and exchange rate effects.
- As a result of the first-time application of IFRS 16, there was a noticeable shift from other operating expenses to depreciation.
- This resulted in a correspondingly positive effect on EBITDA, which subsequently developed significantly more positively than EBIT.

The increase in the number of employees was due to the business expansion as well as the taking on of temporary workers.

Opportunity and risk report

Assessment of risk position by categories





As of December 31, 2019 excluding impact from coronavirus.

Opportunity and risk management within DB Group

Opportunity and risk management in DB Group comprises the systematic identification, assessment and management of opportunities and risks. The primary objective of opportunity and risk management is to ensure the long-term existence of DB Group.

The principles of opportunity and risk management are laid down by Group management and implemented on a Group-wide basis. Within the framework of our early-warning system, opportunity and risk reports are submitted to the Management Board and the Supervisory Board of DB AG three times a year. Major risks occurring outside of this reporting cycle must be reported immediately. Planned acquisitions are subject to additional specific monitoring.

Our risk management system (RMS) maps all of the opportunities and risks in an opportunity and risk portfolio and also individually in detail, factoring in materiality thresholds. The opportunities and risks considered within the risk management report are categorized and classified according to probability of occurrence. Together with possible consequences, the analysis also takes into account the starting position and the cost of countermeasures. In organizational terms, Group controlling is the central coordination point for our opportunity and risk management.

Our strategic opportunity and risk management efforts are mainly derived from the targets and strategies of our business units. Operational management personnel in the business units are directly responsible primarily for the early and regular identification, analysis and management of strategic opportunities and risks. These activities are an integral element of the Group-wide planning and controlling systems. We focus intensely on detailed analyses of our markets and competitors, market scenarios, relevant cost drivers and critical factors for success, including those within our political and regulatory environment. Concrete opportunities are identified and analyzed from these.

DB Group's business environment is in a state of constant change. Only if we understand the change can we actively shape it. We use the DB.Trend.Radar to monitor the most important external developments for DB Group so that we can take advantage of opportunities and react to risks in good time. The focus is on the issue of how changes in society, politics, technology and the global economy affect our markets. The individual topics are all highly interconnected and of great importance for the future of DB Group. DB.Trend.Radar helps DB Group to focus its business operations on the future and actively make use of opportunities.

In conjunction with Group financing, with its strict focus on the operating business, Group Treasury is responsible for limiting and monitoring the resulting credit, market and liquidity risks. The centralized handling of the relevant transactions (money market, securities, foreign exchange and derivative transactions) means that potential risks can be managed and limited centrally. Group Treasury is organized in line with the appropriate risk control and management system requirements for banks (Mindestanforderungen an das Risikomanagement; MaRisk), which means that it complies with the resulting criteria of the Act on Supervision and Transparency in the Corporate Sector (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG).

KEY CHARACTERISTICS OF ICS AND RMS WITH REGARD TO THE GROUP ACCOUNTING PROCESS

Our RMS is complemented by a Group-wide internal control system (ICS) that also includes the accounting-related processes. To the extent that compliance is deemed to be appropriate, the components of our ICS take into account the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) publication "Internal Control—Integrated Framework" in its revised version from 2013. On that basis, our accounting-related ICS is a continuous process based on basic control mechanisms, such as system-based and manual reconciliations, the separation and clear definition of functions as well as the monitoring of compliance and further development of Group-wide guidelines and special work instructions.

The accounting-related control mechanisms we use beyond the instruments outlined above include, among others, standardized reporting throughout DB Group and the regular updating of the relevant accounting directives and accounting-related systems.

Subject to a binding schedule, business transactions of the accounting-relevant units are processed in line with IFRS principles and in compliance with Group-wide, uniform procedures. These are then transmitted to the centralized consolidation system.

The auditing activities of the intra-Group auditors, which represent a key element of our control mechanisms, are focused on evaluating the adequacy and effectiveness of our ICS. Audits are also conducted during the stocktaking of property, plant and equipment as well as inventories. In addition to these measures, the Audit and Compliance Committee and the Supervisory Board monitor the accounting process and the effectiveness of the ICS.

The management of the companies included in the scope of fully consolidation companies and of the individual business units of DB Group verifies the completeness and accuracy of the reporting data relevant to the financial statements among other aspects, using a quarterly internal reporting process. Confirmation is also given that the Management responsible have implemented the centrally defined ICS minimum standards for reporting and, where appropriate, have supplemented these with their own documented management and monitoring tools.

MANAGEMENT ASSESSMENT OF THE RISK SITUATION

The current risk situation is assessed on the basis of our RMS. The system is based on the requirements of the KonTraG and is continually evolving. During the year under review, there were no major methodological changes to that system.

As of December 31, 2019 DB Group's main risks were in the areas of law and contracts as well as production and technology. Compared with the previous year, the overall risk position as of December 31, 2019 in relation to the EBIT forecast for the following year has increased in the year under review.

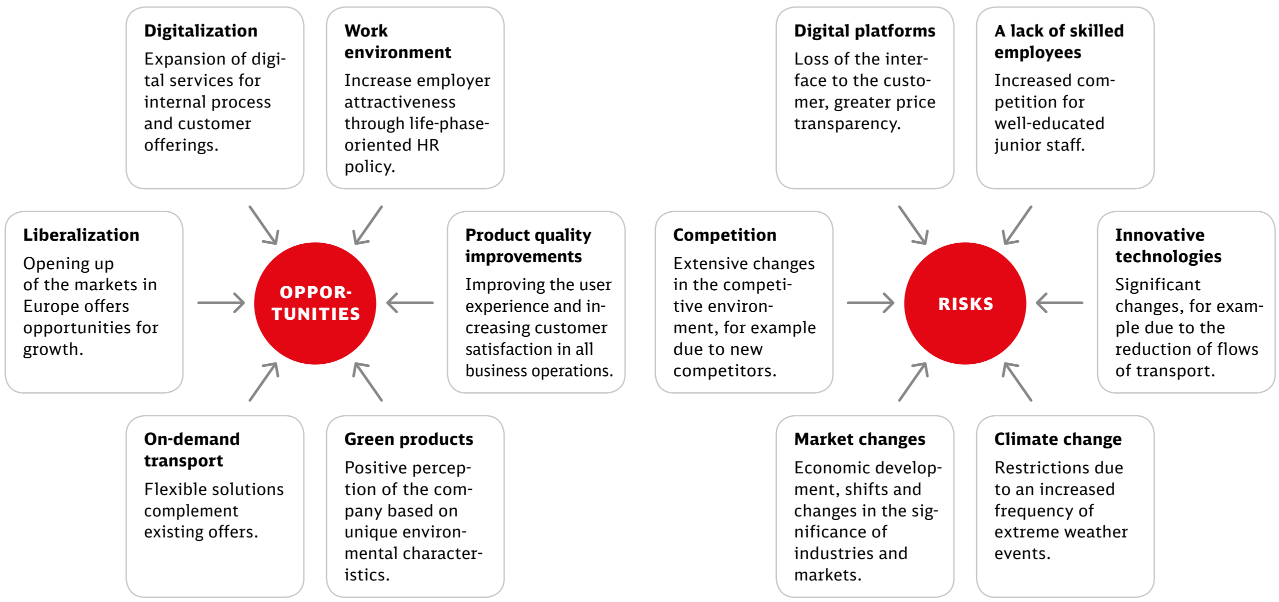
As a result of the worldwide distribution in the first quarter of 2020 there are also considerable risks from the effects of the coronavirus, the length and intensity of which are at this time not yet foreseeable.

Opportunities beyond the EBIT forecast exist in the amount of € 0.1 billion (thereof very likely: € 0.0 billion). These opportunities exist primarily in production and technology.

Third-party evaluation is also an important indicator for overall risk assessment. In addition to internal risk assessment, DB Group's creditworthiness and its aggregated default risk are also assessed by the CREDIT RATINGS OF MOODY'S AND S&P 107. Their external assessments of DB Group's overall risk position are reflected in the good ratings. In the sustainability area, potential risks posed by ESG RATING AGENCIES 52 FF. such as ISS ESG and MSCI are assessed and evaluated externally.

In terms of organization, we have created all of the conditions necessary to enable the early identification of possible risks. Our continuous risk management and the active management of key risk categories contribute to limiting risks. Key strategic opportunities and risks were identified at the business unit level and recorded in the course of the Strategic Management Process (SMP) for operationalization with measures. Our analyses of opportunities and risks, countermeasures, hedging and precautionary measures, together with the opinion of the Management Board based on the current risk assessment and our mid-term planning (MTP), indicate that there are no risks that, individually or jointly, could have an impact on the net assets or the financial or profit position of DB Group and would pose a threat to the Group as a going concern.

Overview of opportunities and risks



GRI 102-11

Major opportunities and risks

ECONOMIC CLIMATE, MARKET AND COMPETITION

Demand for our mobility services and, in particular, for our transport and logistics services is dependent on overall economic development, among other things:

- Economic growth fuels the trends underlying our strategy in our markets.
- Macroeconomic shocks such as economic and financial crises or economic downturns resulting from, amongst other things, conflicts or epidemics can have a negative impact on our business.
- Risks arising from depleted public sector budgets in some European countries could have negative effects (particularly in the form of spending cuts), especially on DB Arriva activities. The market volume here is greatly determined by the financial situation of the contracting organizations. However, this creates the possibility that new markets or market segments will be opened for competition. DB Arriva is set up in such a way that opportunities in already open or opening markets can be taken advantage of effectively.
- Developments in the competitive environment are of particular importance for DB Group:
- In long-distance transport, we are exposed to heavy intermodal competition, particularly with motorized individual transport as the dominant competitor, but also with long-distance bus services and air transport.
- There is intense competition in regional transport throughout Europe for securing long-term transport contracts. There is a risk of performance losses. To be able to remain competitive in this market, we are constantly working to optimize our tender management and our cost structures. In addition, risks arise from the implementation of transport contracts if the parameters of the underlying calculation do not materialize as planned. In order to continuously increase quality and customer satisfaction and improve our efficiency, we have put together appropriate programs at DB Regional and DB Arriva.
- In rail freight transport, there is a high level of competitive pressure. Risks arise from the fact that, to some extent, competitors can operate with less expensive cost structures while enjoying greater flexibility. Further risks result from possible future efficiency gains of trucks, for example by digitalization. Several measures have been implemented to tackle these challenges.
- In the freight forwarding business, there is, on the one hand, intense competition with other providers and, on the other hand, a concentration of the market in the carrier market that causes changes in the offering

of cargo space with corresponding effects on the purchase and sales prices. We are responding to this by continuously optimizing our networks and improving our cost structures, services and IT infrastructure.

Overall, a general risk is a loss of competitiveness. A key component in facing the competition is improvements in service quality. For the integrated rail system, we are implementing the STRONG RAIL STRATEGY 71 FF., in particular to significantly improve product quality.

Key opportunities for performance enhancements result from the trend towards digitalization:

- more efficient and customer-focused processes,
- improved and new digital services, and
- easier access through online portals and apps.

In the medium-term, changes in the competitive environment may result from the following developments:

- New competitors: In addition to established competitors, providers that have so far remained outside the industry, such as automobile manufacturers, IT groups and start-ups are increasingly active in our markets.
- New platforms/data-driven business models: Digital platform providers are increasing the intensity of competition and transparency, and are also changing the perception of prices. Start-ups in particular are the driving force behind the platform business and aim to occupy the digital customer interface.
- Shifts in added value: Added value in the mobility and logistics sector could shift towards additional services.
- Integrated on-demand mobility: Mobility-as-a-Service (MaaS) concepts are becoming a standard offer in the long term. The customer can order, book and pay for transport easily and in real time.
- Demographic developments are increasing pressure on the public sector to make use of favorable offers. Ordering behavior could also change and tenders expand to include on-demand, minibus and shuttle services. This increases the cost pressure on established providers.
- Supply chain visibility: Transparency in the value-added chain is one of the top trends in logistics. Start-ups and established players see data and analysis solutions as a significant business opportunity.
- Goods structure effect: The production share of highly specialized goods such as pharmaceuticals and high-tech products is growing strongly. At the same time, types of goods with a generally lower weight and higher value density, such as electronic components, are growing at an above-average rate. Heavy, bulky goods, such as steel, paper and chemicals are becoming less important.

To adequately tackle the resulting risks and opportunities, we have developed, among other things, our comprehensive DIGITALIZATION STRATEGY 82 F.

We are also responding to opportunities and risks arising from changing demand patterns and from shifts in traffic patterns throughout the Group with intensive market observation and by continuously upgrading our portfolio and our products.

The demand for our products and services is partly dependent on the development of our customers' sales markets:

- Our customers' economic development dictates their need for storage and transport services, which in turn affects our freight forwarding and logistics businesses. In addition, there may be structural changes in the production structures of our customers. The rising costs of globally distributed production make more regional production more efficient. Another reason for regionalization is the use of production innovations, such as automation, modularization and 3D printing with the potential to relativize wage cost differences and economies of scale.
- Rail freight transport is partly dependent on industries that are stagnating. The decline of coal as an energy source, for example, is having an effect.
- The development of demand in track infrastructure is dependent on rail transport's ability to compete on the upstream transport markets.

PRODUCTION AND TECHNOLOGY

If the production quality of passenger transport services suffers, this has an impact on service quality and can lead to the loss of customers. Postponed deliveries of new vehicles may result in revenue losses and additional expenses, for example due to substitute transport services or penalty payments.

The availability and the condition of the track infrastructure are significant prerequisites for competitive rail transport. In order to maintain the future viability of rail in the long term, it is also necessary to modernize the infrastructure through digitalization and automation.

Intense construction work on the network affects schedules and the production quality of carriers to a different extent, depending on the region, some of which cannot be compensated for.

The range and quality of our services depend to a significant extent on the availability and reliability of the production resources used, intermediate services procured and the quality of our partners' services. We therefore keep up an intense dialog with our suppliers and business partners on the subject of quality. This is of particular importance in the vehicle industry.

Sufficient availability of our vehicle fleet is particularly critical. Significant restrictions endanger operating schedules. In regional transport, there is the additional risk of penalties if trains are canceled or punctuality is insufficient. We try to minimize this risk by taking preventative actions and also by minimizing the consequences should it happen, such as by providing replacement vehicles or by organizing substitute transport.

The technical production resources used in rail transport must comply with applicable standards and requirements, which are subject to change. As a result, we may receive technical complaints concerning our vehicles. This leads to the risk that we may not be permitted or only under certain conditions, such as limited speeds, shorter intervals between maintenance or reduced wheel set loads to use individual series or rail car types. In addition, we cannot accept new vehicles that have flaws or for which the necessary vehicle certification has not been granted.

As a result of technical defects or conditions, there may be the need to refit vehicles that could lead to significant restrictions on availability or even temporary prohibition of use.

In regional transport, a risk can arise from the redundancy of vehicles following the expiry or re-tendering of a transport contract. As a countermeasure, alternative possible uses are checked.

Increasing digitalization means that dependence on secure IT that is available around the clock is increasing. This results in IT, telecommunication and cyber risks such as the interruption of the availability of IT systems, which can lead to serious business interruptions, or the unauthorized access of third parties to customer data.

We combat these risks through forward-thinking IT security management, which provides the necessary security for our IT-based business processes. A key instrument here is information, IT applications and IT infrastructure and services risk management. The relevant risks are identified, analyzed, evaluated and reduced. The remaining risks are documented and, if necessary, reported to and monitored by suitable bodies. Our information security management system follows international standards in accordance with ISO 27001/27002:2013 and the NIST Cybersecurity framework.

A holistic understanding of threats at the technical and human resources level is crucial for the appropriate handling of security risks. Weaknesses in processes and adherence to security rules often provide opportunities for hackers. Sustainable security awareness-raising therefore helps to identify unusual occurrences (e.g. phishing e-mails) at an early stage, thus offering fewer openings for attack.

In order to minimize critical technical vulnerabilities, a range of countermeasures (such as firewalls, encryption and compartmentalized server areas, and prompt software updates) have been implemented. Appropriate redundancy of the IT systems (including across several locations) increases the overall resilience of critical business processes, applications and infrastructures. The network infrastructure is also designed redundantly wherever IT security and business continuity require it.

For the most important processes and IT applications, systematic and regular penetration tests and red-team stress tests are carried out in order to detect and eliminate weak points at an early stage.

Overall, these measures reduce the risk of attacks, the resulting outages of IT systems, the disruption of communication or the theft of confidential information, thereby avoiding damage to DB Group.

PUNCTUALITY 81 F. is a key factor for our rail freight transport customers when selecting a mode of transport. In addition to this, irregularities can occur, such as customs offenses and theft. We combat these risks with measures such as engaging qualified customs coordinators and using an immediate reporting system for tax assessment notices.

HUMAN RESOURCES

To be able to hold our own against the competition, our personnel cost structure also plays an important role. Our target is always to conclude competitive collective bargaining agreements in terms of the labor market and the transport market.

Due to demographic changes and the associated lack of skilled employees, it is becoming increasingly difficult to fill vacancies with qualified personnel. This in turn leads to risks such as lack of know-how transfer. At the same time, DB Group has a relatively high annual need for new employees. This is reinforced by the selection model agreed as part of the collective bargaining agreement. We counteract the resulting risks in particular through the improvement of our employer attractiveness, extensive recruiting measures, the expansion of the qualification capacities and measures for effective knowledge management.

New technical possibilities, in particular from the area of digitalization, are leading to changing job content and new working methods. In order to strengthen our ability to innovate and to set ourselves up for the future, we are searching for targeted solutions and responses and thereby continuing to develop as an employer in line within the meaning of the Strong Rail strategy.

Our life-cycle-oriented HR policy gives us the opportunity to promote loyalty among employees in the long term. This includes flexible working time models and jobs designed specifically for the age of the employee, our employment security, new opportunities for participation and intensive work on the corporate culture.

Extensive new hires create diversity in the workforce, which can lead to more creativity and productivity if there is an intensive transfer of knowledge and good diversity management. Young employees bring new ideas and concepts into the working routine. Older employees have varied and extensive experience and pass on their knowledge to new groups of employees. In addition, new perspectives and viewpoints are contributed to the solution-finding process in mixed teams. In the long term, and in an appropriate corporate culture, this can have a positive impact on the innovation capacity and performance of DB Group.

REGULATION

Changes to the legal framework at national or European level could pose risks to our business. This general regulatory risk could therefore result in tangible negative effects on revenues and profit.

These regulations govern the individual components of the pricing systems and general terms and conditions applied by our RIC. There are risks of complaints and intervention here. Measures that threaten or even prevent DB Group from attaining reasonable returns in our infrastructure business units (such as intervention in pricing systems) make it more difficult to control these activities from a business perspective and can therefore threaten financing contributions by DB Group to capital expenditures in infrastructure.

Political risks are related particularly to the increase of applicable standards and railway industry regulations (for example passenger rights). The structure of DB Group may also be exposed to regulatory risks. In order to respond to risks resulting from changing legal framework conditions on either a national or an international level, we take an active part in the discussions and debates that take place ahead of this type of change.

Opportunities result from the promotion of green mobility, including achieving state climate targets such as those in the CLIMATE PACKAGE 67.

PROCUREMENT AND ENERGY MARKET

Depending on the market situation, the purchase prices for raw materials, energy, and transport and construction services may fluctuate.

We respond to the risk of increasing energy prices among other things by using appropriate DERIVATIVE FINANCIAL INSTRUMENTS 211 F. and entering into long-term procurement contracts. However, these safeguards also limit opportunities arising from trends in energy prices. In the event of falling prices, we do not participate in the market development.

This means that depending on the market and competitive situation, it may not be possible or may only be possible to a very limited extent to pass increased costs on to the customer in the short term. This in turn has a negative impact on margins.

The pooling of demands and optimization of procurement processes create opportunities to leverage further potential in terms of procurement prices.

Noticeable train-path price increase outside of Germany cannot always be passed on to customers because of the competitive situation.

CAPITAL MARKETS AND TAXES

A currency risk arises from our international business. This risk, however, is largely limited to the so-called translation risk since there is usually a high regional congruence between the production and sales markets. We use primary and DERIVATIVE FINANCIAL INSTRUMENTS 211 F. as one means of countering interest rate and currency risks from our operating business. Their use is only permitted for hedging purposes in DB Group. There is a risk that these hedging measures will not pay off, or not in the way expected.

To prevent counterparty default risk from financial and energy derivatives, we conclude credit support agreements (CSA) for all longer-term hedges.

Due to the long-term capital employed, we also use long-term, fixed-interest financial instruments. As a result, only new issues are exposed to the risk of rising interest rates. We apply a conservative planning approach to deal with risks arising from capital market performance or a deterioration in credit ratings.

Pensions and similar retirement benefit obligations are partially covered by plan assets from stocks, real estate, fixed-income securities and other investments. Value losses in these assets reduce the cover of pension obligations by plan assets, potentially resulting in DB Group having to provide additional cover.

In addition, there are potential risks from back-tax payments from tax audits that are in progress and from amendments to tax laws.

LAW AND CONTRACTS

Due to delayed vehicle deliveries and vehicle defects, operating difficulties, especially in regional and long-distance transport, may occur. In regional transport, this may result in contractual violations or non-compliance with the contracting organizations. Higher expenses and penalty payments combined with lower fares are the result. Ensuing damage claims are asserted against the manufacturers.

Provisions have been made for legal and contractual risks based on an assessment of their probability of occurrence.

Compliance with current laws, company guidelines and recognized regulatory standards is the task and duty of every DB Group employee. It is the mission of our compliance department to ensure compliance with such criteria.

With its very high procurement volume and over 40,000 suppliers, DB Group is one of the largest purchasers in Germany. Large-scale capital expenditures mean that the infrastructure business units in particular are exposed to a significant risk of becoming the target and victim of corruption, cartel agreements or fraud. As a provider of grants, the Federal Government places high demands on DB Group with its anti-corruption guidelines.

Opportunities arise from the discovery of cartels that operated in the past and the enforcement of claims for damages against cartel members. DB Group is seeking compensation for damage in over ten cases. This relates, amongst other issues, to cartels in freight trucks, tracks, air freight, elevators and escalators, prestressing of steel, girocard and container transports. In more than ten other cases, DB Group is still determining if damage has been caused.

SIGNIFICANT EVENTS

Our activities are based on a technologically complex, networked production system. In general, we try to combat the risk of potential operational disruptions through regular maintenance and by taking on qualified employees, coupled with continuous quality assurance and improvement of our processes. The nature of rail transport as an open system means that certain factors (such as natural disasters, accidents, sabotage and theft), over which we have only limited influence, could have a negative impact on operations. Our efforts in such cases focus on minimizing the potential effects. However, this could also result in cost risks from countermeasures.

Additional measures to increase public security, including at passenger stations, such as upgrading VIDEO SURVEILLANCE 260, may lead to additional cost burdens.

OTHER ISSUES

Project risks

Our measures involve not only some large capital expenditure volumes, but also a large number of highly complex projects. Changes to the legal framework, delays in implementation (due among other things to more extensive public participation), necessary adjustments during terms often lasting several years, deviations from the ramp-up curve of funds for capital expenditures agreed with the Federal Government or changes to purchase prices may lead to project and liquidity risks. The networked production structure means that these can often affect a number of business units. For example, in such cases planned shifts in the mode of transport from road to rail will not be feasible. We keep up to date with this by closely monitoring projects.

When implementing planned measures from various programs, such as the STRONG RAIL STRATEGY 71 FF. for the integrated rail system, or PRIMUS 164 at DB Schenker, there is the risk that it will either not be possible to implement the planned effects at all, or only to a lesser extent and/or may be delayed. At the same time, however, there is also the opportunity to exceed the planned effects.

Infrastructure financing

As a key element of the German rail reform, the Federal Government has the constitutional obligation to finance the capital expenditures in rail infrastructure. The key factor here is securing sufficient funding, but also the ability to plan the availability of funding for the existing network as well as new construction and expansion (requirement plan capital expenditures). A limited availability may lead to insufficient resources for maintaining the existing network or eliminating bottlenecks and therefore limiting the competitiveness of rail as a mode of transport.

We have an agreement with the Federal Government that sets out the financing of the existing network until 2029. The LUFV III 135 and the associated securing of infrastructure quality and availability in the long term improve the attractiveness of rail as a mode of transport, which also results in higher revenues for infrastructure companies. Risks result from a potential failure to achieve the contractual objectives set out in the LuFV III and from a possible reclaim by the Federal Government following audits of applications of funds for the purposes set.

The economic sustainability of capital expenditures or financial contributions to capital expenditure projects funded with DB funds is essential if we are to ensure DB Group's ability to invest in the long term.

Political risks

DB Group is active in Great Britain through DB Arriva, DB Schenker and DB Cargo. The ongoing uncertainty about the future relationship with Great Britain after its departure from the European Union (Brexit) results in risks to our activities. In this case, a weakening of the British economy and new trade barriers may have a negative impact. DB Group is responding to this risk by preparing as best as possible.

The European Company for the Financing of Railroad Rolling Stock (Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial; EUROFIMA), Basel/Switzerland has given loans to state-owned railways in states that now have poor credit ratings. If these state-owned railways fail to meet their financial obligations to EUROFIMA, this could have repercussions for the carrying amount of the investment, and under certain circumstances trigger further financial obligations.

GRI 201-2

Environmental risks

Unique environmental features, such as climate-neutral transport services in passenger and freight transport on the basis of renewable energies, improve our customers' positive opinions and thus improve the external perception of the company. This results in considerable opportunities. Our activities have a positive effect on reducing greenhouse gases and may also have a positive impact on customer satisfaction and our market position. Our mobility services must be climate-neutral from end to end in order to secure an environmental advantage.

Strengthening of environmental protection laws also presents opportunities and risks for DB Group. Opportunities arise above all for rail transport. However, measures such as bans on diesel may also have a negative impact on our activities.

Weather-related damage to our infrastructure leads, among other things, to loss of revenue, penalty payments and increased funding requirements for fixing damage and preventive measures. In order to adapt the means of production to extreme weather events (EXPANSION OF VEGETATION MANAGEMENT 82) and to avoid restricted operating quality due to weather-related restrictions, DB Group is working with national and international experts on the adaptation of external technical regulations to altered climatic conditions.

For us, managing extreme weather events also means having to deal with rapid changes and complex impacts. Today, the disruptions have increasingly cross-regional dimensions and a long-lasting impact. According to a study by the Potsdam Institute for Climate Impact Research commissioned by DB Group, we are more strongly affected by the consequences of climate change than any other large company in Germany. Against the backdrop of the expected future intensification and accumulation of weather extremes and the simultaneous expansion of rail transport in Germany, we are pursuing, in addition to active climate protection, a consistent adjustment to the consequences of climate change.

The Natural Hazard Management Department at DB Netz AG is engaged in the development of systematically forward-looking natural hazard prevention and sustainable climate change adjustments in order to be able to reduce the impact of natural hazards on the track infrastructure to a minimum. In the year under review, the focus was on storm prevention and heat adaptation.

DB Group is pursuing a holistic natural hazard strategy, with the impact of natural events on railway infrastructure and rail operations being recorded both by location and by time, and assessed and managed through prevention measures. The development and implementation of measures is interdisciplinary within DB Group. New scientific findings and procedures are being developed in external research collaborations, for example on the satellite-based detection of storm-prone trees. In collaboration with start-ups, European railways and the expert network of the BMVI, innovative solutions are being developed to further increase the resilience of the infrastructure against natural hazards and the consequences of climate change.

There are still no suitable alternatives for phasing out the use of glyphosate. DB Group is supporting corresponding developments.

Events after the balance sheet date

Changes to the Management Board and the Supervisory Board of DB AG

Since January 1, 2020, Dr. Sigrid Nikutta has been head of the newly created Freight Transport Board division of DB AG. At the same time, she also became Chairwoman of the Management Board of DB Cargo AG.

On February 1, 2020, Dr. Levin Holle took over the Finance and Logistics management division of DB AG, to which the DB Schenker and DB Arriva business units are also assigned.

On February 19, 2020, the Supervisory Board of DB AG extended the contract of Martin Seiler, member of the Management Board for Human Resources and Legal Affairs to the end of 2025.

With effect from February 18, 2020, Werner Gatzer, Secretary of the BMF, was seconded to the Supervisory Board of DB AG.

LUFV III contract signed

The Federal Government – represented by the BMVI and the BMF – and DB Group signed the LUFV III 135 on January 14, 2020, which entered into force retroactively on January 1, 2020.

Implementation of the measures from the Climate Package

On January 1, 2020, the reduction in value-added tax on long-distance transport tickets entered into force. By fully passing this reduction on to our customers, tickets and reservations and, from February 1, 2020, BahnCards, became significantly cheaper.

On the basis of the Federal Government's CLIMATE PACKAGE 67, additional Federal funds of € 11 billion will be provided to strengthen rail by 2030. At the end of January 2020, the Federal Government, DB AG, DB Netz AG, DB Station&Service AG and DB Energie GmbH agreed on the inflow and use of the funds in a letter of intent. The funds will be used exclusively in the infrastructure, with half being allocated as equity (at DB Netz AG and DB Station&Service AG) and half as subsidies. The funds are to be used in the categories Robust Network (including small/medium-sized measures), Digital Rail, Attractive Stations and Infrastructure Measures Operated on a Purely Commercial Basis.

The funds that are to be used to increase equity are still subject to the European Commission's approval, required on the basis of state aid law. The disbursement of all funds is subject to the approval of the budgetary legislature.

Portfolio adjustments

In February 2020, we sold Ameropa Reisen GmbH (Ameropa) to Liberta Partners, a German multi-family holding company. The cooperation with Ameropa will continue after the sale.

In the first quarter of 2020, DB Station&Service AG increased its holding in Station Food GmbH to 100% by acquiring the shares previously held by the joint venture partner and then sold it in full to SSP Deutschland GmbH.

Bonds issues

Through DB Finance, we issued three new senior bonds at the beginning of 2020.

ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	Maturity	Term (years)
XS2102380776	DB Finance	EUR	500	500	0.750	Jul 2035	15.5
XS2117462627	DB Finance	EUR	300	300	0.000	Feb 2024	4.0
XS2136613457 [1]	DB Finance	EUR	150	150	0.232	Mar 2032	12.0

[1] Private placement.

Cessation of Arriva Rail North Franchise

On January 29, 2020 the British Secretary of State for Transport announced the transfer of the Arriva Rail North franchise (ARN) to the state-owned Operator of Last Resort (OLR). There were many issues affecting ARN which were largely outside of the direct control of DB Arriva. These included the ongoing, late delivery of major infrastructure upgrades and prolonged strike action. This has had a significant adverse impact on ARN, both in terms of services and financial performance.

To ensure the transition on March 1, 2020, DB Arriva has worked very closely together with the Department of Transport (DfT) and the OLR. The settlement negotiations between ARN and its main creditors (DfT, Deutsche Bahn and other suppliers) regarding a final economic settlement of open claims are ongoing.

Promotion of public regional rail passenger transport

In early 2020, the Bundestag (Lower House of Parliament) and the Bundesrat (Upper House of Parliament) decided to amend the Regionalization Act (Regionalisierungsgesetz; RegG) to increase the Federal states' regionalization funds for regional rail passenger transport. The € 8.8 billion planned for 2020, which will be increased by 1.8 % annually until 2031, will therefore be further increased: thus, in the years 2020, 2021 and 2023, an additional € 150 million will also be available. As the rate of 1.8% is also applied to this increase, an increase of € 5.2 billion is expected in the period 2020 to 2031. In a protocol declaration, the Federal Government also announced that a law will be launched by the end of this year to limit the increase in train-path and station fees in regional rail passenger transport to the legal increase rate of the regionalization funds of 1.8%.

At the same time, the Bundestag and Bundesrat have also significantly increased the means of promoting the construction and expansion of rail-based public transport (especially subways, S-Bahn (metros) and trams). The Federal funds from the GVFG will increase from the current € 332 million to about € 665 million in 2020 and to € 1 billion from 2021. A further increase to € 2 billion is planned for 2025. As of 2026, this amount will be increased by 1.8 % similarly to the RegG. In addition, more project types are eligible for funding and the Federal Government will assume a higher share of financing in the supported GVFG projects.

Laws for accelerating transport projects

Important transport projects in Germany will be able to be planned and implemented more quickly in the future. This is the aim of another acceleration law which the Bundestag and Bundesrat adopted at the beginning of 2020. Among other things, it is intended to facilitate the elimination of level crossings, which slow down both trains and cars. To this end, municipalities are to be relieved of the costs of bridges or tunnels being built in their place. For replacement constructions – above all bridges and platforms – the law provides even more options to waive approval procedures.

In addition, a so-called Measures Law Preparation Act stipulates that for eight selected rail projects, the Bundestag instead of Federal agencies will be able to directly grant construction permits in the future.

Digital Rail starter package

The digitalization of the rail network through installing ETCS and digital interlockings is to be implemented from 2020 onwards. The additional block until 2023 that the BMF placed on the funds in the Federal budget allocated to implementing the starter package was repealed in January 2020. The starter package comprises the Stuttgart metropolitan region, the Cologne—Rhein / Main high-speed rail line and the Scandinavia—Mediterranean trans-European Corridor. As part of a model project, the Federal Government will also promote the retrofitting of rolling stock with ETCS and, as required, ATO (Automatic Train Operation) proportionately until 2025 in the Stuttgart metropolitan area.

Storm Sabine

In February 2020, Storm Sabine hit Germany and caused extensive operating burdens in local and long-distance transport. For safety reasons, long-distance transport was halted between 6:00 p.m. on February 9, 2020 and 10:00 a.m. the following day.

Coronavirus

After the worldwide spread of the coronavirus in the first quarter of 2020 significant negative effects on DB Group are to be recognized since March, for example in freight transport due to the interruption of international value chains and a significant decrease in the number of passengers.

Outlook

Overall statement of the Management Board regarding the economic development

With our new **STRONG RAIL STRATEGY** 71 FF., we have redefined the strategic framework of our business operations and are focusing on our contribution to the transport and climate policy objectives of the Federal Government. Significant capital expenditures are required to implement it, particularly in the track infrastructure. The Federal Government's financial support for this has never been as high as it is currently. The expansion of the track infrastructure, which is necessary for the shift in the mode of transport, is underpinned by significant financing contributions from the Federal Government, particularly in the form of contractually agreed higher investment grants in the period up to 2030. We at DB Group are also making a significant contribution to capital expenditures and operational measures to improve service and quality, as well as to expand digitalization.

We will therefore see a significant increase in capital expenditure in the next few years, starting in 2020. Additional burdens will be added on the expenses side for additional measures and more employees. However, the positive effects of this will not be reflected immediately, but will develop over time. The measures planned over the next few years as part of the Strong Rail strategy are the key to growth, shifting traffic and improving the quality of our operations. Only high product quality and satisfied customers can increase revenues and profits in the long term.

Business development in 2020 is expected to be significantly influenced by the negative effects of coronavirus, which cannot yet be finally quantified. The Management Board of DB AG assumes that more extensive financing measures will be necessary in the 2020 financial year and that the income development will decline significantly.

Our activities are subject to various risks, as described in the **OPPORTUNITY AND RISK REPORT** 168 FF. For the 2020 financial year, we see considerable risks from the effects of the coronavirus, the length and intensity of which cannot be predicted at present. There are also risks, particularly in the areas of law and contracts as well as production and technology.

Future direction of DB Group

The new Strong Rail strategy, presented in June 2019, defines the future direction of DB Group.

FUTURE SALES MARKETS

Rail is an integral component of the Federal Government's climate policy. The Federal Government is investing in and promoting rail transport massively in the coming years. In rail passenger transport, our focus is on expanding capacity, increasing the share of rail in intermodal competition (traffic shift) and defending our strong market position. In public road transport, we expect a change towards demand-oriented transport in the medium term. At the same time, autonomous driving will lead to ever fewer people having to own their own car. This will increase the flexibility and attractiveness of public transport.

In the area of rail freight transport, our focus continues to be on the European market. We are well positioned in all of the central European corridors and offer service connections to locations as far afield as China.

DB Schenker is already very well represented in all key markets and regions. We do not expect this to change significantly in 2020.

Economic outlook

- *Forecasts for development in 2020 assume there will be no material changes in the geopolitical situation.*
- *Intensity of the effects of coronavirus on economic developments currently still not foreseeable.*

Anticipated development *(%)*	2019	**2020**
World trade	+0.9	↘
GDP world	+2.6	↘
GDP Eurozone	+1.2	↘
GDP Germany	+0.6	↘

↗ Above the previous year's figure
→ At the previous year's level
↘ Below the previous year's figure

Source: Oxford Economics

The economic development in 2020 is expected to be significantly negatively influenced by the effects of the coronavirus. A weaker development of the global economy is therefore expected for 2020. In addition, dampening effects are to be expected in view of ongoing political conflicts on trade issues and an economic cycle in the industrialized countries that is nearing its end. In Europe and the Eurozone, the economy could shrink; in Asia and China, growth rates are declining. In the USA, the short-term positive effects of the tax cuts are fading, so that economic growth is also lower for this reason.

The risks for the global economy remain high, with the intensity of the effects of the coronavirus as yet incalculable, the smoldering trade dispute between the USA and China and numerous (geo)political conflicts in oil-producing countries. In Europe, now that Brexit has been agreed, the uncertainty about future relations between the EU and Great Britain will continue.

These developments are leading to a persistently uncertain decision-making environment for companies, with the result that their investments tend to remain restrained.

Transport markets

Quantified forecasts for the development of the transport markets are at the present time not possible due to the effects of the coronavirus. Developments in 2020 will depend to a large extent on when and how quickly passenger transport demand and international flows of goods and commodities recover.

PASSENGER TRANSPORT

Expected market development *(%)*	2019	**2020**
German passenger transport (based on pkm)	+0.9	↘

↗ Above the previous year's figure
→ At the previous year's level
↘ Below the previous year's figure

FREIGHT TRANSPORT AND LOGISTICS

Expected market development *(%)*	2019	**2020**
German freight transport (based on tkm)	+0.3	↘
European rail freight transport (based on tkm)	-0.9	↘
European land transport (based on revenues)	+2.2	↘
Global air freight (based on t)	-4.4	↘
Global ocean freight (based on TEU)	+0.9	↘
Global contract logistics (based on revenues)	+4.5	↘

↗ Above the previous year's figure
→ At the previous year's level
↘ Below the previous year's figure

Procurement markets

As a result of the negative effects of the coronavirus on intra-European and international trade in goods, impairments or shortages on the procurement side cannot be excluded. Potential risks for supply chains could arise in connection with international value chains with China and the supply of vehicle parts from European suppliers.

As a baseline scenario, we continue to expect no shortages on the procurement side.

After no significant results were achieved at the World Climate Conference in Madrid, Germany is advancing with the **CLIMATE PACKAGE** 176. The expansion of renewable energies to 65% by 2030, which was decided therein, is expected to further strengthen price fluctuations on the electricity spot market due to their limited predictability. The gradual phasing out of coal-fired electricity will further boost wholesale prices. The expansion of emissions trading in the transport and building sector is also contributing to this.

Financial markets

Developments on the financial markets are characterized by great uncertainty about the economic and financial effects of the coronavirus. Central banks around the world are reacting by further easing monetary policy. To this extent, the interest rate landscape is likely to remain characterized by low or negative interest rates in the foreseeable future.

Development of DB Group

- *Progress in implementing the Strong Rail strategy, capital expenditure activities continue to increase.*
- *Further progress on quality and environmental topics.*
- *Profit development is expected to be significantly under pressure.*
- *Net financial debt is expected to be above the previous year's level.*

Our forecasts for the development of DB Group and the business units in the 2020 financial year are based on our expectations of developments in the market, competition and environment, and the implementation success of the planned measures.

The business development of DB Group in 2020 is expected to be significantly negatively impacted by the consequences of the coronavirus, the length and intensity of which at this time is not yet foreseeable.

TOP TARGETS STRONG RAIL

Anticipated development	2019	2020
Long-distance passenger transport (rail) (million)	150.7	↘
Local passenger transport (rail) (million)	1,972	↘
Volume sold rail freight transport (Germany) (million tkm)	60,702	↘
Train kilometers on track infrastructure (Germany) (million train-path km)	1,090	↘
Customer satisfaction DB Long-Distance (SI)	76.5	79
Customer satisfaction DB Regional (rail) (SI)	66.1	69
Customer satisfaction DB Cargo (SI)	61	63
Punctuality DB Long-Distance (%)	75.9	78.0
Punctuality DB Regional (rail) (%)	94.3	94.8
Punctuality DB Cargo (Germany) (%)	73.8	75.0
Share of renewable energies in the DB traction current mix (%)	60.1	61
Employee satisfaction (SI)	–	3.8
ROCE (%)	4.3	↘
Debt coverage (%)	15.3	↘

↗ Above the previous year's figure
→ At the previous year's level
↘ Below the previous year's figure

- The performance development in local, long distance and rail freight transport as well as the demand for train-paths is likely to be weaker in 2020. Negative effects to an extent not yet foreseeable result from the effects of the coronavirus.
- By implementing attractiveness-increasing measures, we are striving to improve customer satisfaction.
- For 2020, we expect a further improvement in punctuality due to the consistent continuation of the Strong Rail measures despite increased construction activity and increasing transport volume.
- We will continue our measures to reduce the greenhouse gas intensity of the traction current in Germany through a gradual increase in the share of renewable energies.
- In 2020, we will conduct our fifth Group-wide employee survey to detect trends and changes and to find out which measures are effective and where we still need to take action. We expect a slight improvement in the survey results.
- Due to the expected significantly lower development of adjusted EBIT, along with a simultaneous significant increase in capital employed, the ROCE is expected to decline.
- Debt coverage is expected to decline among others as a result of the expected lower operating profit.

ADDITIONAL KEY FIGURES FOR INCOME, FINANCIAL AND ASSET SITUATION

Anticipated development *(€ billion)*	2019	2020
Revenues	44.4	↘
EBIT adjusted	1.8	↘
Gross capital expenditures	13.1	> 15
Net capital expenditures	5.6	> 6.5
Maturities	2.2	2.3
Bond issues (senior)	2.0	> 2.5
Cash and cash equivalents as of Dec 31	4.0	→
Net financial debt as of Dec 31	24.2	↗

↗ Above the previous year's figure
→ At the previous year's level
↘ Below the previous year's figure

The effects of the already noticeable impact of the coronavirus on passenger and freight transport and the further development in the course of the year cannot be quantified at present, but are expected to have a significant negative impact on revenue and profit development.

We therefore expect a decline in revenues in 2020. Additional dampening effects result from the cessation of the ARRIVA RAIL NORTH FRANCHISE 177.

On the profit side, in addition to the revenue risks, additional expenses, for example from tariff increases and for our measures to improve quality and digitization as part of the Strong Rail strategy, are particularly noticeable in infrastructure. In addition, the development at DB Cargo and DB Regional will continue to be under pressure. Which business units are affected on the revenue side by the negative effects of the coronavirus, is not yet foreseeable at present.

We will continue our quality and capital expenditure initiative for the integrated rail system with large capital expenditures. We thus intend to improve our quality and customer satisfaction, drive forward digitalization (including IT security improvements) and increase our performance capability. The capital expenditures in 2020 are expected to be significantly above the level of the year under review. Increased vehicle capital expenditures at DB Long-Distance (ICE 4 and Intercity 2) and higher capital expenditures for track infrastructure as part of the LUFV III 135 make an impact in this respect.

Efficient liquidity management is once again a top priority for us in 2020. We are focusing on continually forecasting the cash flow from operating activities, as this is our main source of cash and cash equivalents. We produce liquidity forecasts every month on the basis of a 12-month liquidity plan. In 2020, we must redeem financial liabilities (excluding commercial paper and current bank liabilities) at about the same level as in the previous year. Funding needs for this are met by issuing public and non-public bonds. Roadshows are planned in Europe and Asia in conjunction with the bond issues.

We continue to have adequate financial leeway for our capital market activities from our DEBT ISSUANCE PROGRAMS 106 and our COMMERCIAL PAPER PROGRAM 106. The GUARANTEED CREDIT FACILITIES 106 serve as a fallback in the event of interrupted access to the capital market. At the beginning of 2020, we already issued three SENIOR BONDS 176 via DB Finance and continued to be active in the commercial paper market with 11 issues. Our short- and medium-term liquidity supply is therefore also secure in 2020.

The majority of our gross capital expenditures in 2020 will again be covered by investment grants. In addition, a capital increase from the Federal Government is available as part of the CLIMATE PACKAGE 67. The net capital expenditures to be financed by DB Group will likely also not be fully covered by internal sources in 2020. The capital requirements can be covered by the issue of additional hybrid bonds, among other things.

We still plan to divest from DB Arriva. However, we currently do not assume that this will happen in 2020.

Net financial debt as of 31 December 2020 is expected to be above the level at the end of the year under review.

We will continue our M&A activities in a selective and focused manner in 2020.

ADDITIONAL ENVIRONMENTAL KEY FIGURES

Anticipated development	2019	2020
Specific greenhouse gas emissions in comparison to 2006 (%)	-34.8	~-35
Track kilometers noise remediated in total as of Dec 31 (km)	1,844	2,000
Quiet freight cars in Germany as of Dec 31	57,644	61,000
Recycling rate (%)	97.7	>95

- In terms of reducing our greenhouse gas emissions, we are already at a good level due to the efficiency improvements achieved, particularly in ocean freight and land transport by DB Schenker and rail transport in Germany. Our main measure in order to achieve the 2030 targets is to increase the share of renewable energies for our electricity-based transport and the ongoing modernization of our fleets and facilities.
- We will continue the noise remediation of lines as scheduled in 2020.
- We will complete the conversion of freight cars as scheduled in 2020.
- Despite the increasing volume of construction, we will keep the recycling rate at a high level.

FORWARD-LOOKING STATEMENTS

This management report contains statements and forecasts pertaining to the future development of DB Group, its business units and individual companies. These forecasts are estimates based on information that is available at the current time. Actual developments and profits may diverge from the current expectations as a result of the non-materialization of the assumptions upon which our forecasts are based or the materialization of risks such as those presented in the Risk report.

DB Group does not assume any obligation to update the statements made within this management report.

CROSS-REFERENCES IN THE MANAGEMENT REPORT

This management report contains cross-references to additional information that is not part of this management report. The corresponding parts are marked in the report with the symbol TERM and are not part of the management report.

Consolidated financial statements

Consolidated statement of income

Jan 1 through Dec 31 *(€ million)*	Note	2019	2018
Revenues	(1)	44,430	44,065
Inventory changes and internally produced and capitalized assets	(2)	3,166	3,091
Overall performance		47,596	47,156
Other operating income	(3)	3,030	2,998
Cost of materials	(4)	-22,262	-22,258
Personnel expenses	(5)	-18,152	-17,301
Depreciation and impairments	(6)	-3,671	-2,688
Other operating expenses	(7)	-5,157	-6,088
Operating profit (EBIT)		**1,384**	**1,819**
Result from investments accounted for using the equity method	(8)	-12	12
Net interest income	(9)	-655	-645
Other financial result	(10)	-36	-14
Financial result		**-703**	**-647**
Profit before taxes on income		**681**	**1,172**
Taxes on income	(11)	-1	-630
Net profit for the year		**680**	**542**
Net profit attributable to			
Shareholder of Deutsche Bahn AG		662	528
Hybrid capital investors		5	-
Non-controlling interests		13	14
Earnings per share (€ per share)	(12)		
undiluted		1.54	1.23
diluted		1.54	1.23

Reconciliation of consolidated comprehensive income

Jan 1 through Dec 31 *(€ million)*	2019	2018
Net profit for the year	680	542
Changes due to the revaluation of defined benefit plans	-775	-818
Change in items recognized directly in equity which are not reclassified to the income statement	-775	-818
Changes resulting from currency translation	78	23
Changes resulting from market valuation of securities	0	-
Changes resulting from market valuation of cash flow hedges	-42	16
Share of profit items not recognized in the income statement due to investments accounted for using the equity method	2	-1
Change in items recognized directly in equity which are reclassified to the income statement	38	38
Balance of profit items covered directly in equity (before taxes)	**-737**	**-780**
Revaluation of defined benefit plans	65	40
Changes in deferred taxes on profit items recognized directly in equity, which are not reclassified to the income statement	**65**	**40**
Deferred taxes relating to the change in the market valuation of securities	-	-
Deferred taxes relating to the change in the market valuation of cash flow hedges	-1	-1
Changes in deferred taxes on profit items recognized directly in equity which are reclassified to the income statement	**-1**	**-1**
Balance of profit items recognized directly in equity (after taxes)	**-673**	**-741**
Comprehensive income	**7**	**-199**
Comprehensive income attributable to		
Shareholder of Deutsche Bahn AG	-11	-211
Hybrid capital investors	5	-
Non-controlling interests	13	12

Consolidated balance sheet

Assets

(€ million)	Note	Dec 31, 2019	Dec 31, 2018
NON-CURRENT ASSETS			
Property, plant and equipment	(13)	46,591	40,757
Intangible assets	(14)	3,894	3,730
Investments accounted for using the equity method	(15)	501	486
Other investments and securities	(17)	44	45
Receivables and other assets	(19)	756	380
Derivative financial instruments	(21)	181	216
Deferred tax assets	(16)	1,246	1,032
		53,213	**46,646**
CURRENT ASSETS			
Inventories	(18)	1,520	1,369
Other investments and securities	(17)	1	1
Trade receivables	(19)	4,871	4,962
Other receivables and other assets	(19)	2,036	1,870
Income tax receivables	(20)	60	62
Derivative financial instruments	(21)	134	47
Cash and cash equivalents	(22)	3,993	3,544
Held-for-sale assets	(23)	0	26
		12,615	**11,881**
Total assets		**65,828**	**58,527**

Equity and liabilities

(€ million)	Note	Dec 31, 2019	Dec 31, 2018
EQUITY			
Subscribed capital	(24)	2,150	2,150
Reserves	(25)	3,400	4,074
Retained earnings	(26)	7,225	7,211
Equity attributable to shareholder of Deutsche Bahn AG		**12,775**	**13,435**
Non-controlling interests	(27)	155	157
Hybrid capital	(27)	1,997	-
		14,927	**13,592**
NON-CURRENT LIABILITIES			
Financial debt	(28)	23,977	20,626
Other liabilities	(29)	338	258
Derivative financial instruments	(21)	287	372
Pension obligations	(31)	5,354	4,823
Other provisions	(32)	2,246	2,246
Deferred items	(33)	455	627
Deferred tax liabilities	(16)	163	152
		32,820	**29,104**
CURRENT LIABILITIES			
Financial debt	(28)	4,716	2,618
Trade liabilities	(29)	5,789	5,491
Other liabilities	(29)	3,432	3,660
Income tax liabilities	(30)	190	195
Derivative financial instruments	(21)	79	19
Other provisions	(32)	2,852	2,822
Deferred items	(33)	1,023	1,021
Held-for-sale liabilities	(23)	-	5
		18,081	**15,831**
Total assets		**65,828**	**58,527**

Consolidated statement of cash flows

Jan 1 through Dec 31 *(€ million)*	Note	2019	2018
Profit before taxes on income		681	1,172
Depreciation on property, plant and equipment and intangible assets		3,671	2,688
Write-ups / write-downs on non-current financial assets		5	8
Result on disposal of property, plant and equipment and intangible assets		-145	-162
Result on disposal of financial assets		1	-37
Interest and dividend income		-50	-25
Interest expense		703	669
Foreign currency result		18	-2
Result of investments accounted for using the equity method		12	-12
Other non-cash expenses and income		1,235	871
Changes in inventories, receivables and other assets		-408	-950
Changes in liabilities, provisions and deferred items		-1,768	-176
Cash generated from operating activities		3,955	4,044
Interest received		31	22
Received / paid (-) dividends and capital distribution		-2	-8
Interest paid		-556	-529
Paid (-) / reimbursed (+) taxes on income		-150	-158
Cash flow from operating activities		**3,278**	**3,371**
Proceeds from the disposal of property, plant and equipment and intangible assets		473	431
Payments for capital expenditures in property, plant and equipment and intangible assets		-11,661	-11,242
Proceeds from investment grants		7,447	7,209
Payments for repaid investment grants		-74	-39
Proceeds from sale of financial assets		0	0
Payments for investments in financial assets		-4	-24
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents sold		–	0
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired		-23	-3
Proceeds from disposal of investments accounted for using the equity method		0	0
Payments for additions of investments accounted for using the equity method		-11	0
Cash flow from investing activities		**-3,853**	**-3,668**
Proceeds from capital injections		1,993	–
Distribution of profits to shareholder		-650	-450
Distribution of profits to minority interests		-12	-13
Payments for finance lease transactions		-954	-42
Proceeds from issue of senior bonds		1,995	2,927
Payments for redemption of senior bonds		-1,913	-1,900
Payments for the redemption and repayment of interest-free loans		-178	-204
Proceeds from borrowings and commercial paper		923	185
Payments for the redemption of borrowings and commercial paper		-211	-54
Cash flow from financing activities		**993**	**449**
Net changes in cash and cash equivalents		**418**	**152**
Cash and cash equivalents as of Jan 1	(22)	3,544	3,397
Changes in cash and cash equivalents due to changes in exchange rates		31	-5
Cash and cash equivalents as of Dec 31	**(22)**	**3,993**	**3,544**

Consolidated statement of changes in equity

(€ million)	Subscribed capital	Reserves: Capital reserves	Currency translation	Fair value valuation of securities	Fair value valuation of cash flow hedges	Revaluation of pensions	Other movements	**Total**	Retained earnings	**Equity attributable to shareholder of Deutsche Bahn AG**	Hybrid capital	Non-controlling interests	**Equity**
As of Jan 1, 2018	2,150	6,310	- 9	–	- 121	- 1,355	- 12	**4,813**	7,110	**14,073**	–	165	**14,238**
Adjustments due to IFRS 9	–	–	–	–	–	–	–	**–**	24	**24**	–	–	**24**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	–	3	**3**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	- 1	**- 1**
− Dividend payment	–	–	–	–	–	–	–	**–**	- 450	**- 450**	–	- 13	**- 463**
± Other changes	–	–	–	–	–	–	–	**–**	- 1	**- 1**	–	- 9	**- 10**
± Comprehensive income	–	–	25	- 1	15	- 778	–	**- 739**	528	**- 211**	–	12	**- 199**
thereof net profit for the year	–	–	–	–	–	–	–	**–**	528	**528**	–	14	**542**
thereof currency effects	–	–	25	–	–	–	–	**25**	–	**25**	–	- 2	**23**
thereof deferred taxes	–	–	–	–	- 1	40	–	**39**	–	**39**	–	–	**39**
thereof market valuation/reclassification	–	–	–	–	16	–	–	**16**	–	**16**	–	–	**16**
thereof revaluation of defined benefit plans	–	–	–	–	–	- 818	–	**- 818**	–	**- 818**	–	–	**- 818**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	- 1	–	–	–	**- 1**	–	**- 1**	–	–	**- 1**
As of Dec 31, 2018	**2,150**	**6,310**	**16**	**- 1**	**- 106**	**- 2,133**	**- 12**	**4,074**	**7,211**	**13,435**	**–**	**157**	**13,592**

(€ million)	**Subscribed capital**	**Reserves: Capital reserves**	**Currency translation**	**Fair value valuation of securities**	**Fair value valuation of cash flow hedges**	**Revaluation of pensions**	**Other movements**	**Total**	**Retained earnings**	**Equity attributable to shareholder of Deutsche Bahn AG**	**Hybrid capital**	**Non-controlling interests**	**Equity**
As of Jan 1, 2019	2,150	6,310	16	- 1	- 106	- 2,133	- 12	**4,074**	7,211	**13,435**	–	157	**13,592**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	1,992	1	**1,993**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	- 3	**- 3**
− Dividend payment	–	–	–	–	–	–	–	**–**	- 650	**- 650**	–	- 12	**- 662**
± Other changes	–	–	–	–	–	–	- 1	**- 1**	2	**1**	–	- 1	**–**
± Comprehensive income	–	–	78	2	- 43	- 710	–	**- 673**	662	**- 11**	5	13	**7**
thereof net profit for the year	–	–	–	–	–	–	–	**–**	662	**662**	5	13	**680**
thereof currency effects	–	–	78	–	–	–	–	**78**	–	**78**	–	0	**78**
thereof deferred taxes	–	–	–	–	- 1	65	–	**64**	–	**64**	–	–	**64**
thereof market valuation/reclassification	–	–	–	0	- 42	–	–	**- 42**	–	**- 42**	–	–	**- 42**
thereof revaluation of defined benefit plans	–	–	–	–	–	- 775	–	**- 775**	–	**- 775**	–	0	**- 775**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	2	–	–	–	**2**	–	**2**	–	–	**2**
As of Dec 31, 2019	**2,150**	**6,310**	**94**	**1**	**- 149**	**- 2,843**	**- 13**	**3,400**	**7,225**	**12,775**	**1,997**	**155**	**14,927**

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Notes to the consolidated financial statements

Segment information according to segments

	DB Long-Distance		DB Regional		DB Cargo		DB Netze Track		DB Netze Stations		DB Netze Energy	
Jan 1 through Dec 31 or respectively as of Dec 31 *(€ million)*	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
External revenues	4,824	4,528	8,830	8,862	4,188	4,177	1,687	1,559	590	569	1,308	1,350
Internal revenues	161	154	115	106	261	283	3,965	3,952	749	745	1,504	1,500
Total revenues	4,985	4,682	8,945	8,968	4,449	4,460	5,652	5,511	1,339	1,314	2,812	2,850
Other external income	162	141	288	264	420	354	822	832	196	167	48	53
Other internal income	57	49	105	92	52	43	265	251	27	23	34	34
Inventory changes and internally produced and capitalized assets	12	15	82	83	40	42	1,009	942	65	50	20	21
Total income	5,216	4,887	9,420	9,407	4,961	4,899	7,748	7,536	1,627	1,554	2,914	2,958
Cost of materials	-2,769	-2,634	-5,545	-5,506	-2,590	-2,509	-1,931	-1,968	-637	-594	-2,531	-2,617
Personnel expenses	-1,054	-978	-2,127	-2,050	-1,741	-1,654	-3,145	-2,945	-373	-338	-130	-124
Other operating expenses	-604	-600	-692	-725	-617	-682	-1,229	-1,177	-268	-260	-125	-130
EBITDA	789	675	1,056	1,126	13	54	1,443	1,446	349	362	128	87
Scheduled depreciation [2]	-304	-258	-648	-633	-321	-230	-662	-651	-139	-141	-85	-66
Impairment losses recognized / reversed [2]	–	0	0	-1	0	-14	26	45	–	0	0	0
EBIT (operating profit)	485	417	408	492	-308	-190	807	840	210	221	43	21
Net operating interest [3]	-6	-1	-48	-51	-63	-47	-179	-206	-39	-32	-20	-17
Operating income after interest [3]	479	416	360	441	-371	-237	628	634	171	189	23	4
Property, plant and equipment	4,591	3,658	6,533	6,616	3,037	2,597	19,995	19,514	3,382	3,154	1,171	984
+ Intangible assets	23	8	35	29	190	180	147	139	35	23	18	24
thereof goodwill	0	0	6	6	1	1	–	0	0	0	–	0
+ Inventories	138	110	237	208	168	122	216	211	0	–	103	89
+ Trade receivables [4]	63	57	751	601	482	481	170	164	76	22	170	268
+ Receivables and other assets [4]	171	148	735	512	193	180	536	472	22	20	145	161
− Receivables from financing and earmarked construction deposits [4]	–	–	–	–	–	–	–	–	–	–	–	–
+ Income tax receivables	–	–	1	1	1	3	0	–	–	–	0	–
+ Available-for-sale assets [4]	–	–	–	–	–	–	–	–	–	–	–	–
− Trade liabilities [4]	-355	-296	-607	-216	-452	-508	-530	-587	-91	-92	-283	-361
− Miscellaneous and other liabilities [4]	-281	-297	-789	-626	-246	-619	-615	-674	-195	-191	-67	-59
− Income tax liabilities	0	–	-1	-1	-8	-2	–	–	0	–	–	–
− Other provisions	-26	-35	-1,564	-1,527	-149	-174	-351	-275	-26	-34	-24	-39
− Deferred items	-476	-474	-126	-138	-7	-4	-379	-521	-115	-122	-2	-3
− Deferred liabilities [4]	-95	-95	-195	-200	-203	-209	-274	-271	-24	-22	-11	-11
− Held-for-sale liabilities [4]	–	–	–	–	–	–	–	–	–	–	–	–
Capital employed [5]	3,753	2,784	5,010	5,259	3,006	2,047	18,915	18,172	3,064	2,758	1,220	1,053
Net financial debt	1,379	463	2,494	2,781	2,506	1,692	10,090	9,499	1,543	1,260	782	623
Investments accounted for using the equity method	1	1	4	4	38	38	1	1	0	–	0	–
Result from investments accounted for using the equity method	0	–	1	1	2	-1	0	1	–	–	0	–
Gross capital expenditures	1,241	1,081	560	539	570	587	7,441	6,901	1,096	883	193	187
Investment grants received	–	–	-12	-13	-47	-1	-6,386	-6,337	-834	-719	-132	-122
Net capital expenditures	1,241	1,081	548	526	523	586	1,055	564	262	164	61	65
Additions due to changes in the scope of consolidation (acquisition of companies)	–	–	–	–	–	–	–	–	–	–	–	–
Employees [6]	17,289	16,548	36,374	35,881	29,525	28,842	48,787	46,969	6,216	5,804	1,772	1,734

[1] Relating to special items and reclassification PPA amortization of customer contracts as well as the reconciliation of capital employed to the external display.

[2] The non-cash items are included in the segment result shown.

[3] Key figure from internal reporting, no external figures.

[4] Content allocation in accordance with management reporting.

[5] Profit transfer agreements were not assigned to segment assets or liabilities.

[6] The number of employees comprises the workforce, excluding vocational trainees, and dual degree students at the end of the reporting period (part-time employees have been converted to full-time employees).

Subsidiaries / Other 2019	Subsidiaries / Other 2018	Consolidation 2019	Consolidation 2018	Integrated rail system 2019	Integrated rail system 2018	DB Arriva 2019	DB Arriva 2018	DB Schenker 2019	DB Schenker 2018	Consolidation other 2019	Consolidation other 2018	DB Group adjusted 2019	DB Group adjusted 2018	Reconciliation [1] 2019	Reconciliation [1] 2018	DB Group 2019	DB Group 2018
581	573	–	–	22,008	21,618	5,405	5,433	17,018	16,973	–	–	44,431	44,024	-1	41	44,430	44,065
4,611	4,417	-11,154	-10,934	212	223	5	8	73	77	-290	-308	–	–	–	–	–	–
5,192	4,990	-11,154	-10,934	22,220	21,841	5,410	5,441	17,091	17,050	-290	-308	44,431	44,024	-1	41	44,430	44,065
514	574	–	–	2,450	2,385	311	210	247	267	–	–	3,008	2,862	22	136	3,030	2,998
1,224	1,161	-1,693	-1,595	71	58	-1	6	9	9	-79	-73	–	–	–	–	–	–
713	778	1,196	1,143	3,137	3,074	11	2	8	6	10	9	3,166	3,091	–	–	3,166	3,091
7,643	7,503	-11,651	-11,386	27,878	27,358	5,731	5,659	17,355	17,332	-359	-372	50,605	49,977	21	177	50,626	50,154
-2,943	-2,933	9,302	9,113	-9,644	-9,648	-1,779	-1,630	-11,058	-11,225	222	249	-22,259	-22,254	-3	-4	-22,262	-22,258
-3,554	-3,331	1	-1	-12,123	-11,421	-2,424	-2,439	-3,465	-3,289	1	0	-18,011	-17,149	-141	-152	-18,152	-17,301
-1,208	-1,439	2,248	2,185	-2,495	-2,828	-776	-1,015	-1,750	-2,115	122	123	-4,899	-5,835	-258	-253	-5,157	-6,088
-62	-200	-100	-89	3,616	3,461	752	575	1,082	703	-14	0	5,436	4,739	-381	-232	5,055	4,507
-513	-252	53	49	-2,619	-2,182	-462	-273	-544	-199	1	0	-3,624	-2,654	-64	-60	-3,688	-2,714
0	-1	–	–	26	29	-1	-2	0	-1	–	–	25	26	-8	–	17	26
-575	-453	-47	-40	1,023	1,308	289	300	538	503	-13	0	1,837	2,111	-453	-292	1,384	1,819
-160	-189	0	0	-515	-543	-48	-35	-57	-38	–	-2	-620	-618	–	–	–	–
-735	-642	-47	-40	508	765	241	265	481	465	-13	-2	1,217	1,493	–	–	–	–
2,679	1,246	-788	-748	40,600	37,021	3,197	2,217	2,811	1,522	-17	-3	46,591	40,757	–	–	46,591	40,757
287	209	-43	-30	692	582	1,756	1,726	1,448	1,422	-2	–	3,894	3,730	–	–	3,894	3,730
14	14	–	–	21	21	1,435	1,377	1,164	1,146	–	–	2,620	2,544	–	–	2,620	2,544
496	480	-17	-24	1,341	1,196	103	98	76	75	–	–	1,520	1,369	–	–	1,520	1,369
465	400	–	–	2,177	1,993	450	454	2,248	2,504	–	–	4,875	4,951	-4	11	4,871	4,962
1,220	1,585	-1,598	-1,788	1,424	1,290	482	447	581	640	-103	-264	2,384	2,113	408	137	2,792	2,250
–	–	–	–	–	–	–	–	–	–	–	–	–	–	-404	-174	-404	-174
6	6	–	–	8	10	15	21	37	31	–	–	60	62	–	–	60	62
–	–	–	–	–	–	–	–	–	–	–	–	–	–	0	26	0	26
-604	-572	1	1	-2,921	-2,631	-667	-634	-2,055	-2,119	–	–	-5,643	-5,384	-146	-107	-5,789	-5,491
-901	-885	1,597	1,785	-1,497	-1,566	-221	-287	-547	-667	104	264	-2,161	-2,256	-1,609	-1,662	-3,770	-3,918
-38	-28	–	0	-47	-31	-76	-77	-72	-105	5	18	-190	-195	–	–	-190	-195
-2,250	-2,280	–	1	-4,390	-4,363	-334	-305	-363	-390	-11	-10	-5,098	-5,068	–	–	-5,098	-5,068
-107	-127	–	0	-1,212	-1,389	-256	-246	-11	-12	1	-1	-1,478	-1,648	–	–	-1,478	-1,648
-361	-361	–	–	-1,163	-1,169	-173	-194	-419	-411	–	–	-1,755	-1,774	1,755	1,774	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-5	–	-5
892	-327	-848	-803	35,012	30,943	4,276	3,220	3,734	2,490	-23	4	42,999	36,657	–	–	42,999	36,657
1,798	1,643	–	–	20,592	17,961	1,760	741	1,823	847	–	–	24,175	19,549	–	–	24,175	19,549
347	332	–	–	391	376	99	99	11	11	–	–	501	486	–	–	501	486
-24	3	–	–	-21	4	8	7	1	1	–	–	-12	12	–	–	-12	12
714	511	-102	-83	11,713	10,606	718	326	662	273	–	–	13,093	11,205	–	–	13,093	11,205
-1	-3	–	–	-7,412	-7,195	-35	-14	–	–	–	–	-7,447	-7,209	–	–	-7,447	-7,209
713	508	-102	-83	4,301	3,411	683	312	662	273	–	–	5,646	3,996	–	–	5,646	3,996
0	–	–	–	0	–	-1	165	–	–	–	–	-1	165	–	–	-1	165
55,497	53,877	–	–	195,460	189,655	52,331	53,056	76,153	75,817	–	–	323,944	318,528	–	–	323,944	318,528

Information by regions

	External revenues		Non-current assets[1]		Capital employed[1]		Gross capital expenditures		Net capital expenditures		Employees[1]	
Jan 1 to Dec 31 *(€ million)*	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Germany	25,165	24,929	42,013	38,207	35,483	30,903	11,826	10,682	4,414	3,487	202,328	196,334
Europe (excluding Germany)	13,653	13,593	7,953	6,044	6,863	5,356	1,186	506	1,151	492	92,106	92,336
Asia / Pacific	3,121	3,035	1,143	847	1,076	787	133	79	133	79	16,890	16,751
North America	1,924	1,905	263	196	389	371	37	16	37	16	9,285	9,736
Rest of world	568	562	45	27	66	43	13	5	13	5	3,335	3,371
Consolidation	-	-	-849	-782	-878	-803	-102	-83	-102	-83	-	-
DB Group adjusted	**44,431**	**44,024**	**50,568**	**44,539**	**42,999**	**36,657**	**13,093**	**11,205**	**5,646**	**3,996**	**323,944**	**318,528**
Reconciliation	-1	41	-	-	-	-	-	-	-	-	-	-
DB Group	**44,430**	**44,065**	**50,568**	**44,539**	**42,999**	**36,657**	**13,093**	**11,205**	**5,646**	**3,996**	**323,944**	**318,528**

[1] As of the balance sheet date.

Basic principles and methods

FUNDAMENTAL INFORMATION

Deutsche Bahn AG (DB AG) and its subsidiaries (together DB Group) provide services in the fields of passenger transport, freight transport and logistics, and operate an extensive rail infrastructure which is also available to non-Group users on a non-discriminatory basis. Whereas rail infrastructure activities are conducted primarily in the company's domestic market of Germany, business activities in passenger transport are conducted on a Europe-wide basis and freight transport and logistics activities are conducted on a worldwide basis.

DB AG, Potsdamer Platz 2, 10785 Berlin is an Aktiengesellschaft (joint stock corporation); its shares are held entirely by the Federal Republic of Germany (Federal Government). The company is maintained under the number HRB 50000 in the commercial register of the Amtsgericht (local court) Berlin-Charlottenburg. DB Group has issued securities in accordance with section 2 (1) clause 1 of the Securities Trading Act (Wertpapierhandelsgesetz; WpHG); these securities are traded on organized markets in accordance with section 2 (11) WpHG.

These consolidated financial statements have been prepared by the Management Board, and will be submitted to the Supervisory Board for the Supervisory Board meeting on March 25, 2020.

PRINCIPLES OF PREPARING FINANCIAL STATEMENTS

The consolidated financial statements are prepared on the basis of section 315e Commercial Code (Handelsgesetzbuch; HGB) and in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and their interpretation by the IFRS Interpretations Committee. The accounting standards have been principally consistently applied throughout the entire reporting period with no changes compared with the previous year.

The financial year of DB AG and its incorporated subsidiaries is the same as the calendar year. The consolidated financial statements are prepared in euros. Unless otherwise specified, all figures are stated in million euros (€ million).

a) Standards, revisions of standards and interpretations which are the subject of mandatory first-time adoption or early adoption for reporting periods after January 1, 2019

In the year under review, the consolidated financial statements took account of all new and revised standards and interpretations which are the subject of mandatory first-time adoption starting on or after January 1, 2019, which are also relevant for DB Group and which have not been the subject of early adoption in previous periods. The changes to the standards have been recognized in accordance with the transitional regulations. The relevant new standards, clarifications and interpretations which are significant for DB Group are as follows:

IFRS 16: "LEASES" (PUBLISHED JANUARY 2016; APPLICABLE FOR REPORTING PERIODS AFTER JANUARY 1, 2019)

IFRS 16 adopted in 2016 governs the recognition of leases. The standard states that, from the point of view of the lessee, a right to use the asset has to be capitalized for every lease, and the corresponding obligation to pay lease payments has to be recognized as a liability. On the other hand, the accounting regulations for lessors have remained substantially unchanged.

IFRS 9 AND IFRS 7: "INTEREST RATE BENCHMARK REFORM" (PUBLISHED ON SEPTEMBER 26, 2019)

DB AG has decided in favor of early adoption of the amendments to IFRS 9 and IFRS 7 standards regarding the first phase of implementing the IBOR reform (interest rate benchmark reform). The amendments would only have been the subject of mandatory adoption after January 1, 2020. They relate to hedges which existed at the beginning of the reporting period or which were subsequently designated as such. In connection with the associated simplifications, DB Group assumes that the IBOR reform will not have any negative impact on the effectiveness of the recognized hedges, and that accordingly it will not be necessary for any hedges to be reversed. The probable effects of the IBOR reforms are constantly monitored and any necessary measures are initiated on a timely basis. The aim of the measures is to ensure, by way of adapting systems and processes, that the benchmark rates removed as a result of the IBOR reform can be replaced on a timely basis by the new benchmark rates.

For further information, please refer to the section "Comparability with the previous year."

IFRIC 23: "UNCERTAINTY OVER INCOME TAX TREATMENTS" (PUBLISHED ON JUNE 7, 2017, APPLICABLE FOR REPORTING PERIODS AFTER JANUARY 1, 2019)

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The first-time adoption of IFRIC 23 has not resulted in any impact on the retained earnings.

b) Standards, revisions of standards and interpretations which had been adopted as of the reporting date, but which are not yet the subject of mandatory adoption and early adoption

Various new accounting standards and interpretations have been published, although they are not the subject of mandatory adoption for reporting periods up to December 31, 2019 and, with the exception of the amendments to IFRS 9 and IFRS 7, have not been the subject of early adoption by DB Group. The impact of the new regulations is considered to be of a minor nature.

STRUCTURE OF THE BALANCE SHEET AND THE INCOME STATEMENT

Assets and liabilities are stated in the balance sheet either as current or non-current items. Assets and liabilities are classified as current if they are realized or due within 12 months after the end of the reporting year. The structure of the balance sheet takes account of the requirements of the ordinance relating to the structure of the financial statements of transport companies. The income statement uses the structure of the total cost accounting.

GRI 102-48

PRINCIPLES UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

Comparability with the previous year

After due consideration is given to the following issues, the financial information presented for the year under review is comparable with the financial information for the previous year:

CHANGES IN SEGMENT ALLOCATION

The segment report has been extended to include a "total" column which contains all segments of the integrated rail system.

CHANGES IN SEGMENT ALLOCATION

As of January 1, 2019, one company which previously had been allocated to the Subsidiaries/Other segment was reallocated to the DB Cargo segment. The previous year's figures were not adjusted as they are not of a material nature.

REVIEW OF USEFUL LIVES USED IN THE SEGMENTS DB NETZE STATIONS AND DB SCHENKER

At the beginning of the year under review, DB Group reviewed the useful lives recognized for the purpose of calculating depreciation in order to determine the extent to which they reflect the actual extent of wear and tear.

In the case of some assets or asset classes, the review resulted in the recognition of longer useful lives; accordingly, in the year under review, the depreciation recognized in the segment DB Netze Stations was € 19 million lower than the corresponding previous year figure, and the figure reported in the segment DB Schenker was € 15 million lower compared with the previous year figure. In subsequent years, compared with the previous year, depreciation is expected to be reduced by the same extent for the corresponding assets.

ADJUSTMENT OF OBSERVATION PERIOD FOR PLANNED FIGURES FOR MEDIUM- AND LONG-TERM PLANNING

In the year under review, the planning horizon was extended from five to ten years in order to recognize the long-term focus of the Strong Rail strategy. It was necessary for the observation period to be extended because a comprehensive and thus appropriate presentation of the Strong Rail measures is not possible in a planning period of only five years. As a result of the extension until the year 2030, the capital expenditures as well as the additional expenses in connection with the Strong Rail strategy and also the resultant positive cash flows are presented more realistically in planning.

ADJUSTMENT OF THE OBSERVATION PERIOD FOR PLANNED FIGURES FOR RECOGNIZING DEFERRED TAXES

The period for assessing the recoverability of deferred tax assets of the domestic companies has been adjusted to reflect the amended strategic and planning conditions, and comprises the medium- and long-term planning with a planning period of five and ten years, with due consideration being given to additional assessments. In the previous year, medium-term planning with a planning period of five years was the basis for assessing the recoverability of deferred tax assets of the domestic companies. If the previous valuation parameters had been retained, the deferred tax assets would have been reduced by € 430 million.

FIRST-TIME ADOPTION OF IFRS 16 "LEASES" AS OF JANUARY 1, 2019

DB Group has applied the accounting standard IFRS 16 as of January 1, 2019 in accordance with the modified retrospective method; previous year statements have accordingly not been adjusted. The right to use assets on the basis of a lease is shown in the amount of the present value of the payment obligation adjusted by accruals and deferrals recognized for the lease. In order to determine the present value of the payment obligation, the remaining lease payments are discounted to January 1, 2019 using the DB incremental borrowing rate. The weighted average rate is 1.5 %. The opening balance sheet values of the following items have been subsequently adjusted:

(€ million)	Dec 31, 2018	Adjustment by IFRS 16	Jan 1, 2019
Property, plant and equipment	40,757	4,130	44,887
Non-current receivables and assets	380	51	431
Current receivables and assets	1,870	15	1,885
Non-current financial debt	20,626	3,301	23,927
Non-current other liabilities	258	-57	201
Current financial debt	2,618	968	3,586
Current other liabilities	3,660	-17	3,643

There are also shifts in the statement of income as the linearized other operating expenses of the ongoing recognition of the lease payments is no longer applicable. On the other hand, write-downs have to be recognized in relation to the right-of-use and interest expenses from the compounding of the lease liability. In the statement of cash flows, the changed methods for stating the lease expenses (previous year) and the depreciation charges (year under review) result in an increased cash flow from operating activities and lower cash flow from financing activities.

DB Group has taken advantage of the simplification in the standard for leases which terminated within a period of 12 months after the first-time adoption. Expenses in connection with these leases are included in the expenses for short-term leases. In addition, IFRS 16 provides options whereby initial direct costs can be disregarded in conjunction with the first-time adoption and whereby the duration of a lease with extensionand termination options can be determined retrospectively. DB Group has taken advantage of both options.

In addition, DB Group has decided not to take advantage of the option of reassessing, in the case of leases concluded before January 1, 2019, whether there is a lease in accordance with IFRS 16. DB Group has also not assessed whether the value of the right-of-use has been diminished. Instead, any provisions for onerous leases as of December 31, 2018 were deducted from the respective right-of-use as of January 1, 2019.

The obligations arising from operating leases which existed as of December 31, 2018 can be reconciled with the financial debt recognized on January 1, 2019 within the framework of the first-time adoption of IFRS 16:

IFRS 16 reconciliation	€ million
Obligations from operating leases as of Dec 31, 2018	5,585
Obligations included from short-term leases	-286
Obligations included for minor-value assets	-48
Obligations included for software leasing	-30
Obligations included for leases which commenced after Dec 31, 2018	-975
Non-recognition of termination options and recognition of prolongation options	388
Discounting	-363
Other	-2
Additional leasing liability as of Jan 1, 2019	**4,269**

Consolidation methods

A) CONSOLIDATION PRINCIPLES

In the consolidated financial statements of DB AG, DB AG and all companies (subsidiaries) are fully consolidated in accordance with IFRS 10 from the time at which DB AG acquires control.

For the purpose of uniform accounting, the affiliated companies have applied the accounting guidelines of the parent company.

Capital is consolidated in accordance with the acquisition method in line with IFRS 3.

The equity attributable to Group shareholders is shown separately from the non-controlling interests in the equity of subsidiaries. The amount is calculated based on the non-controlling interests at the time of the initial consolidation and the changes in equity attributable to this interest after that time.

Intra-Group liabilities as well as expenses and income and intercompany results between fully consolidated companies are completely eliminated.

B) BUSINESS COMBINATIONS

All subsidiaries acquired after December 31, 2002 have been consolidated using the acquisition method under IFRS 3.

Any difference between the purchase costs of the business combination and the acquired assets valued at fair value is shown as goodwill. If the purchase price is lower than the fair value of the acquired asset, the difference, following a further check, is recognized directly in the statement of income.

Non-controlling interests are calculated on a pro rata basis from the assets, liabilities and contingent obligations valued with their fair value.

The acquisition and sale of shares in an already fully consolidated company which does not result in a change of control is shown directly in equity. There have accordingly been no changes to the carrying amounts of the assets and liabilities recognized from such transactions.

C) JOINT VENTURES, JOINT OPERATIONS AND ASSOCIATED COMPANIES

Joint ventures are defined as companies which are managed by DB AG jointly with another party either directly or indirectly, and in which the partners own rights to the net assets of the company.

A joint operation is defined as agreements which are managed by DB AG jointly with another party either directly or indirectly, and in which the parties involved in the joint operation have rights relating to the assets and obligations for their liabilities attributable to the agreement.

Associated companies are defined as equity participations for which DB Group is able to exercise a major influence on the financial and business policy. Major influence is normally defined as a situation in which DB AG directly or indirectly holds 20 to 50% of the voting rights in these companies and the related assumption of association is not refuted.

In exceptional cases, companies in which DB Group holds fewer than 20% of the voting rights are also classified as associates. Despite such a low shareholding, a major influence is deemed to exist in such cases, for instance as a result of various rights of co-determination in major issues of business policy or because members of management are appointed by DB Group.

Joint ventures and associated companies are accounted for using the equity method in accordance with IAS 28 (Investments in Associates and Joint Ventures). Alternatively, they are valued in accordance with IFRS 5 if the shares are classified as held-for-sale.

Intercompany results attributable to transactions with associated companies or joint ventures are eliminated on a pro rata basis.

In the case of joint operations, the assets, liabilities, income and expenditures have to be recognized on a pro rata basis.

Changes in DB Group

GRI 102-48

A) SUBSIDIARIES

According to IFRS 3, the acquisition costs of a business combination are measured as the aggregate of the fair values, at the date of the transaction, of assets given and liabilities incurred or assumed. The acquired identifiable assets, liabilities and contingent liabilities are valued under IFRS 3 with their fair value at the date of acquisition, irrespective of any non-controlling interests. Alternatively, acquired non-current assets or groups of assets which are classified as held-for-sale in accordance with IFRS 5 are shown with their fair value less costs to sell.

Movements in the scope of fully consolidated companies of DB Group are detailed in the following:

	Germany 2019	Foreign 2019	Total 2019	Total 2018
FULLY CONSOLIDATED SUBSIDIARIES				
As of Jan 1	125	430	**555**	**578**
Additions	3	10	**13**	**9**
Additions due to changes in type of incorporation	0	0	**0**	**3**
Disposals	- 2	- 23	**- 25**	**- 35**
Disposals due to changes in type of incorporation	- 1	0	**- 1**	**0**
As of Dec 31	**125**	**417**	**542**	**555**

Additions of companies and parts of companies

The additions to the scope of consolidation consist exclusively of newly established companies (in the previous year, a net figure of € 70 million was spent for acquisitions in accordance with IFRS 3).

PURCHASE PRICE ALLOCATION VT-ARRIVA (ACQUISITION IN 2018)

The net assets of VT-ARRIVA Személyszállító és Szolgáltató Kft. (VT-Arriva), Székesfehérvár/Hungary, which was acquired in the previous year, of the provisional purchase price allocation as of December 31, 2018, including the adjustments to assets and liabilities in accordance with IFRS 3 after completed purchase price allocation are shown in the following:

(€ million)	Carrying amount	Adjustment	Fair value
Property, plant and equipment	76	- 26	50
Intangible assets	0	101	101
Available-for-sale financial assets	0	–	0
Inventories	1	–	1
Trade receivables	17	–	17
Other receivables and other assets	3	–	3
Cash and cash equivalents	17	–	17
Deferred tax assets	0	2	2
Assets	**114**	**77**	**191**
Financial debt	55	–	55
Liabilities	12	–	12
Deferred tax liabilities	4	9	13
Liabilities	**71**	**9**	**80**
thereof recognized contingent liabilities in accordance with IFRS 3	–	–	–
Non-controlling interests	–	–	–
Net assets acquired	**43**	**68**	**111**
Purchase price paid in cash and cash equivalents	10	–	10
Cash and cash equivalents acquired	17	–	17
Inflow of cash and cash equivalents due to transactions	**7**	**–**	**7**

The final purchase price allocation has resulted in the following adjustments relating to the assets and liabilities:

(€ million)	Adjustment
Property, plant and equipment	- 26
Intangible assets	13
Deferred tax assets	2
Deferred tax liabilities	1
Total	**- 12**

This has resulted in the following calculation of goodwill:

(€ million)	VT-Arriva
PURCHASE PRICE	
Payments made	10
+ Outstanding purchase price payments	52
Total transferred equivalent	**62**
+ Fair value of the equity held before the acquisition	61
− Fair value of the acquired net assets	111
Goodwill	**12**

Disposals of companies and parts of companies

The disposals from the scope of consolidation relate to four mergers, 20 liquidations and one sale.

As was the case in the previous year, there were no major effects on results due to the loss of control in the year under review. The disposals resulting from the change in the type of incorporation relate to GHT Mobility GmbH, which was allocated to the associated companies in the year under review.

The results are shown in the other operating expenses or income.

Effects on the consolidated income statement

The following table shows a summary of the effects on the consolidated income statement resulting from the changes in the scope of consolidation which have taken place compared with the previous year:

(€ million)	DB Group Jan 1 to Dec 31, 2019	Thereof due to additions to scope of consolidation	Amounts due to disposals from scope of consolidation
Revenues	44,430	77	0
Inventory changes and internally produced and capitalized assets	3,166	–	–
Overall performance	47,596	77	0
Other operating income	3,030	1	0
Cost of materials	- 22,262	- 23	0
Personnel expenses	- 18,152	- 24	2
Depreciation and impairments	- 3,671	- 22	0
Other operating expenses	- 5,157	- 5	2
Operating profit (EBIT)	**1,384**	**4**	**4**
Result from investments accounted for using the equity method	- 12	–	–
Net interest income	- 655	- 2	–
Other financial result	- 36	- 3	1
Financial result	**- 703**	**- 5**	**1**
Profits before taxes on income	**681**	**- 1**	**5**
Taxes on income	- 1	- 1	0
Net profit for the year	**680**	**- 2**	**5**

The revenues attributable to changes in the scope of consolidation are as follows:

	Revenues due to	
Jan 1 to Dec 31, 2019 (*€ million*)	Additions to scope of consolidation	Disposals from scope of consolidation
VT-Arriva[1]	74	–
Etihad Rail DB Operations LLC[1], Abu Dhabi / United Arab Emirates	3	–
Total	**77**	**-**

[1] Acquired / added during the previous year.

B) JOINT VENTURES, ASSOCIATED COMPANIES AND COMPANIES WITH JOINT OPERATIONS

	Gemany 2019	Rest of world 2019	Total 2019	Total 2018
JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	12	14	**26**	**30**
Additions	1	0	**1**	**0**
Additions due to changes in type of incorporation	0	0	**0**	**0**
Disposals	0	-1	**-1**	**-1**
Disposals due to changes in type of incorporation	0	0	**0**	**-3**
As of Dec 31	**13**	**13**	**26**	**26**
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	48	42	**90**	**94**
Additions	0	1	**1**	**1**
Additions due to changes in type of incorporation	1	0	**1**	**0**
Disposals	-2	-2	**-4**	**-5**
Disposals due to changes in type of incorporation	0	0	**0**	**0**
As of Dec 31	**47**	**41**	**88**	**90**
COMPANIES WITH JOINT OPERATIONS				
As of Jan 1	0	1	**1**	**0**
Additions	0	0	**0**	**0**
Additions due to changes in type of incorporation	0	0	**0**	**1**
Disposals	0	0	**0**	**0**
Disposals due to changes in type of incorporation	0	0	**0**	**0**
As of Dec 31	**0**	**1**	**1**	**1**

From the perspective of DB Group, no joint venture and associated company is significant, either individually or when viewed together.

Currency translation

Currency translation uses the concept of functional currency according to IAS 21 (The Effects of Changes in Foreign Exchange Rates) or IAS 29 (Financial Reporting in Hyperinflationary Economies) for annual financial statements of subsidiaries which are based in a hyperinflationary country.

No major subsidiary was domiciled in a hyperinflationary economy in the year under review or the previous year.

The consolidated financial statements are prepared in euros (reporting currency); in accordance with IAS 21, the financial statements of subsidiaries whose functional currency is not the euro are converted into the reporting currency.

The following exchange rates are some of the rates used for currency translation purposes:

	As of Dec 31		Annual average	
€ 1 equivalent to	**2019**	2018	**2019**	2018
Australian Dollar (AUD)	1.59950	1.62200	1.61088	1.57968
Canadian Dollar (AUD)	1.45980	1.56050	1.48548	1.52936
Swiss Franc (CHF)	1.08540	1.12690	1.11245	1.15496
Renminbi Yuan (CNY)	7.82050	7.87510	7.73549	7.80808
Danish Krone (DKK)	7.47150	7.46730	7.46606	7.45317
Pound Sterling (GBP)	0.85080	0.89453	0.87777	0.88471
Hong Kong Dollar (HKD)	8.74730	8.96750	8.77150	9.25594
Japanese Yen (JPY)	121.94000	125.85000	122.00576	130.39588
Norwegian Krone (NOK)	9.86380	9.94830	9.85109	9.59749
Polish Zloty (PLN)	4.25680	4.30140	4.29762	4.26149
Swedish Krona (SEK)	10.44680	10.25480	10.58908	10.25826
Singapore Dollar (SGD)	1.51110	1.55910	1.52728	1.59261
US Dollar (USD)	1.12340	1.14500	1.11947	1.18095

Capital management in DB Group

The purpose of financial management of DB Group is not only to achieve sustainable growth in the enterprise value and but also to comply with a capital structure which is adequate for maintaining a very good rating.

Based on adjusted EBIT, return on capital employed (ROCE) is calculated as a key component of the value management concept. The capital employed represents the use of capital provided by shareholders and providers of debt which is tied up in DB Group and which is associated with yield expectations. The parameter is derived on the basis of the closing balance sheet for the year under review. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet.

As of Dec 31 (*€ million*)	2019	2018	Change absolute	Change %
Property, plant and equipment	46,591	40,757	+ 5,834	+ 14.3
+ Intangible assets / goodwill	3,894	3,730	+ 164	+ 4.4
+ Inventories	1,520	1,369	+ 151	+ 11.0
+ Trade receivables	4,871	4,962	- 91	- 1.8
+ Receivables and other assets	2,792	2,250	+ 542	+ 24.1
− Financial receivables and earmarked cash at banks	- 404	- 174	- 230	+ 132
+ Receivables from income taxes	60	62	- 2	- 3.2
+ Held-for-sale assets	0	26	- 26	- 100
− Trade liabilities	- 5,789	- 5,491	- 298	+ 5.4
− Miscellaneous and other liabilities	- 3,770	- 3,918	+ 148	- 3.8
− Income tax liabilities	- 190	- 195	+ 5	- 2.6
− Other provisions	- 5,098	- 5,068	- 30	+ 0.6
− Deferred items	- 1,478	- 1,648	+ 170	- 10.3
− Held-for-sale liabilities	-	- 5	+ 5	- 100
Capital employed	**42,999**	**36,657**	**+ 6,342**	**+ 17.3**

The increase is mainly due to the first-time adoption of IFRS 16.

For further calculation, the adjusted EBIT and adjusted EBITDA in the following table is derived from the operating profit (EBIT) shown in the income statement. The corresponding details at the segment level have been calculated using the same method.

(*€ million*)	2019	2018	Change absolute	Change %
Operating profit (EBIT)	1,384	1,819	- 435	- 23.9
Income from the disposal of financial instruments	0	- 56	+ 56	+ 100
Expenses from the disposal of financial instruments	1	19	- 18	- 94.7
Restructuring / contract obligations (personnel)	115	120	- 5	- 4.2
Potential losses (DB Arriva)	152	204	- 52	- 25.5
Adjustment of provisions for restoration obligations (DB Netze Track)	71	-	+ 71	-
Provisions in superstructure (DB Netze Track)	-	- 24	+ 24	+ 100
Provision for civil proceedings infrastructure fees	1	- 50	+ 51	-
Other	51	20	+ 31	-
Operating profit (EBIT) adjusted for special items	**1,775**	**2,052**	**- 277**	**- 13.5**
PPA amortization customer contracts (depreciation)	62	59	+ 3	+ 5.1
EBIT adjusted	**1,837**	**2,111**	**- 274**	**- 13.0**
Depreciation and impairments	3,671	2,688	+ 983	+ 36.6
PPA amortization customer contracts (depreciation)	- 62	- 59	- 3	- 5.1
Special items for depreciation, recognized impairments / recoveries	- 10	- 1	- 9	-
EBITDA adjusted	**5,436**	**4,739**	**+ 697**	**+ 14.7**

Special items totaling € 391 million were adjusted in EBIT in the year under review. These are mainly attributable to the allocation to a provision for potential losses (DB Arriva), effects resulting from the creation of provisions for excess liabilities relating to employment relationships (Subsidiaries/ Other) as well as effects resulting from the adjustment of provisions for restoration obligations (DB Netze Track). In addition, the amortization of customer and franchise agreements has been reclassified from EBIT; these will be written down over the remaining term of the respective contracts as a result of being capitalized as intangible assets as part of the process of purchase price allocations (PPA) (€ 62 million). This amount is mainly attributable to DB Arriva.

The capital employed and the adjusted EBIT have resulted in the following figures for ROCE:

(*€ million*)	2019	2018	Change absolute	Change %
EBIT adjusted	1,837	2,111	- 274	- 13.0
/ Capital employed as of Dec 31	42,999	36,657	+ 6,342	+ 17.3
ROCE (%)	**4.3**	**5.8**	**-**	**-**

The application of IFRS 16 has resulted in a negative effect of about 0.4 percentage points.

Critical assessments and appraisals

The consolidated financial statements are based on assessments and assumptions relating to the future. Based on past experience and reasonable expectations of future events, the estimates and assessments which are derived are continuously reviewed and adjusted where appropriate. Nevertheless, the assessments will not always correspond to subsequent actual circumstances.

The assessments and assumptions which may involve a significant risk during the next year under review in the form of major adjustments to the carrying amounts of assets and liabilities are discussed under the relevant items.

GRI 201-1

Notes to the statement of income

Revenues generated in DB Group relate to the provision of passenger transport, freight transport and logistics services, the provision of rail infrastructure, the sale of goods and other services related particularly to rail operations, less value-added tax, discounts and any price reductions. They are recognized with their fair value.

Services provided by DB Group are normally completed within a few hours/days. Accordingly, with the exception of season tickets, revenues in regional and long-distance services are recognized at the time at which the tickets are sold. Exceptions in this respect are the segments DB Regional and DB Arriva, where order processing in the form of long-term transport contracts concluded with the contracting organizations of the Federal states in Germany and the franchisors in other European countries are very important for the development of business. Contractual relations with clients covering several years also exist in the contract logistics line of business in the DB Schenker segment, which accounts for about 6% of Group revenues.

Revenue recognition in accordance with IFRS 15 is based on the principle that revenues are recognized when control over a product or service is transferred to the customers. Revenues generated by the rendering of services are recognized with the amount which is expected as the consideration as soon as control over the services has been transferred.

All expense and income items are normally recognized without being netted, unless the accounting principles under IFRS permit or require netting.

Expenses are recognized in the income statement at the point at which the service is used or at the point at which the expenses are incurred.

The special items detailed at income and expenses ("Total") are issues which are considered to be unusual either in terms of the amount involved and/or the actual reason behind the issue. Irrespective of the amount involved, this item is used for disclosing book profits and losses arising from transactions with investments/financial investments as well as depreciation on long-term customer contracts, which have been capitalized as part of the purchase price allocation process in connection with company acquisitions. In addition, the special effects recognize individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material. In addition to the special items, effects from changes in the scope of consolidation and effects from changes in exchange rates are also disclosed separately. The item "Total – comparable" does not involve IFRS figures; instead, it involves additional disclosures in accordance with internal reporting.

(1) REVENUES

(€ million)	2019	2018
Revenues from freight and passenger transport services	39,813	39,490
thereof concession fees for rail transport	6,585	6,472
Revenues from operating infrastructure	1,907	1,760
Revenues from letting and leasing	444	437
Revenues from sales of products	1,349	1,393
Other revenues	1,004	1,057
Revenue reductions	-87	-72
Total	**44,430**	**44,065**
± Special items	1	-41
± Effects from changes in scope of consolidation	-77	0
± Effects from changes in exchange rates	-124	-
Total - comparable	**44,230**	**44,024**

The revenues from freight and passenger transport services were generated mainly by companies operating in the segments DB Schenker, DB Regional, DB Arriva, DB Long-Distance and DB Cargo. They include a minor amount of revenues from sub-operating leases in the segment DB Schenker. Revenues from operating rail infrastructure related to the segments DB Netze Track and DB Netze Stations. Revenues generated by product sales were recorded mainly in the segment DB Netze Energy, and rental and leasing revenues were mainly generated in the segment DB Netze Stations. Other revenues related to virtually all segments.

In the year under review, revenues increased by € 365 million (+0.8%) to € 44,430 million. This revenue growth compared with the previous year is mainly attributable to DB Long-Distance as well as DB Netze Track. The higher revenues of DB Long-Distance were attributable to considerably higher volume sold as well as a higher specific revenue rate. For DB Netze Track, the increased services for external customers as well as price increases for train-path usage fees were the main factors with a positive impact on the development in revenues.

Revenues included positive exchange rate effects of € 124 million, mainly affecting DB Schenker. These positive exchange rate effects were mainly attributable to the currency regions responsible for generating most revenues, namely Great Britain, Sweden and the USA. The stronger performance of the US dollar and the British pound compared with the previous year had a positive impact on revenues, whereas the weaker performance of the Swedish krona had the opposite effect.

Even when adjusted for special items, effects from changes in the scope of consolidation and exchange rates, the revenues were higher than the previous year figure (€ +206 million, +0.5%).

Movements in revenues broken down according to business segments and regions are set out in segment reporting.

As was the case in the previous year, revenue reductions of long-term transport contracts (contractual penalties) were netted directly with the revenues of freight and passenger services. The separately disclosed revenue reductions (€ -87 million) also related mainly to revenues of freight and passenger services (for instance passenger rights).

The order book of customer contracts with contractually agreed outstanding revenues (secured revenues) was broken down as follows:

Secured order book (nominal values) as of Dec 31 *(€ million)*	**2019**	2018
Passenger transport contracts	64,652	62,222
Logistics and freight transport contracts [1]	218	208
Other contracts [1]	139	114
Total	**65,009**	**62,544**

[1] Contracts with a duration of at least 12 months and a total volume of at least € 5 million.

Most of the secured order book will be fulfilled within a period of ten years, with percentages declining over a period of time. Further information can be found in the Group management report in the sections ORDER BOOK DB REGIONAL 125 F. and ORDER BOOK DB ARRIVA 156 F.

The exemption regulation of IFRS 15.121 (a) has been used for the logistics contracts and the other contracts.

Variable considerations of transport contracts as well as price escalation clauses or contractual penalties are only taken into consideration for estimating the assured revenues if they are highly likely.

Claims relating to contractual assets [1] of € 29 million were recognized together with the other receivables and assets and have developed as follows:

Contractual assets *(€ million)*	**2019**	2018
As of Jan 1	29	96
Additions	114	113
Impairments	–	-1
Fulfillment/payment	-54	-118
Other changes	-60	-61
As of Dec 31	**29**	**29**

A figure of € 10 million was attributable to long-term contractual assets.

The contractual liabilities in DB Group include advance payments received as well as other payments received in advance in relation to revenues for subsequent periods (for example for season tickets). Obligations from contractual liabilities of € 1,308 million (thereof non-current € 164 million) were shown under the trade liabilities and deferred items and have developed as follows:

Contractual liabilities *(€ million)*	**2019**	2018
As of Jan 1	1,266	1,158
Additions	3,161	3,157
Fulfillment of liabilities	-3,118	-3,177
Other changes	-1	128
As of Dec 31	**1,308**	**1,266**

[1] Contractual assets include claims from unfinished work related to long-term manufacturing among others.

(2) INVENTORY CHANGES AND OTHER INTERNALLY PRODUCED AND CAPITALIZED ASSETS

(€ million)	**2019**	2018
Inventory changes	-29	15
Other internally produced and capitalized assets	3,195	3,076
Total	**3,166**	**3,091**
± Special items	–	–
± Effects from changes in scope of consolidation	–	–
± Effects from changes in exchange rates	0	0
Total – comparable	**3,166**	**3,091**

Own investments relate mainly to construction and project business in rail infrastructure and also the modernization of rolling stock as well as the processing of appropriate spare parts. The increase compared with the previous year was attributable to a higher construction volume in rail infrastructure.

(3) OTHER OPERATING INCOME

(€ million)	**2019**	2018
SERVICES FOR THIRD PARTIES AND SALE OF MATERIALS		
Income from maintenance and repair	4	5
Sale of materials and energy	98	123
Other services for third parties	509	505
	611	**633**
Leasing and rental income	188	181
Income from claims for damages and cost refunds	259	271
INCOME FROM FEDERAL GRANTS		
Federal compensation payments	115	114
Other investment grants	0	0
Income from release of deferred items	144	144
Other Federal grants	346	278
	605	**536**
Income from the disposal of property, plant and equipment and intangible assets	277	278
Income from the disposal of non-current financial instruments	0	56
Income from reversal of provisions	267	341
OTHER INCOME		
Income from third-party fees	24	38
Income from remediation of ecological burdens	46	51
Utilization of provisions for potential losses	156	71
Miscellaneous other income	597	542
	823	**702**
Total	**3,030**	**2,998**
± Special items	-22	-136
± Effects from changes in scope of consolidation	-1	0
± Effects from changes in exchange rates	-2	–
Total – comparable	**3,005**	**2,862**

Adjusted by special items, effects from changes in scope of consolidation and in exchange rates, other operating income was slightly higher than the previous year (€ +143 million). The increase in income from Federal grants was mainly attributable to the train-path price support of the Federal Government which was paid for the first time for the full year for the rail freight service for DB Cargo AG. The increase in the other income is mainly attributable to the utilization of provisions for potential losses for Arriva Rail North. The income from leasing, rental and letting included subletting income of € 21 million.

The miscellaneous other income comprises the reversal of liabilities as well as a range of individual issues which individually are of a minor nature.

(4) COST OF MATERIALS

(€ million)	2019	2018
EXPENSES FOR RAW MATERIALS AND SUPPLIES AND OF PURCHASED GOODS		
Energy expenses		
Electricity	1,824	1,872
Electricity tax	155	158
Diesel, other fuel	1,120	1,078
Other energies	217	233
Energy price derivatives	- 2	18
	3,314	**3,359**
Other supply and purchased goods	556	571
Price and value adjustments for materials	- 78	- 176
	3,792	**3,754**
EXPENSES FOR PURCHASED SERVICES		
Purchased transport services	11,980	12,058
Cleaning, security, disposal, winter service	401	397
Commissions	179	171
Expenses for utilization of infrastructure		
Train-path usage	462	351
Station usage	84	57
Use of local installations	16	14
	562	**422**
Other purchased services	959	1,047
	14,081	**14,095**
Expenses of maintenance and production	4,389	4,409
Total	**22,262**	**22,258**
± Special items	- 3	- 4
± Effects from changes in scope of consolidation	- 23	0
± Effects from changes in exchange rates	- 64	-
Total - comparable	**22,172**	**22,254**

Compared with the previous year, the cost of materials increased by a total of € 4 million, and was thus virtually unchanged.

The impairments recognized in cost of materials in relation to assets amounted to € 32 million (in previous year: increases in value: € 64 million, mainly due to the change of estimation parameters).

Compared with the previous year, the expenses for purchased services were virtually unchanged as a result of opposite effects. The reduction in purchased transport services was mainly due to lower transport volumes in airfreight at DB Schenker. This was opposed by the increases in the expenses for train-path usage and station usage particularly in the segment DB Arriva.

(5) PERSONNEL EXPENSES AND EMPLOYEES

(€ million)	2019	2018
WAGES AND SALARIES		
Employees	13,714	13,024
Civil servants assigned	963	1,012
	14,677	**14,036**
SOCIAL SECURITY EXPENSES		
Employees	2,569	2,402
Civil servants assigned	221	229
Expenses for adjusting staffing levels	142	151
Retirement benefit expenses	543	483
	3,475	**3,265**
Total	**18,152**	**17,301**
± Special items	- 141	- 152
± Effects from changes in scope of consolidation	- 24	- 2
± Effects from changes in exchange rates	- 37	-
Total - comparable	**17,950**	**17,147**

The figure stated for personnel expenses (social security contributions) includes expenses of € 1,215 million for defined contribution plans (previous year: € 1,182 million).

The amount shown for adjusting staffing levels mainly comprises expenses for restructuring costs, obligation surpluses relating to employment agreements as well as costs of severance payment and semi-retirement agreements.

The retirement benefit expenses relate to active persons as well as persons who are no longer employed in DB Group or their surviving dependants. They are attributable primarily to service costs, employers' contributions to the company top-up benefit scheme as well as the contributions to Pensions-Sicherungs-Verein aG (pension backing association). The interest expense resulting from compounding the pension obligations and the expected income from plan assets is shown in financial result. For detailed explanations regarding the development of pension obligations, please refer to NOTE (31) 221 FF.

The increase in retirement benefit expenses was driven mainly by higher allocations to the pension provisions as well as a higher number of employees.

The activities of the civil servants in DB Group are based on statutory allocation within the framework of the German Rail Restructuring Act (Eisenbahnneuordnungsgesetz; ENeuOG), Art. 2 §12. For the work of the allocated civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if an employee covered by collective bargaining arrangements were to be employed instead of the allocated civil servant (pro forma calculation).

The increase in wages and salaries in Germany was mainly attributable to the collective bargaining agreement 2018/2019. A one-off payment was agreed for the period October 2018 to June 2019; this was recognized proportionately in personnel expenses in 2019. From July 1, 2019, the table-based payments were increased by 3.5%.

In addition, the increase in the number of employees also resulted in a considerable rise in personnel expenses.

The development in the number of employees in DB Group, converted to full-time employees (FTE) in each case, is shown in the following:

	As of Dec 31		Annual average	
(FTE)	2019	2018	2019	2018
Employees	305,342	298,343	302,327	294,337
Civil servants	18,602	20,185	20,051	22,564
Employees (including civil servants)	**323,944**	**318,528**	**322,378**	**316,901**
Trainees and dual degree students	11,962	11,053	10,296	9,695
Total	**335,906**	**329,581**	**332,674**	**326,596**

In the event of changes in the scope of consolidation, the employees are included on a pro rata basis up to the time of deconsolidation or after the date of initial consolidation.

As of December 31, 2019 the number of persons employed in DB Group was higher than at the end of the previous year. In the various segments, staff increases were reported particularly at DB Netze Track in the areas of maintenance, construction projects and in operation. In the segment Subsidiaries/Other, increases were reported mainly at DB AG and DB Vehicle Maintenance and also due to the expansion of innovative subject areas at DB Systel. Employee numbers also increased at DB Long-Distance, DB Regional and DB Cargo compared with the previous year.

The development in the number of employees, based on the number of natural persons (NP), is shown in the following:

	As of Dec 31	
(NP)	**2019**	2018
Employees	318,809	310,443
Civil servants	19,102	21,125
Employees (including civil servants)	**337,911**	**331,568**
Trainees and dual degree students	11,962	11,053
Total	**349,873**	**342,621**

(6) DEPRECIATION AND IMPAIRMENTS

In the case of property, plant and equipment, depreciation is recognized using the straight-line method over the expected useful life of the assets or, in the case of leased assets, over the shorter contract duration. The following useful-service lives for the main groups of property, plant and equipment are taken as a basis:

	Years
Permanent way structures, tunnels, bridges, railway crossings	15 - 100
Track infrastructure	13 - 30
Buildings, halls, roofs	10 - 85
Other structures	8 - 60
Signaling equipment	10 - 40
Telecommunications equipment	5 - 20
Traction current installations	10 - 40
Rolling stock	10 - 30
Other technical equipment, machinery and vehicles	5 - 40
Fixtures and fittings	3 - 15

The appropriateness of the chosen depreciation method and the service lives is subject to an annual review. Our expectations regarding the residual value are also updated annually.

Intangible assets are depreciated using the straight-line method. The following useful lives are used as the basis for depreciation:

	Years
Franchises, rights, etc.	Duration of contract
Trademarks	Economic life
Brand names	Unlimited
Customer base	Economic life
Purchased software	3 - 10
Software produced in-house	3 - 25

Goodwill arises as a positive difference between the costs of purchasing the shares and the fair values of the individually acquired assets, absorbed liabilities and contingent liabilities. It is not depreciated; instead, it is subject to an annual impairment test. Impairment losses in relation to goodwill are not reversed.

The adequacy of the depreciation method and the service life are subject to an annual review.

Impairments of assets

IAS 36 governs the impairment test for property, plant and equipment and intangible assets with a certain economic life, which is carried out using a so-called indicator-based asset impairment test. Such an asset impairment test has to be carried out when indicators (so-called triggering events) indicate a possible loss of value. In addition, according to IAS 36, goodwill as well as intangible assets with an indefinite service life have to be subjected at least once a year to an impairment test.

DEFINITION OF CASH-GENERATING UNITS

Goodwill impairment tests have to be carried out at the level of individual assets as part of the asset impairment test. If it is not possible to determine future cash flows, which are to a large extent independent, for an individual asset, so-called cash-generating units (CGUs) have to be formed as an aggregation of assets whose future cash flows depend on each other. The CGU structure is fully in line with the planning and reporting structure of DB Group. In the year under review, no adjustments were made to the CGU structure.

Due to the congruence between management structure and legal structure, the identified CGUs also always consist of at least one legal unit. This means that the data necessary for the asset impairment test can be derived from annual financial statements and planning data.

The impairment test for goodwill is carried out at the level of the CGU or group of CGUs to which the goodwill has been allocated. This is applicable for the operating segments. Significant goodwill currently exists in the CGUs DB Arriva and DB Schenker. With regard to the recognition of goodwill for each CGU, please also refer to the segment information according to business segments.

METHOD

In the impairment test in accordance with IAS 36, the carrying amount of an asset or a CGU has to be compared with the corresponding recoverable amount. If the positive carrying amount is no longer covered by the recoverable amount, this results in a corresponding impairment requirement.

The carrying amount of a CGU is established by adding the carrying amounts of the assets less the liabilities which are related to the relevant assets (net position). In addition, for determining the carrying amount of a CGU, it is also necessary to proportionally recognize corporate assets and corporate liabilities jointly used by several CGUs, and the working capital necessary for the corresponding CGU must also be taken into consideration.

The recoverable amount is defined as the higher of the fair value less costs of disposal and the value in use. In the impairment tests carried out in DB Group, the recoverable amount is represented by the value in use. The value in use is established as the present value of the free cash flows before interest and after taxes attributable to the continuation of a CGU. A global tax rate of 30.5% has again been used in relation to EBIT (unchanged compared with the previous year). The forecast of cash flows reflects previous experience, and takes account of management expectations with regard to future market developments. This cash flow forecast is based on the medium and long-term planning adopted by the Management Board of DB AG and which covers a planning horizon of five or ten years, respectively. If cash flow forecasts are necessary beyond the ten-year planning horizon, a sustainable free cash flow is derived from the forecast and is extrapolated on the basis of a growth rate related to the specific market development. As was the case in the previous year, a uniform average growth rate of 1% per annum has been assumed in DB Group.

A weighted average cost of capital is used for discounting the free cash flows; this reflects the expectation of return on the capital market for providing debt capital and shareholders' equity to DB Group. Because free cash flow after taxes has been calculated, a cost-of-capital rate after tax has also been used. Risks of free cash flows are recognized by a risk-equivalent capitalization rate.

Compared with the previous year, the cost of capital of DB Group has declined from 4.7% to 4.1%. Taking account of the typical tax rate of 30.5% in relation to EBIT, this is equivalent to a corresponding capitalization rate before tax of 5.9% (previous year: 6.8%).

Starting in the year under review, a specific cost of capital rate has been calculated for each CGU.

The WACCs of the CGUs which are applicable for the 2018 and 2019 annual financial statements are detailed in the following table:

(%)	2019 Before taxes	2019 After taxes	2018 Before taxes	2018 After taxes
DB Long-Distance	5.5	3.8	6.9	4.8
DB Regional	4.5	3.1	6.9	4.8
DB Arriva	4.5	3.1	6.9	4.8
DB Cargo	7.9	5.5	8.5	5.9
DB Schenker	8.1	5.7	8.5	5.9
DB Netze Track	4.2	2.9	5.8	4.0
DB Netze Stations	5.6	3.9	5.8	4.0
DB Netze Energy	3.9	2.7	5.8	4.0
DB Group	**5.9**	**4.1**	**6.8**	**4.7**

The changes in the WACCs compared with the previous year are attributable to current expectations of medium- to long-term developments of the capital market.

ASSET IMPAIRMENT TEST

Processes which comply with the specific requirements of IAS 36 have been implemented in order to carry out the asset impairment test. The service lives of the individual CGUs used for the asset impairment test are based on the service life of the asset or a group of homogeneous assets which is (are) most significant for the particular CGU.

In addition, the process of establishing the value in use disregards assets or future cash flows which result from major structural changes, disinvestment measures or extension capital expenditures. Resultant adjustments to the original plans relate mainly to the major new and expansion infrastructure projects, where it is assumed that the construction process will be completed beyond the observation period (beyond 2029) and for which most of the planned own funds have not yet been invested. The cash flow forecasts take account of internal transfer prices within DB Group on the basis of arm's length assessments of the companies involved. The published infrastructure prices are applicable for goods and services exchanged between transport and infrastructure segments; price increases in the period covered by the forecast have also been taken into consideration.

After the medium-term planning has been completed, a regular check is carried out to determine whether impairments are necessary at the CGU level. In addition to this annual cycle, a test is also performed if current issues arising from the development in business or changes in assumptions indicate that there has been a major deterioration in the value in use.

The impairment tests carried out in the period under review identified surplus cover for all CGUs.

Independently of the impairment tests carried out in relation to the CGUs, impairments are recognized in relation to individual assets which are no longer capable of being used fully. These impairments are shown under the disclosures for the respective balance sheet item.

GOODWILL IMPAIRMENT TEST

A goodwill impairment test must be carried out annually for all CGUs to which goodwill can be allocated. Because the goodwill which arises in DB Group as a result of acquisitions is always clearly allocated to a CGU, this goodwill impairment test is an integral part of the asset impairment test which is always carried out annually for all CGUs.

The goodwill impairment tests carried out for the segments which are carrying goodwill did not identify any impairment requirement for the CGUs.

DB Cargo is still facing major challenges from the market and the competition. At the CGU DB Cargo, depending on the planning scenario, the value in use of employed assets might be lower than the corresponding carrying amount as of the balance sheet date. In this case, the fair value less costs to sell must also be determined for the affected assets. If this is higher than the carrying amount of the assets, no impairment is to be recognized. In the year under review, DB Cargo established market values of most of its assets (in particular locomotives and freight cars). Overall, it was established that values in use were not lower than the carrying amounts, and accordingly no impairment had to be recognized as of the balance sheet date.

The respective recoverable amount is represented by the value in use of the CGU, which in turn has been derived from the planning of the relevant segments. The details relating to methods presented above are thus applicable correspondingly. At DB Arriva and DB Schenker, it also has to be borne in mind that separate assumptions relating to the development of the economy, market and competition as well as currency relations have been made for the relevant international markets. These assumptions have been based on the external and internal expert assessments available at the time of the planning.

CRITICAL ASSESSMENTS AND APPRAISALS

Impairment of CGUs

Within the framework of the impairment tests, the main assumptions which have an impact on the value of a CGU are reviewed in the form of standard sensitivity analyses. At the CGU DB Cargo, the sensitivity analysis was carried out in relation to the established market values of the main assets. Even in conjunction with a discount of 10% in relation to the market value, there was no impairment requirement for the CGU DB Cargo.

Also infrastructure CGUs are still exposed to risks relating to the extent of long-term investment grants for replacement capital expenditures in the existing network and the related extent of own funds at the infrastructure companies. The investment grants included in the medium- and long-term planning are based on the Performance and Financing Agreement signed by the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI) and DB Group as well as the project and financing concept agreed between the Federal Government and DB Group for setting out the objectives of the Climate Action Program 2030.

EBIT margin

The risk of an EBIT margin reduced by 10 % has been considered for analyzing a scenario in which profits fail to perform in line with budget. This model calculation has identified an impairment requirement at DB Cargo of € 688 million; this means that the value in use for this CGU no longer provides adequate cover for the carrying amount of the capital employed. In scenarios in which the EBIT margin is reduced, the CGU DB Netze Track is robust up to a reduction of 8.9 %. All other CGUs report stable surplus coverage even if the EBIT margin is reduced by 10 %.

Average real growth rate of cash flows

A reduction of 10 % in the long-term growth rate has been simulated in order to assess the sensitivity of the impairment test result in relation to the assumed long-term growth of cash flows (1 %). As was the case in the previous year, no impairment requirement has been identified for any of the CGUs considered in this scenario.

Weighted average cost of capital

Risks relating to the assumptions of the capitalization rate, which is normally used for calculating the present value of value in use, have been analyzed by simulating the value of each CGU in conjunction with a cost of capital mark-up of 10 %. The currently used weighted cost of capital (after tax) has been used as the basis of this simulation: In this scenario, there is no impairment requirement for any observed CGU.

Useful life and residual value

With regard to the assumptions relating to useful life and residual value, the effect of a 10 % reduction in the residual value at the end of useful life (= terminal value) was analyzed. In this scenario, there is no impairment requirement for any observed CGU.

Depreciation was broken down as follows:

(€ million)	2019	2018
Scheduled depreciation	3,688	2,714
Recognized impairments	10	25
Recognized recoveries in value	- 27	- 51
Total	**3,671**	**2,688**
± Special items	- 72	- 60
± Effects from changes in scope of consolidation	- 22	-
± Effects from changes in exchange rates	- 4	-
Total - comparable	**3,573**	**2,628**

In the year under review, depreciation was higher than in the previous year, and related mainly to the property, plant and equipment used as rail infrastructure as well as the rolling stock. It is shown in the income statement less any recovery in value recognized in the year under review. The increase in depreciation is mainly attributable to the first-time adoption of IFRS 16. There was a slightly opposite effect attributable to the recognition of higher useful lives for individual asset classes (see section "COMPARABILITY WITH THE PREVIOUS YEAR" 191 F.).

For further explanations, please refer to the details concerning the development in property, plant and equipment or intangible assets under NOTES (13) 203 FF. and (14) 206 F.

(7) OTHER OPERATING EXPENSES

(€ million)	2019	2018
LEASING, RENTS AND LEASES		
Leasing expenses [1]	903	1,801
Conditional leasing expenses	1	1
	904	**1,802**
Legal, consultancy and audit fees	271	355
Fees and contributions	242	248
Insurance expenses	151	172
Advertising and sales promotion expenses	174	178
Printing and stationery expenses	65	69
Travel and representation expenses	334	323
Research and non-capitalized development costs	28	29
OTHER PURCHASED SERVICES		
Purchased IT services	521	487
Other communication services	50	47
Other services	840	794
	1,411	**1,328**
Expenses from claims for damages	204	175
Impairments recognized in relation to receivables and other assets [2]	59	27
Losses from the disposal of property, plant and equipment and intangible assets	132	116
Expenses from disposal of non-current financial instruments	1	19
Other operating taxes	73	67
OTHER EXPENSES		
Grants for third-party facilities	93	94
Concession fees for passenger transport	114	124
Other personnel-related expenses	241	230
Miscellaneous other expenses	660	732
	1,108	**1,180**
Total	**5,157**	**6,088**
± Special items	- 258	- 253
± Effects from changes in scope of consolidation	- 5	- 2
± Effects from changes in exchange rates	- 18	-
Total - comparable	**4,876**	**5,833**

[1] In previous year: Operating lease expenses.

[2] Including payments for receivables written down in the previous year.

The other operating expenses declined by € 931 million (–15.3 %). The main reason for this decline is the first-time adoption of IRFS 16 as of January 1, 2019. The remaining expenses of leasing comprise the service element of capitalized leases (which continues to be shown in other operating expenses) as well as short-term leases (€ 320 million), minor-value leased assets (€ 41 million) as well as variable leasing expenses (€ 10 million).

In the other purchased services, the purchased IT services increased in virtually all segments. This was opposed by a considerable decline in legal, consultancy and audit fees.

The legal, consultancy and audit fees comprise fees of € 32.8 million for the auditor of the consolidated financial statements (previous year: € 29.4 million); this figure comprises auditing services of € 14.7 million (previous year: € 8.2 million), other certification services of € 9.0 million (previous year: € 5.0 million), tax advice services of € 0.4 million (previous year: € 0.6 million) as well as other services of € 8.7 million (previous year: € 15.6 million). Of the figure shown for the other rendered services, € 6.6 million (previous year: € 8.5 million) is attributable to services of associates of the auditor of the consolidated financial statements.

The decline in the miscellaneous other expenses is almost entirely attributable to the year-on-year decline in the allocation to provisions for potential losses in the segment DB Arriva.

(8) RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following contributions to earnings are recognized in the income statement as a result of shares in companies over which significant influence can be exercised or which are managed as joint ventures.

(€ million)	2019	2018
JOINT VENTURES		
VT-ARRIVA Személyszállíto es Szolgáltató Kft., Székesfehérvár/Hungary	–	5
Trieste Trasporti S.P.A., Trieste/Italy	4	4
Intercambiador de Transportes Principe PIO S. A., Madrid/Spain	5	1
Other	2	- 1
	11	**9**
ASSOCIATED COMPANIES		
EUROFIMA European Company for the Financing of Railroad Rolling Stock (EUROFIMA), Basel/Switzerland	3	3
GHT Mobility GmbH, Berlin	- 27	–
Other	1	0
	- 23	**3**
Total	**- 12**	**12**

(9) NET INTEREST INCOME

(€ million)	2019	2018
INTEREST INCOME		
Net interest income from pension provisions	5	6
Other interest and similar income	32	21
Income from securities	0	0
Operating interest income	**37**	**27**
Interest income from the reversal of deferred items and other interest income	11	- 3
	48	**24**
INTEREST EXPENSES		
Other interest and similar expenses	- 472	- 519
Net interest expenses for pension provisions	- 92	- 99
Interest expenses for leasing liabilities	- 94	- 27
Operating interest expenses	**- 658**	**- 645**
Compounding of long-term provisions and liabilities	- 45	- 24
	- 703	**- 669**
Total	**- 655**	**- 645**
± Special items	2	0
± Effects from changes in scope of consolidation	2	0
± Effects from changes in exchange rates	1	–
Total – comparable	**- 650**	**- 645**
For information only:		
Net operating interest income	- 621	- 618

The increase in interest income is attributable to various factors, including higher income from hedging transactions as well as the reversal of deferred items.

The expenses for other interest and similar expenses have declined as a result of the average lower interest rates for the senior bonds issued in the year under review and the previous year compared with the senior bonds repaid in this period despite an overall increase in financial debt.

The considerable increase in interest expenses for leasing liabilities is due to the first-time adoption of IFRS 16.

(10) OTHER FINANCIAL RESULT

(€ million)	2019	2018
Result from equity investments	2	1
Result from currency exchange gains	- 128	- 57
Result from currency-related derivatives	110	59
Result from other derivatives	2	0
Result from disposal of financial instruments	0	0
Impairments on financial instruments	- 5	- 8
Other financial result	- 17	- 9
Total	**- 36**	**- 14**
± Special items	–	–
± Effects from changes in scope of consolidation	3	1
± Effects from changes in exchange rates	4	–
Total – comparable	**- 29**	**- 13**

Dividend income is recognized at the point at which the right to receive the payment arises. Interest income is recognized in the income statement using the effective interest method in the period in which the income arises.

The result from exchange rate effects is attributable to the conversion of foreign currency liabilities and receivables with an impact on the income statement using the spot rate applicable on the reference date (IAS 21). The result from exchange rate effects has to be netted with the result from currency-related derivatives. The strong exchange rate fluctuations in the year under review are mainly attributable to the development of the exchange rate between the euro and the British pound, the Swiss franc, and the Japanese yen. The moderate exchange rate fluctuations in the previous year were mainly due to the exchange rates between the euro and the Swiss franc, the Australian dollar and the Japanese yen. The result from currency-related derivatives comprises reclassifications of currency-related changes in the market value of cash flow hedges recognized under shareholders' equity with no impact on the income statement. The result from other derivatives relates to the development in the market value of derivatives which are not classified as effective hedges in accordance with IFRS 9 (Financial Instruments).

(11) TAXES ON INCOME

(€ million)	2019	2018
Actual tax expense	- 240	- 222
Income due to lapsing of tax obligations	103	30
Actual taxes on income	**- 137**	**- 192**
Deferred tax expense/tax income	136	- 438
Taxes on income	**- 1**	**- 630**

The actual taxes on income in the year under review were incurred mainly at foreign Group companies. The decline compared with the previous year is mainly attributable to lower income tax risks. In the case of deferred taxes, there was an income item (in previous year: expense). This was mainly attributable to Germany, and essentially resulted from the extended planning horizon for utilizing losses carried forward which was adjusted to reflect the changed background conditions as well as temporary differences.

Starting with the net profit of DB Group before taxes on income and the theoretical taxes on income calculated using a theoretical tax rate of 30.5%, the following reconciles the calculated taxes with the actual taxes on income:

(€ million)	**2019**	2018
Profits before taxes on income	681	1,172
Group tax rate (%)	30.5	30.5
Expected tax expense (-)	**-208**	**-357**
Adjustment of the expected future use of loss carry-forwards and new temporary differences which have arisen and loss carry-forwards	151	-299
Income not subject to tax	33	30
Tax effects related to IAS 12.33	48	55
Expenses not deductible for tax purposes	-27	-16
Differences in tax rates for foreign companies	21	30
Other effects	-19	-73
Taxes on income as reported	**-1**	**-630**
Effective tax rate (%)	0.1	53.8

The reconciliation amount as detailed in IAS 12.33 relates exclusively to additional tax write-downs resulting from the fact that tax-free grants in the IFRS financial statements have been deducted directly from the costs of purchasing the assets. It is not permissible for deferred taxes to be created in relation to these temporary differences.

In the year under review, the other effects included in particular effects attributable to the difference in the assessment bases of different income tax bases, and the reversal of provisions for income tax risks outside Germany.

(12) EARNINGS PER SHARE

Under IAS 33 (Earnings per Share), undiluted earnings per share are calculated by dividing the net profit of DB Group attributable to the shareholders of DB AG by the weighted average number of shares in issue during the year under review. Undiluted earnings per share correspond to diluted earnings per share.

(€ million)	**2019**	2018
Net profit for the year	680	542
thereof due to shareholders of DB AG	662	528
thereof attributable to providers of hybrid capital	5	–
thereof attributable to non-controlling interests	13	14
Number of issued shares as of Dec 31	430,000,000	430,000,000
Earnings per share (€ per share)		
Undiluted	1.54	1.23
Diluted	1.54	1.23

Notes to the balance sheet

(13) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost in accordance with IAS 16 (Property, Plant and Equipment). Cost of production comprises individual costs as well as overhead costs which are directly allocatable.

If at least two years are required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, any directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used. Turnover tax incurred in connection with the purchase or production of property, plant and equipment is only capitalized if input tax is not permitted to be deducted.

Subsequent costs are capitalized if the expenses enhance the economic benefit of the property, plant and equipment and if the costs can be reliably measured. On the other hand, all other repairs or maintenance are expensed.

Components of property, plant and equipment which are significant in relation to the total costs of purchase and costs of production are recognized separately and written down over their useful life using the straight-line method.

Investment grants are deducted directly from the cost of purchase or cost of production of the assets for which the grants have been given.

Rights-of-use from leases

In the case of rented and leased assets, if they fall under the scope of IFRS 16, a right-of-use (in accordance with IFRS 16.24) and a lease liability are shown as soon as the asset is available for use to DB Group. Depreciation is recognized using the straight-line method over the economic useful life of the asset or the shorter duration of the lease. This is not applicable for leases for minor-value assets (up to and including € 5,000) and short-term leases with a duration of 12 months or less, the costs of which are recognized on a linear basis in the income statement. Components of lease payments which do not relate to the use of the asset are not included in the measurement of the right-of-use and the lease liability.

Up to December 31, 2018, DB Group applied IAS 17 and classified such leases as finance leases which essentially transferred the opportunities and risks associated with the ownership to the lessee.

Critical assessments and appraisals

With regard to defining the duration of the lease, management takes account of all facts and circumstances which have an influence on the possible exercising of a prolongation option or termination option. This assessment is reviewed regularly.

Leased assets

DB Group classifies every lease either as an operating lease or as a finance lease. A lease is classified as a finance lease if it transfers essentially all risks and opportunities associated with the ownership. If this is not the case, the lease is classified as an operating lease.

Property, plant and equipment *(€ million)*	Land	Commercial, operating and other buildings	Permanent way structures	Track infra-structure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other operational and office equipment	Advance payments and assets in progress	Total
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2019	4,155	8,113	15,475	17,018	32,938	1,910	5,285	4,015	**88,909**
First-time adoption of IFRS 16	306	2,664	10	2	900	219	29	–	**4,130**
Changes in the scope of consolidation	–	- 2	–	–	–	–	0	–	**- 2**
thereof additions	–	–	–	–	–	–	–	–	**–**
thereof disposals	–	- 2	–	–	–	–	0	–	**- 2**
Additions	90	917	1,052	1,182	2,342	140	562	6,513	**12,798**
Addition borrowing costs	–	–	–	–	–	–	–	40	**40**
Investment grants	0	- 141	- 934	- 1,111	- 73	- 31	- 53	- 5,103	**- 7,446**
Transfers	30	103	99	125	291	27	118	- 817	**- 24**
Changes with no impact on the income statement	–	0	–	–	–	–	0	–	**0**
Disposals	- 80	- 101	- 14	- 254	- 831	- 54	- 345	40	**- 1,639**
Currency translation differences	10	22	2	0	103	9	17	5	**168**
As of Dec 31, 2019	**4,511**	**11,575**	**15,690**	**16,962**	**35,670**	**2,220**	**5,613**	**4,693**	**96,934**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2019	- 670	- 3,679	- 5,433	- 12,712	- 20,816	- 1,312	- 3,524	- 6	**- 48,152**
Changes in the scope of consolidation	–	2	–	–	- 26	–	0	–	**- 24**
thereof additions	–	–	–	–	- 26	–	–	–	**- 26**
thereof disposals	–	2	–	–	–	–	0	–	**2**
Depreciation	- 36	- 787	- 206	- 352	- 1,537	- 137	- 449	–	**- 3,504**
Impairments	–	0	- 1	0	- 3	0	0	0	**- 4**
Recoveries in value	–	0	–	27	0	0	0	–	**27**
Transfers	- 15	15	- 1	0	4	0	14	- 5	**12**
Disposals	22	41	9	240	718	49	295	2	**1,376**
Currency translation differences	- 3	- 5	- 2	0	- 48	- 4	- 12	0	**- 74**
As of Dec 31, 2019	**- 702**	**- 4,413**	**- 5,634**	**- 12,797**	**- 21,708**	**- 1,404**	**- 3,676**	**- 9**	**- 50,343**
Carrying amount as of Dec 31, 2019	**3,809**	**7,162**	**10,056**	**4,165**	**13,962**	**816**	**1,937**	**4,684**	**46,591**
Carrying amount as of Dec 31, 2018	3,485	4,434	10,042	4,306	12,122	598	1,761	4,009	**40,757**

Property, plant and equipment *(€ million)*	Land	Commercial, operating and other buildings	Permanent way structures	Track infrastructure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other operational and office equipment	Advance payments and assets under construction	**Total**
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2018	4,150	7,707	15,210	16,921	31,317	1,842	5,107	4,108	**86,362**
Changes in the scope of consolidation	3	30	–	–	112	1	1	0	**147**
thereof additions	3	30	–	–	112	1	1	0	**147**
thereof disposals	–	–	–	–	–	–	0	–	**0**
Additions	51	326	767	1,168	1,868	114	447	6,138	**10,879**
Addition borrowing costs	–	–	–	–	–	–	–	39	**39**
Investment grants	0	-87	-640	-1,012	-16	-24	-53	-5,335	**-7,167**
Transfers	8	226	160	135	220	56	157	-961	**1**
Changes with no impact on the income statement	–	0	–	–	–	–	0	–	**0**
Disposals	-55	-79	-22	-194	-529	-76	-369	26	**-1,298**
Currency translation differences	-2	-10	0	0	-34	-3	-5	0	**-54**
As of Dec 31, 2018	**4,155**	**8,113**	**15,475**	**17,018**	**32,938**	**1,910**	**5,285**	**4,015**	**88,909**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2018	-681	-3,489	-5,253	-12,583	-20,049	-1,295	-3,399	-5	**-46,754**
Changes in the scope of consolidation	–	-14	–	–	-36	-1	0	–	**-51**
thereof additions	–	-14	–	–	-36	-1	0	–	**-51**
thereof disposals	–	–	–	–	–	–	0	–	**0**
Depreciation	-8	-245	-193	-353	-1,224	-97	-398	0	**-2,518**
Impairments	-1	-2	0	-1	-3	-1	-2	–	**-10**
Recoveries in value	–	0	–	45	5	1	0	–	**51**
Transfers	1	4	0	1	28	9	-42	-1	**0**
Disposals	19	60	13	178	444	71	314	0	**1,099**
Currency translation differences	0	7	0	1	19	1	3	0	**31**
As of Dec 31, 2018	**-670**	**-3,679**	**-5,433**	**-12,712**	**-20,816**	**-1,312**	**-3,524**	**-6**	**-48,152**
Carrying amount as of Dec 31, 2018	**3,485**	**4,434**	**10,042**	**4,306**	**12,122**	**598**	**1,761**	**4,009**	**40,757**
Carrying amount as of Dec 31, 2017	3,469	4,218	9,957	4,338	11,268	547	1,708	4,103	**39,608**

The additions to the borrowing costs contained an average borrowing cost rate of 2.28% (previous year: 2.54%).

The impairments of € 4 million (previous year: € 10 million) mainly related to rolling stock for passenger and freight transport.

Recoveries in value of € 27 million (previous year: € 51 million) mainly related to track infrastructure, signaling and control equipment of DB Netz AG.

In the year under review, the carrying amount disposals for assets under construction included carrying amount disposals of € 52 million (previous year: € 27 million). These were attributable to the repayment of investment grants which had been received in previous years and deducted from assets.

As of December 31, 2019, restrictions to rights of disposal in relation to property, plant and equipment existed to the extent of € 38 million (as of December 31, 2018: € 39 million) mainly at S.I.A. Società Italiana Autoservizi S.P.A., Brescia/Italy and S.A.B. Autoservizi S.R.L., Bergamo/Italy.

Rights-of-use from leases (IFRS 16)

Rental activities of DB Group mainly relate to real estate. Compared with a solution involving purchasing of such assets, leasing provides much greater flexibility and results in lower amounts of capital being tied up. DB Group simultaneously participates in positive market developments by way of regularly agreeing prolongation options. In addition, DB Group rents rolling stock particularly if the economic useful life considerably exceeds the duration of the service agreement for which the rolling stock is intended.

The property, plant and equipment contains rights-of-use from leases which are shown separately in the following overview:

As of Dec 31, 2019 (€ million)	Rights of use for: Land	Commercial, operating and other buildings	Permanent way structures	Track infrastructure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other operational and office equipment	Total
Additions	44	578	0	2	487	24	18	**1,153**
Accumulated depreciation	- 28	- 587	- 3	- 1	- 267	- 35	- 16	**- 937**
Carrying amount	338	3,086	7	3	1,154	206	30	**4,824**

Further details of leasing-related liabilities, expenses and other financial obligations are set out in the **NOTES (6) 199 FF., (7) 201, (9) 202, (28) 215 FF. AND (35) 235 F.**, as well as the **NOTES TO THE STATEMENT OF CASH FLOWS 228.**

Rented assets

The rental activities of DB Group related mainly to premises in stations as well as the leasing of excess locomotive and rail car capacities. Agreements are normally not made with regard to assuring any residual values.

Subletting activities are carried out to a minor extent mainly at DB Schenker. Where appropriate, storage facilities are rented only for the purpose of fulfilling a logistics contract with a specific customer. If these customers take on the economic opportunities and risks with regard to the leased premises, the subletting income is not recognized in the income statement; instead, this is recognized as a sub-financing lease.

The assets which in certain cases are determined on the basis of retrospective calculations and completed surveys and which are leased by way of operating leases have the following residual carrying amounts:

Rented assets classified as operating leases (€ million)	Properties	Mobile assets
Cost of purchase and cost of production	1,408	6,504
Accumulated depreciation	- 447	- 4,790
Carrying amount as of Dec 31, 2019	**961**	**1,714**
Cost of purchase and cost of production	1,470	6,092
Accumulated depreciation	- 459	- 4,616
Carrying amount as of Dec 31, 2018	**1,011**	**1,476**

The residual carrying amounts and the accumulated depreciation of the mobile assets (mainly rolling stock) have increased considerably, particularly at DB Cargo. The process of renting the assets is expected to generate rental and leasing inflows in future years as shown in the following overview:

Expected rental and leasing income (nominal values) (€ million)	Residual maturity: Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2019								
Minimum lease payments	361	197	158	145	127	619	**1,246**	**1,607**
AS OF DEC 31, 2018								
Minimum lease payments	374	206	170	147	133	671	**1,327**	**1,701**

(14) INTANGIBLE ASSETS

Purchased intangible assets are shown with their cost of purchase in accordance with IAS 38 (Intangible Assets). Intangible assets manufactured in-house are recognized with their cost of production, and consist mainly of software.

Costs of production comprise mainly costs for material and services, wage and salary costs as well as relevant overhead costs.

Intangible assets (excluding goodwill and the Arriva brand) are subsequently valued at cost of purchase or cost of production less depreciation and impairments plus any reversals of previous impairments.

Intangible assets *(€ million)*	Capitalized development costs – products in use 2019	2018	Capitalized development costs – products under development 2019	2018	Purchased intangible assets 2019	2018	Goodwill 2019	2018	Intangible assets with indefinite useful life 2019	2018	Advance payments 2019	2018	**Total** 2019	2018
COST OF PURCHASE AND COST OF PRODUCTION														
As of Jan 1	277	175	296	186	2,426	2,455	3,025	3,026	5	5	0	0	**6,029**	**5,847**
Changes in the scope of consolidation	–	–	–	–	12	89	12	1	–	–	–	–	**24**	**90**
thereof additions	–	–	–	–	12	89	12	1	–	–	–	–	**24**	**90**
thereof disposals	–	–	–	–	–	–	–	–	–	–	–	–	**–**	**–**
Additions	53	59	211	230	31	37	–	–	–	–	0	–	**295**	**326**
Investment grants	0	–	–	- 41	- 1	- 1	–	–	–	–	–	–	**- 1**	**- 42**
Transfers	231	45	- 52	- 71	- 155	25	–	0	–	–	–	–	**24**	**- 1**
Changes with no impact on the income statement	–	–	–	–	1	0	–	–	–	–	–	–	**1**	**0**
Disposals	–	- 1	- 7	- 8	- 76	- 170	–	- 2	–	–	0	0	**- 83**	**- 181**
Currency translation differences	3	- 1	- 1	0	17	- 9	69	0	–	–	0	–	**88**	**- 10**
As of Dec 31	**564**	**277**	**447**	**296**	**2,255**	**2,426**	**3,106**	**3,025**	**5**	**5**	**0**	**0**	**6,377**	**6,029**
ACCUMULATED DEPRECIATION														
As of Jan 1	- 67	- 40	- 5	- 2	- 1,746	- 1,719	- 481	- 487	0	0	–	–	**- 2,299**	**- 2,248**
Changes in the scope of consolidation	–	–	–	–	–	0	–	–	–	–	–	–	**–**	**0**
thereof additions	–	–	–	–	–	0	–	–	–	–	–	–	**–**	**0**
thereof disposals	–	–	–	–	–	–	–	–	–	–	–	–	**–**	**–**
Depreciation	- 34	- 22	–	–	- 150	- 174	–	–	–	–	–	–	**- 184**	**- 196**
Impairments	–	- 5	–	- 5	- 6	- 4	–	- 1	–	–	–	–	**- 6**	**- 15**
Recoveries in value	–	–	–	–	0	–	–	–	–	–	–	–	**0**	**–**
Transfers	- 76	–	–	2	64	- 1	–	–	–	–	–	–	**- 12**	**1**
Disposals	–	0	4	–	37	147	–	3	–	–	–	–	**41**	**150**
Currency translation differences	- 1	0	–	–	- 17	5	- 5	4	–	–	–	–	**- 23**	**9**
As of Dec 31	**- 178**	**- 67**	**- 1**	**- 5**	**- 1,818**	**- 1,746**	**- 486**	**- 481**	**0**	**0**	**–**	**–**	**- 2,483**	**- 2,299**
Carrying amount as of Dec 31	**386**	**210**	**446**	**291**	**437**	**680**	**2,620**	**2,544**	**5**	**5**	**0**	**0**	**3,894**	**3,730**
Carrying amount as of Dec 31 of previous year	210	135	291	184	680	736	2,544	2,539	5	5	0	0	3,730	3,599

The acquired intangible assets mainly comprise software (about € 162 million carrying amount), franchises and rights (about € 89 million carrying amount) and acquired customer and franchise contracts (about € 165 million carrying amount).

There are no other legal, regulatory, contractual, competition-related, economic or other factors which limit the useful life of the acquired Arriva brand (carrying amount € 33 million).

Impairments of about € 5 million (previous year: € 14 million) have been recognized mainly at Arriva Rail North Limited, Sunderland/Great Britain.

Segment reporting shows the allocation of reported goodwill to the various segments.

(15) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Shares in associated companies and joint ventures are accounted for using the equity method in accordance with IAS 28. The carrying amount, based on DB Group's costs of purchase at the time of the purchase, is updated according to DB Group share of changes in equity position of the company accounted for using the equity method.

The shares in the investments accounted for using the equity method have developed as follows:

(€ million)	2019	2018
As of Jan 1	486	500
Additions	16	0
Disposals	0	- 26
Share of DB Group in profits	- 12	12
Capital increase	11	0
Dividends received	- 14	- 11
Reclassifications	0	0
Currency translation differences	13	11
Other valuation	1	0
As of Dec 31	**501**	**486**

The figure shown in the balance sheet as of December 31, 2019 is mainly attributable to the shares held in the associated companies EUROFIMA European Company for the Financing of Railroad Rolling Stock (EUROFIMA), Basel/Switzerland and Barraqueiro SGPS SA, Lisbon/Portugal. The shares in EUROFIMA are subject to restrictions in terms of being sold; new shareholders must be railway administration entities which additionally require a guarantee of their respective country guaranteeing their obligations. The additions mainly relate to GHT Mobility GmbH, Berlin.

(16) DEFERRED TAX ASSETS

Deferred taxes are calculated in accordance with IAS 12 (Income Taxes).

The theoretical income tax rate for corporations for domestic companies used as the basis for calculating deferred taxes is 30.5%. The income tax rate comprises the corporation tax rate plus solidarity surcharge and an average trade tax rate. Foreign subsidiaries use their relevant local tax rates for calculating deferred taxes.

A deferred tax asset is recognized in accordance with IAS 12.24 or IAS 12.34 if, after corresponding deferred tax liabilities have been deducted, it is likely that adequate taxable income is available. The long-term planning with additional estimates is used for the domestic companies as the basis of this process. The international companies use medium-term planning as the basis. Deferred tax assets relating to income which can be generated after the long-term period are not recognized, on the grounds that they cannot be reliably determined.

Deferred taxes are established on the basis of the tax rates which can be expected for the period in which the deferred tax is realized on the basis of existing laws or laws which have in essence been adopted.

Critical assessments and appraisals

The calculation of deferred tax assets is based on the medium- and long-term planning. If the sum of net profits planned were to decline by 10% in conjunction with otherwise unchanged tax parameters, deferred tax assets would have to be reduced by € 96 million (previous year: € 93 million).

Deferred tax assets are broken down as follows:

As of Dec 31 (*€ million*)	2019	2018
Deferred tax assets in respect of temporary differences	481	506
Deferred tax assets in respect of losses carried forward	765	526
Total	**1,246**	**1,032**

No deferred tax assets have been created in relation to the following losses carried forward and temporary differences:

As of Dec 31 (*€ million*)	2019	2018
Tax loss carry-forwards for which no deferred tax asset has been created	14,425	14,440
Temporary differences for which no deferred tax asset has been created	5,166	4,622
Temporary differences which are not permitted to be recognized in accordance with IAS 12.24b in conjunction with 12.33	2,116	2,273
Total	**21,707**	**21,335**

The losses carried forward are mainly attributable to the tax law treatment of Federal Government grants paid in the past to DB AG in accordance with section 21 (5) and section 22 (1) Deutsche Bahn Foundation Act (Deutsche Bahn Gründungsgesetz; DBGrG) as a contribution.

On the basis of current law, the domestic losses carried forward are fully allowable in accordance with current legislation (in terms of the actual amount and justification).

The temporary differences which are not permitted to be recognized in accordance with IAS 12.33 relate exclusively to additional tax depreciation from previously received tax-free investment grants.

The following deferred tax assets and deferred tax liabilities shown in the balance sheet were due to statement and valuation differences for the individual balance sheet items and tax losses carried forward:

	Deferred tax assets		Deferred tax liabilities	
As of Dec 31 (*€ million*)	2019	2018	2019	2018
NON-CURRENT ASSETS				
Property, plant and equipment	89	119	179	150
Intangible assets	0	3	37	43
Shares in companies accounted for using the equity method	0	1	0	1
Other financial assets	0	5	5	0
CURRENT ASSETS				
Inventories	3	3	1	1
Trade receivables	9	8	4	1
Derivative financial instruments	1	0	5	0
Other financial assets	2	5	7	9
NON-CURRENT LIABILITIES				
Financial debt	3	38	4	2
Other liabilities	59	61	0	4
Derivative financial instruments	17	4	0	0
Pension obligations	272	207	3	3
Other provisions	103	109	41	0
Deferred items	0	0	5	0
CURRENT LIABILITIES				
Financial debt	0	6	0	1
Trade accounts payable	0	0	1	0
Other liabilities	49	39	9	46
Other provisions	29	30	17	23
Losses carried forward	765	526	0	0
Total	**1,401**	**1,164**	**318**	**284**
Netting [1]	-155	-132	-155	-132
Amount stated in the balance sheet	**1,246**	**1,032**	**163**	**152**

[1] To the extent permitted by IAS 12 (Income Taxes).

Tax assets and liabilities are netted if they exist in relation to the same tax authority, if they are of identical maturity and if they relate to the same tax subject.

Of the deferred tax assets of € 1,401 million (as of December 31, 2018: € 1,164 million), a figure of € 93 million (as of December 31, 2018: € 91 million) will probably be realized in the course of the next 12 months. Of the deferred tax liabilities of € 318 million (as of December 31, 2018: € 284 million), a figure of € 44 million (as of December 31, 2018: € 83 million) will probably be realized in the course of the next 12 months.

Deferred tax assets of € 166 million (as of December 31, 2018: € 110 million) shown directly in equity and deferred tax liabilities of € 15 million (as of December 31, 2018: € 0 million) are included in the deferred taxes shown in the balance sheet.

(17) OTHER INVESTMENTS AND SECURITIES

Other investments are shown with their fair value.

Long- or short-term securities are recognized with their market values as of the balance sheet date – where such values exist. Changes in fair value are recognized with no impact on the income statement in the reserve attributable to the marking-to-market of securities.

Other investments and securities have developed as follows:

(€ million)	Other investments 2019	Other investments 2018	Securities 2019	Securities 2018	Total 2019	Total 2018
As of Jan 1	44	38	2	3	**46**	**41**
Currency translation differences	0	0	0	0	**0**	**0**
Changes in scope of consolidation	–	-1	–	–	**–**	**-1**
Additions	3	15	–	0	**3**	**15**
Disposals through sale	0	0	–	–	**0**	**0**
Other disposals	–	0	–	–	**–**	**0**
Fair value changes	0	–	1	-1	**1**	**-1**
Reclassifications	-5	-8	–	–	**-5**	**-8**
Total	–	0	–	–	**–**	**0**
As of Dec 31	**42**	**44**	**3**	**2**	**45**	**46**
thereof at cost/cost of purchase	–	–	0	0	**0**	**0**
thereof fair value (recognized directly in equity)	31	28	3	2	**34**	**30**
thereof fair value (recognized in the income statement)	11	16	–	–	**11**	**16**
Non-current share	42	44	2	1	**44**	**45**
Current share	–	–	1	1	**1**	**1**

(18) INVENTORIES

All costs which are directly related to the procurement process are capitalized as the costs of purchase of the inventories. The average method is used as the basis for establishing the cost of purchase of fungible and homogeneous raw materials, consumables and supplies. The costs of production comprise the individual costs and also the directly attributable overheads; borrowing costs and idle costs are not capitalized, and instead are recognized as expense in the period in which they are incurred.

As of the balance sheet date, inventories are measured with the lower of cost or net realizable value.

Inventories are broken down as follows:

As of Dec 31 *(€ million)*	2019	2018
Raw materials, consumables and supplies	1,592	1,383
Unfinished products, unfinished services	117	159
Finished products and goods	105	102
Advance payments	41	41
Impairments	-335	-316
Total	**1,520**	**1,369**

(19) RECEIVABLES AND OTHER ASSETS

In general, receivables and other financial assets are measured at amortized cost of purchase. Finance lease receivables, advance payments made and plan assets in accordance with IAS 19 (Employee Benefits) are not allocated to any category of IFRS 9. With regard to the measurement categories according to IFRS 9, please refer to the section "ADDITIONAL DISCLOSURES RELATING TO THE FINANCIAL INSTRUMENTS" 234 F.

Receivables for which there are substantial objective indications of an impairment are adjusted appropriately. Portfolio-based allowances are recognized in relation to groups of assets also on the basis of historical default rates. In DB Group, the maturities of the receivables and default risks are monitored constantly.

Some transport contracts include a handing over obligation specifying that the deployed assets owned by DB Group have to be handed over at the end of the contract. Other transport contracts include that the deployed assets have to be leased from the contracting organization or a capital service guarantee to be provided by the contracting organization for leasing from independent financial service providers. In accordance with IFRIC 12 (Service Concession Arrangements), the corresponding capital expenditures are capitalized as receivables from transport concession arrangements with the guaranteed residual values at the end of the contract being separated. The receivables are redeemed out of the concession fees, which means that not all of the concession fees result in revenues. The residual value receivables are disclosed at their present value under the financing receivables.

Critical assessments and appraisals

The impairment of doubtful receivables to a considerable extent comprises assessments and appraisals of individual receivables which are based on the creditworthiness of the particular customer, current economic developments as well as an analysis of historical bad debts at the portfolio level. If the impairment is derived on the basis of historical default rates at the portfolio level, any decline in the overall volume of receivables results in a corresponding reduction of such provisions (and vice versa).

The receivables and other assets are broken down as follows:

(€ million)	Trade receivables	Financial receivables and earmarked cash at banks	Receivables from transport concessions	Advance payments	Other assets	Total
AS OF DEC 31, 2019						
Gross value	5,062	413	352	290	1,746	**7,863**
Impairments	- 145	- 9	0	–	- 46	**- 200**
Net value	**4,917**	**404**	**352**	**290**	**1,700**	**7,663**
thereof due to related parties	37	9	–	0	476	**522**
AS OF DEC 31, 2018						
Gross value	5,128	184	163	282	1,638	**7,395**
Impairments	- 142	- 10	0	–	- 31	**- 183**
Net value	**4,986**	**174**	**163**	**282**	**1,607**	**7,212**
thereof due to related parties	34	12	–	0	384	**430**

DB Group concluded factoring agreements with a bank; according to the terms of this agreement, the bank is obliged to purchase on a revolving basis current trade receivables in certain companies of the DB Schenker segment up to a maximum volume of € 701 million. Criteria for defining the receivables include the following: legal enforceability, the invoice falling due within 180 days of the invoice date, as well as the fact that the debtor is not an intra-Group debtor. The agreement has been concluded for an indefinite period of time. DB Group will continue to be responsible for sales ledger accounting and the dunning system on behalf of the bank until further notice. The risks relating to the receivables which are sold and which are relevant for the risk assessment are the credit risk and the risk of late payment. The purchase price is equivalent to the nominal amount. DB Group bears bad debt related to credit risks from the various tranches as well as late-payment risks up to a maximum amount of € 159 million. The other bad debts related to the credit risk are borne by the bank. Virtually none of the opportunities and risks associated with the receivables have been transferred or retained (breakdown of major risks between DB Group and bank). For some of the receivables, the right of disposal over the receivables which have been sold has been transferred to the bank as the bank has the actual ability to sell on the receivables. These receivables have been completely derecognized. As of December 31, 2019, outstanding receivables with a volume of € 685 million had been sold; of this figure, an amount of € 260 million had been entirely derecognized and an amount of € 425 million had been derecognized to the extent of the transferred risk. Purchase price payments received by the bank increased the cash flow from operating activities.

The financial receivables include residual values of € 156 million (as of December 31, 2018: € 62 million) agreed with the public transport authorities for transport contracts. These residual value receivables mainly relate to rolling stock which are sold for a fixed price at the end of the transport contract to the public transport authority or to a third party designated by the public transport authority. The financial receivables mainly show receivables from subleases of € 106 million (as of December 31, 2018: € 26 million receivables from finance leases). The increase was mainly attributable to the first-time adoption of IFRS 16. In addition, the receivables from financing for the first time included earmarked funds (€ 46 million) which can be used only for contributions for certain retirement benefit schemes.

The other assets disclose for the first time contract fulfillment costs of € 21 million (as of December 31, 2018: € 22 million).

The impairments for the financial instruments classified in accordance with IFRS 7 have developed as follows:

(€ million)	Trade receivables	Financial receivables and earmarked cash at banks	Receivables from transport concessions	Other assets	Total
As of Jan 1, 2019	- 142	- 10	–	- 31	**- 183**
Additions	- 28	–	0	- 20	**- 48**
Reversals	20	–	–	4	**24**
Amounts used	5	0	–	1	**6**
Changes in the scope of consolidation	0	–	–	0	**0**
Currency translation differences	0	1	–	0	**1**
As of Dec 31, 2019	**- 145**	**- 9**	**0**	**- 46**	**- 200**
As of Jan 1, 2018	- 181	- 6	–	- 59	**- 246**
Change in method IFRS 9	24	–	–	–	**24**
Additions	- 26	- 4	0	- 3	**- 33**
Reversals	24	–	–	11	**35**
Amounts used	17	0	–	20	**37**
Changes in the scope of consolidation	0	0	–	0	**0**
Currency translation differences	0	0	–	0	**0**
As of Dec 31, 2018	**- 142**	**- 10**	**-**	**- 31**	**- 183**

Receivables for which there are substantial objective indications of an impairment are adjusted appropriately. For equivalent receivables (portfolios of receivables) which cannot be identified individually as impaired, risk provisioning is also created for anticipated credit losses. Any impairments which are recognized are shown as deductions from the financial assets. Previous impairments are reversed if the reasons for the original impairments are no longer applicable.

Expenses increased to € 51 million in the year under review for the complete derecognition of receivables and other assets (previous year: € 49 million).

Income of € 4 million was reported for amounts received in relation to previously derecognized receivables and other assets (previous year: € 16 million).

For trade receivables, DB Group uses the simplified approach according to IFRS 9 in order to measure the expected loan losses. Accordingly, for all trade receivables, the loan losses expected over the life of the receivables are used for this purpose. For measuring the expected loan losses, trade receivables are pooled on the basis of common credit risk features. The expected loan losses are determined on a collective basis using impairment matrices. These are determined on the basis of the individual segments within DB Group. The expected loan losses amounted to € 22 million as of December 31, 2019 (as of December 31, 2018: € 23 million).

As of Dec 31, 2019 *(€ million)*	Net carrying amount	Expected loss rate (%)	Risk provisioning	thereof risk provisioning for past due receivables	thereof risk provisioning for receivables not past due
Trade receivables	4,917	0.45	22	13	9

For financial receivables as well as other financial receivables, the expected impairment requirement for major items was determined in relation to specific receivables. Risk provisioning totaling € 5 million was created for this purpose as of December 31, 2019 (as of December 31, 2018: € 6 million).

The following overview shows the maturity structure of the receivables for the financial instruments classified in accordance with IFRS 7 and the advanced payments which have been made:

	Residual maturity							
(€ million)	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2019								
Trade receivables	4,871	16	13	9	4	4	**46**	**4,917**
Financial receivables and earmarked cash at banks	152	26	31	13	8	174	**252**	**404**
Receivables from transport concessions	37	31	30	29	29	196	**315**	**352**
Advance payments	235	55	–	–	–	–	**55**	**290**
Other assets	1,612	22	8	22	1	35	**88**	**1,700**
Total	**6,907**	**150**	**82**	**73**	**42**	**409**	**756**	**7,663**
thereof non-financial assets	530	64	7	1	1	34	**107**	**637**
AS OF DEC 31, 2018								
Trade receivables	4,962	15	8	1	0	0	**24**	**4,986**
Financial receivables and earmarked cash at banks	98	3	1	1	1	70	**76**	**174**
Receivables from transport concessions	16	10	10	10	10	107	**147**	**163**
Advance payments	230	52	–	–	–	–	**52**	**282**
Other assets	1,526	27	3	15	6	30	**81**	**1,607**
Total	**6,832**	**107**	**22**	**27**	**17**	**207**	**380**	**7,212**
thereof non-financial assets	549	64	2	5	0	13	**84**	**633**

The trade receivables were virtually unchanged compared with the previous year. Increases at DB Regional, Subsidiaries/Other and DB Netze Stations almost fully compensated for the decline at DB Schenker and DB Netze Energy.

The current other assets also comprised the customs receivables of the DB Schenker segment. The increase in the other assets mainly related to the DB Netze Track segment.

As a result of the large number of customers in the various operating segments, there is no evidence of any concentration of credit risks with trade receivables.

The fair values of the balance sheet items receivables and other assets, trade receivables as well as other receivables and assets essentially correspond to the carrying amounts.

The maximum default risk is essentially equivalent to the carrying amount in each case. No collateral is normally held.

As of the balance sheet date, there are no indications that debtors of the receivables which are neither impaired nor overdue will not meet their payment obligations.

(20) INCOME TAX RECEIVABLES

The income tax receivables relate to advance payments which have been made as well as allowable withholding taxes.

(21) DERIVATIVE FINANCIAL INSTRUMENTS

Upon conclusion of a contract, derivative financial instruments are generally classified as hedging instruments for hedging the cash flows from contractual obligations or anticipated transactions (cash flow hedge).

Cash flow hedges

Cash flow hedges are used to provide protection against fluctuations in the cash flows of financial assets or liabilities or anticipated transactions. When future cash flows are hedged, the hedging instruments are also recognized with their fair value. Changes in value are initially recognized in shareholders' equity with no impact on the income statement, and are only recognized in the income statement at the point at which the corresponding losses or *profits from the underlying have an impact on the income statement or the transactions expire. Any ineffectiveness is recognized in the income statement in accordance with IFRS 9.*

Derivative financial instruments which do not satisfy the requirements for recognizing hedges in accordance with IFRS 9

If hedges which in economic terms are used for interest, currency or price hedging do not satisfy the requirements of IFRS 9 for being recognized as a hedge, the changes in value are immediately recognized in the income statement.

Calculation of the fair value

The fair value of financial instruments which are traded in an active market is derived from the market price applicable on the balance sheet date. Common valuation methods such as option price or present-value models are used for determining the fair value of financial instruments which are not traded in an active market. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used. Trades for which no premium has been paid have a fair value of zero upon conclusion. DB AG operates with long-dated financial derivatives on a hedged basis, and does not perform any credit risk adjustment for the present value for hedged transactions. For considerations of materiality, no credit risk adjustment is used for short-term derivatives. If credit risk adjustment is used, the relevant discounts are derived from the credit default swap (CDS) figures observable on the market.

All derivatives used in DB Group are measured using common methods such as option price or present value models, because their fair values are not traded on an active market. No parameters from non-observable markets are used for measurement purposes.

The volume of hedges which have been taken out is shown in the following overview of nominal values:

As of Dec 31 (€ million)	Nominal value of hedging instrument 2019	2018	Residual maturity up to 1 year 2019	2018	Residual maturity more than 1 year 2019	2018
INTEREST-BASED CONTRACTS						
Interest swaps	84	92	0	0	84	92
	84	**92**	**0**	**0**	**84**	**92**
CURRENCY-BASED CONTRACTS						
Currency swaps	1,149	796	1,149	796	0	0
Currency forwards	2,408	1,683	2,335	1,636	73	48
Cross-currency swaps	6,836	6,061	1,063	248	5,773	5,813
	10,393	**8,540**	**4,547**	**2,680**	**5,846**	**5,861**

As of Dec 31 (1,000 t)	Volume 2019	2018	Residual maturity up to 1 year 2019	2018	Residual maturity more than 1 year 2019	2018
OTHER CONTRACTS						
Diesel	849	962	66	126	783	836
Hard coal	3,384	4,116	1,322	1,284	2,062	2,832

The volume of interest swaps declined as of December 31, 2019. No new transactions were carried out. The changes in holdings of currency swaps and forwards vary in line with the corresponding hedging requirements of the subsidiaries. In the year under review, the nominal value of the cross-currency swaps increased by € 775 million, because the year under review saw the issue of foreign currency senior bonds whose cash flows were swapped into euros.

The volume of diesel hedges declined by 0.1 million t to 0.8 million t. The volume of hard coal hedging declined by about 0.7 million t as of December 31, 2019 to 3.4 million t, as the volume of expiring hedges exceeded the new hedges.

The following table shows the average hedging prices/hedging rates for the main derivative hedging instruments of DB Group (per currency):

(Currency)	Hedging price per 1,000 t: Diesel	Hard coal	Hedging rate: Cross-currency swaps (CCS)	Interest rate swaps (IRS)	Currency swaps	Currency forward
EUR	517.01	63.40	–	0.04	–	–
USD	–	–	1.12	–	1.03	1.13
GBP	386.31	–	0.87	–	0.89	0.86
CHF	–	–	1.20	–	–	1.09
JPY	–	–	114.80	–	–	120.79
AUD	–	–	1.53	–	–	1.62
HKD	–	–	–	–	–	8.71
NOK	–	–	8.81	–	10.11	10.12
SEK	–	–	9.34	–	–	10.50
DKK	–	–	7.46	–	–	7.47
SGD	–	–	1.59	–	1.51	1.51
NZD	–	–	1.65	–	–	1.72
PLN	2,195.37	–	4.26	–	–	4.31
CZK	12,767.08	–	26.10	–	–	25.48
HUF	–	–	300.20	–	–	334.14
RON	–	–	4.51	–	–	4.79
HRK	–	–	7.44	–	–	7.45
CNY	–	–	–	–	–	7.88
ILS	–	–	–	–	–	3.94
SAR	–	–	4.29	–	–	4.17
AED	–	–	–	–	4.16	4.06
QAR	–	–	–	–	–	4.19

All derivative financial instruments are marked-to-market on the reporting date. The following overview shows the structure of the item stated in the balance sheet depending on the type of underlying hedge:

	Assets		Liabilities	
As of Dec 31 (€ million)	2019	2018	2019	2018
INTEREST-BASED CONTRACTS				
Interest swaps	–	–	5	9
Interest forwards	0	0	–	–
	0	**0**	**5**	**9**
CURRENCY-BASED CONTRACTS				
Currency swaps	1	1	16	5
Currency forwards	10	4	9	6
Other currency derivatives	0	0	0	0
Cross-currency swaps	265	202	280	326
thereof effects from currency hedges	294	199	173	222
	276	**207**	**305**	**337**
OTHER CONTRACTS				
Energy price derivatives	39	56	56	45
	39	**56**	**56**	**45**
Total	**315**	**263**	**366**	**391**
Non-current portion	181	216	287	372
Interest-based contracts	–	–	5	9
Currency-based contracts	146	168	248	326
Other contracts	35	48	34	37
Current position	134	47	79	19

Cash flow hedges

In order to minimize the interest rate and exchange rate risk, foreign currency issues as well as intra-Group foreign currency loans are in principle translated into euros, and floating-rate financial liabilities are generally converted into fixed-income financial liabilities. Energy price hedging was intended to reduce price fluctuations attributable to energy sourcing.

The negative valuation of the interest rate swaps is still due to a continuous decline in the level of interest rates since the transactions were concluded. The development in the value of the cross-currency swaps is mainly attributable to the weakening of the euro against the Swiss franc and the Australian dollar; this was to some extent mitigated by the lower level of interest rates in the Eurozone.

The negative market value of the energy price derivatives reflects the development on the underlying raw materials markets.

The market values of the cash flow hedges are shown as follows under assets and liabilities:

	Assets		Liabilities	
As of Dec 31 (€ million)	2019	2018	2019	2018
INTEREST-BASED CONTRACTS				
Interest swaps	–	–	5	9
	–	**–**	**5**	**9**
CURRENCY-BASED CONTRACTS				
Currency swaps	1	1	16	5
Cross-currency swaps	265	202	250	291
	266	**203**	**266**	**296**
OTHER CONTRACTS				
Energy price derivatives	39	56	56	45
Miscellaneous / other derivatives	–	–	0	0
	39	**56**	**56**	**45**
Total	**305**	**259**	**327**	**350**
Non-current portion	180	215	257	337
Interest-based contracts	–	–	5	9
Currency-based contracts	145	167	218	291
Other contracts	35	48	34	37
Current position	125	44	70	13

Cash flow hedges are not classified under any category of IFRS 9.

The hedged cash flows of the underlyings will probably materialize, and have an impact on the income statement, in the years 2019 to 2039 (interest payments and payments of principal) or in the years 2019 to 2025 (payments for energy).

Details for hedges and underlyings in accordance with IFRS 9

	2019		As of Dec 31, 2019	2018		As of Dec 31, 2018
(€ million)	Changes in hedges and underlyings	thereof ineffective (with impact on income statement)	Hedging reserve cash flow hedges	Changes in hedges and underlyings	thereof ineffective (with impact on income statement)	Hedging reserve cash flow hedges
INTEREST-BASED CONTRACTS						
Interest swaps	+ 4	–	- 3	+ 2	–	- 6
CURRENCY-BASED CONTRACTS						
Currency swaps	- 11	–	+ 5	- 2	–	+ 1
Cross-currency swaps	+ 104	+ 3	- 135	+ 62	–	- 112
OTHER CONTRACTS						
Energy price hedges	- 27	–	- 22	+ 11	–	+ 4

In the case of interest and cross-currency hedges, the effectiveness of the hedge is assessed using the critical terms match method. This method is used because the major valuation parameters of the underlying and hedges are identical. Ineffectiveness is measured as of every balance sheet date by means of the hypothetical derivative method. In this method, the development in value of the hedge which is actually taken out is compared with the development in value of a theoretical hedge in which all valuation-relevant parameters are identical to those of the underlying. In the case of energy price derivatives, the effectiveness of the hedge is assessed using the linear regression. The ineffectiveness is calculated using the dollar-offset method. Under this method, the changes in the market values of the underlying are compared with the changes in the market value of the hedging instrument. The resultant quotient determines the inefficiency.

As in the previous year, the inefficiencies of cash flow hedges of the energy price derivatives recognized in the income statement were of minor significance.

Non-hedge derivatives

Currency forwards taken out to hedge operations are normally classified as non-hedge derivatives.

The market values of the non-hedge derivatives are shown under assets and liabilities as follows:

	Assets		Liabilities	
As of Dec 31 *(€ million)*	**2019**	2018	**2019**	2018
INTEREST-BASED CONTRACTS				
Interest forwards	–	–	–	–
	–	**–**	**–**	**–**
CURRENCY-BASED CONTRACTS				
Currency forwards	10	4	9	6
Other currency derivatives	0	0	0	0
Cross-currency swaps	–	–	30	35
	10	**4**	**39**	**41**
OTHER CONTRACTS				
Energy price derivatives	0	0	–	–
	0	**0**	**–**	**–**
Total	**10**	**4**	**39**	**41**
Non-current portion	1	1	30	35
Currency-based contracts	1	1	30	35
Current position	9	3	9	6

The cross-currency swaps are based on a redesignation of hedges as a result of the transfer of transactions between banks. The conditions including the cash flows of the derivatives were unchanged and the economic hedge is thus still in place. The decline was attributable to the reversal of the redesignated amounts in line with the residual maturities of the swaps.

The non-hedge derivatives are classified under the category held-for-trading of IFRS 9.

The financial instruments recognized at fair value are classified under valuation level 2 and to a lesser extent under valuation level 1.

	2019				2018			
As of Dec 31 *(€ million)*	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	**Total**
ASSETS								
Financial assets (securities at fair value)	3	–	–	**3**	2	–	–	**2**
Derivatives – non-hedging	–	10	–	**10**	–	4	–	**4**
Derivatives – hedging	–	305	–	**305**	–	259	–	**259**
Total	**3**	**315**	**–**	**318**	**2**	**263**	**–**	**265**
LIABILITIES								
Derivatives – non-hedging	–	39	–	**39**	–	41	–	**41**
Derivatives – hedging	–	327	–	**327**	–	350	–	**350**
Total	**–**	**366**	**–**	**366**	**–**	**391**	**–**	**391**

There have been no reclassifications between the valuation levels in the year under review.

For establishing the fair values of the derivative financial instruments, contractually agreed or most probable cash flows are discounted using the appropriate market interest rate, whereby due consideration is given to the credit risk by means of credit spreads. No credit risk mark-downs have been recognized in the case of secured exposures. The credit risk resulting from the derivative portfolio is treated on a net basis. Credit support annexes, which are subject to daily security settlement with a threshold value of € 0, were concluded to minimize the credit risk of long-term interest and cross-currency transactions.

(22) CASH AND CASH EQUIVALENTS

This item comprises cash in hand and checks, deposits at banks which are due on sight, as well as cash and cash equivalents. Cash at banks comprises overnight money as well as time deposits (including repurchase agreements (repos)) due within three months.

Cash and cash equivalents are recognized with their nominal value (at amortized cost).

Cash and cash equivalents are broken down as follows:

As of Dec 31 *(€ million)*	**2019**	2018
Cash in hand and cash at banks	3,992	3,543
Cash equivalents	1	1
Total	**3,993**	**3,544**
Effective interest rate on short-term bank deposits (%)	-0.23	-0.20
Average term of short-term bank deposits (months)	0.8	0.4

The interest rates for short-term bank deposits were in a range of between −0.55% and 0.17% (previous year: −0.60% to 0.19%) and relate to euro-denominated investments. The terms of the investments are between one day and three months.

With regard to cash and cash equivalents, please refer to section NOTES TO THE STATEMENT OF CASH FLOW 228.

(23) HELD-FOR-SALE ASSETS

Under IFRS 5, non-current assets are classified as available-for-sale non-current assets if their carrying amount is to be realized by way of sale and not by way of continued use. This can be an individual asset, a disposal group or part of a company. Non-current available-for-sale assets are stated with the lower of carrying amount or market value less costs which will be incurred.

As of December 31, 2019, no available-for-sale assets were shown in the balance sheet. The figure stated as of December 31, 2018 related to the shares in GHT Mobility GmbH, Berlin, which in the year under review were reclassified to shares in companies recognized at equity.

(24) SUBSCRIBED CAPITAL

The share capital of DB AG is € 2,150 million. It consists of 430,000,000 no-par-value bearer shares. All shares are held by the Federal Republic of Germany.

(25) RESERVES

a) Capital reserves

Capital reserves comprise reserves which have not been part of earnings.

b) Reserve resulting from valuation with no impact on profit or loss

RESERVE FOR CURRENCY TRANSLATION DIFFERENCES

The currency translation differences resulting from the method of functional currency (IAS 21) are shown separately as part of consolidated shareholders' equity.

RESERVE FOR MARKET VALUATION OF SECURITIES

The reserve includes the changes in the market value of financial instruments to be recognized directly in equity. The reserve has to be reversed to the income statement or eliminated when a financial instrument is sold, became due or was reclassified.

RESERVE ATTRIBUTABLE TO THE MARKET VALUATION OF CASH FLOW HEDGES

The development in the reserve is shown in the following:

(€ million)	2019	2018
As of Jan 1	-106	-121
Change in market value	64	90
Reclassifications		
Financial result	-110	-59
Net interest income	2	3
Cost of materials	2	-18
Changes in deferred taxes	-1	-1
As of Dec 31	**-149**	**-106**

RESERVE FOR THE REVALUATION OF PENSIONS

The effects resulting from the revaluation of defined benefit plans in accordance with IAS 19 (Employee Benefits) are recognized directly in equity.

OTHER CHANGES IN THE RESERVES

This item mainly shows amounts resulting from transactions in relation to reductions or increases in non-controlling interests between the shareholders of DB AG and the non-controlling interests.

(26) RETAINED EARNINGS

The generated shareholders' equity comprises the entire net profits generated since January 1, 1994 less the goodwill offset under HGB up to December 31, 2002 as well as the dividends paid to the shareholder.

This item also shows the impact on shareholders' equity attributable to the first-time adoption of IFRS if they are not included in the reserves attributable to valuation with no impact on the income statement.

(27) NON-CONTROLLING INTERESTS AND HYBRID CAPITAL

Non-controlling interests comprise the share of third parties in the net assets of consolidated subsidiaries. Third-party interests in the currency reserve amount to € −8 million (as of December 31, 2018: € −8 million).

In October 2019, Deutsche Bahn Finance GmbH (DB Finance) issued two junior hybrid bonds with a total volume of € 2 billion. The hybrid bonds have undated durations with an initial termination right for the issuer after 5.5 years (coupon: 0.95 %) and ten years (coupon: 1.6 %) respectively; the issue proceeds amounted to € 997 million and € 995 million respectively. The two hybrid bonds do not have a repayment obligation and do not have a termination right for the holder. In addition, any retained interest payments only have to be made when a dividend is paid. According to IAS 32 (Financial Instruments), the hybrid bonds have to be classified entirely as equity as there is no regular repayment obligation of the hybrid bonds, nor is there any termination right of the bond holders. Interest payments to be made to the bond holders (less the taxes on income) are recognized directly in equity.

(28) FINANCIAL DEBT

Liabilities are normally recognized in accordance with IFRS 9 with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled. Financial debt and other non-current liabilities, when initially recognized, are stated with the amount which corresponds to the fair value of the received assets, where appropriate less transaction costs. Subsequently, they are stated using amortized costs of purchase using the effective interest method. The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability.

Interest-free loans which are related to infrastructure capital expenditures are recognized with the present value of the amounts to be repaid, and are adjusted to their nominal repayment amount over their life. The difference between the nominal amount of the loan and the present value is recognized as an interest benefit under deferred items. The income from pro rata reversal of these accruals is shown as other operating income.

Liabilities from leases for which a right-of-use has to be recognized in accordance with IFRS 16 are shown as liabilities at the beginning of the contract duration with the lower of fair value and the present value of the following lease payments: fixed payments less payments of the lessor which are received, variable payments based on an index, expected payments for residual value guarantees, the purchase price for probably exercised purchase options, probable compensation payments in the event of early termination. The measurement of the lease liability also includes lease payments in relation to adequately certain utilization of prolongation options. The leasing installments are broken down into an interest component and a repayment component. The interest component of the leasing installment is recognized in the income statement. The interest rate which is *used corresponds to the implied interest rate of the lease or, if this is not known, the maturity-related marginal borrowing rate. Liabilities arising from leases are not classified under any category of IFRS 9.*

Some transport contracts comprise the leasing particularly of rail vehicles from transport authorities or from independent financial service providers, whereby the latter receive a capital service guarantee, a redeployment guarantee or similar from the transport authority. The present value of these payment obligations is shown under the financing liabilities from transport concessions.

The financial debt comprises all interest-bearing liabilities including the interest-free loans stated with their present values. The maturity structure of financial debt is as follows:

	Residual maturity							
(*€ million*)	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2019								
Interest-free loans	159	147	140	133	128	–	**548**	**707**
Senior bonds	2,176	1,802	1,568	1,933	1,529	11,958	**18,790**	**20,966**
Commercial paper	890	–	–	–	–	–	**–**	**890**
Bank borrowings	221	3	401	0	0	1	**405**	**626**
EUROFIMA loan	–	200	–	–	–	–	**200**	**200**
Leasing liabilities	1,053	871	630	541	425	1,495	**3,962**	**5,015**
Financing liabilities from transport concessions	13	12	13	13	13	13	**64**	**77**
Other financial liabilities	204	1	0	6	0	1	**8**	**212**
Total	**4,716**	**3,036**	**2,752**	**2,626**	**2,095**	**13,468**	**23,977**	**28,693**
thereof due to related companies	167	348	140	133	128	0	**749**	**916**
AS OF DEC 31, 2018								
Interest-free loans	174	153	140	134	128	122	**677**	**851**
Senior bonds	1,958	2,137	1,804	1,544	1,916	11,353	**18,754**	**20,712**
Commercial paper	–	–	–	–	–	–	**–**	**–**
Bank borrowings	240	4	1	400	0	1	**406**	**646**
EUROFIMA loan	–	–	200	–	–	–	**200**	**200**
Finance lease liabilities	44	43	59	36	41	339	**518**	**562**
Financing liabilities from transport concessions	6	6	6	7	7	13	**39**	**45**
Other financial liabilities	196	24	1	0	6	1	**32**	**228**
Total	**2,618**	**2,367**	**2,211**	**2,121**	**2,098**	**11,829**	**20,626**	**23,244**
thereof due to related companies	186	153	341	134	128	122	**878**	**1,064**

The following fair values are summarized compared with the carrying amounts:

	2019		2018	
As of Dec 31 (*€ million*)	Carrying amount	Fair value	Carrying amount	Fair value
Interest-free loans	707	784	851	955
Senior bonds	20,966	22,498	20,712	21,722
Commercial paper	890	890	–	–
Bank borrowings	626	627	646	647
EUROFIMA loan	200	216	200	223
Leasing liabilities [1)]	5,015	5,408	562	712
Finance liabilities from transport concessions	77	78	45	47
Other financial liabilities	212	213	228	229
Total	**28,693**	**30,714**	**23,244**	**24,535**

1) Previous year: Finance lease liabilities.

The differences between the carrying amounts and the fair values of the financial debt are due to the usually changed market interest rates for financial debt with a comparable risk profile. In view of the short maturities involved and also in view of the fact that interest charged is closely linked to market rates, there are no significant differences between the carrying amounts and the fair values of other financial liabilities.

Interest-free loans are attributable almost exclusively to financing provided by the Federal Government for capital expenditures in expanding and replacing track infrastructure. This is based on the responsibility for the transport needs of the public which is anchored in section 87e (4) of the Basic Law (Grundgesetz; GG) and specified in the Federal Rail Infrastructure Extension Act (Bundesschienenwegeausbaugesetz; BSWAG).

The arrangements for repaying the loans are detailed in individual and collective financing agreements. In general, the loans are repaid in equal annual installments, which are based on the corresponding annual depreciation applicable for the financed assets.

Interest-free loans have developed as follows:

(*€ million*)	2019	2018
As of Jan 1	851	1,014
Redemption	-178	-204
Compounding	34	41
As of Dec 31	**707**	**851**

The issued senior bonds consist of the following transactions:

Senior bonds as of Dec 31 (*€ million*)	Issue volume	Issue currency	Residual maturity (years)	Effective interest rate (%)	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
UNLISTED SENIOR BONDS								
DB Finance	1,044	AUD, JPY, EUR	4.7–12.8		953	1,070	931	994
Total					**953**	**1,070**	**931**	**994**
LISTED SENIOR BONDS OF DB FINANCE								
Bond 2007–2019	600	EUR	0.0	5.110	–	–	600	617
Bond 2009–2019	1,000	EUR	0.0	4.923	–	–	1,000	1,009
Bond 2009–2021	600	EUR	1.7	4.445	599	647	599	669
Bond 2010–2020	500	EUR	0.4	3.572	499	508	500	526
Bond 2010–2025	500	EUR	5.5	3.870	497	602	497	597
Bond 2010–2020	410	JPY	0.8	1.150	386	389	374	381
Bond 2010–2022	500	EUR	2.8	3.464	499	551	498	562
Bond 2010–2020	567	CHF	0.4	1.924	690	698	664	686
Bond 2011–2021	700	EUR	1.4	3.797	700	740	699	765
Bond 2012–2022	496	GBP	2.5	2.821	469	490	446	468
Bond 2012–2023	400	EUR	3.1	2.116	399	425	398	431
Bond 2012–2024	83	CHF	4.1	1.586	92	99	88	96
Bond 2012–2024	500	EUR	4.2	3.119	498	562	497	567
Bond 2012–2072	75	GBP	52.9	4.524	70	118	67	105
Bond 2013–2028	50	EUR	8.1	2.707	50	59	50	58
Bond 2013–2025	202	NOK	5.2	4.017	152	163	151	166
Bond 2013–2023	386	CHF	3.6	1.425	437	466	421	452
Bond 2013–2026	497	GBP	6.6	3.351	493	555	468	518
Bond 2013–2023	500	EUR	3.7	2.578	499	546	498	553
Bond 2013–2020	300	EUR	0.8	1.899	300	305	299	311
Bond 2013–2019	186	USD	0.0	FRN	–	–	218	218
Bond 2014–2024	59	AUD	4.1	5.395	56	63	55	61
Bond 2014–2021	142	SEK	1.1	2.940	120	123	122	128
Bond 2014–2021	40	SEK	1.1	FRN	33	34	34	34
Bond 2014–2019	73	SGD	0.0	2.338	–	–	80	80
Bond 2014–2024	246	CHF	4.7	1.522	276	302	266	290
Bond 2014–2029	500	EUR	9.2	2.886	494	608	494	581
Bond 2014–2020	300	EUR	0.6	FRN	300	301	300	301
Bond 2014–2022	300	EUR	2.7	FRN	300	302	300	302
Bond 2014–2022	300	EUR	2.1	FRN	300	302	300	302
Bond 2015–2023	600	EUR	3.8	FRN	599	606	599	605
Bond 2015–2025	600	EUR	5.8	1.391	595	639	595	628
Bond 2015–2030	366	NOK	10.8	2.760	344	346	341	344
Bond 2015–2025	115	AUD	5.8	3.864	112	123	110	117
Bond 2015–2030	650	EUR	10.8	1.707	645	727	644	678
Bond 2015–2025	161	CHF	5.9	0.143	161	165	155	155
Bond 2016–2026	500	EUR	6.2	0.880	496	518	496	503
Bond 2016–2031	750	EUR	11.5	0.964	743	776	742	709
Bond 2016–2021	350	EUR	1.5	0.040	350	351	350	350
Bond 2016–2028	500	EUR	8.7	0.765	494	518	493	487
Bond 2016–2024	41	HKD	4.2	2.100	40	39	39	37
Bond 2017–2032	79	NOK	12.1	2.514	71	69	70	68
Bond 2017–2032	500	EUR	12.9	1.541	497	552	497	504
Bond 2017–2025	341	GBP	5.5	1.437	351	355	334	328
Bond 2017–2032	55	SEK	12.6	2.226	51	54	52	51
Bond 2017–2030	261	CHF	10.9	0.463	276	288	266	262
Bond 2017–2024	300	EUR	4.9	FRN	302	302	303	301
Bond 2018–2027	1,000	EUR	8.0	1.086	994	1,065	993	1,013
Bond 2018–2033	750	EUR	13.6	1.680	745	842	745	765
Bond 2018–2028	346	CHF	8.6	0.470	370	386	356	359
Bond 2018–2031	500	EUR	11.2	1.508	493	547	493	505
Bond 2018–2043	125	EUR	23.9	1.867	125	144	125	125
Bond 2019–2028	1,000	EUR	9.0	1.235	991	1,076	–	–
Bond 2019–2026	340	GBP	6.1	1.944	351	364	–	–
Bond 2019–2034	103	NOK	14.1	2.732	101	101	–	–
Bond 2019–2029	310	CHF	9.5	0.135	322	325	–	–
Bond 2019–2034	133	CHF	14.5	0.516	138	143	–	–
Bond 2019–2039	47	SEK	19.4	2.025	48	49	–	–
Total					**20,013**	**21,428**	**19,781**	**20,728**
Senior bonds, total amount					**20,966**	**22,498**	**20,712**	**21,722**

The year under review saw the scheduled repayment of the following with a total value of € 1,913 million: three fixed-interest listed senior bonds of DB Finance for € 600 million, € 1,000 million and SGD 125 million (€ 73 million), one variable-interest listed senior bond for USD 250 million (€ 186 million) as well as one fixed-interest unlisted senior bond for JPY 7,500 million (€ 54 million).

In the year under review, DB Finance issued seven senior bonds with a total value of € 2,004 million. These comprise six fixed-interest listed senior bonds for GBP 300 million (€ 340 million), NOK 1,000 million (€ 103 million), CHF 350 million (€ 310 million), CHF 150 million (€ 133 million) and SEK 500 million (€ 47 million) as well as one fixed-interest unlisted senior bond for AUD 115 million (€ 71 million).

Commercial paper issues are carried out within the framework of short-term liquidity management. Commercial paper with a volume of € 890 million was outstanding as of December 31, 2019 (as of December 31, 2018: none). This was broken down as follows:

Commercial paper as of Dec 31 (*€ million*)	Issue volume	Issue currency	Residual maturity (days)	Nominal interest rate (%)	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
ISSUES								
Commercial paper of Oct 2, 2019	178	USD	10	2.200	178	178	–	–
Commercial paper of Oct 2, 2019	178	USD	6	2.200	178	178	–	–
Commercial paper of Nov 8, 2019	134	USD	13	1.954	134	134	–	–
Commercial paper of Nov 8, 2019	134	USD	13	1.950	134	134	–	–
Commercial paper of Nov 28, 2019	88	USD	9	2.075	88	88	–	–
Commercial paper of Nov 28, 2019	178	USD	6	2.130	178	178	–	–
Total	**890**				**890**	**890**	**–**	**–**

Bank borrowings are detailed in the following table:

Bank borrowings as of Dec 31 (*€ million*)	Currency	Residual maturity (years)	Nominal interest rate (%)	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
Bank loan 2002 - 2022	EUR	3.7	FRN	200	200	200	200
Bank loan 2003 - 2022	EUR	3.7	FRN	200	200	200	200
Other				226	227	246	247
Total				**626**	**627**	**646**	**647**

The other bank borrowings declined as a result of repayments, despite an increase in the short-term securities (as of December 31, 2019: € 176 million; as of December 31, 2018: € 114 million) resulting from hedges within the framework of derivative transactions.

Liabilities are not secured in DB Group.

As of December 31, 2019, guaranteed credit facilities with a total volume of € 4,753 million (as of December 31, 2018: € 4,561 million) were available to DB Group. Of this figure, € 2,080 million (as of December 31, 2018: € 2,080 million) was attributable to back-up lines for the € 2.0 billion commercial paper program of DB AG. None of these back-up lines had been drawn down as of December 31, 2019. Global credit facilities totaling € 2,673 million (as of December 31, 2018: € 2,481 million) are used for working capital and surety for payment financing of subsidiaries with worldwide operations, primarily in the segments DB Schenker and DB Arriva.

The liabilities due to EUROFIMA are detailed in the following:

Liabilities due to EUROFIMA as of Dec 31 (*€ million*)	Currency	Residual maturity (years)	Nominal interest rate (%)	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
Loan 2010 - 2021	EUR	1.8	4.050	200	216	200	223
Total				**200**	**216**	**200**	**223**

No new EUROFIMA loans were raised. The liabilities due to EUROFIMA are secured by way of transfer of ownership of rail material (rolling stock) in view of the statutes of EUROFIMA.

The first-time adoption of IFRS 16 as of January 1, 2019 has resulted in the additional recognition of liabilities from leases. As of December 31, 2018, only liabilities from finance leasing were recognized in accordance with IAS 17.

Obligations from leases (NOTE (13) 203 FF.) are secured by rights of the lessors in relation to the leased assets. The leased assets had a carrying amount of € 4,824 million as of December 31, 2019 (as of December 31, 2018: € 582 million).

The nominal values of the leasing liabilities are broken down as follows:

Leasing liabilities *(€ million)*	Residual maturity: Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2019								
Nominal values of lease payments	1,068	955	701	603	472	1,837	**4,568**	**5,636**
AS OF DEC 31, 2018								
Minimum lease payments (nominal)	63	61	75	50	54	497	**737**	**800**
Future interest charges	19	18	16	14	13	158	**219**	**238**
Total	**44**	**43**	**59**	**36**	**41**	**339**	**518**	**562**

The finance liabilities from transport concessions in accordance with IFRIC 12 are detailed in the following:

As of Dec 31 *(€ million)*	Currency	Residual maturity (years)	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
Locomotives (2016)	EUR	6.0	31	32	36	38
Rail cars (2016)	EUR	6.0	8	8	9	9
Passenger coaches (2019)	EUR	6.0	38	38	–	–
Total			**77**	**78**	**45**	**47**

In order to fulfill the regional rail passenger transport services in the network of Schleswig-Holstein, various locomotives, rail cars and (since 2019) also passenger cars were leased from the responsible transport authority until the end of the service contract in 2025. The finance liabilities from transport concessions are opposed by receivables from transport concessions (NOTE (19) 209 FF.).

The fair values of the long-term financial debt are allocated to the following valuation categories:

As of Dec 31 *(€ million)*	2019 Level 1	2019 Level 2	2019 Level 3	2019 Total	2018 Level 1	2018 Level 2	2018 Level 3	2018 Total
NON-CURRENT FINANCIAL DEBT								
Interest-free loans	–	625	–	**625**	–	781	–	**781**
Senior bonds	1,908	18,389	–	**20,297**	2,642	17,095	–	**19,737**
Commercial paper	–	–	–	**–**	–	–	–	**–**
Bank borrowings	–	406	–	**406**	–	407	–	**407**
EUROFIMA loan	–	216	–	**216**	–	223	–	**223**
Lease liabilities [1]	–	4,355	–	**4,355**	–	668	–	**668**
Financing liabilities from transport concessions	–	65	–	**65**	–	41	–	**41**
Other financial liabilities	–	9	–	**9**	–	33	–	**33**
Total	**1,908**	**24,065**	**–**	**25,973**	**2,642**	**19,248**	**–**	**21,890**

[1] Previous year: Finance lease liabilities.

The interest-free loans shown at amortized cost are established by discounting the nominal values of the interest-free loans broken down into maturity buckets using the DB interest curve (market interest curve plus current DB spread; source: Thomson Reuters or Bloomberg) and a term until 2024.

Market prices from an active market, multiplied by the foreign currency rates applicable on the balance sheet date, are used for senior bonds of DB Finance which are classified as level 1. Various sources are used for these prices, including Thomson Reuters and Bloomberg. The senior bonds for which the market activity does not comply with the requirements of an active market have been allocated to level 2. For establishing the market prices of these senior bonds, binding offers were used from various sources, including Thomson Reuters and Bloomberg; these have been verified on the basis of the valuation models using the parameters which are observable on the market, such as interest rate curves and exchange rates.

Theoretical refinancing via senior bonds of DB Finance are assumed for assessing the market value of outstanding EUROFIMA loans. The reference interest rate which is used is established by interpolation of the yields for matching maturities of senior bonds of DB Finance.

The fair value of the leases and also of the financing liabilities from transport concessions is determined by discounting the outstanding lease payments with the corresponding DB interest rate curves, differentiated according to rating classifications of the respective Group company (market rate curve plus current spread per rating category; source: Thomson Reuters and Bloomberg).

(29) OTHER LIABILITIES

Liabilities are normally recognized in accordance with IFRS 9 with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled, where applicable less transaction costs. Subsequently, non-current liabilities are stated using amortized costs of purchase using the effective interest method. The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability.

The fair values of the balance sheet items other liabilities, trade liabilities and other liabilities essentially correspond to the carrying amounts.

Severance package obligations for agreements agreed as of the balance sheet date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 – are stated as other provisions.

Movements in other liabilities are shown in the following:

(€ million)	Residual maturity: Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2019								
Trade liabilities including prepayments received	5,789	184	39	6	4	14	**247**	**6,036**
Miscellaneous other liabilities	3,432	2	1	5	4	79	**91**	**3,523**
Total	**9,221**	**186**	**40**	**11**	**8**	**93**	**338**	**9,559**
thereof non-financial liabilities	2,435	2	1	2	2	9	**16**	**2,451**
thereof prepayments received	363	2	1	2	2	9	**16**	**379**
thereof due to related parties	251	1	0	–	–	–	**1**	**252**
AS OF DEC 31, 2018								
Trade liabilities including prepayments received	5,491	116	14	15	9	13	**167**	**5,658**
Miscellaneous other liabilities	3,660	10	7	7	6	61	**91**	**3,751**
Total	**9,151**	**126**	**21**	**22**	**15**	**74**	**258**	**9,409**
thereof non-financial liabilities	2,306	24	2	1	2	11	**40**	**2,346**
thereof prepayments received	219	24	2	1	2	11	**40**	**259**
thereof due to related parties	323	0	0	0	0	0	**0**	**323**

Non-financial liabilities and received prepayments are not classified under any category of IFRS 9.

The miscellaneous other liabilities comprise the following:

As of Dec 31 *(€ million)*	**2019**	2018
PERSONNEL-RELATED LIABILITIES		
Unused holiday entitlements	400	368
Outstanding overtime	273	279
Social security	133	118
Severance payments	20	25
Christmas bonuses	8	8
Holiday pay	25	24
Other personnel obligations	832	889
OTHER TAXES		
Value-added tax	80	97
Payroll and church taxes, solidarity surcharge	166	139
Miscellaneous other taxes	134	140
Interest payable	173	206
Revenue reductions	63	62
Deferred construction grants	237	277
Liabilities due to Railway Crossings Act	1	3
Reconveyance obligations	4	4
Miscellaneous other liabilities	974	1,112
Total	**3,523**	**3,751**

The other personnel obligations also include bonus obligations.

As of December 31, 2019, other liabilities were secured in an amount of € 0 million (as of December 31, 2018: € 0 million).

The miscellaneous other liabilities include existing risks for factoring agreements.

(30) INCOME TAX LIABILITIES

The income tax liabilities as of December 31, 2019 related mainly to obligations to the fiscal authorities in Great Britain, Germany and France.

(31) PENSION OBLIGATIONS

DB Group grants post-employment benefits to its employees in numerous countries. The form of the pension commitments depends on the legal, economic and tax conditions applicable in the particular country.

In DB Group, there are defined benefit as well as defined contribution retirement pension systems. The defined benefit commitments are accounted for in accordance with IAS 19. Major pension obligations exist only in Germany and in Great Britain. For this reason, only these pension obligations are described in greater detail in the following.

Germany

Pension obligations of DB Group in Germany comprise pension obligations for civil servants and also for employees.

After they retire, civil servants assigned to the companies of DB Group receive pensions from the Federal Railway Fund under the Civil Servants Benefits Act (Beamtenversorgungsgesetz).

Only while the assigned civil servants are actively working for DB Group are payments made to the Federal Railway Fund as part of a pro forma settlement in the same way as for newly recruited employees (section 21 (1) DBGrG). This also includes theoretical amounts for contributions to statutory pension insurance schemes as well as theoretical costs in accordance with the collective bargaining agreements regarding the additional company pension scheme for employees of DB AG (Tarifverträge über die betriebliche Zusatzversorgung; ZVersTV) and company retirement benefit scheme (Tarifvertrag über die betriebliche Altersversorgung; bAV-TV) of the employees of DB AG. The payments made to the Federal Railway Fund for retirement pensions of civil servants are defined contribution retirement schemes.

The pension obligations with regard to employees mainly relate to the following:

a) Employees who were employed by DB AG before the company was established (January 1, 1994) enjoy supplementary benefits in view of their former membership of the public sector. The employees are entitled to benefits from this additional pension insurance from Deutsche Rentenversicherung Knappschaft-Bahn-See (KBS). As an official authority, KBS has not only assumed responsibility for managing and paying the statutory pension for DB Group employees; it also continues the additional pension insurance for the transferred employees who are beneficiaries.

During the active phase of the employment agreement, a pro forma reimbursement of costs is also provided to the BEV for these employees. When the employee retires, this payment is no longer made to the BEV.

The Federal Railway Fund bears the costs of these additional benefits, less the contribution made by the employees themselves (section 14 (2) DBGrG). Accordingly, DB AG does not set aside any provisions for these public sector benefits.

b) Employees of the former Deutsche Reichsbahn and the employees who have been recruited after January 1, 1994 receive an additional company pension from DB AG within the framework of the ZVersTV. This supplementary company pension is a defined benefit scheme, which is linked to salary and length of service. The current pension benefits are adjusted every year in line with the regulations of the Company Pensions Act (Betriebsrentengesetz). Retirement benefits, invalidity benefits and benefits to surviving dependants are provided in the form of a lifetime pension. No plan assets are created for this scheme.

In addition, the employees in most Group companies receive a monthly contribution to the company retirement benefit scheme in the amount of 2.2% of the employee's monthly standard salary as well as of most of the salary elements paid in the month. The monthly payment is paid into a pension scheme (DEVK-Pensionsfonds). It is not necessary for provisions to be created for this purpose.

c) Various defined benefit pension obligations exist with regard to senior executives in DB Group who were granted a senior executive commitment before January 1, 2007. The extent of the benefits depend on the length of service and the salary of the beneficiary. In general, retirement benefits, invalidity benefits and benefits to surviving dependants are provided in the form of a lifetime pension. Apart from a small number of reinsurance policies, there are no plan assets.

d) Senior executives of DB Group who were granted a senior executive commitment after December 31, 2006, are provided with a retirement benefit scheme in the form of a defined contribution commitment. For this purpose, a benefit module is calculated in each year of service, depending on the salary and age of the beneficiary. These benefits are financed by way of a contractual trust arrangement (CTA), namely Deutsche Bahn Pension Trust e.V. The extent of the benefits depends on the yield of the CTA, whereby a minimum return is guaranteed (guarantees up to and including 2014: 2.25% per annum; guarantees from 2015 onwards: only maintenance of contribution). To avoid longevity risks, the benefits are granted in the form of a five-year installment. The assets of the CTA are classified as plan assets. The pension obligation is covered by the plan assets on the assumption that the CTA produces a corresponding performance, thus minimizing investment risks. There are no legal or regulatory obligations requiring Deutsche Bahn Pension Trust e.V. to make minimum payments into the scheme. The contributions are invested in line with the fundamental assumption that the benefit commitment is guaranteed by a corresponding guarantee element. For each payment relating to the individual beneficiary, an age-related amount is invested in prime zero bonds. The investment amount remaining after the payment has been made into the guarantee element is mainly invested in passively managed European equity and bond funds (or equivalent products) with the aim of optimizing returns.

e) Senior executives are able to participate in a deferred compensation program. This employee-financed form of company pension scheme constitutes a defined benefit obligation.

Great Britain

a) The company pension scheme of DB Cargo (UK) Holdings Limited is essentially a defined benefit pension scheme (linked to salary and length of service) within the British Railway Pension Scheme. The plan assets are managed by an independent trustee. The process of collating the data of members in the plan for the purpose of compliance with legal requirements in relation to the members of the plan is generally carried out every three years. As of the intermediate valuation dates, the obligations in the plan are measured on the basis of the correspondingly updated data. The pension scheme is based on final salary, and lifetime pensions are provided as benefits. The pension obligations are essentially covered by plan assets. Capital is invested by the trustee of the plan assets following liaison with DB Group.

b) At DB Arriva, there are mainly defined benefit retirement benefit commitments. Important defined benefit plans (related to salary and length of service) relate to employees of DB Arriva within the Railway Pension Scheme in Great Britain. These are sections other than the DB Cargo UK scheme within the Railway Pension Scheme. The costs of the pension schemes are shared between the employer and the employee in the ratio 60:40 and accordingly recognized in the balance sheet. The pension schemes are *based on final salary, and lifetime pensions are provided as benefits. The corresponding pension obligations are to a large extent covered by fund assets. Capital is invested by the trustee of the plan assets following liaison with DB Group.*

Some companies pay contributions within the framework of a franchise agreement to the British Railway Pension Scheme for employees employed for the duration of the agreement (franchise period). The obligations to these employees as well as the plan assets are completely disclosed after deduction of the element financed by the employees (40%). Within the framework of recognizing the effect of franchise agreements, the present value of the contributions payable for the duration of the franchise agreements for reducing a scheme deficit remains as a net liability recognized in the balance sheet. The current contributions to the benefit scheme are shown as personnel expenses.

In addition, individual companies of DB Arriva also issued defined contribution retirement benefit commitments to their employees. Under such arrangements, the employer does not enter into any obligations apart from paying contributions to an external benefit scheme. The extent of the future pension benefits depends exclusively on the amount of contributions paid to the external benefit scheme, including the income generated by investing these contributions.

In addition, some contributions have also been paid to social pension funds within the context of statutory regulations (government schemes).

Critical assessments and appraisals

In the case of the defined benefit pension obligations in Germany and abroad, the actuarial risks are borne by DB Group. Actuarial methods have been used for measuring defined benefit pension commitments as well as benefit commitments which are similar to pensions and the resultant expenses and income. The valuations are based on actuarial assumptions. There are the following actuarial risks which are considered to be typical for companies with defined benefit schemes.

- *Interest risk: The discount factors which are used reflect the interest rates (giving due consideration to the duration of the underlying obligation) which are achieved on the balance sheet date for high-quality fixed-income senior bonds with a corresponding term. A change in the discount rate results in a change in the present value of the total obligation (DBO).*
- *Inflation risk: Part of the pension obligations, particularly as a result of adjustments to current pensions, is linked to the development of inflation.*
- *Longevity risk: A longevity risk may occur in the form of extended periods in which pensions are paid out as a result of an increase in life expectancy in future.*
- *Investment risk: In the case of externally financed pension plans, the values of the corresponding plan assets or the refund claims are based on the market values as of the balance sheet date. The capital investment is exposed to numerous risks, which may have an impact on the present value recognized for the plan assets. In the case of pension schemes with an obligation to pay into the scheme, the amount of future contributions may be affected by the investment risk.*

Key assumptions for expenses and income attributable to pension commitments and benefit commitments similar to pensions are to some extent based on current market conditions. Expenses and income relating to pension commitments and benefit commitments similar to pensions may change as a result of changes to these underlying key assumptions.

The figures stated for pension provisions in the balance sheet are detailed in the following:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
As of Dec 31 *(€ million)*	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
Funded obligations	368	307	7,652	6,262	70	57	**8,090**	**6,626**
Unfunded obligations	4,303	3,691	345	309	11	9	**4,659**	**4,009**
Total obligations	**4,671**	**3,998**	**7,997**	**6,571**	**81**	**66**	**12,749**	**10,635**
Fair value of plan assets	-273	-225	-5,722	-4,505	-39	-36	**-6,034**	**-4,766**
Effects due to cost sharing	–	–	-554	-422	–	–	**-554**	**-422**
Effects due to franchise agreements	–	–	-831	-625	–	–	**-831**	**-625**
Amount not recognized as an asset as a result of the restriction of IAS 19.58	–	–	0	0	–	–	**0**	**0**
Assets recognized in the balance sheet as pension assets	–	–	24	1	–	–	**24**	**1**
Net obligations recognized in the balance sheet	**4,398**	**3,773**	**914**	**1,020**	**42**	**30**	**5,354**	**4,823**

The total pension commitment has developed as follows:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
(€ million)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
Obligations as of Jan 1	3,998	3,276	6,571	7,201	66	61	**10,635**	**10,538**
Service cost, excluding employee contributions	143	110	75	70	4	3	**222**	**183**
Employee contributions	2	2	43	45	0	0	**45**	**47**
Interest expense	67	78	129	126	1	1	**197**	**205**
Payments	-83	-81	-184	-232	-4	-4	**-271**	**-317**
thereof pensions	-83	-80	-184	-203	-4	-4	**-271**	**-287**
thereof for settlements	0	-1	–	-29	–	–	**–**	**-30**
Past service costs and profits or losses from settlements	0	9	22	-2	0	0	**22**	**7**
Transfers	2	3	0	-636	–	–	**2**	**-633**
Changes in scope of consolidation	–	–	–	–	–	–	**–**	**–**
Actuarial gains (-) or losses (+)	542	601	993	50	10	6	**1,545**	**657**
Revaluations based on experience	15	-14	116	262	0	0	**131**	**248**
Due to change in demographic assumptions	2	28	-75	3	0	0	**-73**	**31**
Due to change in financial assumptions	525	587	952	-215	10	6	**1,487**	**378**
Effects from changes in exchange rates	–	–	348	-51	4	-1	**352**	**-52**
Obligations as of Dec 31	**4,671**	**3,998**	**7,997**	**6,571**	**81**	**66**	**12,749**	**10,635**

The figures shown in the previous year under transfers in the preceding and following tables mainly relate to the termination of the Arriva Trains Wales franchise.

The development of the plan assets is detailed in the following:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
(€ million)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
Fair value of plan assets as of Jan 1	225	200	4,505	5,060	36	38	**4,766**	**5,298**
Employer contributions	27	22	521	103	2	1	**550**	**126**
Employee contributions	1	2	43	44	0	0	**44**	**46**
Expected return from plan assets	4	5	105	107	1	1	**110**	**113**
Payments	-6	-5	-172	-218	-4	-4	**-182**	**-227**
thereof pensions	-6	-5	-172	-189	-4	-4	**-182**	**-198**
thereof payments for settlements	–	–	–	-29	–	–	**–**	**-29**
Transfers	–	0	–	-387	–	–	**–**	**-387**
Revaluation	22	1	469	-162	2	1	**493**	**-160**
Administrative costs: costs of pension assurance	–	–	-9	-10	0	0	**-9**	**-10**
Effects from changes in exchange rates	–	–	260	-32	2	-1	**262**	**-33**
Fair value of plan assets as of Dec 31	**273**	**225**	**5,722**	**4,505**	**39**	**36**	**6,034**	**4,766**

In the year under review, the employer contributions contain one-off contributions of € 391 million to the plan assets of certain benefit schemes of DB Arriva in Great Britain.

The reported plan assets are broken down as follows:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
As of Dec 31 *(€ million)*	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
Stocks and other securities	9	7	3,370	3,047	14	13	**3,393**	**3,067**
thereof with market price listing	9	7	3,370	3,047	14	13	**3,393**	**3,067**
Interest-bearing securities	159	138	1,310	802	22	18	**1,491**	**958**
thereof with market price listing	159	138	1,310	802	22	18	**1,491**	**958**
Reinsurance	76	79	179	73	–	–	**255**	**152**
thereof with market price listing	76	79	117	16	–	–	**193**	**95**
thereof without market price listing	–	–	62	57	–	–	**62**	**57**
Private equity	–	–	313	329	–	–	**313**	**329**
thereof without market price listing	–	–	313	329	–	–	**313**	**329**
Investments in infrastructure	–	–	162	152	–	–	**162**	**152**
thereof with market price listing	–	–	162	116	–	–	**162**	**116**
thereof without market price listing	–	–	–	36	–	–	**–**	**36**
Cash and other assets	29	1	388	102	3	5	**420**	**108**
thereof with market price listing	29	1	311	66	2	3	**342**	**70**
thereof without market price listing	–	–	77	36	1	2	**78**	**38**
	273	**225**	**5,722**	**4,505**	**39**	**36**	**6,034**	**4,766**
thereof assets classified as pension assets	0	0	-24	-1	–	0	**-24**	**-1**
	273	**225**	**5,698**	**4,504**	**39**	**36**	**6,010**	**4,765**

Changes in the net pension provisions are detailed in the following:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
(€ million)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
Provision as of Jan 1	3,773	3,076	1,020	841	30	23	**4,823**	**3,940**
Pension expenses	207	192	130	98	4	4	**341**	**294**
thereof service cost	144	110	75	71	4	3	**223**	**184**
thereof interest income and interest expenses	63	73	24	19	0	1	**87**	**93**
thereof administrative expenses	–	–	9	10	0	0	**9**	**10**
thereof past service costs and profits or losses from settlements	0	9	22	-2	0	0	**22**	**7**
Employer contributions	-27	-22	-520	-102	-2	-2	**-549**	**-126**
Payments	-77	-76	-12	-14	0	0	**-89**	**-90**
thereof pensions	-77	-75	-12	-14	0	0	**-89**	**-89**
thereof for settlements	0	-1	–	–	–	–	**0**	**-1**
Transfers	2	3	0	0	–	–	**2**	**3**
Changes in scope of consolidation	–	–	–	–	–	–	**–**	**–**
Revaluation	520	600	247	213	8	5	**775**	**818**
Revaluations based on experience	15	-14	65	198	0	0	**80**	**184**
Due to change in demographic assumptions	2	29	-47	15	0	0	**-45**	**44**
Due to change in financial assumptions	524	587	590	-149	10	6	**1,124**	**444**
Difference between actual income and theoretical income from plan assets	-21	-2	-361	149	-2	-1	**-384**	**146**
Effects from changes in exchange rates	–	–	26	-11	2	0	**28**	**-11**
Change in recognized assets	–	–	23	-5	–	–	**23**	**-5**
Provisions as of December 31	**4,398**	**3,773**	**914**	**1,020**	**42**	**30**	**5,354**	**4,823**

The effects of cost splitting and franchise agreements increased by € 277 million as of December 31, 2019 as a result of revaluations (as of December 31, 2018: increase of € 1 million). The interest expense and expected income from the plan assets were recorded under net interest income.

All other items were recognized under personnel expenses.

The actuarial parameters used for assessing the value of most of the pension provision are set out in the following:

(%)	**2019**	2018
INTEREST RATE		
Germany and abroad (excluding Great Britain)	1.10	1.70
Great Britain	1.90	2.80
EXPECTED RATE OF SALARY INCREASES		
Germany and abroad (excluding Great Britain)	3.10	3.10
Great Britain	3.10	4.00
EXPECTED RATE OF PENSION INCREASE (DEPENDENT ON STAFF GROUP)		
Germany and abroad (excluding Great Britain)	2.00	2.00
Great Britain	2.10	2.30

The 2018 G mortality tables of Professor Dr. Klaus Heubeck have been used without changes for valuing the pension obligations for the German Group companies. Country- or benefit-scheme-specific mortality tables have been used for valuing the pension obligations of the other Group companies.

Sensitivities and additional information:

As of Dec 31 *(€ million)*	**2019**	2018
Total obligation for an interest rate increased by 1 percentage point	10,427	8,774
Total obligation for an interest rate reduced by 1 percentage point	15,853	13,030
Total obligation with salary growth increased by 0.5%	12,996	10,807
Total obligation for pensions increased by 0.5%	13,622	11,318
Total obligation for life expectancy increased by 1 year	13,189	10,964
Total obligations	12,749	10,635
thereof active beneficiaries	6,905	5,688
thereof former employees	1,934	1,587
thereof pensioners	3,910	3,360
Payments into plan assets expected for next year	126	117
Direct pension payments for next year	108	104
Duration of benefit obligation (years)	21.2	20.1

The sensitivity figures have been established using the method which was used for calculating the extent of the obligation. One assumption was modified while the other assumptions were retained, which means that interdependencies between the individual assumptions were disregarded.

(32) OTHER PROVISIONS

Other provisions are set aside if there is a legal or constructive obligation resulting from a past event which is more than 50 % likely to result in an outflow of resources and if the extent of the obligation can be reliably estimated (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

Non-current provisions are discounted using market interest rates. Environmental protection provisions for the rehabilitation of existing ecological legacy issues are discounted on the basis of real interest rates, which are adjusted to reflect the risk and the period until fulfillment. The difference between the nominal value of the expected outflows and the present value recognized for the environmental protection provisions of DB AG for transferred liabilities for the elimination of legacy issues from the time previous to the foundation of DB AG is stated under deferred items, and represents the interest benefit resulting from the longer-term release of the provision. The cumulative interest expense attributable to other provisions is recognized in financial result. Provisions for potential losses are measured as the lower of the amount of the expected costs for fulfilling the agreement and the expected costs for terminating the agreement.

Critical assessments and appraisals

The process of determining all types of provisions is associated with estimates regarding the extent and/or timing of obligations.

The environmental protection provisions relate primarily to the obligation of DB AG to remedy the ecological burdens which arose before January 1, 1994 on the land of the former Deutsche Bundesbahn and the former Deutsche Reichsbahn. Ecological burdens are defined as contamination of soil and groundwater which requires rehabilitation and which pose risks, considerable disadvantages or considerable problems for private individuals or society at large. The legal basis for defining rehabilitation obligations are summarized in the soil and water laws of the Federal Government and the Federal states. The process of dealing with ecological burdens also comprises necessary rehabilitation measures for existing sewers, in order to avoid soil and groundwater contamination caused by leaks from the sewer system, as well as measures for shutting down old landfill sites.

The provision has been calculated on the basis of a discounting method using the present value, where rehabilitation measures are probable, the rehabilitation costs can be reliably estimated and no future benefit is expected to be derived from these measures.

The estimation of future rehabilitation costs is subject to various factors. Major drivers in this respect can be the application of innovative rehabilitation measures, changes in legal conditions and also the development in market prices for disposing of legacy issues. In order to make a realistic assessment of the rehabilitation costs in individual cases, the working programs have included adjustments to cost estimates as a result of greater knowledge and official agreements in the successive processing stages.

For the valuation of provisions as of the balance sheet date, the investigation and rehabilitation obligations which are currently known have been used as the basis for estimating the expected costs in relation to the current price level. The provision is discounted on the basis of expected cash outflows, using a risk-adjusted rate of 0.73 % (previous year: 0.74 %).

Provisions for potential losses of pending transactions are created if a loss is probable and can be reliably estimated. In view of the uncertainty associated with this assessment, the actual losses may differ from the original estimates and may thus also differ from the amount of the provision. In DB Group, such uncertainty results particularly from the estimates of future income from transport contracts, the associated material- and personnel-related expenses as well as any penalty payments. Changes in the estimates of these potential losses from pending transactions may have a considerable impact on the future results of operations.

Movements in other provisions are shown in the following:

	Personnel-related provisions		Revenue reductions		Provisions for pending losses		Decommissioning provisions		Environmental protection provisions		Other provisions		**Total**	
(€ million)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
As of Jan 1	998	1,094	1,298	1,166	396	191	326	349	1,010	1,064	1,040	1,253	**5,068**	**5,117**
Currency translation differences	1	0	0	0	12	- 2	0	0	0	0	3	- 2	**16**	**- 4**
Changes in scope of consolidation	–	0	–	0	–	0	–	–	–	–	–	0	**–**	**0**
thereof additions	–	0	–	–	–	–	–	–	–	–	–	0	**–**	**0**
thereof disposals	–	0	–	0	–	0	–	–	–	–	–	0	**–**	**0**
Amounts used	- 284	- 290	- 331	- 223	- 165	- 78	- 6	- 41	- 48	- 51	- 206	- 240	**- 1,040**	**- 923**
Reversals	- 58	- 89	- 123	- 138	- 64	- 39	0	0	0	0	- 129	- 256	**- 374**	**- 522**
Reclassifications	- 2	- 5	–	1	1	0	–	–	2	–	- 14	- 2	**- 13**	**- 6**
Additions	279	287	512	492	223	324	31	1	0	0	352	285	**1,397**	**1,389**
Compounding and discounting	7	1	–	–	2	0	17	17	7	- 3	11	2	**44**	**17**
As of Dec 31	**941**	**998**	**1,356**	**1,298**	**405**	**396**	**368**	**326**	**971**	**1,010**	**1,057**	**1,040**	**5,098**	**5,068**

The following table breaks down the other provisions into current and non-current amounts, and also details their estimated residual maturity:

	Residual maturity							
(€ million)	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2019								
Personnel-related provisions	363	156	104	66	52	200	**578**	**941**
Revenue reductions	1,356	–	–	–	–	–	**–**	**1,356**
Provisions for pending losses	296	30	23	19	16	21	**109**	**405**
Decommissioning provisions	29	23	19	19	19	259	**339**	**368**
Environmental protection provisions	57	55	56	55	55	693	**914**	**971**
Miscellaneous other provisions	751	37	28	25	25	191	**306**	**1,057**
Total	**2,852**	**301**	**230**	**184**	**167**	**1,364**	**2,246**	**5,098**
AS OF DEC 31, 2018								
Personnel-related provisions	402	162	112	69	52	201	**596**	**998**
Revenue reductions	1,298	–	–	–	–	–	**–**	**1,298**
Provisions for pending losses	260	37	29	26	21	23	**136**	**396**
Decommissioning provisions	24	22	18	18	18	226	**302**	**326**
Environmental protection provisions	57	52	54	54	54	739	**953**	**1,010**
Miscellaneous other provisions	781	62	27	21	23	126	**259**	**1,040**
Total	**2,822**	**335**	**240**	**188**	**168**	**1,315**	**2,246**	**5,068**

Personnel-related provisions

Benefits arising on the occasion of the termination of employment agreements (severance packages) become payable if an employee is released from his/her duties under the terms of an early-retirement or semi-retirement scheme before reaching normal pensionable age (which would not involve any reduction of retirement benefits) or if an employee voluntarily terminates his/her employment contract in return for a severance package. Severance payments are recognized if there is a demonstrable obligation either to terminate the employment agreements of current employees in accordance with a detailed formal plan which cannot be reversed or to pay severance payments if the employment contract is voluntarily terminated by employees within the framework of employment contract termination agreements.

Severance package obligations for agreements agreed as of the balance sheet date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 – are stated as other provisions.

Semi-retirement agreements are based on the so-called block model. The top-up amounts paid in addition to salary by DB Group during the semi-retirement period as well as additional contributions to the statutory pension insurance scheme are collected in installments up to the end of the active phase of the semi-retirement period and are recognized as provisions in accordance with IAS 19. The compensation backlog (plus the employer's contributions to social insurance) for the additional work performed during the employment phase is also shown with the present pro rata value as another non-current employee benefit.

If certain conditions are satisfied, DB Group offers its employees the opportunity to reduce their working hours to a level below their regular working hours (special semi-retirement arrangement). In these cases, the number of working hours is reduced to 81% of the reference or regular working hours, whereby the employees' remuneration is topped up to 90%. Payments into the company pension scheme are granted on the basis of 100% of the reference or regular working hours.

The personnel-related provisions were structured as follows:

As of Dec 31 (€ million)	2019	2018
Contractual personnel obligations	485	525
Early retirement and semi-retirement obligations	207	228
Service anniversary provisions	121	116
Other	128	129
Total	**941**	**998**

The personnel-related provisions include obligations arising from employment agreements which result from the entitlement of many employees under labor law and the willingness of DB AG not to terminate employment contracts for operational reasons. In such cases, DB Group will incur losses in the form of personnel expenses which will have to be borne until the employment contract is terminated or the employee is placed with another company; no reciprocal benefit will be provided in return for these costs (obligation surpluses relating to employment agreements). The contractual personnel obligations also include restructuring provisions.

A figure of about € 396 million was allocated to the provision for obligation surpluses from employment agreements as of December 31, 2019; this item accounted for a considerable percentage of the personnel provisions in DB Group (as of December 31, 2018: € 402 million). This provision recognizes the personnel-related obligations of DB AG for the employment guarantee included in the collective bargaining agreement designed to address demographic change (Demografietarifvertrag; DemografieTV).

In the DB Schenker segment, there were personnel-related restructuring provisions of € 53 million as of December 31, 2019 (as of December 31, 2018: € 83 million) mainly for the global restructuring program Boost designed to boost profitability.

The provisions set aside to cover semi-retirement and early retirement obligations cover the obligations arising from collective bargaining agreements, and have mostly been calculated on the basis of actuarial reports. In the regulations of the DemografieTV, this includes an amount of € 79 million (as of December 31, 2018: € 88 million) for the entitlement of employees with many years of service and also many years of shift working to enjoy special semi-retirement benefits.

Revenue reductions
The items disclosed under revenue reductions include cuts in connection with concession fees.

Provisions for pending losses
The provisions for pending losses mainly relate to transport contracts in which obligation surpluses build up over the life of the contracts. The additions relate mainly to Arriva Rail North and DB Regional.

Decommissioning provisions
The decommissioning provisions refer to the company's pro rata decommissioning obligation in relation to a joint power generation plant.

Provisions for environmental protection
Of the figure stated for environmental protection provisions, € 962 million (as of December 31, 2018: € 1,003 million) relate to remedial action obligations of DB AG. In order to take account of the remedial action obligations recognized in the environmental protection provisions, DB AG has set up various programs, including the following programs:
- the 4-stage soil decontamination program
- the 3-stage sewerage network program
- the 2-stage landfill shut-down program

The structured processing ensures that the procedure for recognizing, assessing the risk and taking appropriate remedial action is consistent with all legal requirements and optimized in terms of costs.

In the 4-stage soil decontamination program, existing soil and/or groundwater contamination is localized via the stages "historic exploration," "orienting investigation" and "detail investigation," and is assessed on the basis of the relevant statutory testing criteria. If any negative change in soil conditions or ecological burdens is identified, implementation of the necessary remedial action is planned by the steps feasibility study, model planning and approval planning. The process of carrying out the remedial action is supported by a binding remedial action plan or a public-sector agreement with defined remedial action objectives. Stage 1 "historic exploration" has been completed.

The 3-stage sewerage network program aims to remedy any contamination of soil and/or groundwater resulting from leaks. The program also involves a plan to optimize the existing sewerage network to ensure that it is capable of meeting future requirements and to ensure that the need to take remedial action can be limited to this future network. The network which is not necessary for operation will be decommissioned. The sewerage program will be carried out via the stage 1 "recording," stage 2 "inspection" and stage 3 "remedial action/decommissioning." Legal requirements are set out in the Water Resources Accounting Act (Wasserhaushaltsgesetz; WHG), the Water Acts of the Federal states and the own control regulations.

The 2-stage program "shut-down of landfill sites" systematically records all legacy landfill sites operated by DB Group (stage 1). The requirements resulting from the Recycling Accounting Act (Kreislaufwirtschaftsgesetz; KrWG) and the Landfill Site Regulation (Deponieverordnung; DepV) are used as the basis for planning and implementing the processes of decommissioning and recultivating the areas (stage 2a) and the subsequent maintenance (stage 2b).

Other provisions
The other provisions comprise provisions for litigation risks, claims for damages as well as decommissioning and demolition obligations, real estate risks, guarantee and warranty obligations, insurance and project risks, third-party obligations for maintenance and other tax risks as well as numerous other issues which individually are of minor significance.

(33) DEFERRED ITEMS
DB Group receives various public-sector grants, which are provided in relation to specific assets or on the basis of a specific performance. The grants are recognized in the balance sheet as soon as it is certain that they will be provided and as soon as the conditions necessary for receiving the grants have been satisfied. The grants related to assets, and in particular investment grants, are deducted directly from the assets for which the grants have been received. The interest benefit (difference between nominal value and present value) of interest-free loans is deferred on the basis of the contractual grant conditions. The income from pro rata reversal of these accruals is shown as other operating income.

The deferred items contain the following:

As of Dec 31 *(€ million)*	**2019**	2018
Deferred Federal grants	414	569
Deferred revenues	784	775
Other	280	304
Total	**1,478**	**1,648**
Non-current portion	455	627
Current portion	1,023	1,021

The deferred Federal grants comprise mainly the interest benefit (difference between the nominal value and present value) attributable to the interest-free loans; this has developed as follows during the year under review:

(€ million)	**2019**	2018
As of Jan 1	355	499
Reversals	-144	-144
As of Dec 31	**211**	**355**

Of the figure shown for reversals in the year under review, € 59 million (previous year: € 59 million) is attributable to the annual reversal of deferred items. The remainder is attributable to the release of amortized deferrals relating to premature one-off repayments at the present value in 1999, 2004 and in 2011.

Deferred revenues constitute that part of compensation which is attributable to the period after the balance sheet date.

Notes to the statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents in the year under review, and was prepared in accordance with IAS 7 (Cash Flow Statements). The indirect method has been used for showing cash flow from operating activities.

Interest income and interest payments, dividend income as well as tax payments are stated under operating activities.

Cash and cash equivalents include the cash and cash equivalents stated in the balance sheet with a residual maturity of less than three months (cash in hand, cash deposited with the Bundesbank, cash at banks and checks as well as securities). As of December 31, 2019, of the total figure stated for cash and cash equivalents, € 748 million (as of December 31, 2018: € 856 million) was subject to restrictions mainly as a result of provisions of the rail franchises in Great Britain as well as country-specific and contractual restrictions particularly in international logistics business.

Cash and cash equivalents also include current receivables due from banks (as of December 31, 2019: € 211 million; as of December 31, 2018: € 216 million) resulting from hedges in connection with financial futures. These receivables are repaid in the event of a positive market development, and are repaid by no later than the maturity of the financial futures.

CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities is calculated by adjusting the net profit for the period before taxes by items which are not cash-effective (in particular additions to and reversals of other provisions) and by adding other changes in current assets, in liabilities (excluding financial debt) and provisions. The cash flow from operating activities is then established after due consideration is given to interest and tax payments.

In accordance with IFRS 16, outflows related to leases are recognized in cash flow from financing activities if they are payments of principal, and are recognized in cash flow from operating activities if they are payments of interest. The inflow of cash from operating activities was virtually unchanged compared with the previous year. In addition to a reduced net profit and higher depreciation on property, plant and equipment (mainly due to the first-time adoption of IFRS 16), the decline in other liabilities and payments into plan assets in particular have had an impact.

The non-cash effective expenses and income have increased (€ +364 million), and mainly comprise slightly higher expenses relating to additions to other provisions as well as significantly lower income from the reversal of other provisions.

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities is calculated as the cash flow provided by the disposal of property, plant and equipment and intangible assets as well as by investment grants, and the cash outflow for capital expenditures in property, plant and equipment and intangible assets as well as for non-current financial assets.

Payments received from investment grants are shown under investing activities due to the close connection between investment grants received and the payments made for capital expenditures in property, plant and equipment.

The increase in outflows of cash from investing activities is mainly attributable to higher outflows for investments in property, plant and equipment (+5.0%). On the other hand, net inflows of cash from investment grants increased (+2.8%). The outflows for the acquisition of shares in consolidated companies (in the year under review: € 23 million; in the previous year: € 3 million) have increased appreciably compared with the previous year and are attributable to the outflow of cash in connection with the second purchase price installment for the acquisition of VT-Arriva.

When changes take place in the scope of consolidation as a result of the acquisition or sale of companies, the acquisition price which is paid (excluding any liabilities which are transferred) less the acquired or sold financial resources are stated as cash flow from investing activities.

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities is due to additions to capital, the net inflows and outflows attributable to issued senior bonds, changes in bank borrowings and other loans as well as outflows for the redemption of lease liabilities and interest-free loans.

The considerable increase in inflows of cash from financing activities is mainly attributable to the inflows received from the issuing of hybrid bonds as well as a net inflow from the raising of funds mainly from the raising of commercial paper. This was opposed by the considerable increase in repayments of principal for leases (mainly due to the first-time adoption of IFRS 16), the increase of € 200 million in the distribution of profit to the Federal Government as well as the decline in the net inflow from the issuing and repayment of senior bonds.

INFORMATION REGARDING THE CHANGES IN FINANCIAL LIABILITIES ACCORDING TO IAS 7

(€ million)	As of Dec 31, 2018	First-time adoption IFRS 16	Cash-effective change (inflow (+) / outflow (-)	Non-cash-effective changes: Acquisition (+) / sale (-) of companies	Non-cash-effective changes: Currency effects	Non-cash-effective changes: Addition (+) / disposal (-) of leasing liabilities and financial receivables	Compounding [1]	As of Dec 31, 2019
Financial receivables and earmarked cash at banks	- 174	–	- 164	–	0	- 55	–	- 393
LIABILITIES FROM FINANCING								
Interest-free loans	851	–	- 178	–	–	–	34	707
Senior bonds	20,712	–	82	–	158	–	14	20,966
Commercial paper	–	–	890	–	–	–	–	890
Bank borrowings	646	–	- 19	–	- 1	–	–	626
EUROFIMA loan	200	–	–	–	–	–	–	200
Leasing liabilities [1]	562	4,269	- 958	–	- 25	1,154	13	5,015
Liabilities from transport concessions	45	–	32	–	–	–	–	77
Other financial liabilities	228	–	- 16	–	0	–	–	212
Liabilities from financing	**23,244**	**4,269**	**- 167**	**–**	**132**	**1,154**	**61**	**28,693**
Total	**23,070**	**4,269**	**- 331**	**–**	**132**	**1,099**	**61**	**28,300**

[1] The outflows for leasing liabilities including paid interest amount to € 199 million. The interest element is netted under compounding.

(€ million)	As of Jan 1, 2018	Cash-effective change (inflow (+) /outflow (-)	Non-cash-effective changes: Acquisition (+) / sale (-) of companies	Non-cash-effective changes: Currency effects	Non-cash-effective changes: Addition (+) / disposal (-) of leasing liabilities and financial receivables	Compounding	As of Dec 31, 2018
Financial receivables and earmarked cash at banks	- 131	- 43	–	0	–	–	- 174
LIABILITIES FROM FINANCING							
Interest-free loans	1,014	- 204	–	–	–	41	851
Senior bonds	19,616	1,027	–	56	–	13	20,712
Commercial paper	0	–	–	–	–	–	–
Bank borrowings	531	115	–	0	–	–	646
EUROFIMA loan	200	–	–	–	–	–	200
Finance lease liabilities	501	- 42	55	–	21	27	562
Liabilities from transport concessions	52	- 7	–	–	–	–	45
Other financial liabilities	162	66	–	0	–	–	228
Liabilities from financing	**22,076**	**955**	**55**	**56**	**21**	**81**	**23,244**
Total	**21,945**	**912**	**55**	**56**	**21**	**81**	**23,070**

Notes to the segment information

Segment reporting of DB Group has been prepared in accordance with IFRS 8 (Operating Segments). The operating segments of DB Group result from the aggregation of fully consolidated legal entities; these legal entities have been allocated to specific segments on the basis of the company-specific operational performance on a defined market. The Management Board takes its decisions and carries out economic analyses as well as appraisals at the level of the operating segments ("management approach").

The allocation of legal entities to operating segments in external accounting is consistent with the allocation in internal management reporting. This means that the management and legal structure of DB Group are coincident. As a result of this allocation principle, there are no partial balance sheets or partial income statements within a legal entity which are allocated to different segments.

In this connection, management reporting is addressed to the Management Board in its function as the primary decision maker. Management reporting in DB Group is based on the accounting principles in accordance with IFRS. With regard to reconciling the segment data with the corresponding corporate data, it is accordingly mainly necessary to take account of consolidation effects. For this reason, a consolidation column is used for reconciliation purposes. The operations of the business segments are covered in the reporting format in line with the corporate and organizational structure of DB Group. The main regions covered by DB Group are detailed in the segment information by regions.

DB Group uses the following primary segments of the integrated rail system:

- DB Long-Distance: The segment DB Long-Distance comprises all cross-regional transport and other services in rail passenger transport. Most of these transport services are provided in Germany.
- DB Regional: The segment DB Regional combines the activities for the German transport and general services in regional rail and road local passenger transport. These activities also comprise the S-Bahn (metro) operations in Berlin and Hamburg.
- DB Cargo: The segment DB Cargo pools the European activities for the rail transport of goods and freight. These activities are carried out primarily in Germany, Denmark, the Netherlands, Italy, Great Britain, France, Poland and Spain.
- DB Netze Track: The segment DB Netze Track is responsible for installing, maintaining and operating our track-related rail infrastructure in Germany.
- DB Netze Stations: The segment DB Netze Stations comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany.
- DB Netze Energy: The segment DB Netze Energy provides all standard energy products in the fields of transport energy and stationary energy.
- Subsidiaries/Other: DB AG with its numerous management, financing and service functions in its capacity as the management holding of DB Group is shown in this segment. This also includes the service companies which mostly render the services within DB Group in the fields of transport, logistics, information technology and telecommunications. The other subsidiaries and remaining activities are classified under Subsidiaries/Other as well.

In addition to the integrated rail system, there are also the following segments:

- DB Schenker: All global logistics activities of DB Group are managed in the DB Schenker segment. These comprise the freight, transport and other services in commodity and goods transport.
- DB Arriva: All European local transport activities (rail and bus) outside Germany are pooled in the DB Arriva segment.

The data concerning the segments are shown after intra-segment relations have been eliminated. The transactions between the segments (inter-segment relations) are eliminated in the column consolidation.

The income and expenses detailed on the basis of operating segments in the segment information are adjusted by issues which are of an exceptional nature in terms of the amount involved or in terms of the reason for the specific issue. A general adjustment is recognized for book profits and losses attributable to transactions with investments/financial investments and in the amount of the depreciation on long-term customer contracts, which have been capitalized as part of the purchase price allocation process of company acquisitions. In addition, an adjustment is recognized for individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material. They are shown in the reconciliation column. This column also reconciles the balance sheet items of capital employed (contents allocated in accordance with management reporting) and the external presentation in accordance with the consolidated balance sheet of DB Group.

Segment reporting is based on the management key figures which are used for internal management of the operating segments. These key figures form the basis of the value-oriented management concept (see CAPITAL MANAGEMENT IN DB GROUP 194 F.).

The external revenues and other income consist exclusively of income generated by the segments with non-Group parties. The internal revenues and other income show the income with other segments (inter-segment income). Market prices are used for establishing the transfer prices for intra-Group transactions.

EBITDA (earnings before interest, taxes, depreciation and amortization) is used for assessing the purely operational profitability of the operating segments. It does not include any costs of essential capital in the form of depreciation and interest. Accordingly, EBITDA is not influenced by segment-specific financing structures and long-term capital expenditure cycles (in particular in the infrastructure segments); consequently, depreciation is incurred sooner than the positive returns generated by these investments. EBITDA thus has the character of pre-tax cash flow.

On the other hand, EBIT additionally comprises depreciation recognized in relation to fixed assets (property, plant and equipment and intangible assets). EBIT is the result generated by operations which is available for meeting the return requirements of the providers of capital.

The financing costs which are incurred as a result of the (in certain cases) very high amounts of capital tied up in the operating segments of DB Group (particularly in the infrastructure segments) are also relevant for a long-term assessment of results. This is the reason why net operating interest is additionally taken into consideration in the key figure operating income after interest.

The essential assets which are used (capital employed) also have to be taken into consideration in addition to the above-mentioned parameters for internal management of the operating segments. The capital employed comprises the essential capital which is used by providers of equity and providers of debt and for which interest has to be paid.

Net financial debt is defined as the balance of interest-bearing external liabilities as well as liquid assets and interest-bearing external receivables. The net financial debt of the segments also comprises the receivables and liabilities attributable to Group financing as well as profit and loss transfer agreements.

Gross capital expenditures consist of capital expenditures in property, plant and equipment and intangible assets excluding capitalized borrowing costs. Net capital expenditures are calculated by deducting the participation of third parties in the financing of specific capital expenditure projects (essentially the investment grants of the Federal Government and the Federal states).

Additions from changes in the scope of consolidation are shown as part of segment gross capital expenditures, and comprise exclusively the capital expenditures in property, plant and equipment and intangible assets, including the goodwill acquired as part of company acquisitions or included in the consolidated financial statements for the first time.

The number of employees comprises the workforce, excluding trainees and dual degree students (students on courses combining theory and practice), at the end of the reporting period (part-time employees have been converted to full-time employees).

The segments are subject to the same accounting principles which are described in the section PRINCIPLES AND METHODS 190 FF. and which are applicable for the remainder of the consolidated financial statements. Intra-Group segment transactions are generally conducted on an arm's length basis.

EXPLANATIONS OF THE INFORMATION ACCORDING TO REGIONS

External revenues are stated on the basis of the registered offices of the Group company providing the service.

Non-current assets are allocated on the basis of the location of the company. The non-current assets comprise intangible assets, property, plant and equipment as well as non-current receivables and other assets (excluding financial instruments, deferred tax assets, rights from insurance policies as well as assets in conjunction with benefits after termination of the employment agreement).

INFORMATION CONCERNING MAJOR CUSTOMERS

In the year under review as in the previous year, no single customer accounted for more than 10% of overall Group revenues.

Risk management and derivative financial instruments

MANAGEMENT OF FINANCIAL AND ENERGY PRICE RISKS

As a mobility, transport and logistics group with international operations, DB Group is exposed to financial risks in the form of changes in interest rates and exchange rates. In addition, there are also energy price risks on the procurement side as a result of fluctuations in the prices of diesel fuel and electricity. One of the aspects of corporate policy is to actively manage and thus limit these risks by means of the use of derivative financial instruments.

DB AG is responsible for all financing and hedging transactions of DB Group with its central Group Treasury, and operates in close cooperation with the subsidiaries, where the risk positions primarily arise. Group Treasury follows the relevant regulations for risk management (minimum requirements for risk management (Mindestanforderungen an das Risikomanagement; MaRisk), Corporate Sector Supervision and Transparency Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG)). Speculation is not permitted. Ongoing market and risk assessment takes place as part of risk management.

Derivative financial instruments are used exclusively for hedging interest, currency and energy price risks. All individual transactions correspond to on-balance-sheet or anticipated underlyings (for instance senior bonds, purchases of diesel fuel and electricity). The aim is to achieve qualification as an effective hedge in accordance with IFRS 9.

INTEREST RATE RISKS

The interest rate risks are attributable to borrowings raised in conjunction with variable interest rates.

In accordance with IFRS 7, the effects of theoretical changes in market interest rates on income and shareholders' equity are investigated by means of a sensitivity analysis. For this purpose, the following financial instruments are considered:

- Derivatives designated in cash flow hedges (interest hedges and cross-currency hedges) have an impact on the hedge reserve in shareholders' equity and are therefore taken into consideration in the sensitivity calculations relating to shareholders' equity.
- The sensitivity calculations for net interest income include financial instruments with variable interest (cash at banks, short-term borrowings/investments, cross-currency swaps, loans).

If the level of market interest rates for the exposure had been 100 basis points higher (lower) as of the balance sheet date, the comprehensive income would have been affected as follows:

	2019		2018	
	Change in market level of interest rates			
(€ million)	+100 BP [1]	-100 BP [1]	+100 BP [1]	-100 BP [1]
Impact on comprehensive income	+17	-19	+28	-31
thereof net profit for the year	+2	-2	+7	-7
thereof covered directly in equity	+15	-17	+21	-24

[1] Basis points.

FOREIGN CURRENCY RISKS

The foreign currency risks are attributable to financing measures and operating activities.

In order to avoid interest rate and foreign currency risks, the foreign currency bonds issued and loans within the framework of Group financing are converted into euro liabilities and receivables by means of cross-currency swaps. However, it is not necessary for such bonds to be converted in individual cases if there is a guarantee that the bond can be serviced out of inflows of foreign currency payments.

Subsidiaries hedge all significant foreign currency positions in their functional currency via Group Treasury. In exceptional cases and to a limited extent, subsidiaries are permitted to hedge foreign currency positions with banks themselves.

The currency sensitivity analysis in accordance with IFRS 7 is based on the following assumptions:

- The concluded cross-currency swaps and currency transactions are always allocated to original underlyings.
- All major foreign currency positions arising from operating activities are always 100% hedged. If exchange rate changes are 100% hedged, they do not have any impact on results or capital.
- Foreign currency risks can only occur if a 100% hedge does not exist in justified exceptional cases; for instance if a conservative estimate is made for hedge volumes for anticipated foreign currency cash flows in order to avoid overhedging.

- On-balance-sheet foreign currency risks may result from energy price hedging which is not denominated in the respective functional currency.

If the following foreign currencies for currency hedges had weakened (or strengthened) by 10% as of the balance sheet date, comprehensive income would not have been significantly affected.

	2019		2018	
	Appreciation/depreciation of foreign currency by			
(€ million)	+10%	-10%	+10%	-10%
USD	+6	-6	+4	-4
CNY	+11	-13	+4	-5
ILS	+1	-1	+1	-1
QAR	+1	-1	+1	-1
SAR	-1	+1	+1	-1
AUD	-1	+1	0	0
SGD	-3	+3	-2	+2
RON	+4	-5	0	0
TRY	0	0	-1	+2

DB Group has numerous equity investments in foreign subsidiaries, whose net assets are exposed to a translation risk. This translation risk is not perceived to be a foreign currency risk for the purposes of IFRS 7, and is not hedged.

ENERGY PRICE RISKS

The Energy Price Risk Management Committee (ERMC) is responsible for managing and minimizing energy risks; this committee is responsible for ensuring the implementation of the risk policy of DB Group specifically with regard to energy price risks (in particular for procurement of diesel and electricity). The ERMC takes decisions with regard to specific hedging strategies and measures in which financial and energy derivatives are used.

Swaps relating to the commodities underlying the price formulae are used as hedges for the risks of price changes for sourcing electricity. Diesel price risks are for instance limited by the conclusion of diesel swaps (usually by means of hybrid hedging of diesel price and currency risks).

The following assumptions have been made for performing the sensitivity analyses in accordance with IFRS 7:

- In the case of energy price swaps, the effective part is recognized in shareholders' equity, and the ineffective part is recognized in the income statement.
- If options are used (collars), the intrinsic value constitutes the effective part of the hedge, so that the intrinsic value is shown in shareholders' equity. On the other hand, the fair value is not part of the hedge, and is shown in the income statement.

If the energy prices at the end of the year had been 10% lower (or higher), comprehensive income would have been affected as follows:

	2019		2018	
	Changes in market prices by			
(€ million)	+10%	-10%	+10%	-10%
Impact on comprehensive income	+59	-59	+71	-71
thereof covered directly in equity	+59	-59	+71	-71
Diesel	+41	-41	+42	-42
Hard coal	+18	-18	+29	-29

CREDIT RISK OF INTEREST, CURRENCY AND ENERGY DERIVATIVES

The credit risk is actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits.

In order to minimize the credit risk of long-term derivative transactions, DB Group has concluded credit support agreements (CSA) with its core banks. In the CSA, it was agreed that both parties would mutually provide cash securities for interest and cross-currency swaps as well as energy derivatives. Securities are exchanged daily with all relevant banks.

Related amounts which are not netted in the balance sheet:

	Financial assets/ liabilities shown in the balance sheet		Related amounts which are not netted in the balance sheet					
			Financial Instruments		Cash securities received/provided		**Net amounts**	
As of Dec 31 *(€ million)*	2019	2018	2019	2018	2019	2018	2019	2018
Derivative financial instruments – assets	315	263	-139	-149	-176	-114	**0**	**0**
Derivative financial instruments – liabilities	366	391	-139	-149	-211	-216	**16**	**26**

The assets of financial derivatives and thus the maximum counterparty default risk have increased as a result of exchange rate fluctuations of the euro against other currencies, particularly against the Swiss franc and the Japanese yen. The liabilities of derivative financial instruments have increased only slightly. The cash collateral provided is still predominant. The maximum individual risk (default risk in relation to individual contract partners) was € 79 million (as of December 31, 2018: € 54 million) and existed in relation to a bank with a Moody's rating of A1.

For transactions with terms of more than one year, all contract partners which are exposed to a credit risk have a Moody's rating of at least Baa2.

LIQUIDITY RISK

Liquidity management involves maintaining adequate liquid assets, constantly checking the commercial paper market for ensuring adequate market liquidity and depth, and the constant availability of financial resources via GUARANTEED CREDIT FACILITIES OF BANKS (NOTE (28) 218).

The following table shows the contractually agreed undiscounted interest payments and redemption payments relating to the original financial liabilities as well as the derivative financial instruments with a positive and negative fair value of DB Group:

Maturity analysis of financial liabilities as of Dec 31, 2019 *(€ million)*	2020		2021		2022–2024		2025–2029		2030 ff.	
	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption
NON-DERIVATIVE FINANCIAL LIABILITIES										
Interest-free loans	–	163	–	157	–	467	–	–	–	–
Senior bonds	386	2,177	347	1,803	786	5,038	684	7,472	346	4,563
Commercial paper	4	890	–	–	–	–	–	–	–	–
Bank borrowings	0	221	0	3	–	401	–	1	–	–
EUROFIMA loan	8	–	8	200	–	–	–	–	–	–
Leasing liabilities	84	984	70	885	147	1,629	142	981	178	536
Financing liabilities from transport concessions	1	13	1	12	1	39	0	13	–	–
Other financial liabilities	–	204	–	1	–	6	–	1	–	–
Trade liabilities	–	5,789	–	184	–	49	–	14	–	–
Other miscellaneous liabilities	–	3,432	–	2	–	10	–	79	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	50	525	36	268	87	174	81	992	16	577
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	5	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	951	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	1,316	–	8	–	4	–	–	–	–
Energy price derivatives	26	–	17	–	13	–	1	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	79	665	58	38	161	1,145	114	1,875	32	679
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	198	–	0	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	1,093	–	40	–	22	–	–	–	–
Energy price derivatives	–	–	–	–	–	–	–	–	–	–
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Cross-currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	0	–	0	–	–	–	–	–	–
Energy price derivatives	-17	–	-7	–	-13	–	-1	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	-129	-1,293	-111	-278	-306	-1,392	-243	-2,861	-69	-1,237
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	-1,136	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	-2,411	–	-49	–	-28	–	–	–	–
Energy price derivatives	–	–	–	–	–	–	–	–	–	–
FINANCIAL WARRANTIES										
Financial warranties	–	15	–	–	–	–	–	–	–	–

Maturity analysis of financial liabilities as of Dec 31, 2018 (*€ million*)	2019		2020		2021 – 2023		2024 – 2028		2029 ff.	
	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption
NON-DERIVATIVE FINANCIAL LIABILITIES										
Interest-free loans	–	178	–	163	–	469	–	155	–	–
Senior bonds	438	1,900	359	1,940	821	5,441	713	6,669	396	3,666
Commercial paper	–	–	–	–	–	–	–	–	–	–
Bank borrowings	0	240	0	4	–	401	–	1	–	–
EUROFIMA loan	8	–	8	–	8	200	–	–	–	–
Finance lease liabilities	19	44	18	43	42	136	47	140	111	199
Financing liabilities from transport concessions	1	6	1	6	7	20	1	13	–	–
Other financial liabilities	3	196	–	24	–	7	–	1	–	–
Trade liabilities	–	5,157	–	59	–	80	–	20	–	–
Other miscellaneous liabilities	–	3,399	–	13	–	22	–	39	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	59	30	58	439	124	321	122	1,407	16	448
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	5	–	5	–	4	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	463	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	1,131	–	2	–	–	–	–	–	–
Energy price derivatives	20	–	12	–	12	–	4	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	65	301	58	649	108	530	77	1,364	26	506
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	339	–	0	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	726	–	38	–	7	–	–	–	–
Energy price derivatives	–	–	–	–	–	–	–	–	–	–
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Cross-currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	0	–	0	–	–	–	–	–	–
Energy price derivatives	- 15	–	- 13	–	- 22	–	- 6	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	- 116	- 372	- 112	- 1,155	- 272	- 870	- 250	- 2,676	- 63	- 915
Interest derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	- 800	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	- 1,856	–	- 42	–	- 8	–	–	–	–
Energy price derivatives	–	–	–	–	–	–	–	–	–	–
FINANCIAL WARRANTIES										
Financial warranties	–	17	–	–	–	–	–	–	–	–

This includes all instruments which were held as of December 31, 2019 and for which payments had already been agreed. Foreign currency amounts have been translated using the spot rate applicable as of the reference date. The variable interest payments attributable to the financial instruments have been calculated on the basis of the interest rates applicable on December 31, 2019 (previous year on December 31, 2018). Financial liabilities which can be repaid at any time are allocated to the earliest possible time segment.

The financial liabilities are opposed by cash and cash equivalents of € 3,993 million (as of December 31, 2018: € 3,544 million), consisting of positive account balances and current fixed-term deposits.

Additional disclosures relating to the financial instruments

If covered by the scope of IFRS 9, the financial assets and liabilities are categorized and measured in accordance with IFRS 9. Financial assets and liabilities which are not covered by the scope of IFRS 9 are measured in accordance with the relevant standards and not categorized under any measurement category according to IFRS 9.

The carrying amounts as well as the net result per valuation category of IFRS 9 are shown in the following. The fair values and the details of individual classes of financial instruments are shown within the notes to the respective balance sheet items.

In DB Group, financial assets which are allocated to a valuation category according to IFRS 9 mainly comprise trade receivables and cash and cash equivalents.

In DB Group, financial liabilities which are allocated to a valuation category according to IFRS 9 mainly comprise interest-free loans, senior bonds, EUROFIMA loans, bank borrowings, trade liabilities and other liabilities.

CLASSIFICATION OF FINANCIAL ASSETS

The valuation categories of IFRS 9 are set out in the following:

	Fair value (recognized in income statement)		Fair value (recognized directly in equity) with recycling		Fair value (recognized directly in equity) without recycling		Derivatives in hedges		At amortized cost		Not in scope of IFRS 7		**Total**	
As of Dec 31 *(€ million)*	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	**2018**
CARRYING AMOUNT														
Non-current financial assets	12	17	2	1	31	28	180	215	610	295	146	85	**981**	**641**
Current financial assets	9	598	1	1	-	-	125	44	10,304	9,207	596	600	**11,035**	**10,450**
Non-current financial liabilities	30	35	-	-	-	-	257	337	20,337	20,326	3,978	558	**24,602**	**21,256**
Current financial liabilities	9	6	-	-	-	-	70	13	10,449	9,419	3,488	2,355	**14,016**	**11,793**
Net result	1	-1	-	-	-	-	-	-	-3	30	-537	-531	**-539**	**-502**

After the first-time adoption of IFRS 9 in DB Group, other subsidiaries are measured at fair value and not, as previously, classified as “available for sale.”

The net result according to valuation categories in particular contains interest income of € 20 million (in previous year: € 18 million) as well as interest expenses of € 467 million (previous year: € 516 million) from the financial assets and liabilities not measured at fair value in the income statement.

Other disclosures

(34) CONTINGENT RECEIVABLES AND LIABILITIES, AND GUARANTEE OBLIGATIONS

Contingent receivables were stated as € 43 million as of December 31, 2019 (as of December 31, 2018: € 46 million). They mainly comprised a recovery claim in conjunction with construction grants which have been provided but which had not been sufficiently determined as of the balance sheet date in terms of the specific amount and the time at which the claim would become due.

As of the balance sheet date, no contingent receivables had been recognized for all injunction proceedings in view of the high level of uncertainty relating to refund claims, the timing of refunds and the probability of refunds.

The contingent liabilities were broken down as follows:

As of Dec 31 *(€ million)*	**2019**	2018
Other contingent liabilities	105	99
Total	**105**	**99**

Other contingent liabilities also comprise risks arising from litigation which had not been stated as provisions because the expected probability of occurrence is less than 50 %. This relates to numerous individual cases of minor significance.

There are also contingencies of € 15 million from guarantees as of December 31, 2019 (as of December 31, 2018: € 17 million). Property, plant and equipment with carrying amounts of € 13 million (as of 31 December 2018: € 13 million) were also used as security for loans. The reported figure essentially related to rolling stock used at the operating companies in the segment DB Long-Distance.

DB Group acts as guarantor mainly for equity participations and consortiums, and is legally subject to joint and several liability for all consortiums in which it is involved.

(35) OTHER FINANCIAL OBLIGATIONS

The total amount of other financial obligations as of December 31, 2019 is stated as € 17,421 million (as of December 31, 2018: € 21,964 million; this figure comprises the order commitment as well as the future minimum lease payments from current and future operating leases).

Capital expenditures in relation to which the company had entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, were broken down as follows:

As of Dec 31 *(€ million)*	**2019**	2018
Committed capital expenditures		
Property, plant and equipment	16,951	15,931
Intangible assets	37	31
Acquisition of financial assets	433	417
Total	**17,421**	**16,379**
Order commitment for leasing property, plant and equipment	605	880
Possible but unlikely lease payments	2,215	-

The increase in the order commitment in property, plant and equipment was particularly due to the planned capital expenditure projects relating to own construction services. Major opposite effects were attributable to acquisitions/deliveries of new vehicles. In the case of some supply arrangements, there are independent admissions of guilt with regard to fulfilling the order commitment; these are opposed by claims of the same amount, backed by bank guarantees and insurance policies with very good ratings. The order commitment for the acquisition of property, plant and equipment also contains future obligations for vehicles in connection with transport contracts to be recognized in accordance with IFRIC 12.

The order commitment for leasing property, plant and equipment relates to leases which had been concluded as of the reference date but for which the duration has not yet commenced. Possible lease payments for unlikely lease prolongations or for periods in which the leased asset will not be used as a result of a likely termination have not been included in the measurement of leasing liabilities.

The figure of € 433 million shown for the acquisition of financial assets (as of December 31, 2018: € 417 million) related to outstanding contributions at EUROFIMA which have not been called in.

(36) STRUCTURED COMPANIES

DB AG holds 100 % of the shares in DB Barnsdale AG and DB Competition Claims GmbH. The purpose of these structured companies is to enforce claims for damages from cartel operations; they are included as subsidiaries in the consolidated financial statements. There are profit and loss transfer agreements with DB AG.

(37) INFRASTRUCTURE AND TRANSPORT CONTRACTS

GRI 203-1

The following notes and information refer to the requirements of SIC-29 (Disclosure – Service Concession Arrangements).

Infrastructure contracts

The main rail infrastructure companies (RIC) of DB Group are DB Netz AG, DB Station&Service AG and DB Energie GmbH.

On the basis of section 6 of the General Railways Act (Allgemeines Eisenbahngesetz; AEG), the RICs which operate track, control and security systems or platforms require approval for such operations. This is applicable particularly for DB Netz AG and DB Station&Service AG, whose approvals are valid until the end of December 31, 2048.

The rights of the RIC to operate the rail infrastructure is connected to various obligations. In particular, they are obliged to ensure that their operations are managed safely, that all rail infrastructure is constructed safely and maintained in a safe condition (section 4 (3) AEG). With regard to compliance with this regulation, the RIC of DB Group are regulated by the Federal Railway Authority.

In addition, the RIC also have to observe statutory duties in the case of any new construction and expansion projects, for instance with regard to noise abatement. DB Group voluntarily participates in the noise remediation program of the Federal Government for existing lines.

The RIC provide non-discriminatory access to the rail infrastructure in accordance with Sections 10 ff. Railway Regulation Act (Eisenbahnregulierungsgesetz; EReG), and charge the train operating companies (TOCs) for this access. The fees of DB Netz AG and DB Station&Service AG must comply with the requirements of the EReG. The fees for the usage of traction power lines of DB Energie GmbH have to comply with the requirements of the Energy Industry Law (Energiewirtschaftsgesetz; EnWG).

In the year under review, DB Netz AG, DB Station&Service AG and DB Energie GmbH generated overall revenues of € 9,600 million (previous year: € 9,516 million); thereof € 3,492 million (previous year: € 3,434 million) was generated with non-Group customers.

The assets of the rail infrastructure are the legal and economic property of the companies.

Transport contracts

DB Regio AG and its subsidiaries provide transport services on the basis of ordered services. These so-called transport contracts for local rail passenger transport services are signed with the public transport authority of the transport services authorized by the Federal states (for example special-purpose association, local transport company); these contracts determine the volume and the quality level of the transport service, the future development as well as the compensation (concession fees).

The funds necessary for this purpose are made available to the Federal states by the Federal Government in accordance with the regulations of the Regionalization Act (Regionalisierungsgesetz; RegG). The total concession fees received by the subsidiaries of the segment DB Regional for rail transport amounted to € 5,629 million in the year under review (previous year: € 5,474 million) (NOTE (1) 196 F.). This amount includes a figure of € 1,615 million (previous year: € 1,438 million) for revenues from fares which had to be netted against the claims for concession fees within the framework of gross contracts.

In addition, there are similar transport contracts with international contracting organizations in the segment DB Arriva, with a volume of € 956 million in the year under review (previous year: € 998 million) (NOTE (1) 196 F.).

About 84 % of all assured transport contracts have a duration up to at least 2023; about 45 % have a duration until at least 2028, and about 29 % have a duration until at least 2031. A transport contract can only be terminated by the contracting organization during the duration for a compelling reason.

In many cases, the companies enjoy legal and beneficial ownership of the assets necessary for providing the services, and in particular the rolling stock. Some transport contracts include obligations whereby the assets which are deployed have to be handed over at the end of the life of the contract. In addition, DB Group is recording an increasing share of transport contracts in which the rolling stock is either leased by the contracting organization or for which the leasing arrangement is supported by capital service guarantees by the contracting organization.

(38) RELATED-PARTY DISCLOSURES

The following parties are deemed to be related parties of DB Group in accordance with IAS 24 (Related-Party Disclosures):

- the Federal Government in its capacity as the owner of all shares in DB AG,
- the companies or enterprises subject to the control of the Federal Government (Federal companies),
- affiliated, non-consolidated and associated companies as well as joint ventures of DB Group, as well as
- the members of the Management Board and the Supervisory Board of DB AG and their close relatives.

Transactions with related parties are conducted on an arm's length basis.

The figures attributable to related companies and persons are stated under the corresponding items of the "Notes to the Balance Sheet" with the designation "thereof." Individual figures are set out in the NOTES (19) 209 FF., (28) 215 FF. AND (29) 219 F.

Details and explanations of transactions between DB Group and the Federal Government are included in the NOTES (3) 197, (5) 198 F., (9) 202, (13) 203 FF., (31) 221 FF., (35) 235 F. AND (37) 236.

Significant economic relations which need to be reported separately between DB Group and related companies and persons are explained in the following:

Relationships with the Federal Government

	Federal Government	
As of Dec 31 *(€ million)*	**2019**	2018
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	1,209	1,333
Rents and leases	1	1
Other services	0	0
Investment grants [1]	6,261	6,314
Other income grants	366	229
	7,837	**7,877**
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	427	382
Rents and leases	13	14
Other services	61	107
Repayment of loans	178	204
Repayment of investment grants	53	29
Repayment from cartel proceedings	–	0
	732	**736**
OTHER DISCLOSURES		
Unsecured receivables [2]	475	384
Unsecured liabilities [2]	945	1,155
Total of guarantees received [2]	1,174	1,139

[1] Including € 346 million EU subsidies paid out via the Federal Government (previous year: € 406 million).

[2] As of the balance sheet date.

Purchases of goods and services mainly comprise the fees paid to the Federal Government within the framework of the pro forma billing of the allocated civil servants as well as cost refunds for staff secondments in the service provision field.

With the law for improving the opportunities for re-integration on the labor market, the corresponding regulations in German social security code (Sozialgesetzbuch; SGB) III were revised. In accordance with section 54 SGB III, the Federal Employment Agency provides a subsidy of up to € 243 per month for career opportunity qualifications. In the year under review, about 250 young persons were offered a training opportunity within the framework of the career preparation program Chance plus.

DB AG and the RIC have signed a Performance and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV) I with the Federal Government represented by the Federal Ministry of Transport, Building and Urban Development (Bundesministerium für Verkehr, Bau und Stadtentwicklung; BMVBS) for the initial period 2009 to 2013. This agreement has reformed the financing regime for the existing network. Up to the point at which the LuFV I came into force, replacement capital expenditures were financed on the basis of framework, individual and collective agreements in relation to individual measures; within the framework of the LuFV, the use of Federal funds is managed on a quality-oriented basis. LuFVI improved the plannability, efficiency and transparency of funding for maintaining the infrastructure. The agreement came into force on January 1, 2009. The duration of the LuFV was extended from the end of 2013 to the end of 2015 by way of a second addendum to the Performance and Financing Agreement of September 6, 2013. The LuFV I was replaced by the successor agreement LuFV II as of January 1, 2015.

The LuFV II, which was signed on January 12, 2015 and which has been applicable since January 1, 2015, is a target-oriented instrument for financing and managing capital expenditures. The core objectives are to maintain and further improve the quality and availability of the existing infrastructure (existing network) and to assure financing for the existing network for the years 2015 to 2019.

Under the terms of the LuFV II, the contractually defined volume of funds was considerably increased: the infrastructure contribution of the Federal Government was increased to an average of € 3.316 billion per calendar year. The envisaged dividend distributions of DB AG are reinvested completely in the rail infrastructure as Federal grants. The share for improving local rail passenger transport was increased to € 1.1 billion for the entire life of the LuFV II. The maintenance contribution to be provided by the RIC has increased to a minimum of € 8.0 billion for the life of the LuFV II.

The own funds to be provided by the RIC for capital expenditures every year on the other hand now amount to € 100 million per calendar year (LuFV I: € 500 million per calendar year).

The quality parameters from the LuFV I have been retained in principle, whereby the targets have been increased. A new "status category fully and partially renewed bridges" has been agreed in the LuFV II. If at least 875 railway bridges are not fully or partially renewed during the life of the LuFV II, and/or if the average status category of these bridges does not improve by at least one status category, the Federal Government can demand a one-off repayment of € 15 million.

In addition to the previous reasons for demanding repayments, the Federal Government can demand repayment of € 1.0 million per bridge in the event of a bridge having to be closed due to a fault for which the RIC is responsible. In addition, under certain conditions, the Federal Government can also demand repayment in the event of data errors. And finally, the Federal Government can demand repayment of a proportionate amount in the event of a deliberate or grossly negligent contravention of the principle of efficient and cost-effective application of funds if it is disadvantaged in this way.

The LuFV II has also specified in greater detail the statutory assessment and audit rights of the Federal Audit Office (Bundesrechnungshof).

The negotiations regarding LuFV III carried out on the basis of the LuFV II were concluded in the year under review. The finally negotiated LuFV III provides a total volume of € 86.2 billion, and came into force on January 1, 2020.

With the LuFV III, the duration of the agreement has for the first time been extended to ten years (2020 to 2029). The infrastructure contribution of the Federal Government has increased on average to € 5,142 billion per calendar year (LuFV II: € 3,316 billion per calendar year). There is also a provision for the maintenance expenses to be provided by the RIC to be increased to an average of € 2,278 billion per calendar year. The own contribution of the RIC is increased to an average of € 137.5 million per calendar year.

The bridge program has also been stabilized by the agreement of a target of 2,000 bridges in the period 2020 to 2029.

In addition, resources are provided for requirements which go beyond the technical need, for instance for improving accessibility and weather protection as well as additional funds for customer-friendly building. In addition, the LuFV III provides a total of € 7 billion for earmarked capital expenditures in signaling equipment for the years 2020 to 2029.

The LuFV III also for the first time contains a contractual regulation regarding the reduction of backlog demand. Although the considerably increased volume of resources of the LuFV III does not yet enable the backlog demand to be completely reduced, the total of € 4,506 billion means that there is a defined sum available, at least two-thirds of which must be used for reducing the backlog of particularly critical aspects (track, switches, railway bridges, tunnels, culverts, signaling equipment and pedestrian underpasses). A new parameter for substance value (not subject to any penalties) is to be used as an indicator for the development of backlog demand.

With regard to the ten-year duration, the LuFV III also includes a provision for the application renegotiation clause which can trigger discussions for adjusting the LuFV III in the event of major changes, for instance considerable price increases for construction services in the rail infrastructure.

During the life of the LuFV III, the parties to the agreement will investigate whether different or additional quality parameters can be used for the LuFV III (starting January 1, 2025) or for the succeeding LuFV IV (starting January 1, 2030) in order to achieve an improvement to the informative value regarding the status of the track.

In addition, at DB Netz AG and DB Station&Service AG, the cause and effect correlation between available funds and the attainable quality for agreeing the quality objectives is to be established and subsequently implemented by no later than December 31, 2022 in order to replace the previously applied generation approach.

If the parties to the agreement fail to reach agreement regarding the application of other or additional quality parameters by no later than June 30, 2024, or if there is no robust cause and effect correlation on the basis of the mutually agreed model, the Federal Government is authorized to terminate the LuFV III at the end of the calendar year 2024.

The Requirement Plan Implementation Agreement (Bedarfsplanumsetzungsvereinbarung; BUV) signed by RIC and the Federal Government came into force on January 1, 2018 and governs the financing of requirement plan projects. Key elements include a readjustment of planning costs, fixing the own fund participation of the RIC in the projects as well as the agreement of binding commissioning dates which are subject to penalties if not met.

The Federal Government has since then absorbed all costs of the projects, in other words also the entire planning costs. The previous regulation in the form of a fixed amount for planning costs equivalent to 18% of the construction costs has been canceled.

The RIC participate in all costs of the projects in accordance with their own economic benefit, i.e. including the entire construction costs. This provides a powerful incentive to avoid increases in construction costs.

The RIC give the Federal Government a commitment for milestones and binding commissioning dates for the projects. The penalties in the event of failure to meet these deadlines provide an incentive for complying with the deadlines.

Further investment grants are provided in accordance with the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) for measures of the transport program, in accordance with the noise remediation program of the Federal Government in relation to existing rail tracks and within the framework of the capital expenditure program for the future (Zukunftsinvestitionsprogramm; ZIP) which was adopted in 2016.

DB Netz AG has received funds from the European Union for infrastructure projects in the field of trans-European networks (TEN) and for priority measures for expanding the trans-European network (Connecting Europe Facility; CEF funds).

The grants recognized in the income statement relate also to payments provided by the Federal Government for covering excessive burdens borne by DB Group as a result of operating and maintaining level crossings with roads of all construction authorities.

Sale of goods and services also comprise services for carrying severely disabled persons, Bundeswehr soldiers and Bundeswehr traffic.

DB AG repaid to the Federal Government interest-free loans of € 178 million (previous year: € 204 million) in accordance with the BSWAG. The payments were made within the framework of the agreed annual standard redemption payment to the Federal Government.

The liabilities due to the Federal Government comprised the extended loans, which are shown here with their present values, and other liabilities of € 238 million (as of December 31, 2018: € 304 million).

The guarantees received from the Federal Government primarily relate to the loans received from EUROFIMA as well as the outstanding contributions and liabilities arising from collective liability of DB AG at EUROFIMA. The guarantees which have been received include a maximum commitment of € 1,153 million of the Federal Government for loans of EUROFIMA. The loan volume amounted to € 200 million as of December 31, 2019 (unchanged).

Ten new financing agreements were concluded in the year under review in addition to the Adjustment Agreement 2019 (Anpassungsvereinbarung; APV), in certain cases still under the ZIP. The Federal Government has provided finance totaling about € 1,277 million for the new agreements. The financing agreements have different terms, which in certain cases extend to the year 2030. Financing is provided completely in the form of investment grants which do not have to be repaid.

Sections 21 (5) No. 2 and (6) of the DBGrG have resulted in claims of DB AG against the Federal Government. Section 21 (5) No. 2 DBGrG specifies that the Federal Government bears those costs which are incurred by DB AG in the performance of technical, operational or organizational measures as a result of the fact that employment agreements cannot be terminated. Section 21 (6) DBGrG states that (5) No. 2 is applicable accordingly for assigned civil servants. The joint implementation of the DBGrG is based on an agreement in accordance with section 21 (8) DBGrG in relation to section 21 (5) No. 2 and (6) DBGrG of June 10/17, 2015 between the Federal Railway Fund on the one hand and DB AG on the other. The BMVI and the Federal Ministry of Finance (Bundesministerium der Finanzen; BMF) approved this agreement on June 24/July 28, 2015. The agreement states that DB AG shall provide evidence (with documentation of each individual case) that an employee of DB JobService GmbH (a civil servant or employee subject to collective bargaining agreements satisfying certain criteria at the foundation in 1994) was affected by a rationalization measure and employment elsewhere is not possible. The personnel expenses plus an additional amount of 10% of the personnel expenses to cover costs shall be reimbursed only after each individual case has been reviewed by the Federal Railway Fund.

The annual financial statements 2019 of DB JobService GmbH disclose reimbursement claims of DB AG against the Federal Government in the total amount of € 48.6 million (including 10% reimbursement of costs) on the basis of section 21 (5) and (6) DBGrG. Reimbursements in accordance with Section 21 (5) No. 2 and (6) DBGrG are audited by the Federal Railway Fund on the basis of individual documentation. For those cases which have changed to DB JobService GmbH in January 2014 after the DemografieTV came into force (new cases), extensive supporting evidence has to be provided on the basis of original receipts by the companies.

Relations with Federal companies

Most of the transactions carried out in accordance with IAS 24 in the year under review and in the previous year related to operations, and were overall of minor significance for DB Group. The receivables and liabilities which had arisen were virtually completely settled as of the balance sheet date.

Relations with affiliated, non-consolidated companies, associates and joint ventures

In the year under review, DB Group purchased goods and services worth € 132 million (previous year: € 116 million), mainly for purchasing passenger transport and freight services. At € 87 million (previous year: € 85 million), most of the total figure is attributable to transactions with associates. Rental and leasing payments of € 6 million were also made (previous year: € 6 million).

Interest payments of € 8 million (previous year: € 8 million) were also incurred in the year under review. This figure relates almost exclusively to interest payments for the loans extended by EUROFIMA (NOTE (28) 215 FF.).

In the year under review, DB Group generated revenues of € 365 million (previous year: € 386 million) from sales of goods and services. The revenues were generated mainly in the DB Cargo segment and related to revenues generated by transport services which were provided.

Guarantees totaling € 5 million as of December 31, 2019 (as of December 31, 2018: € 6 million) have been extended; of this figure € 6 million (as of December 31, 2018: € 6 million) was attributable to joint ventures. An equivalent volume of transactions with related companies was conducted in the previous year.

Relations with the Management Board and Supervisory Board of DB AG

The following section sets out the transactions between DB Group and the members of the Management Board and the Supervisory Board, as well as the companies in which members of the Management Board or the Supervisory Board own a majority interest.

(€ thousand)	2019	2018
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	1	6,603
Trade receivables as of Dec 31	–	435
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	648	3,976
Trade liabilities as of Dec 31	–	889

The considerable decline in the above figures is attributable to the fact that one member of the Supervisory Board stepped down from the Supervisory Board in the previous year. The figure shown in the year under review relates to the payments received by the employees' representatives in the Supervisory Board.

Compensation of the Management Board

(€ thousand)	2019	2018
Benefits due in the short term	5,976	6,498
Post-employment benefits	1,332	1,222
Other benefits due in the long term	643	1,049
Payments on the occasion of termination of employment contracts	1,466	–
Share-based compensation	–	–
Total compensation of the Management Board according to IFRS	**9,417**	**8,769**
Fixed	4,883	4,665
Variable	3,068	4,104
Payments on the occasion of termination of employment contracts	1,466	–
Pension provisions for active members of the Management Board [1]	22,199	17,885
Total compensation of the Management Board according to HGB	7,441	6,498
Compensation of former members of the Management Board and their surviving dependants	10,103	10,406
Retirement benefit obligations in respect of former members of the Management Board and their surviving dependants [1]	176,771	171,091

[1] Details of defined benefit obligations.

No loans and advances were extended to members of the Management Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Management Board.

Compensation of the Supervisory Board

(€ thousand)	2019	2018
Total compensation of the Supervisory Board	706	865
thereof short-term	706	865
thereof fixed	508	514
thereof variable	–	154
thereof attendance fees	54	46
thereof benefits in kind from discounted travel	64	61
thereof compensation for membership in supervisory board / advisory boards of DB Group subsidiaries (including attendance fees)	80	90

No compensation was incurred for former members of the Supervisory Board and their surviving dependants. There are no pension obligations for former members of the Supervisory Board and their surviving dependants. The members of the Supervisory Board only receive benefits due in the short term.

No loans and advances were extended to members of the Supervisory Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Supervisory Board.

The total amount of compensation for the Management Board and Supervisory Board was € 10,123 thousand in the year under review (previous year: € 9,634 thousand). Individual details as well as further details concerning the payments of the members of the Management Board and Supervisory Board are included in the CORPORATE GOVERNANCE REPORT 47 FF. in the Group management report.

(39) EVENTS AFTER THE BALANCE SHEET DATE

Senior bond issues

In the first quarter 2020, the following senior bonds were issued by DB Finance:

Volume of issue	Term (years)	Coupon (%)	Placing
€ 500 million	15.5	0.750	Institutional investors mainly in Germany, France and Great Britain
€ 300 million	4.0	0.000	Institutional investors mainly in Germany, the Benelux countries and Great Britain
€ 150 million	12.0	0.232	Private placement

Changes in the Management Board

Dr. Sigrid Nikutta took on the new Management Board division Freight Transport on January 1, 2020 and simultaneously was also appointed CEO at DB Cargo AG.

Dr. Levin Holle took on the Finance and Logistics Board division as of February 1, 2020.

Arriva Rail North

On January 29, 2020 the Secretary of State announced the transfer of the Arriva Rail North Franchise (ARN) to the state-owned Operator of Last Resort (OLR). There were many issues affecting ARN which were largely outside the direct control of DB Arriva. These included the ongoing, late delivery of major infrastructure upgrades, prolonged strike action and lower than expected economic growth. This has had a significant adverse impact on ARN, both in terms of services and financial performance.

DB Arriva has worked very closely with the Department of Transport (DfT) and the OLR to ensure a smooth transfer of the Franchise on March 1, 2020. The settlement negotiations between ARN and its main creditors (DfT, Deutsche Bahn and other suppliers) regarding a final economic settlement of open claims are ongoing. If ARN would not have been included in the 2019 consolidated financial statements, the individual items of the operating profit would have been reduced by the following amounts:

(€ million)	2019
Revenues	824
Other operating income (including utilization of the provision for potential losses)	117
Cost of materials	323
Personnel expenses	388
Depreciation	93
Other operating expenses (including addition to the provision for potential losses)	284

The transferred operating assets mainly comprise rights-of-use relating to leases (carrying amount as of December 31, 2019: € 499 million) and corresponding leasing liabilities (carrying amount as of December 31, 2019: € 502 million).

Coronavirus

After the worldwide spread of the coronavirus in the first quarter of 2020, DB Group has experienced since March 2020 significant negative effects, for example in freight transport due to the interruption of international value chains, and a significant decrease in the number of passengers. At the present time, the specific effects on the DB Group's earnings, financial position and net assets cannot be reliably estimated or quantified.

(40) EXEMPTION OF SUBSIDIARIES FROM THE DISCLOSURE REQUIREMENTS OF THE GERMAN COMMERCIAL CODE

The following subsidiaries intend to utilize the possibility of section 264 (3) or 264b HGB not to disclose their financial statements:

- AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe
- Autokraft GmbH, Kiel
- Bayern Express&P. Kühn Berlin GmbH, Berlin
- BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein
- BVO Busverkehr Ostwestfalen GmbH, Bielefeld
- BVR Busverkehr Rheinland GmbH, Düsseldorf
- DB Barnsdale AG, Berlin
- DB broadband GmbH, Frankfurt am Main
- DB Cargo BTT GmbH, Mainz
- DB Cargo Logistics GmbH, Kelsterbach
- DB Cargo Vermögensverwaltungs-Aktiengesellschaft, Mainz
- DB Competition Claims GmbH, Berlin
- DB Dialog GmbH, Berlin
- DB Engineering&Consulting GmbH, Berlin
- DB FuhrparkService GmbH, Frankfurt am Main
- DB Gastronomie GmbH, Frankfurt am Main
- DB Intermodal Services GmbH, Mainz
- DB JobService GmbH, Berlin
- DB Kommunikationstechnik GmbH, Berlin
- DB Projekt Stuttgart-Ulm GmbH, Stuttgart
- DB Regio Bus Bayern GmbH, Ingolstadt
- DB Regio Bus Mitte GmbH, Mainz
- DB Regio Bus Nord GmbH, Hamburg
- DB Regio Bus Ost GmbH, Potsdam
- DB Regionalverkehr Bayern GmbH, Ingolstadt
- DB SEV GmbH, Berlin
- DB Sicherheit GmbH, Berlin
- DB Systel GmbH, Frankfurt am Main
- DB Systemtechnik GmbH, Minden
- DB Vertrieb GmbH, Frankfurt am Main
- DB Zeitarbeit GmbH, Berlin
- Deutsche Bahn Connect GmbH, Frankfurt am Main
- Deutsche Bahn Digital Ventures GmbH, Berlin
- Deutsche Bahn International Operations GmbH, Berlin
- DSD Digitale Schiene Deutschland GmbH, Berlin
- DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg v. d. Höhe
- ELAG Emder Lagerhaus und Automotive GmbH, Emden
- EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden
- Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall
- Haller Busbetrieb GmbH, Walsrode
- Hanekamp Busreisen GmbH, Cloppenburg
- infraView GmbH, Mainz
- ioki GmbH, Frankfurt am Main
- Karpeles Flight Services GmbH, Frankfurt am Main
- Mobimeo GmbH, Berlin
- MTS MarkenTechnikService GmbH&Co. KG, Karlsruhe
- NVO Nahverkehr Ostwestfalen GmbH, Münster
- Omnibusverkehr Franken GmbH (OVF), Nuremberg
- ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz
- Railway Approvals Germany GmbH, Minden
- RBO Regionalbus Ostbayern GmbH, Regensburg
- Regional Bus Stuttgart GmbH RBS, Stuttgart
- Regionalbus Braunschweig GmbH – RBB –, Hamburg
- Regionalverkehr Allgäu GmbH (RVA), Oberstdorf
- Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich
- Regionalverkehre Start Deutschland GmbH, Frankfurt am Main
- RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz
- RVS Regionalbusverkehr Südwest GmbH, Karlsruhe
- S-Bahn Hamburg Service GmbH, Hamburg
- SBG SüdbadenBus GmbH, Freiburg im Breisgau
- Schenker Aktiengesellschaft, Essen
- Schenker Dedicated Services Germany GmbH, Essen
- Schenker Deutschland AG, Frankfurt am Main
- Schenker Europe GmbH, Frankfurt am Main
- Schenker Global Management&Services GmbH, Essen
- Schenker GmbH für Beteiligungen, Essen
- Schenker Technik GmbH, Essen
- TFG Transfracht GmbH, Mainz
- TRANSA Spedition GmbH, Offenbach am Main
- UBB Usedomer Bäderbahn GmbH, Heringsdorf
- Verkehrsgesellschaft mbH Untermain – VU –, Aschaffenburg
- Verkehrsgesellschaft Start Augsburg mbH, Frankfurt am Main
- Verkehrsgesellschaft Start Emscher–Münsterland mbH, Frankfurt am Main
- Verkehrsgesellschaft Start Niedersachsen mbH, Frankfurt am Main
- Verkehrsgesellschaft Start NRW mbH, Frankfurt am Main
- Verkehrsgesellschaft Start Ostsachsen mbH, Berlin
- Verkehrsgesellschaft Start Unterelbe mbH, Cuxhaven
- WB Westfalen Bus GmbH, Münster
- Weser-Ems Busverkehr GmbH (WEB), Bremen

GRI 102-45

(41) LIST OF SHAREHOLDINGS

The list of shareholdings is set out on the following pages.

Breakdown of shareholdings of DB AG

(in accordance with section 313 (2) HGB)

Subsidiary *(Name and registered offices)*	Currency	Equity (thousand)[1]	Ownership (%)
DB LONG-DISTANCE			
FULLY CONSOLIDATED			
AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe	EUR	2,833	100.00
DB Bahn Italia S.r.l., Verona/Italy	EUR	10,409	100.00
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main	EUR	2,388,619	100.00
DB Reise&Touristik Suisse SA, Basel/Switzerland	CHF	-4,403	100.00
AT EQUITY			
Alleo GmbH i. L., Saarbrücken[2),3)]	EUR	447	50.00
Railteam B.V., Amsterdam/the Netherlands[2),4)]	EUR	116	20.00
Rheinalp GmbH, Frankfurt am Main[2),3)]	EUR	191	50.00
DB REGIONAL			
FULLY CONSOLIDATED			
Autokraft GmbH, Kiel	EUR	19,080	100.00
Bayern Express&P. Kühn Berlin GmbH, Berlin	EUR	8,132	100.00
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein	EUR	9,775	100.00
Busverkehr Märkisch-Oderland GmbH, Strausberg	EUR	3,581	51.17
Busverkehr Oder-Spree GmbH, Fürstenwalde	EUR	8,990	51.17
BVO Busverkehr Ostwestfalen GmbH, Bielefeld	EUR	13,194	100.00
BVR Busverkehr Rheinland GmbH, Düsseldorf	EUR	8,471	100.00
DB Regio Aktiengesellschaft, Frankfurt am Main	EUR	2,192,644	100.00
DB Regio Bus Bayern GmbH, Ingolstadt	EUR	7,402	100.00
DB Regio Bus Mitte GmbH, Mainz	EUR	62,870	100.00
DB Regio Bus Nord GmbH, Hamburg	EUR	1,975	100.00
DB Regio Bus Ost GmbH, Potsdam	EUR	6,278	100.00
DB Regio Bus Rhein-Mosel GmbH, Montabaur	EUR	3,914	74.90
DB Regionalverkehr Bayern GmbH, Ingolstadt	EUR	50	100.00
DB RegioNetz Verkehrs GmbH, Frankfurt am Main	EUR	68,856	100.00
DB SEV GmbH, Berlin	EUR	2,122	100.00
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm	EUR	65,042	100.00
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall	EUR	19,401	100.00
Haller Busbetrieb GmbH, Walsrode	EUR	5,568	100.00
Hanekamp Busreisen GmbH, Cloppenburg	EUR	3,492	100.00
KOB GmbH, Oberthulba	EUR	2,305	70.00
NVO Nahverkehr Ostwestfalen GmbH, Münster	EUR	868	100.00
Omnibusverkehr Franken GmbH (OVF), Nuremberg	EUR	24,748	100.00
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz	EUR	14,165	100.00
RBO Regionalbus Ostbayern GmbH, Regensburg	EUR	16,180	100.00
Regional Bus Stuttgart GmbH RBS, Stuttgart	EUR	26,064	100.00
Regionalbus Braunschweig GmbH -RBB-, Hamburg	EUR	10,284	100.00
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf	EUR	4,571	70.00
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich	EUR	21,507	100.00
Regionalverkehre Start Deutschland GmbH, Frankfurt am Main	EUR	7,203	100.00
rhb rheinhunsrückbus GmbH, Simmern	EUR	149	48.69
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz	EUR	13,618	74.90
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe	EUR	18,880	100.00
S-Bahn Berlin GmbH, Berlin	EUR	170,006	100.00
S-Bahn Hamburg GmbH, Hamburg	EUR	75,824	100.00
S-Bahn Hamburg Service GmbH, Hamburg	EUR	25	100.00
SBG SüdbadenBus GmbH, Freiburg im Breisgau	EUR	16,016	100.00
Verkehrsgesellschaft mbH Untermain - VU -, Aschaffenburg	EUR	3,358	100.00
Verkehrsgesellschaft Start Augsburg mbH, Frankfurt am Main	EUR	48	100.00
Verkehrsgesellschaft Start Emscher-Münsterland mbH, Frankfurt am Main	EUR	17	100.00
Verkehrsgesellschaft Start Niedersachsen mbH, Frankfurt am Main	EUR	49	100.00
Verkehrsgesellschaft Start NRW mbH, Frankfurt am Main	EUR	49	100.00
Verkehrsgesellschaft Start Ostsachsen mbH, Berlin	EUR	49	100.00
Verkehrsgesellschaft Start Unterelbe mbH, Cuxhaven	EUR	2,923	100.00
WB Westfalen Bus GmbH, Münster	EUR	11,822	100.00
Weser-Ems Busverkehr GmbH (WEB), Bremen	EUR	15,130	100.00
AT EQUITY			
"Rhein-Nahe Nahverkehrsverbund GmbH," Ingelheim am Rhein[2),3)]	EUR	122	28.67
"ZOB" Zentral-Omnibus-Bahnhof Gesellschaft mit beschränkter Haftung, Bremen[2),4)]	EUR	29	25.60
Bodensee-Oberschwaben Verkehrsverbundgesellschaft mit beschränkter Haftung, Ravensburg[2),5)]	EUR	205	25.32
Connect-Fahrplanauskunft GmbH, Hanover[2),3)]	EUR	210	42.00
Filsland Mobilitätsverbund GmbH, Göppingen[2),3)]	EUR	79	30.00
FSN Fahrzeugservice Neunkirchen GmbH, Neunkirchen[2),3)]	EUR	222	47.50
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen[2),3)]	EUR	9,151	28.00
Kitzinger Nahverkehrsgemeinschaft (KiNG), Kitzingen[2),6)]	EUR	4	50.00
Kreisbahn Aurich GmbH, Aurich[2),3)]	EUR	1,055	33.33
Main-Spessart-Nahverkehrsgesellschaft mbH i. L., Gemünden (Main)[2),6)]	EUR	107	25.00
Niedersachsentarif GmbH, Hanover[2),3)]	EUR	72	12.50
NSH Nahverkehr Schleswig-Holstein GmbH, Kiel[2),5)]	EUR	46	52.90
OstalbMobil GmbH, Aalen[2),3)]	EUR	50	39.30
RBP Regionalbusverkehr Passau Land GmbH, Bad Füssing[2),3)]	EUR	77	33.33
Regio-Verkehrsverbund Freiburg GmbH (RVF), Freiburg im Breisgau[2),3)]	EUR	225	42.50
Saarländische Nahverkehrs-Service GmbH, Saarbrücken[2),5)]	EUR	60	31.67
stadtbus Ravensburg Weingarten GmbH, Ravensburg[2),5)]	EUR	25	45.20
TGO - Tarifverbund Ortenau GmbH, Offenburg[2),3)]	EUR	133	49.00
Verkehrsgemeinschaft am Bayerischen Untermain - VAB GmbH, Aschaffenburg[2),4)]	EUR	25	42.86
Verkehrsgemeinschaft Mittelthüringen GmbH (VMT), Erfurt[2),3)]	EUR	198	11.11
Verkehrsunternehmen Hegau-Bodensee Verbund GmbH (VHB), Konstanz[2),3)]	EUR	30	34.00
Verkehrsunternehmens-Verbund Mainfranken GmbH - VVM, Würzburg[2),3)]	EUR	30	18.64
Verkehrsverbund Großraum Nürnberg GmbH (VGN), Nuremberg[2),3)]	EUR	54	25.93
Verkehrsverbund Neckar-Alb-Donau GmbH (naldo), Hechingen[2),3)]	EUR	440	18.12
Verkehrsverbund Schwarzwald-Baar GmbH (VSB), Villingen-Schwenningen[2),5)]	EUR	115	45.00
Verkehrsverbund Süd-Niedersachsen GmbH (VSN), Göttingen[2),3)]	EUR	135	31.16
VGC Verkehrsgesellschaft Bäderkreis Calw mbH, Calw[2),3)]	EUR	662	32.50

Subsidiary *(Name and registered offices)*	Currency	Equity (thousand)[1]	Ownership (%)
VHN Verkehrsholding Nord GmbH & Co. KG, Schleswig[2,3]	EUR	720	20.00
VHN Verwaltungsgesellschaft mbH, Schleswig[2,3]	EUR	912	20.00
VMS Verkehrs-Management und Service GmbH, Trier[2,3]	EUR	29	38.46
WNS Westpfälzische Nahverkehrs-Service GmbH, Kaiserslautern[2,3]	EUR	245	45.00
WTV Waldshuter Tarifverbund GmbH, Waldshut-Tiengen[2,3]	EUR	64	40.00
FAIR VALUE			
Regio Verkehrsverbund Lörrach GmbH (RVL), Lörrach[2,3]	EUR	128	54.00
Verkehrsverbund Pforzheim-Enzkreis GmbH (VPE), Pforzheim[2,3]	EUR	52	25.00
Verkehrsverbund Rottweil GmbH (VVR), Villingen-Schwenningen[2,5]	EUR	78	70.20
vgf Verkehrs-Gemeinschaft Landkreis Freudenstadt GmbH, Waldachtal[2,3]	EUR	212	51.42
VVW Verkehrsverbund Warnow GmbH, Rostock[2,3]	EUR	27	21.61
DB CARGO			
FULLY CONSOLIDATED			
ATG Autotransportlogistic Sp. z o. o., Malaszewicze/Poland	PLN	5,283	100.00
Compañía Aragonesa de Portacoches S.A., Saragossa/Spain	EUR	8,098	65.28
Container-Terminal Puchov s.r.o., Puchov/Slovakia	EUR	88	100.00
Corridor Operations DB Cargo B Logistics N.V. i. L., Brussels/Belgium	EUR	1,716	51.00
DB Cargo (UK) Holdings Limited, Doncaster/Great Britain	GBP	195,513	100.00
DB Cargo (UK) Limited, Doncaster/Great Britain	GBP	- 40,133	100.00
DB Cargo Aktiengesellschaft, Mainz	EUR	445,254	100.00
DB Cargo Belgium BV, Antwerp/Belgium	EUR	1,459	100.00
DB Cargo BTT GmbH, Mainz	EUR	2,294	100.00
DB Cargo Bulgaria EOOD, Sofia/Bulgaria	BGN	14,782	100.00
DB Cargo Components Limited, Doncaster/Great Britain	GBP	723	100.00
DB Cargo Czechia s.r.o., Ostrava/Czech Republic	CZK	32,171	100.00
DB Cargo Eurasia GmbH, Berlin	EUR	3,284	90.00
DB Cargo Hungaria Kft., Györ/Hungary	HUF	2,070,449	100.00
DB Cargo Information Services Limited, Doncaster/Great Britain	GBP	2,381	100.00
DB Cargo International Limited, Doncaster/Great Britain	GBP	31,205	100.00
DB Cargo Italia S.r.l., Milan/Italy	EUR	20,758	60.00
DB Cargo Italia Services S.r.l., Milan/Italy	EUR	1,842	100.00
DB Cargo Italy S.r.l., Novate Milanese/Italy	EUR	10,569	100.00
DB Cargo Logistics GmbH, Kelsterbach	EUR	54,367	100.00
DB Cargo Maintenance Limited, Doncaster/Great Britain	GBP	1,632	100.00
DB Cargo Nederland N.V., Utrecht/the Netherlands	EUR	16,290	100.00
DB Cargo Polska S.A., Zabrze/Poland	PLN	305,765	100.00
DB Cargo Scandinavia A/S, Taastrup/Denmark	DKK	267,525	100.00
DB Cargo Schweiz GmbH, Opfikon/Switzerland	CHF	- 4,111	100.00
DB Cargo Services Limited, Doncaster/Great Britain	GBP	698	100.00
DB Cargo Spedkol Sp. z o.o., Kędzierzyn-Koźle/Poland	PLN	16,538	100.00
DB Cargo Vermögensverwaltungs-Aktiengesellschaft, Mainz	EUR	50	100.00
DB Hungaria Holding Kft., Szigetszentmiklós/Hungary	HUF	8,043,712	100.00
DB Intermodal Services GmbH, Mainz	EUR	9,842	100.00

Subsidiary *(Name and registered offices)*	Currency	Equity (thousand)[1]	Ownership (%)
DB PORT SZCZECIN Sp. z o.o., Szczecin/Poland	PLN	35,244	96.82
Deutsche Bahn Cargo Romania S.R.L., Bucharest/Romania	RON	- 16,321	100.00
Deutsche Bahn Iberica Holding, S.L., Barcelona/Spain	EUR	95,054	100.00
Deutsche TRANSFESA GmbH Internationale Eisenbahn-Spezial-Transporte, Kehl/Rhein	EUR	2,408	77.33
Doker-Port Sp. z o.o., Szczecin/Poland	PLN	1,574	96.82
DUSS Italia Terminal s.r.l., Verona/Italy	EUR	50	80.00
Euro Cargo Rail SAS, Paris/France	EUR	28,439	100.00
Infra Silesia S.A., Rybnik/Poland	PLN	- 95	100.00
KombiTerminal Burghausen GmbH, Mainz	EUR	1,098	67.62
Locomotive 6667 Ltd, Doncaster/Great Britain	GBP	144,818	100.00
Locomotive Operating Leasing Partnership, Doncaster/Great Britain	GBP	112,301	100.00
MDL Distribución y Logistica S.A., Madrid/Spain	EUR	2,045	77.33
Mitteldeutsche Eisenbahn GmbH, Schkopau	EUR	1,186	80.00
New Locomotive Finance Ltd, Doncaster/Great Britain	GBP	0	100.00
OOO DB Cargo Russija, Moscow/Russia	RUB	132,215	100.00
Rail Express Systems Ltd, Doncaster/Great Britain	GBP	27,874	100.00
Rail Service Center Rotterdam B. V., Rotterdam/the Netherlands	EUR	3,419	51.00
Rail Terminal Services Limited, Doncaster/Great Britain	GBP	- 4,455	100.00
RBH Logistics GmbH, Gladbeck	EUR	2,439	100.00
TFG Transfracht GmbH, Mainz	EUR	7,202	100.00
Transervi S.A., Madrid/Spain	EUR	6,051	77.33
Transfesa France SAS, Gennevilliers Cedex/France	EUR	3,099	77.33
Transfesa Logistics, S.A., Madrid/Spain	EUR	75,846	77.33
Transfesa Portugal Lda., Lisbon/Portugal	EUR	353	77.33
Transfesa UK Ltd., Rainham (Essex)/Great Britain	GBP	556	77.33
AT EQUITY			
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss[2,3]	EUR	6,793	50.00
Autotrax Limited, Farnham/Surrey/Great Britain[2,3]	GBP	506	24.00
baymodal Bamberg GmbH, Bamberg[2,5]	EUR	444	25.10
CD-DUSS Terminal, a.s., Lovosice/Czech Republic[2,4]	CZK	8,702	49.00
Container Terminal Dortmund GmbH, Dortmund[2,3]	EUR	4,718	30.88
Container Terminal Enns GmbH, Enns/Austria[2,7]	EUR	9,592	49.00
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne[2,3]	EUR	1,366	22.50
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf[2,5]	EUR	1,178	51.00
Dörpener Umschlaggesellschaft für den kombinierten Verkehr mbH (DUK), Dörpen[2,3]	EUR	5,347	35.00
EP Merseburg Transport und Logistik GmbH, Merseburg[2,7]	EUR	25	39.20
Hispanauto-Empresas Agrupadas A.E.I.E. ©, Madrid/Spain[5]	EUR	2,076	58.05
INTERCONTAINER – INTERFRIGO SA i. L., Sint-Agatha-Berchem/Belgium[2,8]	EUR	- 21,433	36.77
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main[2,5]	EUR	18,525	50.00
Lokomotion Gesellschaft für Schienentraktion mbH, Munich[2,3]	EUR	12,496	30.00
Mediterranean Hub Monfalcone S.r.l., Monfalcone/Italy[3]	EUR	10	49.00

Subsidiary (Name and registered offices)	Currency	Equity (thousand)[1]	Ownership (%)
OPTIMODAL NEDERLAND B.V., Rotterdam/the Netherlands[2),3)]	EUR	844	24.34
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg[2),7)]	EUR	1,912	50.00
Pool Ibérico Ferroviario A.I.E., Madrid/Spain[5)]	EUR	- 852	9.02
SLASKIE CENTRUM LOGISTYKI S.A., Gliwice/Poland[2),5)]	PLN	51,023	20.55
Sociedad de Estudios y Explotacion de Material Auxiliar de Transportes, S.A. (“SEMAT”), Madrid/Spain[7)]	EUR	7,313	48.56
Stifa S.A. i. L., Malveira/Portugal[7)]	EUR	- 85	38.67
Terminal Singen TSG GmbH, Singen[2),3)]	EUR	820	50.00
Xrail AG, Basel City/Switzerland[2),3)]	CHF	586	36.80
DB NETZE TRACK			
FULLY CONSOLIDATED			
DB broadband GmbH, Frankfurt am Main	EUR	5,025	100.00
DB Fahrwegdienste GmbH, Berlin	EUR	2,678	100.00
DB Netz Aktiengesellschaft, Frankfurt am Main	EUR	8,778,144	100.00
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main	EUR	3,479	100.00
Deutsche Umschlaggesellschaft Schiene - Straße (DUSS) mbH, Bodenheim am Rhein	EUR	908	87.50
DSD Digitale Schiene Deutschland GmbH, Berlin	EUR	25	100.00
MegaHub Lehrte Betreibergesellschaft mbH, Hanover	EUR	254	65.62
AT EQUITY			
EEIG Corridor Rhine - Alpine EWIV, Frankfurt am Main[2),4)]	EUR	0	25.00
EWIV Atlantic Corridor, Paris/France[2),5)]	EUR	0	25.00
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden[2),3)]	EUR	4,089	24.53
TIA GmbH, Augsburg[2),4)]	EUR	289	42.88
TKN Terminal Köln-Nord GmbH, Cologne[2),9)]	EUR	6	42.88
TriCon Container-Terminal Nürnberg GmbH, Nuremberg[2),3)]	EUR	2,295	21.88
DB NETZE STATIONS			
FULLY CONSOLIDATED			
DB BahnPark GmbH, Berlin	EUR	6,562	51.00
DB Station&Service Aktiengesellschaft, Berlin	EUR	1,508,830	100.00
MEKB GmbH, Berlin	EUR	32	100.00
Station Food GmbH, Berlin	EUR	- 1,205	51.00
AT EQUITY			
Clever Order Services GmbH, Berlin[2),3),7)]	EUR	200	25.00
DB NETZE ENERGY			
FULLY CONSOLIDATED			
DB Energie GmbH, Frankfurt am Main	EUR	395,781	100.00
AT EQUITY			
inno2grid GmbH, Berlin[2),3)]	EUR	210	50.00
OTHER SUBSIDIARIES			
FULLY CONSOLIDATED			
Arriva Holding N.V., Amsterdam/the Netherlands	EUR	45	100.00
Arriva Investments Limited, Sunderland/Great Britain	GBP	1,227,471	100.00
BAX Global Inc., Norfolk/USA	USD	84,272	100.00
DB Bahnbau Gruppe GmbH, Berlin	EUR	29,277	100.00
DB Barnsdale AG, Berlin	EUR	12,079	100.00
DB Competition Claims GmbH, Berlin	EUR	18,125	100.00
DB Czech Holding s.r.o., Rudná/Czech Republic	CZK	3,713	100.00
DB Danmark Holding ApS, Hvidovre/Denmark	DKK	2,076	100.00
DB Dialog GmbH, Berlin	EUR	1,102	100.00
DB Engineering&Consulting GmbH, Berlin	EUR	80,823	100.00
DB Engineering&Consulting USA Inc., Wilmington/NC/Delaware/USA	USD	- 1,973	100.00
DB Fahrzeuginstandhaltung GmbH, Frankfurt am Main	EUR	258,532	100.00
DB FuhrparkService GmbH, Frankfurt am Main	EUR	78,386	100.00
DB Gastronomie GmbH, Frankfurt am Main	EUR	15,479	100.00
DB International (Beijing) Co., Ltd., Peking/China	CNY	3,790	100.00
DB International Brasil Servicos de Consultoria Ltda., Rio de Janeiro/Brazil	BRL	419	100.00
DB JobService GmbH, Berlin	EUR	- 5,010	100.00
DB Kommunikationstechnik GmbH, Berlin	EUR	3,794	100.00
DB Projekt Stuttgart-Ulm GmbH, Stuttgart	EUR	2,263	100.00
DB Schweiz Holding AG, Zug/Switzerland	CHF	54,187	100.00
DB Services GmbH, Berlin	EUR	12,494	100.00
DB Sicherheit GmbH, Berlin	EUR	2,108	100.00
DB Systel GmbH, Frankfurt am Main	EUR	80,934	100.00
DB Systel UK Limited, Doncaster/Great Britain	GBP	977	100.00
DB Systemtechnik GmbH, Minden	EUR	12,722	100.00
DB US Corporation, Tarrytown/USA	USD	463,383	100.00
DB US Holding Corporation, Tarrytown/USA	USD	471,165	100.00
DB Vertrieb GmbH, Frankfurt am Main	EUR	81,815	100.00
DB Verwaltungsgesellschaft WBN mbH, Niesky	EUR	- 23,719	100.00
DB Zeitarbeit GmbH, Berlin	EUR	1	100.00
Deutsche Bahn Connect GmbH, Frankfurt am Main	EUR	8,025	100.00
Deutsche Bahn Digital Ventures GmbH, Berlin	EUR	26,552	100.00
Deutsche Bahn Engineering&Consulting India Private Limited, Bangalore/India	INR	1,088	100.00
Deutsche Bahn Finance GmbH, Berlin	EUR	2,065,178	100.00
Deutsche Bahn International Operations GmbH, Berlin	EUR	2,674	100.00
Deutsche Bahn Stiftung gGmbH, Berlin	EUR	4,536	100.00
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg v. d. Höhe	EUR	1,586	65.00
DVA REINSURANCE DESIGNATED ACTIVITY COMPANY, Dublin/Ireland	EUR	4,640	65.00
Engineering Support Group Ltd, Doncaster/Great Britain	GBP	- 779	100.00
infraView GmbH, Mainz	EUR	3,825	100.00
Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) GmbH i. L., Berlin	EUR	- 2,101	76.99
ioki GmbH, Frankfurt am Main	EUR	7,783	100.00
Mobimeo GmbH, Berlin	EUR	20,025	100.00
Precision National Plating Services, Inc., Delaware/USA	USD	- 27,097	100.00
Railway Approvals Germany GmbH, Minden	EUR	200	100.00
Railway Approvals Ltd, Doncaster/Great Britain	GBP	310	100.00
Schenker (BAX) Holding Corp., Delaware/USA	USD	92,223	100.00
Thelo DB (Pty) Ltd., Johannesburg/South Africa	ZAR	21,075	49.00
UBB Polska Sp.z o.o., Swinoujscie/Poland	PLN	1,277	100.00
UBB Usedomer Bäderbahn GmbH, Heringsdorf	EUR	8,051	100.00
Unterstützungskasse der Firma H.M. Gehrckens Gesellschaft mit beschränkter Haftung i. L., Berlin	EUR	0	100.00
PRO RATA			
Etihad Rail DB Operations LLC, Abu Dhabi/United Arab Emirates	AED	147	49.00
AT EQUITY			
BahnflächenEntwicklungsGesellschaft NRW mbH, Essen[2),3)]	EUR	482	49.90
Beijing HuaJing DeBe International Engineering Consulting Co., Ltd, Peking/China[2),3)]	CNY	6,084	25.00
BwFuhrparkService GmbH, Troisdorf[2),3)]	EUR	533,167	24.90
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland[7)]	CHF	1,528,502	22.60

Subsidiary (Name and registered offices)	Currency	Equity (thousand)[1]	Ownership (%)
GHT Mobility GmbH, Berlin[2),7)]	EUR	-12,531	75.98
Rail Technology Company Limited, Jeddah/Saudi Arabia[2),5)]	SAR	7,892	24.90
SSG Saar-Service GmbH, Saarbrücken[2),5)]	EUR	1,469	25.50
Stinnes Holz GmbH, Berlin[2),4)]	EUR	79	53.00
FAIR VALUE			
TREMA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe West KG, Berlin[2),3)]	EUR	4,212	94.00
TRENTO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe Ost KG i. L., Düsseldorf[2),3)]	EUR	-1	100.00
DB ARRIVA			
FULLY CONSOLIDATED			
00741078 Limited, Sunderland/Great Britain	GBP	625	100.00
ACTIJOVEN CONSULTING & TRAVELLING s.l., Madrid/Spain	EUR	394	100.00
Alliance Rail Holdings Ltd, Sunderland/Great Britain	GBP	0	100.00
Ambuline Limited, Sunderland/Great Britain	GBP	3,064	100.00
APS (Leasing) Ltd, Sunderland/Great Britain	GBP	678	100.00
Arriva ABC GP Limited, Edinburgh/Great Britain	GBP	0	100.00
Arriva ABC Scottish Limited Partnership, Edinburgh/Great Britain	GBP	374	100.00
Arriva Alpetour, družba za prevoz potnikov, d.o.o., Kranj/Slovenia	EUR	32,715	100.00
Arriva Bus & Coach Holdings Limited, Sunderland/Great Britain	GBP	28,275	100.00
Arriva Bus & Coach Ltd, Sunderland/Great Britain	GBP	12,914	100.00
Arriva Bus Abu Dhabi Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Bus Transport Polska Sp. z o.o., Torún/Poland	PLN	94,948	99.80
Arriva City s.r.o., Prague/Czech Republic	CZK	686,787	100.00
Arriva Cymru Limited, Sunderland/Great Britain	GBP	40,122	100.00
Arriva Danmark A/S, Kastrup/Denmark	DKK	1,519,559	100.00
Arriva Dolenjska in Primorska, družba za prevoz potnikov, d.o.o., Koper/Slovenia	EUR	43,359	100.00
Arriva Durham County Limited, Sunderland/Great Britain	GBP	35,398	100.00
Arriva East Herts & Essex Ltd, Sunderland/Great Britain	GBP	0	100.00
Arriva Finance Lease Limited, Sunderland/Great Britain	GBP	1,570	100.00
Arriva Galicia S.L., Ferrol/Spain	EUR	27,810	100.00
Arriva Hrvatska d.o.o., Osijek/Croatia	HRK	273,919	100.00
Arriva Hungary Zrt., Budapest/Hungary	HUF	33,584,829	100.00
Arriva Insurance A/S, Kastrup/Denmark	DKK	83,604	100.00
Arriva Insurance Company (Gibraltar) Limited, Gibraltar/Great Britain	GBP	3,850	100.00
Arriva International (Northern Europe) Limited, Sunderland/Great Britain	EUR	554	100.00
Arriva International (Southern Europe) Limited, Sunderland/Great Britain	EUR	555	100.00
Arriva International Limited, Sunderland/Great Britain	EUR	1,167,923	100.00
Arriva International Trains (Leasing) Limited, Sunderland/Great Britain	EUR	19,638	100.00
ARRIVA INVESTIMENTOS SGPS,SA, Almada/Portugal	EUR	227,576	100.00
Arriva Italia Rail S.R.L., Milan/Italy	EUR	1,958	100.00
Arriva Italia s.r.l., Milan/Italy	EUR	337,014	100.00
Arriva Kam-Bus, družba za prevoz potnikov, d.o.o., Kamnik/Slovenia	EUR	6,801	100.00
Arriva Kent & Surrey Limited, Sunderland/Great Britain	GBP	72,311	100.00
Arriva Kent Thameside Limited, Sunderland/Great Britain	GBP	72,140	100.00
Arriva Letbane ApS, Kastrup/Denmark	DKK	-7	100.00
ARRIVA Liorbus, a. s., Ružomberok/Slovakia	EUR	15,017	60.42
ARRIVA LISBOA TRANSPORTES SA, Almada/Portugal	EUR	18	100.00
Arriva LITAS d.o.o. Požarevac, Požarevac/Serbia	RSD	1,962,173	100.00
ARRIVA LONDON NORTH LTD, Sunderland/Great Britain	GBP	23,152	100.00
Arriva London Pension Scheme Trustee Limited, Sunderland/Great Britain	GBP	0	100.00
ARRIVA LONDON SOUTH LTD, Sunderland/Great Britain	GBP	78,357	100.00
ARRIVA MADRID MOVILIDAD S.L., Madrid/Spain	EUR	38,946	100.00
Arriva Manchester Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Merseyside Limited, Sunderland/Great Britain	GBP	153,939	100.00
ARRIVA METROPOLITANA S.L., Paseo de la Estacion/Spain	EUR	181	100.00
ARRIVA Michalovce, a.s., Michalovce/Slovakia	EUR	12,706	60.14
Arriva Midlands Limited, Sunderland/Great Britain	GBP	47,387	100.00
Arriva Midlands North Limited, Sunderland/Great Britain	GBP	40,886	100.00
Arriva Mobility Solutions, s.r.o., Nitra/Slovakia	EUR	110	100.00
Arriva Morava a.s., Ostrava/Czech Republic	CZK	1,708,856	100.00
Arriva Motor Holdings Limited, Sunderland/Great Britain	GBP	97,345	100.00
Arriva Multimodaal BV, Heerenveen/the Netherlands	EUR	18	100.00
ARRIVA NITRA a.s., Nitra/Slovakia	EUR	16,052	60.48
Arriva North East Limited, Sunderland/Great Britain	GBP	6,319	100.00
Arriva North West Limited, Sunderland/Great Britain	GBP	4,585	100.00
Arriva Northumbria Limited, Sunderland/Great Britain	GBP	28,323	100.00
ARRIVA Nove Zamky, a.s., Nove Zamky/Slovakia	EUR	16,350	60.36
Arriva Östgötapendeln AB, Stockholm/Sweden	SEK	17,218	100.00
Arriva Passenger Services Pension Trustees Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Personenvervoer Nederland BV, Heerenveen/the Netherlands	EUR	347,902	100.00
Arriva plc, Sunderland/Great Britain	GBP	1,045,340	100.00
Arriva Polska Sp. z o.o., Warsaw/Poland	PLN	14,052	100.00
ARRIVA PORTUGAL – TRANSPORTES LDA, Guimaraes/Portugal	EUR	7,704	100.00
Arriva Rail East Midlands Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Rail London Limited, Sunderland/Great Britain	GBP	27,591	100.00
Arriva Rail North Limited, Sunderland/Great Britain	GBP	-284,261	100.00
Arriva Rail XC Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva RP Sp. z o.o., Toruń/Poland	PLN	39,351	100.00
Arriva Scotland West Limited, Inchinnan/Great Britain	GBP	2,668	100.00
Arriva Service A/S, Kastrup/Denmark	DKK	-6,959	100.00
Arriva Service s.r.o., Komárno/Slovakia	EUR	30,774	100.00
Arriva Services a.s., Králův Dvůr/Czech Republic	CZK	95,033	100.00
ARRIVA Slovakia a.s., Nitra/Slovakia	EUR	17,908	100.00
Arriva South Eastern Rail Limited, Sunderland/Great Britain	GBP	0	100.00
ARRIVA SPAIN HOLDING, S.L., Madrid/Spain	EUR	62,081	100.00

Subsidiary (Name and registered offices)	Currency	Equity (thousand)[1]	Ownership (%)
Arriva Spain Rail S.A., Madrid/Spain	EUR	173	100.00
Arriva Stajerska, družba za prevoz potnikov, d.d., Maribor/Slovenia	EUR	16,996	90.41
Arriva Střední Čechy s.r.o., Kosmonosy/Czech Republic	CZK	871,455	100.00
Arriva Sverige AB, Stockholm/Sweden	SEK	655,285	100.00
Arriva Sverige Buss Regional AB, Stockholm/Sweden	SEK	3,678	100.00
Arriva Tag AB, Malmö/Sweden	SEK	45,233	100.00
Arriva Techniek BV, Heerenveen/the Netherlands	EUR	1,203	100.00
Arriva the Shires Limited, Sunderland/Great Britain	GBP	67,125	100.00
Arriva Tog A/S, Kastrup/Denmark	DKK	164,846	100.00
Arriva Touring BV, Heerenveen/the Netherlands	EUR	1,567	100.00
Arriva Trains Holdings Limited, Sunderland/Great Britain	GBP	111,100	100.00
Arriva Trains Romania SRL, Bucharest/Romania	RON	15,999	100.00
Arriva Trains Wales/Trenau Arriva Cymru Limited, Sunderland/Great Britain	GBP	6,413	100.00
Arriva Transport Ceska Republika a.s., Prague/Czech Republic	CZK	3,594,888	100.00
Arriva Transport Solutions Limited, Sunderland/Great Britain	GBP	- 690	100.00
ARRIVA TRANSPORTES DA MARGEM SUL, SA, Almada/Portugal	EUR	89,292	100.00
ARRIVA Trnava, a. s., Trnava/Slovakia	EUR	20,846	60.50
Arriva Trustee Company Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva UK Bus Holdings Limited, Sunderland/Great Britain	GBP	438,055	100.00
Arriva UK Bus Investments Limited, Sunderland/Great Britain	GBP	321,400	100.00
Arriva UK Bus Limited, Sunderland/Great Britain	GBP	4,037	100.00
Arriva UK Bus Properties Limited, Sunderland/Great Britain	GBP	1,850	100.00
Arriva UK Trains Limited, Sunderland/Great Britain	GBP	423,281	100.00
Arriva Veneto S.r.l., Venice/Italy	EUR	1,077	50.00
ARRIVA VIAJES AGENCIA OPERADORA S.L., Madrid/Spain	EUR	342	100.00
Arriva vlaky s.r.o., Prague/Czech Republic	CZK	180,302	100.00
Arriva Východní Čechy a.s., Chrudim/Czech Republic	CZK	677,798	100.00
Arriva Yorkshire Ltd, Sunderland/Great Britain	GBP	54,441	100.00
At Seat Catering (2003) Limited, Sunderland/Great Britain	GBP	14	100.00
Autobusni kolodovr d.o.o. Karlovac, Karlovac/Croatia	HRK	4,144	74.65
Autocares Mallorca, s.l., Alcudia/Spain	EUR	5,531	100.00
Autoprometno poduzece d.d. Požega, Požega/Croatia	HRK	98,733	80.27
Autos Carballo, S.L., Paseo de la Estacion/Spain	EUR	8,340	100.00
Autoservizi F.V.G. S.P.A. – SAF, Udine/Italy	EUR	94,148	60.00
Autotrans d.d., Cres/Croatia	HRK	162,459	80.27
Autotrans Lika d.d., Otočac/Croatia	HRK	4,706	63.77
Bergamo Trasporti Est S.c.a.r.l., Bergamo/Italy	EUR	10	93.67
Botniatag AB, Umeå/Sweden	SEK	43,010	60.00
Bus Nort Balear s.l., Alcudia/Spain	EUR	860	100.00
BUS Service Járműjavító és Szolgáltató Kft., Budapest/Hungary	HUF	1,466,547	100.00
Busdan 32.1 A/S, Kastrup/Denmark	DKK	42,540	100.00
BUSDAN 35 ApS, Kastrup/Denmark	DKK	16,512	100.00
BUSDAN 36 ApS, Kastrup/Denmark	DKK	119,621	100.00
BUSDAN 37 ApS, Kastrup/Denmark	DKK	254,588	100.00
BUSDAN 38 ApS, Kastrup/Denmark	DKK	42,566	100.00

Subsidiary (Name and registered offices)	Currency	Equity (thousand)[1]	Ownership (%)
BUSDAN 39 ApS, Kastrup/Denmark	DKK	34,076	100.00
BUSDAN 40 ApS, Kastrup/Denmark	DKK	43,935	100.00
Centrebus Holdings Limited, Sunderland/Great Britain	GBP	1,566	100.00
Classic Coaches (Continental) Limited, Sunderland/Great Britain	GBP	0	100.00
CSAD MHD Kladno a.s., Kladno/Czech Republic	CZK	287,505	100.00
DB Regio Tyne and Wear Limited, Sunderland/Great Britain	GBP	- 1,117	100.00
EMPRESA DE BLAS Y COMPANIA S.A., Madrid/Spain	EUR	130,097	100.00
ESFERA BUS S.L., Madrid/Spain	EUR	1,750	100.00
Estacion de autobuses de Ferrol S.A., Ferrol/Spain	EUR	395	80.14
Grand Central Railway Company Limited, Sunderland/Great Britain	GBP	20,697	100.00
Great North Eastern Railway Company Limited, Sunderland/Great Britain	GBP	0	100.00
Great North Western Railway Company Ltd, Sunderland/Great Britain	GBP	0	100.00
Greenline Travel Ltd, Sunderland/Great Britain	GBP	8	100.00
INTEGRAL AVTO prodaja, servisi in tehnični pregledi vozil d.o.o., Jesenice/Slovenia	EUR	2,934	100.00
KD SERVIS a.s., Kladno/Czech Republic	CZK	150,273	100.00
KM S.P.A., Cremona/Italy	EUR	8,607	100.00
London and North Western Railway Company Limited, Sunderland/Great Britain	GBP	7,667	100.00
M40 Trains Limited, Sunderland/Great Britain	GBP	78,581	100.00
MTL Services Limited, Sunderland/Great Britain	GBP	115,998	100.00
NETOSEC S.L., Madrid/Spain	EUR	270	100.00
NV Personeel de Noord-Westhoek, Heerenveen/the Netherlands	EUR	421	100.00
PAA Pan Alpen Adria Internationale Personenverkehrssysteme GmbH i. L., Ludwigshafen am Rhein	EUR	68	80.27
Panturist dioničko društvo za prijevoz putnika i turizam d.d., Osijek/Croatia	HRK	34,357	99.88
Premier Buses Ltd, Sunderland/Great Britain	GBP	2,000	100.00
S.A.B. AUTOSERVIZI S.R.L., Bergamo/Italy	EUR	42,327	100.00
S.I.A. Società Italiana Autoservizi S.P.A., Brescia/Italy	EUR	48,810	100.00
SAB Piemonte S.r.l. a socio unico, Grugliasco (TO)/Italy	EUR	19,244	100.00
SAD INVEST, s.r.o., Trnava/Slovakia	EUR	1,553	60.50
SADEM – SOCIETÀ PER AZIONI, Turin/Italy	EUR	19,668	100.00
SAVDA Autoservizi Valle d'Aosta S.p.A., Aosta/Italy	EUR	19,229	100.00
Stevensons of Uttoxeter Limited, Sunderland/Great Britain	GBP	- 2	100.00
Teamdeck Limited, Sunderland/Great Britain	GBP	0	100.00
TGM (Holdings) Limited, Sunderland/Great Britain	GBP	0	100.00
TGM Group Limited, Sunderland/Great Britain	GBP	16,527	100.00
The Chiltern Railway Company Limited, Sunderland/Great Britain	GBP	51,984	100.00
Transcare Solutions Limited, Sunderland/Great Britain	GBP	778	100.00
Transportes Sul do Tejo S.A., Almada/Portugal	EUR	2,785	100.00
TRANSURBANOS DE GUIMARAES TP, LDA, Guimaraes/Portugal	EUR	- 655	100.00
Trasporti Brescia Nord S.c.a.r.l., Brescia/Italy	EUR	100	92.00
Trasporti Brescia Sud S.c.a.r.l., Brescia/Italy	EUR	100	93.00
TUF-TRANSPORTES URBANOS DE FAMALICAO, LDA, Vila Nova de Famalicao/Portugal	EUR	- 8	66.67
UCPLUS A/S, Kastrup/Denmark	DKK	8,852	100.00
Velebit Turist d.o.o., Gospić/Croatia	HRK	- 648	80.27

Subsidiary *(Name and registered offices)*	**Currency**	**Equity (thousand)**[1]	**Ownership (%)**
VT-ARRIVA Személyszállító es Szolgáltató Kft., Székesfehérvár/Hungary	HUF	36,860,933	100.00
White Rose Bus Company Limited, Sunderland/Great Britain	GBP	0	100.00
XC Trains Limited, Sunderland/Great Britain	GBP	33,978	100.00
Yorkshire Tiger Limited, Sunderland/Great Britain	GBP	5,340	100.00
Zeta Automotive Limited, Bicester/Great Britain	GBP	-1,288	51.00
AT EQUITY			
AB Busspunkten Helsingborg, Helsingborg/Sweden[2),7)]	SEK	100	24.00
Aquabus BV, Heerenveen/the Netherlands[2),3)]	EUR	5,904	50.00
ATOC Limited, London/Great Britain[2),3)]	GBP	-13,646	23.81
Autopromet d.d. Slunj, Slunj/Croatia[2),3)]	HRK	9,754	22.35
Barraqueiro SGPS SA, Lisbon/Portugal[7)]	EUR	80,130	31.50
Bergamo Trasporti Ovest S.c.a.r.l., Bergamo/Italy[2),3)]	EUR	10	65.76
Bergamo Trasporti Sud Scarl, Bergamo/Italy[2),3)]	EUR	10	25.57
Estacion Autobuses de Pobra, Ferrol/Spain[2),5)]	EUR	3	33.33
Explotacion Gasoleos de la Coruña, s.l., Ferrol/Spain[2),5)]	EUR	135	40.00
EXTRA.TO S.c.a.r.l., Turin/Italy[2),3)]	EUR	115	30.01
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain[2),3)]	EUR	22,062	30.00
Lecco Trasporti S.c.a.r.l., Lecco/Italy[2),3)]	EUR	10	56.94
London Overground Rail Operations Limited, London/Great Britain[2),7)]	GBP	422	50.00
NRES Limited, London/Great Britain[2),3)]	GBP	71	20.00
Omnibus partecipazioni S.R.L., Milan/Italy[7)]	EUR	9,237	50.00
Rail Settlement Plan Limited, London/Great Britain[2),3)]	GBP	621	20.00
Rail Staff Travel Limited, London/Great Britain[2),3)]	GBP	-2,605	20.00
Rodinform – Informatica Aplicada aos Transportes, SA, Lisbon/Portugal[2),3)]	EUR	-58	20.00
S.I.T. VALLEE SOC. CONS. AR.L., CHARVENSOD (AO)/Italy[2),3)]	EUR	75	33.33
S.T.I. Servizi Trasporti Interregionali SpA, Cordenons PN/Italy[2),3)]	EUR	1,089	9.81
TPL FVG Scarl s.r.l., Gorizia/Italy[2),3)]	EUR	116	15.00
Train Information Services Limited, London/Great Britain[2),3)]	GBP	-36	20.00
Trieste Trasporti S.P.A., Trieste/Italy[7)]	EUR	63,060	39.94
Viajeros del Eo, Ferrol/Spain[2),5)]	EUR	10	50.00
West Yorkshire Ticketing Company Limited, Altrincham/Great Britain[2),3)]	GBP	0	42.47
WSMR (Holdings) Limited, London/Great Britain[2),4)]	GBP	0	50.00
DB SCHENKER			
FULLY CONSOLIDATED			
Air Terminal Handling SAS, Tremblay en France/France	EUR	2,780	100.00
Almoayed Schenker W.L.L., Manama/Bahrain	BHD	1,121	51.00
Anterist + Schneider Zeebrugge B.V., Zeebrugge/Belgium	EUR	1,255	100.00
AO Schenker, Moscow/Russia	RUB	259,403	100.00
AS Schenker, Tallinn/Estonia	EUR	7,746	100.00
ASIMEX Anterist + Schneider Import – Export SAS, Stiring-Wendel/France	EUR	1,900	100.00
ATLANTIQUE EXPRESS SAS, Montaigu Cedex/France	EUR	841	100.00
BAX Global (Malaysia) Sdn. Bhd., Petaling Jaya/Malaysia	MYR	231	100.00
BAX Global (Pty.) Ltd., Johannesburg/South Africa	ZAR	1,085	86.75
Bischof Gesellschaft mbH., Vienna/Austria	EUR	71	100.00

Subsidiary *(Name and registered offices)*	**Currency**	**Equity (thousand)**[1]	**Ownership (%)**
BTL Reinsurance S.A., Luxembourg/Luxembourg	SEK	38,999	100.00
Cartrend GmbH, Karlsruhe	EUR	32	69.00
DB France Holding SAS, Gennevilliers Cedex/France	EUR	284,870	100.00
DB Polska Holding Sp. z o.o., Warsaw/Poland	PLN	1,427,639	100.00
DB Schenker (Cambodia) Limited, Phnom Penh/Cambodia	USD	3,585	100.00
DB Schenker FLLC, Minsk/Belarus	BYN	-560	100.00
DB Schenker GBS Bucharest S.R.L., Bucharest/Romania	RON	17,320	100.00
DB Schenker Global Services Asia Pacific Inc., Taguig City/Philippines	PHP	479,532	100.00
DB Schenker Logistics Campus MEA (Pty) Ltd., Kempton Park/South Africa	ZAR	13,397	47.00
DP Schenker, Kiev/Ukraine	UAH	-20,586	100.00
ELAG Emder Lagerhaus und Automotive GmbH, Emden	EUR	1,255	100.00
Engelberg Transportes Internacionales C.A. (Entra), Caracas/Venezuela	VES	116,922,846	100.00
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden	EUR	5,163	100.00
EVB Handelshaus Bour GmbH, Landau in der Pfalz	EUR	25	69.00
Fastighets Aktiebolaget Orbyn, Gothenburg/Sweden	SEK	8,813	100.00
HANGARTNER Terminal S.r.l., Verona/Italy	EUR	1,871	100.00
Heck Slovensko s.r.o., Bratislava/Slovakia	EUR	34	100.00
Intertec Asia Limited, Hong Kong/China	HKD	7,250	69.00
Intertec Beteiligungs-GmbH, Landau in der Pfalz	EUR	29,621	69.00
Intertec GmbH, Landau in der Pfalz	EUR	26	69.00
INTERTEC Polska Sp.zo.o., Nadarzyn/Poland	PLN	2,345	69.00
Inter-Union Technohandel Gesellschaft m.b.H., Vienna/Austria	EUR	17	69.00
Inter-Union Technohandel GmbH, Landau in der Pfalz	EUR	26	69.00
Intreprinderea Mixta "S.C. Schenker" S.R.L., Chisinau/Moldavia	MDL	1,680	96.75
Karpeles Flight Services (H.K.) Limited, Hong Kong/China	HKD	13,086	100.00
Karpeles Flight Services GmbH, Frankfurt am Main	EUR	1,601	100.00
Karpeles Freight Services, Inc., Chesapeake/USA	USD	-425	100.00
KB Ädelgasen 1-Jönköping, Jönköping/Sweden	SEK	91,453	100.00
KB Älghunden Jönköping, Jönköping/Sweden	SEK	16,863	100.00
KB Älghunden 1-Jönköping, Jönköping/Sweden	SEK	22,410	100.00
KB Anholt 3, Stockholm/Sweden	SEK	9,106	100.00
KB Arbetsbasen 4-Stockholm, Stockholm/Sweden	SEK	35,356	100.00
KB Ättehögen Östra 1-Helsingborg, Helsingborg/Sweden	SEK	67,798	100.00
KB Backa 107:3, Gothenburg/Sweden	SEK	138,699	100.00
KB Baggböle 2:35-Umeå, Umeå/Sweden	SEK	25,041	100.00
KB Benkammen 12-Malmö, Malmö/Sweden	SEK	135,375	100.00
KB Bleket 1-Karlstad, Karlstad/Sweden	SEK	46,968	100.00
KB Distributören 3 och 4-Örebro, Örebro/Sweden	SEK	82,687	100.00
KB Forsmark 2-Stockholm, Stockholm/Sweden	SEK	57,081	100.00
KB Forsmark 3-Stockholm, Stockholm/Sweden	SEK	181,606	100.00
KB Forsmark 5 Stockholm, Gothenburg/Sweden	SEK	455	100.00
KB Frysen 1 Visby, Visby/Sweden	SEK	12,646	100.00
KB Fryshuset 3-Visby, Visby/Sweden	SEK	1,029	100.00
KB Köpmannen 10-Västerås, Västerås/Sweden	SEK	37,984	100.00

Subsidiary (*Name and registered offices*)	Currency	Equity (thousand)[1]	Ownership (%)
KB Kungsängen 28:1 -Uppsala, Uppsala / Sweden	SEK	11,356	100.00
KB Langtradaren 2 Borlänge, Borlänge / Sweden	SEK	33,733	100.00
KB Lertaget 1, Skara, Skara / Sweden	SEK	45,820	100.00
KB Malmö Hamnen 22 Malmö, Malmö / Sweden	SEK	60,641	100.00
KB Maskinen 3 -Linköping, Linköping / Sweden	SEK	64,320	100.00
KB Önnestad 108:4 -Kristianstad, Kristianstad / Sweden	SEK	42,004	100.00
KB Överön 1:66 -Örnsköldsvik, Örnsköldsvik / Sweden	SEK	10,087	100.00
KB Pantern 1 -Växjö, Växjö / Sweden	SEK	37,532	100.00
KB Reläet 8 -Norrköping, Norrköping / Sweden	SEK	25,471	100.00
KB Sörby 24:3 -Gävle, Gävle / Sweden	SEK	38,710	100.00
KB Storheden 1:8 -Luleå, Luleå / Sweden	SEK	31,026	100.00
KB Transporten 1 -Hultsfred, Hultsfred / Sweden	SEK	18,871	100.00
KB Transportören 1 -Värnamo, Värnamo / Sweden	SEK	87,352	100.00
KB Vindtrycket 1 -Borås, Borås / Sweden	SEK	66,162	100.00
KB Vivstamon 1:13 -Timrå, Timrå / Sweden	SEK	48,607	100.00
Kiinteistö Oy Seinäjoen Kiitolinja-asema, Seinäjoki / Finland	EUR	632	100.00
Kiinteistö Oy Tampereen Rahtiasema, Tampere / Finland	EUR	1,413	100.00
Kiinteistö Oy Tir-Trans, Joentaustankatu / Finland	EUR	1,024	100.00
Kiinteistö Oy Turun Nosturinkatu 6, Turku / Finland	EUR	1,072	100.00
Kiinteistömaaliikenne Oy, Helsinki / Finland	EUR	2,527	54.70
Langtradaren i Jämtland AB, Gothenburg / Sweden	SEK	8,726	100.00
Luxemburger Transport Logistik Diekirch S.A., Wilwerdange / Luxembourg	EUR	1,769	100.00
MTS HandelService GmbH, Landau in der Pfalz	EUR	26	69.00
MTS MarkenTechnikService GmbH & Co. KG, Karlsruhe	EUR	53,620	69.00
MTS MarkenTechnikService Verwaltungs-GmbH, Rülzheim	EUR	133	69.00
PT. Schenker Petrolog Utama, Jakarta / Indonesia	USD	25,020	71.00
Redhead Freight Limited, Bradford / Great Britain	GBP	10,149	100.00
Redhead Holdings Limited, Bradford / Great Britain	GBP	216	100.00
Rengaslinja Oy, Nokia / Finland	EUR	615	100.00
SCHENKER & CO AG, Vienna / Austria	EUR	122,291	100.00
Schenker (Asia Pacific) Pte. Ltd., Singapore / Singapore	SGD	765,267	100.00
Schenker (H.K.) Ltd., Hong Kong / China	HKD	159,999	100.00
Schenker (Ireland) Ltd., Shannon / Ireland	EUR	21,071	100.00
Schenker (L.L.C), Dubai / United Arab Emirates	AED	198,949	100.00
Schenker (Lao) Sole Co., Ltd., Vientiane / Laos	LAK	490,782	100.00
Schenker (NZ) Limited, Auckland / New Zealand	NZD	10,815	100.00
Schenker (Thai) Holdings Ltd., Bangkok / Thailand	THB	448,146	100.00
Schenker (Thai) Ltd., Bangkok / Thailand	THB	1,672,186	100.00
Schenker A.E., Athens / Greece	EUR	-1,297	100.00
Schenker A/S, Hvidovre / Denmark	DKK	120,287	100.00
Schenker AB, Gothenburg / Sweden	SEK	-86,385	100.00
Schenker AG & Co. Beteiligungsverwaltungs OHG, Essen	EUR	176	100.00
Schenker Åkeri AB, Gothenburg / Sweden	SEK	136,106	100.00
Schenker Aktiengesellschaft, Essen	EUR	1,656,657	100.00
Schenker Americas, Inc., Miami / USA	USD	176,400	100.00
Schenker Angola, Limitada, Luanda / Angola	AOA	-1,339	99.90
Schenker Argentina S.A., Buenos Aires / Argentina	ARS	48,347	100.00

Subsidiary (*Name and registered offices*)	Currency	Equity (thousand)[1]	Ownership (%)
Schenker AS, Oslo / Norway	NOK	660,957	100.00
Schenker Australia Pty. Ltd., Alexandria / Australia	AUD	144,201	100.00
Schenker BITCC Customs Broker (Beijing) Co. Ltd., Peking / China	CNY	817	70.00
Schenker BITCC Logistics (Beijing) Co., Ltd., Peking / China	CNY	92,299	70.00
Schenker Business Services LLC, Moscow / Russia	RUB	289,098	100.00
Schenker Chile S.A., Santiago / Chile	CLP	4,674,235	100.00
Schenker China Ltd., Pudong / Shanghai / China	CNY	1,922,673	100.00
Schenker Consulting AB, Gothenburg / Sweden	SEK	9,451	100.00
Schenker d.d., Ljubljana / Slovenia	EUR	22,596	100.00
SCHENKER d.o.o., Sarajevo / Bosnia-Herzegovina	BAM	1,639	100.00
Schenker d.o.o., Rugvica / Croatia	HRK	15,836	100.00
Schenker d.o.o., Novi Banovci / Serbia	RSD	180,564	100.00
Schenker Dedicated Services AB, Gothenburg / Sweden	SEK	110,995	100.00
Schenker Dedicated Services Germany GmbH, Essen	EUR	1,004	100.00
Schenker Deutschland AG, Frankfurt am Main	EUR	56	100.00
Schenker Distribution Solutions, Inc., Paranaque City / Philippines	PHP	68,896	98.51
Schenker do Brasil Transportes Internacionais Ltda., São Paulo / Brazil	BRL	33,048	100.00
SCHENKER DOOEL, Skopje / Macedonia	MKD	77,431	100.00
Schenker Egypt Ltd., Cairo / Egypt	EGP	95,648	100.00
SCHENKER EOOD, Sofia / Bulgaria	BGN	39,742	100.00
Schenker Equipment AB, Gothenburg / Sweden	EUR	10,328	100.00
Schenker Europe GmbH, Frankfurt am Main	EUR	25	100.00
Schenker Filen 8 Aktiebolag, Gothenburg / Sweden	SEK	17,558	100.00
SCHENKER FRANCE SAS, Montaigu Cedex / France	EUR	191,881	100.00
Schenker Global Management & Services GmbH, Essen	EUR	-83	100.00
Schenker Global Management & Services PTE LTD., Singapore / Singapore	SGD	700	100.00
Schenker Global Management & Technology Center Americas Inc., Miami / USA	USD	512	100.00
Schenker GmbH für Beteiligungen, Essen	EUR	155	100.00
SCHENKER INDIA PRIVATE LIMITED, New Delhi / India	INR	3,280,903	100.00
Schenker International (HK) Ltd., Hong Kong / China	HKD	1,892,852	100.00
Schenker International (Macau) Ltd., Macau / Macau	HKD	32,086	100.00
Schenker International S.A. de C.V., Mexico City / Mexico	MXN	630,295	100.00
Schenker Italiana S.p.A., Peschiera Borromeo (MI) / Italy	EUR	77,525	100.00
Schenker Jinbei Logistics (Shenyang) Co. Ltd., Shenyang / China	CNY	156,864	50.00
Schenker Kazakhstan TOO, Almaty / Kazakhstan	KZT	123,421	100.00
Schenker Khimji's LLC, Maskat / Sultanate of Oman	OMR	1,337	60.00
Schenker Korea Ltd., Seoul / Republic of Korea	KRW	38,820,930	100.00
Schenker Limited, London / Great Britain	GBP	26,000	100.00
Schenker Limited, Nairobi / Kenya	KES	114,238	100.00
Schenker Logistics (Bangladesh) Limited, Dhaka / Bangladesh	BDT	86,741	57.50
Schenker Logistics (Chengdu) Co., Ltd., Chengdu / China	CNY	8,196	100.00
Schenker Logistics (Chongqing) Co. Ltd, Chongqing / China	CNY	29,211	100.00
Schenker Logistics (Guangzhou) Company Ltd., Guangzhou / China	CNY	86,595	100.00
Schenker Logistics (Jiaxing) Co., Ltd., Jiaxing / China	CNY	283,651	100.00

Subsidiary (Name and registered offices)	Currency	Equity (thousand)[1]	Ownership (%)
Schenker Logistics (Kunshan) Co., Ltd., Kunshan/China	CNY	34,363	100.00
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	MYR	287,264	100.00
Schenker Logistics (Shanghai) Co., Ltd., Shanghai/China	CNY	116,093	100.00
Schenker Logistics (Shenzhen) Co. Ltd., Shenzhen/China	CNY	19,020	100.00
Schenker Logistics (Suzhou) Company Ltd., Suzhou/China	CNY	103,691	100.00
Schenker Logistics (Thai) Ltd., Bangkok/Thailand	THB	-20,678	100.00
Schenker Logistics (Xiamen) Co. Ltd., Xiamen/China	CNY	65,264	100.00
Schenker Logistics AB, Gothenburg/Sweden	SEK	-20,061	100.00
Schenker Logistics Inc., Calamba City/Philippines	PHP	9,827	100.00
Schenker Logistics L.L.C., Abu Dhabi/United Arab Emirates	AED	56,469	100.00
Schenker Logistics Nederland B.V., Rotterdam/the Netherlands	EUR	66,520	100.00
Schenker Logistics Romania S.A., Bucharest/Romania	RON	337,435	99.53
Schenker Logistics S.A., Barcelona/Spain	EUR	124,911	100.00
Schenker Logistics Vietnam Co., Ltd., Ho Chi Minh City/Vietnam	VND	53,203,633	100.00
Schenker Logistics W.L.L., Doha/Qatar	QAR	1,281	60.00
SCHENKER LUXEMBURG GMBH, Leudelange/Luxembourg	EUR	2,847	100.00
Schenker Manila Administrative Competence Center Inc., Taguig City/Philippines	PHP	27,622	100.00
Schenker Maroc S.A.S, Casablanca/Morocco	MAD	20,494	100.00
Schenker Middle East FZE, Dubai/United Arab Emirates	AED	341,147	100.00
Schenker Myanmar Co., Ltd., Yangon/Myanmar	MMK	1,563,773	100.00
Schenker Namibia (Pty) Ltd., Windhoek/Namibia	NAD	6,262	100.00
Schenker Nederland B.V., Tilburg/the Netherlands	EUR	20,729	100.00
Schenker Nemzetközi Szállítmányozási és Logisztikai Kft., Szigetszentmiklós/Hungary	HUF	7,408,107	100.00
Schenker NV, Antwerp/Belgium	EUR	21,594	100.00
Schenker of Canada Ltd., Toronto/Canada	CAD	56,074	100.00
Schenker OY, Helsinki/Finland	EUR	89,722	100.00
Schenker Panama S.A., Panama City/Panama	USD	1,651	100.00
Schenker Peru S.R.L., Lima/Peru	PEN	2,579	100.00
Schenker Philippines (Subic) Inc., Subic/Philippines	PHP	40,323	100.00
Schenker Philippines, Inc., Makati City/Philippines	PHP	521,959	100.00
Schenker Property Sweden AB, Gothenburg/Sweden	SEK	352,528	100.00
SCHENKER RE DESIGNATED ACTIVITY COMPANY, Dublin/Ireland	EUR	42,747	100.00
Schenker S.A., Guatemala City/Guatemala	GTQ	-23,101	100.00
SCHENKER s.r.o., Bratislava/Slovakia	EUR	6,139	100.00
Schenker Saudi Arabia LLC, Riyadh/Saudi Arabia	SAR	32,220	100.00
Schenker Schweiz AG, Zurich/Switzerland	CHF	51,273	100.00
Schenker Shared Services (Nanjing) Co. Ltd., Nanjing/China	CNY	35,793	100.00
Schenker Singapore (PTE) Ltd., Singapore/Singapore	SGD	311,967	100.00
Schenker South Africa (Pty) Ltd., Isando/South Africa	ZAR	186,128	86.75
Schenker Sp. z o.o., Warsaw/Poland	PLN	306,260	99.67
SCHENKER spol. s r.o., Prague/Czech Republic	CZK	902,832	100.00
Schenker Technik GmbH, Essen	EUR	5,000	100.00

Subsidiary (Name and registered offices)	Currency	Equity (thousand)[1]	Ownership (%)
Schenker Technology Center (Warsaw) sp. z o.o., Warsaw/Poland	PLN	6,196	100.00
Schenker Transitarios, S.A., Loures/Portugal	EUR	12,473	100.00
Schenker Transport Aktiebolag, Gothenburg/Sweden	SEK	21,398	100.00
Schenker Transport Groep B.V., Tilburg/the Netherlands	EUR	6,087	100.00
Schenker Vietnam Co., Ltd., Ho Chi Minh City/Vietnam	VND	673,185,101	100.00
Schenker, Inc., New York/USA	USD	134,598	100.00
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	TRY	95,561	55.00
Schenkerocean Ltd, Wan Chai/Hong Kong	HKD	6,338	100.00
Schenker-Seino Co. Ltd., Tokyo/Japan	JPY	5,394,083	80.00
SIA Schenker, Riga/Latvia	EUR	5,975	100.00
Sky Partners OÜ, Tallinn/Estonia	EUR	137	100.00
SW Zoll-Beratung GmbH, Furth im Wald	EUR	2,306	100.00
TEGRO AG, Schwerzenbach/Switzerland	CHF	7,706	62.10
Trafikaktiebolaget NP Kagström, Gothenburg/Sweden	SEK	1,337	100.00
TRANSA Spedition GmbH, Offenbach am Main	EUR	13,746	100.00
Transport-Gesellschaft mit beschränkter Haftung (vormals J. Hevecke TRG), Hamburg	EUR	501	96.70
Transworld Asig – Broker de Asigurare SRL, Bucharest/Romania	RON	351	99.53
UAB "Schenker," Vilnius/Lithuania	EUR	6	100.00
Viktor E. Kern Gesellschaft m.b.H., Vienna/Austria	EUR	1,324	69.00
AT EQUITY			
ADRIA KOMBI d.o.o., Ljubljana, Ljubljana/Slovenia [2),3)]	EUR	11,105	33.72
ATS Air Transport Service AG, Zürich/Switzerland [2),3)]	CHF	2,999	26.00
Autoport Emden GmbH, Emden [2),3)]	EUR	50	33.30
Bäckebols Åkeri AB, Gothenburg/Sweden [2),3)]	SEK	55,368	35.00
BTU – Bilspedition Transportörer Utvecklings AB, Solna/Sweden [2),7)]	SEK	6,366	50.00
Elevator-Gesellschaft mit beschränkter Haftung, Hanover [2),3)]	EUR	111	50.00
Express Air Systems GmbH (EASY), Kriftel [2),3)]	EUR	4,342	50.00
Gardermoen Perishables Center AS, Gardermoen/Norway [2),3)]	NOK	14,437	33.30
Germans Corbalan & Alvarez, S.L., Manresa (Barcelona)/Spain [2),3)]	EUR	1,043	20.00
I.M. "Moldromukrtrans" S.R.L., Chisinau/Moldavia [2),3)]	MDL	13,771	33.17
Intermodal Sea Solutions, S.L., Orejo-Cantabria/Spain [3)]	EUR	333	24.75
Trans Jelabel S.L., Aldeamayor de San Martin/Spain [2),3)]	EUR	736	20.00
Värnamo Åkeri AB, Värnamo/Sweden [2),3)]	SEK	19,704	50.00
Volla Eiendom AS, Oslo/Norway [2),3)]	NOK	14,685	50.00

1) IFRS data.
2) Figures reflect accounting according to local accounting principles.
3) Data: 2018 financial year.
4) Data: 2016 financial year.
5) Data: 2017 financial year.
6) Data: 2015 financial year.
7) Preliminary data.
8) Data: 2014 financial year.
9) Data from liquidatation balance sheet as of July 1, 2018.

(42) MANAGEMENT BOARD AND SUPERVISORY BOARD

Details of the names and memberships in (a) other supervisory boards which are legally required to be created and (b) equivalent domestic and international control bodies of economic enterprises of members of the Management Board and the Supervisory Board of DB AG are set out in the following:

Management Board

DR. RICHARD LUTZ

Chief Executive Officer and Chairman of the Management Board,
Berlin

a)
- Schenker AG (member since November 19, 2019; chairman since November 27, 2019)
- DB Cargo AG (since November 19, 2019; Chairman)
- DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
- DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn

b)
- Arriva plc, Sunderland/Great Britain (member of the Board of Directors since November 20, 2019; Chairman of the Board of Directors since December 16, 2019)
- DB Stiftung gGmbH (Advisory Board, Chairman)

ALEXANDER DOLL (UNTIL DECEMBER 31, 2019)

Finance, Freight Transport and Logistics,
Bad Homburg

a)
- Schenker AG (until November 15, 2019; Chairman)
- DB Cargo AG (until November 15, 2019; Chairman)

b)
- Arriva Plc, Sunderland/Great Britain (until November 15, 2019 member of the Board of Directors)

DR. LEVIN HOLLE (SINCE FEBRUARY 1, 2020)

Finance and Logistics,
Berlin

BERTHOLD HUBER

Passenger Transport,
Weilheim

a)
- DB Vertrieb GmbH (Chairman)
- DB Fernverkehr AG (Chairman)
- DB Regio AG (Chairman)
- DB Cargo AG
- DB Fahrzeuginstandhaltung GmbH (until December 31, 2019; Chairman)
- Arriva Plc, Sunderland/Great Britain (Chairman of the Board of Directors until December 16, 2019; member of the Board of Directors since December 16, 2019)
- DEVK Allgemeine Lebensversicherungs AG

PROF. DR. SABINA JESCHKE

Digitalization and Technology,
Berlin

a)
- Schenker AG
- DB Fahrzeuginstandhaltung GmbH (since January 1, 2020; Chairwoman since January 14, 2020)
- DB Systemtechnik GmbH (Chairwoman)
- DB Systel GmbH (Chairwoman)
- Körber AG

DR. SIGRID NIKUTTA (SINCE JANUARY 1, 2020)

Freight Transport,
Berlin

a)
- Vossloh AG (Deputy Chairwoman)
- DEVK Allgemeine Versicherungs-AG (Advisory Board)

b)
- Deutsche Bank Ost (Advisory Board)
- Deutsches Zentrum für Luft- und Raumfahrt (DLR) (Deputy Chairwoman of Senate)
- Verein Berliner Kaufleute und Industrieller (VBKI) (Executive Board)

RONALD POFALLA

Infrastructure,
Mülheim an der Ruhr

a)
- DB Netz AG
- DEVK Rückversicherungs- und Beteiligungs-AG

b)
- Verband der Sparda-Banken e. V. (Advisory Board)

MARTIN SEILER

Human Resources and Legal Affairs,
Unkel

a)
- Schenker AG
- DB Cargo AG
- DB Gastronomie GmbH (Chairman)
- DB JobService GmbH (Chairman)
- DB Zeitarbeit GmbH (Chairman)
- DB Station&Service AG (Chairman)
- DB Energie GmbH (Chairman)
- DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
- DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn

b)
- DB Stiftung gGmbH (Advisory Board)

Supervisory Board

MICHAEL ODENWALD
Secretary of State (retired),
Chairman of the Supervisory Board,
Kleinmachnow
a) Fraport AG
DB Stiftung gGmbH (since January 1, 2019; Advisory Board)

ALEXANDER KIRCHNER*
Deputy Chairman of the Supervisory Board,
Runkel
a) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Chairman)
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Chairman)
DEVK Rückversicherungs- und Beteiligungs-AG (Chairman)
b) DB Stiftung gGmbH (until November 30, 2019; Advisory Board)

GUIDO BEERMANN (UNTIL NOVEMBER 19, 2019)
Secretary of State in the Federal Ministry of Transport and Digital Infrastructure,
Kleinmachnow
a) Flughafen München GmbH

JÜRGEN BEUTTLER*
Head of Purchasing, Real Estate, Compliance of DB Fernverkehr AG,
Wiesbaden

WERNER GATZER (SINCE FEBRUARY 18, 2020)
Secretary of State in the Federal Ministry of Finance,
Teltow
a) PD – Berater der öffentlichen Hand GmbH (Chairman)
Flughafen Berlin Brandenburg GmbH

DR. INGRID HENGSTER
Member of the Management Board of the KfW Bank Group,
Frankfurt am Main
a) Thyssen Krupp AG
KfW Capital GmbH & Co. KG (Chairwoman)
b) Europäische Investitionsbank (EIB), Luxembourg (expert of the Administrative Board)

JÖRG HENSEL*
Chairman of the Central Works Council of DB Cargo AG,
Chairman of the Divisional Works Council of DB Cargo,
Chairman of the European Works Council DB AG,
Hamm
a) DB Cargo AG
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
b) DEVK Pensionsfonds-AG (Advisory Board)
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (members' representative)

DR. LEVIN HOLLE (UNTIL DECEMBER 12, 2019)
Head of Department VII in the Federal Ministry of Finance,
Berlin
a) KfW Capital GmbH & Co. KG
b) Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) (Administrative Board, Deputy Chairman)
BwConsulting GmbH (Advisory Board)

KLAUS-DIETER HOMMEL*
Deputy Chairman of the Eisenbahn- und Verkehrsgewerkschaft (EVG),
Großefehn-Felde
a) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Pensionsfonds-AG
DEVK Rechtsschutz-Versicherungs-AG
DB Fernverkehr AG
DB Regio AG
DB Vertrieb GmbH

PROF. DR. SUSANNE KNORRE
Management consultant,
Hanover
a) Salzgitter AG
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Norddeutsche Landesbank
STEAG GmbH

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Schwarzach
a) DB Regio AG
DEVK Allgemeine Versicherungs-AG (Advisory Board)

DR. JÜRGEN KRUMNOW
Self-employed entrepreneur,
Wiesbaden

KIRSTEN LÜHMANN
Member of the German Bundestag,
Hermannsburg
a) Nürnberger Beamten-Lebensversicherung AG
Nürnberger Beamten Allgemeine Versicherung AG

HEIKE MOLL*
Chairwoman of the Central Works Council of DB Station & Service AG,
Munich
a) DB Station & Service AG
b) DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

STEFAN MÜLLER (UNTIL MARCH 31, 2019)
Member of the German Bundestag,
Großenseebach

ECKHARDT REHBERG
Member of the German Bundestag,
Marlow
b) KfW Bankengruppe (until December 31, 2019; Administrative Board)

MARIO REISS*
Chairman of the Works Council of DB Cargo AG, NL South-East,
Süptitz
a) DB Cargo AG
b) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

REGINA RUSCH-ZIEMBA*
Employee of Eisenbahn- und Verkehrsgewerkschaft (EVG),
Hamburg
a)
- DB Station&Service AG
- DB Fahrwegdienste GmbH
- DB Engineering&Consulting GmbH
- DB JobService GmbH
- DB Bahnbau Gruppe GmbH
- DEVK Allgemeine Lebensversicherungs-AG (Chairwoman)
- DEVK Allgemeine Versicherungs-AG
- DEVK Pensionsfonds-AG

CHRISTIAN SCHMIDT (SINCE APRIL 1, 2019)
Member of the German Bundestag,
Fürth

JENS SCHWARZ*
Chairman of the Group Works Council of Deutsche Bahn AG,
Chemnitz
a)
- DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Deputy Chairman of the Supervisory Board)
- DEVK Rechtsschutz-Versicherungs-AG

b) DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

VEIT SOBEK*
Chairman of the Central Works Council of DB Netz AG,
Halberstadt
a) Bundesbahn-Wohnungsbaugesellschaft Kassel GmbH
b) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

OLIVER WITTKE
Member of the German Bundestag,
Gelsenkirchen

DR. TAMARA ZIESCHANG (SINCE DECEMBER 9, 2019)
Secretary of State in the Federal Ministry for Transport and Digital Infrastructure,
Magdeburg

* Employees' representative on the Supervisory Board

Supervisory Board committees

MEMBERS OF THE EXECUTIVE COMMITTEE
- Michael Odenwald (Chairman)
- Alexander Kirchner
- Secretary of State Guido Beermann (until November 19, 2019)
- Secretary of State Dr. Tamara Zieschang (since December 11, 2019)
- Jens Schwarz

MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE
- Dr. Jürgen Krumnow (Chairman)
- Secretary of State Guido Beermann (until November 19, 2019)
- Secretary of State Dr. Tamara Zieschang (since December 11, 2019)
- Jörg Hensel
- Regina Rusch-Ziemba

MEMBERS OF THE PERSONNEL COMMITTEE
- Michael Odenwald (Chairman)
- Alexander Kirchner
- Secretary of State Guido Beermann (until November 19, 2019)
- Secretary of State Dr. Tamara Zieschang (since December 11, 2019)
- Jens Schwarz

MEMBERS OF THE MEDIATION COMMITTEE
- Michael Odenwald (Chairman)
- Alexander Kirchner
- Secretary of State Guido Beermann (until November 19, 2019)
- Secretary of State Dr. Tamara Zieschang (since December 11, 2019)
- Jens Schwarz

Berlin, March 3, 2020

Supplementing the notes to the consolidated financial statements with information on events after the balance sheet date and the Group management report with information on disclosures in the opportunity and risk report, the events after the balance sheet date and the outlook. This concerns the effects of the coronavirus, the issue of the third bond in 2020 and the cessation of the Arriva Rail North franchise.

Berlin, March 17, 2020

Deutsche Bahn Aktiengesellschaft
The Management Board

Independent Auditor's report

To Deutsche Bahn Aktiengesellschaft, Berlin

Audit Opinions

We have audited the consolidated financial statements of Deutsche Bahn Aktiengesellschaft, Berlin, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statement of income and the reconciliation of consolidated comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Deutsche Bahn Aktiengesellschaft for the financial year from 1 January to 31 December 2019. We have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019, and of its financial performance for the financial year from 1 January to 31 December 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the corporate governance report pursuant to No. 6.1 of the German Federal Public Corporate Governance Code
- the non-financial group statement pursuant to § 315b Abs. 1 HGB included in section "Fundamentals" of the group management report.

The other information comprises further the remaining parts of the "2019 Integrated Report" – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. 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 consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Reference to Supplementary Audit

We issue this auditor's report on the amended consolidated financial statements and amended group management report on the basis of our audit, duly completed as at 4 March 2020, and our supplementary audit completed as at 20 March 2020 related to the addition and amendment of disclosures in the notes to the consolidated financial statements and the group management report which were due to the impact of the spread of the coronavirus on the outlook to the economic development in the year 2020 as well as to the developments regarding the cessation of the Arriva Rail North franchise and the issuance of bonds which occurred in March 2020. We refer to the presentation of the amendments by the executive directors in the amended notes to the consolidated financial statements, note 39 "Events after the balance sheet date," as well as in the amended group management report, sections "Opportunity and risk report," "Events after the balance sheet date" and "Outlook."

Berlin, 4 March 2020 / limited to the amendments stated in the "Reference to Supplementary Audit" section above: 20 March 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Kieper	Philipp Medrow
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Notes to sustainability

GRI 102-50 102-51 102-52 102-54 102-56

Sustainability reporting

The 2019 Integrated Report refers to the year under review, this being calendar year 2019. For the purpose of comparison, most of the key figures are also presented for 2018 and 2017. The Integrated Report is published on an annual basis. This report was published on March 26, 2020 (2018 Integrated Report: March 28, 2019). The 2019 Integrated Report addresses the material **STAKEHOLDER GROUPS** 54 of Deutsche Bahn Group (DB Group). The reporting covers all material economic, social and environmental aspects. All of the fully consolidated companies of DB Group are included in the reporting. Deviations from this reporting scope are noted as such.

The data collection methods and bases of calculation used for the data in the Integrated Report are based on the relevant standards.

The Integrated Report was prepared in agreement with the GRI standards in the core option. Content regarding general and specific standard information is referenced in the **GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX** 270 F. At the same time, the information in the Integrated Report also serves as a communication on progress regarding the implementation of the **UN GLOBAL COMPACT'S TEN PRINCIPLES** 271. Moreover, material contents, indicators and passages of text were audited by an independent third party, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), with limited assurance.

GRI 102-16

Compliance

GRI 103

Targets and management approach

Compliance is an integral element of the corporate culture at DB Group. The Compliance Management System (CMS) is based on national and international legal requirements and established standards, such as the Institute of Public Auditors (Institut der Wirtschaftsprüfer; IDW) auditing standard IDW PS 980 in Germany. DB Group also applies the directive of the Federal Government on corruption prevention in the German Federal administration. The CMS aims to ensure that compliance risks are identified at an early stage and appropriate countermeasures are implemented. We continuously monitor the effectiveness of our Compliance Management System and make any necessary adjustments. Compliance is one aspect of controlling within the Internal Control System (ICS). Intra-Group auditors therefore review the CMS within DB Group as part of the ICS audits under the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG). We also have our CMS checked externally.

DB Group compliance management is typified by a combination of centralized and decentralized units at the operational and organizational levels. The Chief Compliance Officer (CCO) manages the further development of our CMS and reports directly to the Chairman of the Management Board. He is assisted in his duties by more than 200 employees responsible for compliance issues. Group management focuses its compliance work on centralized governance activities in particular, while operational responsibility is exercised in the business units and service units. Various event formats ensure that central and decentralized compliance officers can share their expertise and experiences in depth, such as the international conference held in the year under review.

Our compliance activities in DB Group focus on preventing corruption and corporate crime in the form of fraud and embezzlement, as well as consistently combating it.

Compliance instruments

Specific compliance instruments have been developed to protect the Group, its employees and executives. This includes, for example, binding directives, risk and process analyses, a compliance reporting system, special training and communication measures, and a whistle-blower management system.

The DB Group Code of Conduct is the cornerstone of our CMS. It defines the standards and expectations about how our bodies, executives and employees should conduct themselves on a daily basis. It is supplemented by binding directives that specify applicable legal provisions governing national and international business and contact with customers. In the year under review, the directive on the protection of trade secrets and assets was revised in the context of new German legislation on the protection of trade secrets.

Compliance risk analyses are a key component of DB Group risk management and are conducted by the business units and service units. A Group-wide survey of compliance risks is conducted in accordance with governance requirements set by Group management. The compulsory framework concept contains minimum requirements for planning, conducting, reporting and follow-up.

A compact compliance annual report provides the Management Board with information on compliance risks related to DB Group's business activities. The report separately sets out the risk exposure of business units, service units and Group management functions and highlights existing risk-reducing factors and countermeasures. The Management Board is also kept regularly informed during the year about the further expansion of the compliance program and any significant compliance cases. The Chief Compliance Officer also reports on compliance issues at meetings of the Supervisory Board's Audit and Compliance Committee.

We are continually optimizing our instruments so that we can achieve our compliance goals on a sustainable basis. One of the key areas in this process in the year under review was the development and Group-wide implementation of 12 new e-learning modules. Several new full-video formats were produced for the modules, showing possible predicaments and engaging the users more directly. E-learning modules are managed via a central training platform.

DB Group's plan to raise awareness about compliance emphasizes the importance of participating in face-to-face events in addition to the e-learning modules described above. The plan adopts a risk-oriented approach, which provides, among other things, executives and employees with medium and high-risk training thanks to regular participation in events or e-learning modules. Using this approach, almost complete training coverage can be achieved over a period of two to two and a half years. In the year under review, 25,350 executives and employees participated in face-to-face events. Similar to previous years, employees in the top level of management were made aware of compliance risks as part of the series of dialogs with the Heads of the Compliance, Audit and Legal Group functions.

As an extra digital supply of information, the Compliance app underwent further development in the year under review and was required to be installed on all centrally managed business mobile devices within DB Group. With the app, DB employees can receive information about compliance topics via their smartphone or tablet. This information includes compliance-relevant directives and FAQs, checklists, explainer videos, e-learning modules, a workflow for auditing gifts and options for contacting central and local compliance organizations.

There is a Group-wide whistle-blower system to obtain information about potential violations of laws or internal regulations. The way in which submitted tip-offs are handled is regulated in detail. The processes implemented protect whistle-blowers. In addition to other measures, clearly defined requirements regarding the rigor and relevance of whistle-blowing tip-offs serve to take account of the interests of the persons concerned.

There are various ways of submitting a whistle-blowing tip-off. These include three trusted legal practitioners, who are legally bound to secrecy, and an ombudswoman, in addition to the compliance teams in the Group management, business units and service units. There is also a Group-wide electronic whistle-blower system, which makes it possible to submit tip-offs anonymously. It can be used in 22 languages and is not just available to employees, but customers, suppliers and other stakeholders, too. In the year under review, tip-offs in the double-digit range were received through the whistle-blower system for instances of corruption.

Business partner compliance

Successful long-term business operations require the careful selection of business partners and suppliers who must then be informed of the DB Group values and commit to collaboration based on shared values. DB Group has developed different formats to increase awareness among its business partners and incorporate sustainable business practices more firmly in the supply chain.

Compliance e-learning for business partners is freely accessible online and provides information about integrity, binding legal standards and ethical matters, and sets out clear compliance requirements as reflected in our Code of Conduct for Business Partners.

Contracts and contractual partners are audited for compliance risks. Integrity clauses in the General Terms and Conditions of Purchase are used to counteract potential compliance risks. Other compliance regulations are agreed based on risks. This applies to the appointment of intermediaries, for example. A new directive was introduced in the year under review, which is designed to provide transparent and well-documented regulations for the conclusion of consultancy and other contracts in cases where special legal requirements apply to the contractual partner or where there is a particular public interest.

If serious misconduct occurs, the group of decision makers shall decide to block the awarding of tenders on the basis of clear criteria, stipulating how to deal with the contractor or supplier. If a tender is blocked, the earliest that a business partnership can be reestablished or continued is after the blocking period expires or after the company takes action to clean up its practices, which the client deems to be sufficient and which can often take many years to complete.

Compliance with anti-trust laws and preventing anti-trust damages

On-site training courses ensure that executives and employees are kept aware of antitrust legislation. The formats of the training courses are individually tailored to the requirements of the business units and the central units. The target group includes all executives and employees who are in contact with competitors or have other roles that are critical with regard to competition. Heads of the Compliance, Audit and Legal Group functions also took up the issue under the awareness campaign. The training courses are supplemented, in particular, by regulations specific to business units and close cooperation with (antitrust) legal experts.

Antitrust damage prevention measures are an important component of antitrust compliance. To this end, DB Group introduced a comprehensive antitrust damage prevention system. An important part of this system is to use contractual conditions in markets where antitrust violations are most likely, which obligate suppliers to introduce or maintain antitrust compliance programs.

Human rights

TARGETS AND MANAGEMENT APPROACH

GRI 103

Protecting and promoting human rights are of the utmost importance to us. Human rights is a topic that cuts across many different areas in DB Group. We report on how we safeguard human rights with regard to working conditions, anti-discrimination measures and occupational health and safety within DB Group, particularly in the chapter SOCIAL 92 FF., 264 FF.

We also expect our business partners to uphold human rights, and our requirements in this regard are set out in the DB CODE OF CONDUCT FOR BUSINESS PARTNERS, as well as other documentation. This Code of Conduct was revised in the year under review. In the context of increasing requirements, regulations were reestablished on fair pay, regulated working hours and the preference for regular employment. In general, the sections on labor conditions, occupational health and safety, and forced labor were written with more detail. The revised Code of Conduct for Business Partners refers to the core labor standards of the International Labor Organization (ILO), such as protection against child and forced labor and against discrimination in employment and occupation. The right to auditing may be agreed in contracts with business partners, including adverse legal consequences if the Code of Conduct for Business Partners is not complied with. Further information, including what this means for selecting potential suppliers, can be found in the chapter PROCUREMENT 260 F.

DB Group rejects all forms of modern slavery, be it forced or compulsory labor, servitude, human trafficking or child labor. We also report on forced labor in accordance with the guidelines of the UK Modern Slavery Act.

Our DB Schenker business unit, which operates globally and is therefore exposed to greater geographical risks, is subject to the Social Minimum Standards (SMS) that were drawn up especially for this purpose. This policy details the overriding DB Group Code of Conduct and provides, particularly in the international context, minimum standards for situations in which national and international legislation does not stipulate any appropriate social measures. Compliance with the SMS is regularly audited on-site by intra-Group auditors at selected locations.

If human rights violations are suspected, employees and third parties are provided with various channels to report such violations, including the option to report anonymously. In addition to central whistle-blowing management and trusted legal practitioners, these provisions also include our electronic whistle-blower system. DB employees in particular can also contact the Human Resources ombudswoman. A follow-up process is in place to examine the alleged violations of human rights reported. In the year under review, the whistle-blower system reported suspected cases of human rights violations in the low double-digit range. They mainly related to instances of potential discrimination.

Human rights is also an integral part of DB Group STAKEHOLDER DIALOG 53 FF.

Data protection and IT security

Targets and management approach

GRI 103

DATA PROTECTION

Data protection and data autonomy should be championed as the foundation for free, democratic and long-established sovereign societies. In DB Group, we aim to establish exemplary, innovative and sustainable data protection processes and set a high level of data protection as a mark of quality, allowing employees, customers and business partners to associate DB Group with trust, respect, transparency and integrity when it comes to data protection. In doing so, we fulfill data protection regulations, particularly those of the EU General Data Protection Regulation (GDPR) and in-house data protection policies.

In order to suitably implement our targets, we are aiming to meet the overarching target of ensuring that the flow of data, both within DB Group and within offices outside of DB Group, is compliant with data protection regulations. We are working toward achieving this by raising awareness of data protection issues throughout DB Group, in particular by informing and training employees, having a high-quality expertise in consultancy work as well as ongoing measures to raise awareness.

In addition, the data protection level in DB Group is analyzed on an ongoing basis using Data Protection Online Monitoring (DOM). This involves interviewing about 10,000 executives and using their answers to deduce the level of data protection in DB Group and to support specific measures that help optimize data protection among data controllers. Regular data protection audits also ensure a high standard of data protection within DB Group.

We are also committed to innovation and the further development of existing instruments and methods for professional data protection management. Another focal point is the expansion of internal and external networks to improve DB Group's public image with regard to data protection.

We work toward achieving these objectives through a highly effective data protection organization, comprising central and local units: the Group's Data Protection team (HP) is centrally located, supporting and advising the Group companies regarding compliance with data protection regulations, especially in regard to data protection issues that are relevant to the Group. There are four departments within HP: employee and customer data protection is managed by Employee and Customer Data Protection I, Administration (HPB), together with Employee and Customer Data Protection II, Training and Data Protection Communication II (HPF), as well as the Technical Data Protection and Audit Department (HPA) and the Data Protection Systems and Audit Department (HPA(S)), each with different areas of responsibility. The National&International Data Protection Management Department (HPM) is responsible for national and international data protection directives and runs the entire decentralized data protection organization. This organization comprises, at the national level, data protection specialists (FDS) and authorized data protection representatives (VPDS), as well as data protection managers (PM) at the international level.

Local data protection experts at individual Group companies all over the world are available to employees and managers if they have any questions or concerns about data protection. These experts ensure that the rules are implemented and enforced in accordance with the law.

IT SECURITY

In keeping with our sustainability approach, we attach great importance to set information security processes, which also play a direct role in new IT/operational technology (OT) projects. This helps us to ensure that security is factored in from the outset. New procedures are constantly being created to defend against cyberattacks.

We are also working with German universities on the topic of cybersecurity to support research in this field and to fulfill our social and corporate commitment to training for the future.

Data protection at DB Group

The increasing need for data protection advice – particularly for intelligent data processing and innovative, largely data-driven business models within DB Group – requires quick and straightforward data protection expertise. That is why a new interface management system has been established within the data protection organization between central and decentralized data protection processes. This makes it even easier to specifically identify Group-wide priority topics and advise DB Group in a strategic and legally sound manner.

The management of the national and international data protection organization was also merged. By combining specialist leadership, management and further development, the data protection organization achieves synergy effects throughout the entire DB Group and ensures that the expertise is shared worldwide.

Awareness and qualification measures

We once again increased the already high quality of consultancy provided by the data protection organization by providing tailored specialist training opportunities in the year under review. Increasing awareness of data protection issues among all DB Group employees and executives in a targeted way involved regularly updating the intranet data protection blog with the latest data protection news. The Group's Data Protection function has its own corporate identity, ensuring that it has a uniform appearance with a recognizable design for those outside of the function. This makes it easier for employees to connect information and campaigns with data protection.

The Data Protection, IT Security, Group Security and Compliance functions within DB Group are always in close collaboration on the topic of security. This not only allows the four governance areas to ensure that employees and customers receive the best possible protection, it also allows them to use and pool their synergies in a targeted manner.

In the year under review, this close cooperation enabled new employees, who were hired from September 1, 2019, to learn about security issues through targeted content in the welcome pack. During the onboarding process, the Group's Data Protection function gives new employees webcam covers to stick to their cameras, as well as information about the four governance areas through their respective entries in the digital rail glossary.

Focus on consulting and audit

Issues resulting from the GDPR continued to be an important focus in data protection advice in the year under review. In addition to monitoring Federal agencies and courts, the further development of instruments introduced by the GDPR, such as joint control, also played a central role.

Another focus was consulting on transformation and digitalization, both in terms of theory and applications. For example, topical subjects such as the use of artificial intelligence (AI) played a role, as were specialist data protection issues that arose, such as in the case of the wifi@DB project. The implementation of various rulings from the European Court of Justice (ECJ) regarding online marketing and the use of social media to target applicants and customers raised numerous questions.

Regarding employee data protection, procedures that required data subjects to be notified of data processing were dealt with in the data committees within the individual DB Group companies, and Group-related topics were dealt with in the Group data committee. In addition, the Group Data Protection function closely coordinated with the relevant data protection supervisory authorities on several procedures.

Another focus was on the ongoing project for the Data Protection Management System (DPMS). This involves improving knowledge management in the entire data protection organization and for all data controllers within DB Group, creating more transparency in the area of data protection and implementing the new legal accountability obligations for all personal data processors within DB Group.

In addition, there was extensive work to prepare for the online survey DOM 258, which was conducted for the fifth time in autumn 2019. DOM provides an overview of the data protection level within DB Group and also serves as a self-assessment tool thanks to a comprehensive range of tutorials.

In addition to the ongoing audit of Group data protection procedures for customers and employees, other highlights in the year under review included auditing the providers and partners of new innovative mobility platforms within DB Group and conducting ongoing assessments of the new central sales system in passenger transport to verify its compliance with data protection legislation.

GRI 102-43

Ten years of DB Group's Data Protection Advisory Board

DB Group's Data Protection Advisory Board has been advising the Management Board for almost ten years on key and strategic data protection issues. The focus is still on protecting the personal rights of employees and customers.

The use of modern technologies today is often inextricably linked with the use of personal data or data that allows an individual to be identified, especially with regard to digitalization. The possibilities of data processing are extensive, and any potential risks to the data subject's personal rights must be averted. The use of AI and machine learning (ML) raises ethical questions, and the Advisory Board has a dedicated AI working group for this. Opportunities and risks arising from the digital revolution are discussed and advised upon with the Management Board and the relevant specialist departments.

The Advisory Board's Data Protection Award was presented for the fifth time. It is awarded to employees who have implemented data protection processes in an innovative and exemplary way. This particular approach helps the Advisory Board to ensure that people are sufficiently aware of data protection issues, while making an important contribution to DB Group's STAKEHOLDER DIALOG 53 FF.

Security

Targets and management approach

GRI 103

Security is an important commodity and a basic requirement of our customers and employees. We have a great deal of responsibility for many people and goods – around the clock. The security units are in an ongoing dialog with security authorities. In the joint rail security center, Group security exchanges status information with the Federal police around the clock. The six operations centers in DB Security's regional areas successfully coordinate all regional security issued and are available to be contacted by our business units at any time. In total more than 5,000 Federal police officers and about 4,000 security staff from DB Security are deployed across Germany. Both DB Group and the German Federal Police are continuously recruiting additional employees and expanding their training capacities. More than 400 young people are currently undertaking specialist training in safety and security at DB Group. More than 120 vocational trainees started their three-year apprenticeship in September 2019.

SECURITY AT DB GROUP

DB Group spends about € 170 million annually on the security of its customers and employees. As part of a law enforcement partnership, over 5,000 Federal police officers and about 4,000 of DB Group's own security staff work together, with technical support, to combat crime and disruptive activity and increase the security of our customers and employees. Security staff on trains and in stations first and foremost work to ensure that all passengers and station visitors feel safe. This has led to another reduction of about 25 % in the number of bag and luggage thefts on trains and in stations in the year under review. The measures applied and continued in the year under review also led to a significantly smaller increase in incidents against our employees on trains and in stations. The measures to protect our employees and our customers coordinated with interest groups, are showing initial successes. This includes further improvements to training frameworks for employees, further expenditures in technical equipment for location-based scheduling and forgoing the use of security subcontractors to a large extent in favor of using our own personnel. The use of bodycams, in particular, continues to make a significant contribution to ensuring greater safety and provides protection against attacks. The cameras are now being used at 13 major stations in nine metropolitan areas, especially in the evening, at night and on weekends. The deployment of bodycams reinforces the findings from trials in previous years: employees with bodycams are significantly less likely to be attacked. In the year under review, we conducted regular de-escalation and self-defense training for 16,000 of about 40,000 customer-facing employees. In addition, we work with security authorities to review additional new technologies to increase the safety of our customers and employees and to modernize and expand video technology in trains and stations.

DEVELOPMENT AND EXPANSION OF VIDEO TECHNOLOGY

In the year under review, DB Group had more than 7,000 surveillance cameras in use at about 1,000 stations. More than 32,000 surveillance cameras record images from on board local transport and S-Bahn (metro) trains. The Federal police have exclusive access to the footage saved. We are continuing our surveillance video expansion program that was adopted jointly with the Federal Government. The installed cameras record in full HD. This makes more details visible even in poor light. This means that the Federal police can be provided with an ever greater number of high-quality images to support prosecution. The Federal police report that this footage allowed them to uncover more criminal offenses and apprehend more perpetrators.

Together with the Federal police, DB Group tested software used to conduct intelligent analyses of video footage in the year under review. Voluntary test subjects role-played several thousand script-based scenarios. The aim of the test was to use the software to detect situations that could impact rail and station operations. This includes, for example, passengers on the floor, people accessing specific areas and abandoned items. In the year under review, we agreed with the German Federal Ministry of the Interior (Bundesministerium des Innern, für Bau und Heimat; BMI) and the German Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI) to continue developing structural, personnel and organizational measures and to explore how feasible the system is. The aim is to make traveling by rail and using railway facilities consistently safer in the long term, even as traffic increases.

INCREASED PRESENCE AND RAPID RESPONSE

The Berlin S-Bahn (metro) developed a new security concept on behalf of the Berlin and Brandenburg Federal states. S-Bahn (metro) security guard stations, which were completed in the year under review at five interchange stations, offer round-the-clock availability for any queries regarding service and safety. In this instance, security staff are deployed in tandem with guard dogs. They are present in stations, available to contact for service and security matters, actively working to prevent incidents and intervening when they occur on the platform and on S-Bahn (metro) services.

ASSAULTS AGAINST DB EMPLOYEES

The main victims of assault are employees working in passenger transport (54%) and at DB Security (43%). The additional 3% can be attributed to other business units. DB Group has responded with improved training for security staff and train attendants, increased security staff and better equipment. In the year under review, DB Group employees were assaulted more than 2,500 times across Germany (previous year: more than 2,600 times). This shows that the steady increase recorded in recent years has come to an end for the first time since 2012. At the same time, the number of serious injuries has declined, showing that the security concept is effective.

Procurement

GRI
102-9
102-10

Implementing the Strong Rail strategy

The STRONG RAIL STRATEGY 71 FF. focuses on pursuing the Federal Government's central transport and climate policy targets. Procurement that uses clearly defined product group strategies and consistent supplier management makes a significant contribution to achieving these objectives. To do this, we are working cooperatively to develop the strategic orientation of procurement so that together we can become more robust, more powerful and more modern. We are creating a robust procurement network and ensuring that our business units worldwide are supplied in a cost-effective, timely and high-quality manner.

For the purpose of continuous further development, we are committed to our mission of having a world-class procurement (WCP) organization in accordance with external benchmarking. Compared to the previous assessment, the external WCP audit conducted in the year under review demonstrates that we have significantly improved our professional status and have already achieved the world-class rating in some areas.

We have defined the central building blocks of the procurement strategy as: supplier and risk management, organizational and personnel management and further development of strategic product group work, both within the procurement network and within intra-Group cross-functional teams. We are also focusing on innovation management and the expansion of the digitalization roadmap, which details technical aspects, such as guided buying in the in-house procurement app DB Marketplace, our big data analyses and the new Supplier Management and Rating Tool (SMaRT). As part of this focus, we introduced an automated procure-to-pay process, for example. The increasing digitalization of our work processes boosts added value within the teams and enables us to have modern office concepts, thereby ensuring a more efficient service delivery. Modern, flexible ways of working have been introduced in the procurement organization throughout Germany. This contributed to a higher level of employee satisfaction in the year under review.

FOCUS ON SOCIAL RESPONSIBILITY AND SUSTAINABLE MANAGEMENT AMONG OUR SUPPLIERS

Social responsibility and sustainability are also firmly incorporated into our strategy. For example, we have already integrated climate protection and social standards as key decision-making criteria for many product groups in strategic tender-awarding processes. Our suppliers play an important role in implementing the Strong Rail strategy. We make the greatest possible contribution to sustainable mobility development through strong partners in transparent supply chains. Our suppliers take an active role in ensuring mutual business success with their sustainability performance and capacity to innovate. The CODE OF CONDUCT FOR BUSINESS PARTNERS is the starting point in forming sustainable supply chains and making definitive procurement decisions. We revised and updated the Code of Conduct in the year under review. We use it as the foundation for all new contracts, and we regularly check compliance with the Code of Conduct as part of on-site audits.

We also place great emphasis on comprehensively assessing the sustainability of our suppliers in terms of their management system, activities and results in accordance with the corporate social responsibility criteria. More than 550 suppliers, which account for 60% of our top purchasing volume, have already submitted an assessment to us. Two-thirds of the recently assessed suppliers improved their sustainability performance, enabling us to reduce risks and boost competitiveness together. Our suppliers can already present their sustainability evaluation in the qualification process.

As part of an extensive dialog with industry associations and RAILSPONSIBLE (our sustainable supply chain initiative for the rail transport sector with 12 international members), we are systematically making sustainable performance a business-relevant criterion for awarding contracts. More than 1,000 suppliers have taken part in the evaluation program so far. Climate protection and safeguarding social minimum standards in supply chains will be the initiative's focus in the future, centering around responsible procurement management.

STRUCTURED SUPPLIER MANAGEMENT

Our supplier management harnesses procurement as a strategic factor in competition. It comprises four essential elements – supplier qualification, development, evaluation and stabilization – and is subject to continuous development. This standardized process helps us to ensure high-quality standards together with experienced suppliers. Supplier management applies throughout the Group. The SMaRT platform introduced in the year under review digitally models our supplier management, enabling our collaboration with suppliers to be even more efficient, effective and transparent. We concluded contracts with a total of about 19,000 suppliers in the year under review, 575 of which fulfill 80% of procurement volumes. Procurement ensures a high level of operational excellence when carried out in line with processes. An audit of contracting activities as part of the Performance and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV), commissioned by the German Federal Audit Office (Bundesrechnungshof) and carried out by PricewaterhouseCoopers (PwC), found that no directive or legal provisions governing the awarding of contracts or any other provisions were violated. Trusted collaboration with industry associations and initiatives also makes it possible for us to orient our supplier portfolio predominantly toward system providers with proven expertise in the rail transport sector. Strategically we are focusing on a high rate of consolidation and long-term framework agreements.

In addition, the main objectives of strategic supplier management are to access supplier innovations and ensure sustainability throughout the entire supply chain. For example, we set clear priorities for supplier management innovations and digitalization with DB Group's sponsorship at the 2019 RAILWAY FORUM. The Railway Forum has become a highly recognized industry meeting place for the railway sector with about 1,400 participants and about 140 exhibitors.

INCREASED INTERNATIONALIZATION

We continue to focus our procurement activities in Germany, but we also rely on suppliers from abroad for competition reasons and to ensure reliability of supply. Outside of Germany, Austria and Switzerland, we are focusing on developing our supplier base in Eastern Europe and Asia. Our International Procurement Office Asia (IPO), which was founded in 2015, has identified hundreds of suppliers for DB Group over the last four years and has supported their development and participation in tenders in accordance with the processes for European suppliers. The IPO is also responsible for identifying innovative products and technologies for DB Group in the rapidly developing Asian market, for example in the areas of digitalization and electromobility. In the year under review, we received prototypes for freight cars, the first mini locomotives and the first electric bus manufactured in China, and we increased our presence with quality engineers at plants in the country. Business with a Russian freight car manufacturer also continued in the year under review. A prototype was found to be suitable for the requirements and other vehicle options were commissioned by us. International procurement markets are generally considered in all product group strategies, and procurement opportunities are explored, taking into account the criteria, quality, logistics and costs. With regard to DB Group's greater number of construction activities, we are increasingly looking at the suitability of European construction companies from Denmark, Italy, the Netherlands and Spain. The objective is to qualify the suppliers before there is a specific tender.

Deutsche Bahn Foundation

The DEUTSCHE BAHN FOUNDATION 55 F. supports charitable projects.

Charitable projects in Germany	2019	2018	2017
Deutsche Bahn Foundation	25 [1]	16	13

[1] Preliminary figure.

Expenses for charitable projects in Germany (*€ thousand*)	2019	2018	2017
Deutsche Bahn Foundation	2,687 [1]	2,194	1,955

[1] Preliminary figure.

In response to donation requests, Deutsche Bahn Foundation has also provided funds from its general response budget.

Donations in Germany (*€ thousand*)	2019	2018	2017
Deutsche Bahn Foundation	136 [1]	133	81

[1] Preliminary figure.

No scholarships were funded by the Deutsche Bahn Foundation during the year under review.

Scholarships in Germany	2019	2018	2017
Deutsche Bahn Foundation	–	–	43

The expenses for DB Museum amounted to € 6.4 million in the year under review (previous year: € 6.1 million).

Environmental

Employees for environmental protection

Through TRAINING NO. 90, professional development programs and various campaigns, we bring environmental protection to life for our employees. In the year under review, 59 courses with a total of about 830 participants took place in Germany. DB Schenker uses an updated e-learning eco-movie to present environmental measures and products to its country organizations, which is also suitable for sales and customers.

Climate protection

GRI 305-1 305-2 305-3

GREENHOUSE GAS FOOTPRINT IN OVERVIEW

Our greenhouse gas footprint shows the amount of greenhouse gases that we emitted in one year. It consists of the emissions from all journeys and transports of DB Group by rail, road, air transport and shipping, and the emissions of stationary facilities such as stations or workshops and emissions of the fleet, which includes, for example, company cars. These figures provide the basis for calculating specific greenhouse gas emissions and determining the results of our climate target within the limits set. They also act as a benchmark for our efficiency improvement measures and provide a basis for comparison with other companies.

The scope 2 emissions of 3.94 million tons of CO_2e take into account market-based mechanisms, meaning that this figure includes all contractually regulated instruments for generating and trading electricity from renewable energies. In accordance with the scope 2 guidelines of the Greenhouse Gas Protocol on dual reporting, we also report location-based scope 2 emissions. If we take the respective national energy mixes as a basis for the reporting, the scope 2 emissions total 6.18 million tons of CO_2e.

The majority of our greenhouse gas emissions are scope 3 emissions from our subcontractors. We are in constant contact with our preferred carriers and develop common strategies to decarbonize air and ocean transport, particularly in the Clean Cargo Working Group (CCWG), a platform for ocean freight, and the Sustainable Air Freight Alliance (SAFA), a platform for air freight.

Absolute CO_2e emissions by journeys, transports and stationary facilities *(million t)*	**2019**	2018	2017
Regional rail passenger transport	2.66	2.91	3.20
thereof in Germany	1.98	2.15	2.41
Long-distance rail passenger transport	0.04	0.05	0.51
Bus transport	1.78	1.72	1.76
thereof in Germany	0.57	0.60	0.63
Rail freight transport	1.70	1.83	2.01
Road freight transport [1]	3.98	3.67	3.90
Air freight [1]	6.07	6.78	6.76
Ocean freight [1]	2.27	2.27	2.27
Other transport [2]	0.11	0.11	0.11
Stationary facilities [3]	1.38	1.47	1.45
Total	**19.99**	**20.81**	**21.97**

Well-to-wheel (WTW), scope 1 – 3.

[1] With pre- and onward carriage.

[2] Including DB Connect, internal traffic.

[3] DB Arriva's stationary facilities based on the previous year's data.

Absolute CO_2e emissions according to scopes 1 – 3 *(million t)*	**2019**	2018	2017
Total	20.0	20.8	22.0
Share of scope 1 (%)	18.9	18.4	17.8
Share of scope 2 (%)	19.7	20.5	23.3
Share of scope 3 (%)	61.4	61.1	58.9

In the year under review, we were able to reduce our overall CO_2e emissions. In scope 3 in particular, DB Schenker recorded significant declines in greenhouse gas emissions from air freight.

Resource efficiency

GRI 301-1 301-2

RECYCLING OF BALLAST AND CONCRETE SLEEPERS

For maintenance of the ballast bed, we have set up a materials cycle for ballast, CONCRETE SLEEPERS green NO. 73 and tracks. About 3 to 4 million tons of old materials are removed from the network on site annually and just as quickly replaced. In the year under review, about 1.4 million tons of ballast were mechanically removed on site by track-bound ballast cleaning machines or mobile processing plants and immediately reused. This significantly reduces the amount needed for new ballast, in addition to reducing the associated transport costs and greenhouse gas emissions. For the most part, the rest of the material is processed into RECYCLED BALLAST green NO. 51 in an external certified disposal facility for DB Group or prepared as gravel or crushed sand for road building. About 2.8 million tons of ballast were used in the year under review, about 0.4 million tons of which were recycled ballast.

Air quality control

GRI 305-7

We have set ourselves the objective of reducing the soot particulate emissions of our own rail and road vehicles by 55% by 2020 compared to 2010. These particulate emissions are especially dangerous to health and are caused by burning fuel.

The ongoing modernization of our vehicle fleet is our main action in this area. The high electrification rate of our rail network plays a major role here because the vehicles themselves do not produce local pollutant emissions, except for particles; the generation of traction current only causes decentralized emissions in power plants. In the year under review, we reduced combustion-related particulate emissions by 56.1% (previous year: 53.4%), meaning we reached our target for particulate emissions earlier than planned. The calculation is based on the fuel consumption and composition of our vehicle fleets according to emissions categories. We have been exclusively using low-emissions VEHICLES AND CONSTRUCTION MACHINERY green NO. 11 at our urban construction sites since mid-2018.

DB Group's combustion-related pollutant emissions are largely influenced by our ocean freight activities – for example, these activities emit over 78% of soot particles. We also constantly strive to make improvements in this area in cooperation with carriers. Furthermore, we launched a low sulfur program that allows our customers to move their container transport in unregulated ports to low-sulfur marine diesel for a small surcharge.

Absolute airborne pollutants from journeys and transport as of Dec 31 *(in t)*	**2019**	2018	2017
Particulate emissions	6,336	6,746	6,840
Nitrogen oxide (NO_x) emissions	123,371	134,335	135,971
Sulfur dioxide (SO_2) emissions	46,354	46,934	50,564
Hydrocarbon (NMHC) emissions	9,201	9,519	9,733

Combustion-related, well-to-wheel (WTW), scope 1 – 3
Previous year's figures adjusted.

OUR VEHICLES COMPLY WITH STRINGENT EMISSIONS STANDARDS

Our rail and road vehicles meet high Euro standards and thus ensure a lower level of pollutant emissions:

- 99% of the long-range trucks in use have the highest Euro standards 5 and 6 (previous year: 97%).
- Almost all of our car fleet meets Euro 5 and 6 emissions standards.

- As in the previous year, 18 % (previous year: 18 %) of the rail vehicle fleet still has the lowest pollutant level UIC 0. The share of rolling stock with low-pollutant electric traction fell slightly to 60 % (previous year: 61 %).
- The share of our buses meeting the Euro V and VI standards increased to 72 % (previous year: 66 %).

Nature conservation

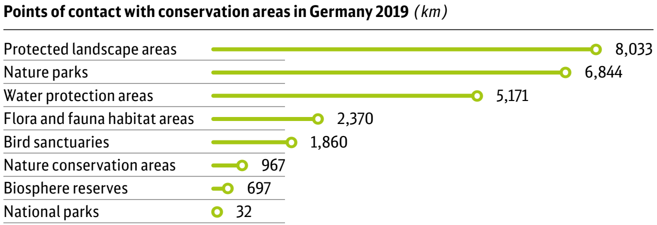
RESPONSIBILITY FOR THE PLANT AND ANIMAL WORLD

DB Group's rail routes, buildings and spaces often provide a unique habitat for protected species. We develop eco-friendly solutions to offset any impact that our work has on the natural world. In order to protect birds and small animals against electrocution, we are working with conservation associations and authorities to revise the directive on the protection of birds on catenaries.

IT SYSTEMS TO DOCUMENT PROTECTED AREAS

We use geographic information systems, which store data about train lines and surrounding land and all digitally available information on protected areas in Germany. This enables us to quickly identify the points of contact between nature and DB Group's tracks and rights of way. These findings are important for our planning. There are different restrictions and conditions in each protected area, which are described in protected area ordinances. These are stored in our system and are taken into account when planning construction and maintenance work.

Points of contact with conservation areas in Germany 2019 *(km)*



There may be overlaps between conservation areas.

GRI 307-1

MITIGATION AND COMPENSATION MEASURES

We take nature conservation into account during the new construction and expansion as well as the maintenance of the rail infrastructure. Our aim is to avoid interfering with nature and the landscape as much as possible. If adverse effects nevertheless occur, we try to compensate for the loss or replace it. We document all **DATA** green **NO. 59** on these compensation obligations in the online specialist nature protection and compensation information system (Fachinformationssystem Naturschutz und Kompensation; FINK). This enables us to comply with the reporting requirements set forth by the Federal Railway Authority (Eisenbahn-Bundesamt; EBA) in accordance with the Federal Nature Conservation Act (Bundesnaturschutzgesetz). In the year under review, we recorded 5,100 compensation projects in the system, with a total of 32,189 measures, including 10,051 measures on species protection.

VEGETATION CONTROL AS A MEANS OF ENSURING SAFE RAIL OPERATIONS

In the year under review, 50 t of herbicides in total were applied to our tracks, and with a track length of about 61,000 km, about 90 % of the tracks were treated. The amount applied is equal to 0.9 kg / km of track. As flazasulfuron, flumioxazin and **GLYPHOSATE** 89 were applied, only substances that have been approved by the Federal Office of Consumer Protection and Food Safety (Bundesamt für Verbraucherschutz und Lebensmittelsicherheit; BVL) specifically for use in the vicinity of tracks were used during the treatment. The amount of herbicides used in the vicinity of tracks has been declining over the last few years. In addition to unusual weather conditions, this is also attributable to the new application systems in testing. We are conducting two studies to help develop eco-friendly vegetation maintenance along our train-paths and energy supply lines in the future: one examining the possibilities for environmental vegetation maintenance along rail lines; and one involving Deutsche Umwelthilfe e.V. (German environmental aid), DB Netze Energy and other transmission system operators to investigate the possibilities of habitat-linked vegetation maintenance under energy supply lines.

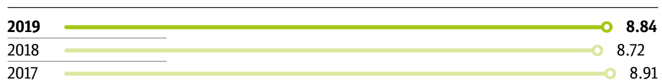
Protecting birds from catenary systems

We set up new overhead catenary systems so that **BIRDS** green **NO. 33** are protected against electrocution. This is achieved in part by using longer insulators. We documented about 3,500 short-circuit events caused by animals in the year under review. About 92 % of them were caused by birds and about 8 % by small mammals. Isolators on existing systems have been fitted with small animal deterrents since 2018 as part of the full overhead line inspection, providing birds with greater protection from electrocution. Traction current lines in areas that have a high risk of bird collisions are also being made safe, for example by fitting special **BIRD DIVERTERS** green **NO. 140.**

WATER CONSUMPTION

Water consumption refers to the water taken from the public supply. In the year under review, water consumption increased slightly by 1.4 %. The main reasons are higher consumption figures in Germany and an increase in water consumption at DB Schenker.

Water consumed *(million m³)*



Environmental management

ENVIRONMENTAL MANAGEMENT SYSTEM EXPANDED

GRI 307-1

Share of DB Group companies with certified environmental management systems in accordance with ISO 14001 as of Nov 30 (%)	2019	2018	2017
DB Group	53	45	45
in Germany	22	22	56
in Europe (excluding Germany)	64	52	34
worldwide (excluding Europe and Germany)	71	61	59

Our environmental targets are supported by a Group-wide **ENVIRONMENTAL MANAGEMENT SYSTEM** green **NO. 131** that is in accordance with DIN ISO 14001. The system's compliant integration into our Group regulations has been verified by an independent institute. On this basis, 78 % of our 279 environmentally relevant Group companies used an environmental management system in accordance with DIN ISO 14001 in the year under review. This share of environmentally relevant Group companies that use a certified environmental management system has increased. The increase in certified companies worldwide is a result of the successful matrix certification (ISO 9001, ISO 14001, ISO 45001) for the entire Middle East and Africa (MEA) region. The Group Sustainability and Environmental Unit is responsible for complying with and further developing Group-wide environmental management standards. No significant fines or other penalties for environmental offenses were levied against DB Group companies in the year under review.

DESTINATION NATURE

Since 2001, DESTINATION NATURE green NO. 37 (Fahrtziel Natur) has promoted the networking of sustainable tourism and eco-friendly mobility. Since then, free mobility has already been introduced to visitor tickets in 13 destination nature areas – a major offer for an attractive travel chain.

Social

Recruiting

Demographic preparedness as of Dec 31 *(%)*	2019	2018	2017
Percentage of staffing needs covered in Germany	97.1	96.1	97.1

Germany (companies with about 79% of domestic employees).

Compared to the previous year, the situation with staffing needs covered has improved slightly across all business units. The overall aggregation at corporate or business unit level, up to the overall Group view, balances out the regional differences.

Personnel development

TRAINING AND PROFESSIONAL DEVELOPMENT

As an intra-Group partner for learning, development and change processes, DB Training conducts training and professional development with about 25,000 events for about 250,000 participants per year. More than 3,000 training sessions are offered, addressing all employee groups and functions within DB Group.

In the year under review, DB Training acquired new state-of-the-art training centers in Hanover, Fulda and Cologne and opened a new training workshop in Leipzig. As an integrated innovation center, the new training workshop combines several areas of DB Training: vocational training, funded education, innovation, design thinking (agile creative methods) and LEAN (operational excellence).

DB Academy is responsible for the qualification of about 7,900 executives and potential executives of DB Group. The portfolio offers executives training according to their individual career and development stages, enabling them to move between strategic areas of action at DB Group. We are constantly evolving our service offering. We are increasingly using elements from digital learning, agile methods and new learning formats and communication.

Training and development costs for employees[1] *(€ million)*	2019	2018	Change absolute	Change %	2017
Total	221	188	+33	+17.6	172
Per employee (FTE) (€)	1,052	942	+110	+11.7	883

[1] Germany, including vocational trainees and dual-degree students and including executives from 2019.

Training and continuing education days in customer-oriented job families *(days)*	2019	2018	2017
Per employee (FTE)	10.7	8.8	7.6

Germany (companies with about 79% of domestic employees).
Includes only training and development days in customer-oriented job families for permanent employees, excluding vocational trainees and dual-degree students.

The training and continuing education costs per employee increased as did the training days in comparison with the previous year.

SECURING NEW TALENT

Young professionals hired as permanent staff by type of training *(NP)*	2019	2018	2017
Vocational trainees	2,352	2,358	2,408
Dual degree students	169	201	220

Germany (companies with about 98% of domestic employees).
Hired after completion of training or dual degree studies.

Young people can complete training in over 50 apprenticeships in DB Group. DB Group's own vocational training and dual degree studies program are the foundation of our efforts to secure the recruitment of skilled employees. This is supplemented by the long-term job preparation program Chance plus for young people who need support in accessing the labor market.

DB Group also helped refugees to integrate in Germany beyond the workplace: the Social and Cultural Integration project (Soziale und kulturelle Integration; SUKI) started on June 1, 2019. We initiated the new phase of the project together with the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG), Stiftungsfamilie BSW& EWH (foundation partnership) and the social security fund. The integration-related actions offered as part of SUKI, which are carried out by Stiftungsfamilie BSW&EWH (and financed by the social security fund, complement DB Group's professional qualification programs for people with a refugee and migration background. The SUKI project team advises and helps participants overcome social and cultural barriers and encourages cohesion and integration within DB Group. The offer includes cultural training courses and workshops, the coordination of support networks, advice for individual cases and the provision of services and assistance.

The United Nation's Refugee Agency (UNHCR) invited us to the first Global Refugee Forum, which took place from December 16 to 18, 2019 in Geneva, in recognition of our long-term commitment to refugee integration.

In the year under review, there was particular focus on making qualified jobs and the development of digital learning formats fit for the future. We have also created and expanded services for supervising, supporting and engaging junior staff in different ways.

PERFORMANCE MANAGEMENT

The My Performance Management ("mein Performance Management") tool aims to support employees' professional and personal development to boost their personal performance for our customers. Regular feedback based on key questions from different perspectives and a well-structured presentation of results helps employees to compare how they see themselves versus how others see them, and encourages them to reflect on their working habits in a targeted manner. Regularly reviewing how each employee contributes to achieving objectives also shows the individuals and teams their strengths and areas to develop. The supervisor gives executives clear guidance on performance development once a year. In a one-to-one discussion, development prospects and measures, such as talent management and succession planning, are discussed and agreed upon together. In addition, a spontaneous feedback tool makes it possible to request and send feedback across all hierarchies at any time and, if the user so wishes, give visible recognition of their rating. "Pulse" feedback has been sent over 2,000 times since the system started rolling out for executives, with a total of over 3,000 commendations.

PLANNING OF NEW TALENTS

Strategic planning of new talents helps to identify succession risks at an early stage and to plan succession scenarios. The succession planning should increase quality and diversity in the candidate selection, and at the same time employees should be given more guidance for their professional development. In the year under review, succession planning involved about 400 roles within upper management. A pilot project was also conducted for about 50 roles within middle management.

Transformation

DIVERSITY

GRI 102-7

In Germany, about 211,000 employees (natural persons) from over 100 nations work for DB Group and about 49,000 of them are women. The share of employees in Germany of foreign birth or citizenship increased to 12.5% (previous year: 11.6%).

GRI 102-8

Employees by age as of Dec 31 (NP)	2019	2018	2017
< 30 years	28,986	27,351	25,593
30–49 years	89,092	85,605	82,596
≥ 50 years	89,037	87,936	86,227
Total	**207,115**	**200,892**	**194,416**

Germany (companies with about 98% of domestic employees).

The share of employees over 50 continues to be high (about 43%).

GRI 102-8

Management level by gender as of Dec 31 (NP)	2019	2018	2017
Supervisory Board	19.0	20.0	20.0
Share of women (%)	31.6	25.0	30.0
Senior executives	227	222	217
Share of women (%)	13.2	14.4	12.9
Upper management	993	959	920
Share of women (%)	17.9	17.7	16.6
Middle management	2,172	2,187	2,160
Share of women (%)	21.3	21.8	21.0
Executives (excluding the Supervisory Board) in total	**3,392**	**3,368**	**3,297**
Share of women (%)	19.8	20.1	19.2

Germany (companies with about 98% of domestic employees).

The share of women in management positions fell slightly in the year under review.

Employees with severe disabilities by age as of Dec 31 (NP)	2019	2018	2017
< 30 years	308	276	250
30–49 years	2,721	2,768	2,831
≥ 50 years	9,677	9,751	9,590
Total	**12,706**	**12,795**	**12,671**

Germany (companies with about 98% of domestic employees).
Includes employees and vocational trainees with severe disabilities or similar.

The employment rate of severely disabled employees in Germany is about 6%. In terms of the Group companies, about half are above the statutory quota of 5%, even in numerous areas that might not seem particularly suitable for employees with severe disabilities at first glance.

Employment conditions

COLLECTIVE AGREEMENTS

GRI 102-41

Employees by employee type as of Dec 31 (NP)	2019	2018	2017
Employees subject to collective bargaining agreements	177,286	169,494	161,609
Civil servants	19,087	21,113	22,982
Employees on individual contracts [1]	10,742	10,285	9,825
Total	**207,115**	**200,892**	**194,416**

Germany (companies with about 98% of domestic employees).

[1] The figures for employees on individual contracts primarily include executive employees (managers), employees paid above the wage agreement level (known as non-tariff employees) and employees with individual contractual agreements.

The working conditions for DB Group employees are oriented, in addition to country-specific regulations, primarily on collective bargaining agreements that have been concluded with the trade unions in the respective countries.

In principle the collective wage agreements apply to employees in Germany. The activities of civil servants in DB Group are based on statutory allocation under Art. 2 (12) of the Rail Restructuring Act (Eisenbahnneuordnungsgesetz). The same wage agreement provisions within DB Group therefore apply on this basis to civil servants, insofar as the legal regulations governing civil servants do not conflict with this.

Employees with collective agreements as of Dec 31 (NP)	2019	2018	Change absolute	Change %	2017
Employees with collective wage agreements	196,327	190,556	+5,771	+3.0	184,533
Share (%)	94.8	94.9	–	–	94.9

Germany (companies with about 98% of domestic employees).

The share of employees subject to collective bargaining agreements remains at a very high level.

EMPLOYMENT CONDITIONS

Further developments of the employment conditions for executives and employees not subject to collective wage agreements are being made continuously. DB Group's strategy is based on the remuneration policy and the structure of ancillary services.

Variable compensation will be consistent with the TOP TARGETS OF THE STRONG RAIL STRATEGY 74 F. from 2020. It was previously geared toward the top objectives of the sustainable DB2020+ strategy.

To improve compatibility of work and private life, executives and employees not subject to collective wage agreements are able to negotiate a sabbatical of up to six months. We also support the provision of part-time executive employment and interim management.

DB Group has launched the "Partial retirement for older employees and executives in DB Group" program. The purpose of the program is to reduce the individual workload and, simultaneously, maintain the employability of older executives until the statutory retirement age.

Social and fringe benefits

In addition to offering compensation that is fair and commensurate with performance, an attractive employer-financed company pension scheme and support for private provision, DB Group also offers a wide range of social and fringe benefits. The five major social partners – BSW, Bahn-Betriebskasse, Verband Deutscher Eisenbahner Sportvereine, DEVK-Versicherungen and

Sparda-Banken – offer benefits packages for our employees. In cooperation with BSW and AWO lifebalance, DB Group offers its employees various options for childcare. Up to 90 childcare places are available in the DB-owned facility Bahnbini in Frankfurt am Main, and 192 places are available in childcare facilities not owned by DB Group. During the summer vacation, the children of employees are able to take part in DB RasselBAHNde program at various DB sites. Parents also receive support from AWO lifebalance in their search for childcare options, emergency and vacation care services, as well as with the placing of au pairs and day care staff. Through AWO lifebalance, we also offer our employees extensive support in caring for relatives.

GRI 102-8

Balancing of a career and private life

Employees by working hours and gender as of Dec 31 *(NP)*	2019	2018	2017
Full-time	188,820	180,163	175,091
thereof women	36,122	34,078	32,665
Part-time	22,480	20,729	19,325
thereof women	13,072	12,340	11,827
Total	**211,300**	**200,892**	**194,416**

Germany (change of method starting in 2019: companies with 100% of domestic employees [previously about 98%]).

DB Group offers various part-time models. This supports a better balance between career and family.

Employees by contract type as of Dec 31 *(NP)*	2019	2018	2017
Permanent	200,392	190,770	185,149
thereof women	46,033	43,549	41,784
Temporary	10,908	10,122	9,267
thereof women	3,161	2,869	2,744
Total	**211,300**	**200,892**	**194,416**

Germany (change of method starting in 2019: companies with 100% of domestic employees [previously about 98%]).

The share of employees with permanent employment contracts in Germany remained very high at 95%.

Agency staff as of Dec 31 *(NP)*	2019	2018	2017
Total	3,458	3,751	2,893

Germany (companies with about 99% of domestic employees).

Measures against discrimination

DB Group is working hard to create a working environment without discrimination or harassment. Capable assistance for clarifying and processing conflict situations is available from the internal office of the ombudsman for all employees as well as HR staff, along with the rules in the Group Employer/Works Council Agreements (Konzernbetriebsvereinbarung; KBV), such as the KBV for equal treatment and protection against discrimination or the KBV for balancing work, family and background, as well as guidelines such as those of the Federal General Act on Equal Treatment (Allgemeines Gleichheitsbehandlungsgesetz), for operational integration management or compliance guidelines. The focus in all this is on non-bureaucratic and independent extrajudicial settlement of conflicts. The ombudsman also coordinates the internal pool of mediators, with over 170 mediators actively contributing. Actively engaging in conflicts and preventive efforts contribute to the further development of a constructive conflict culture, and so to a cooperative and positive corporate culture.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

Systematic occupational and health protection makes a vital contribution to the physical and mental health of employees, as well as the long-term success of the business. Our workplace safety policy is therefore designed to continuously decrease the number of accidents and the severity of accidents. A special focus of these efforts is on serious accidents at work – including accidents involving contractors and, in particular, when working in the vicinity of tracks. In the year under review, DB Netze Track held, among other initiatives, job training and FIT classes (which stands for technical information and training), with over 1,100 participants from departments in charge of rail operations, whose task it is to draw up safety plans for working in the vicinity of the tracks.

Due to the increasing digitalization within DB Group, new occupational health and safety measures were created, such as the implementation of guidelines on the use of mobile devices. Promoting good workplace health focused on two key areas: demographic change and mental health.

While the health rate of older employees has stabilized well and was overall better than in the previous year, we see absenteeism increasing disproportionately among young and newly recruited employees. We introduced measures specifically for this group of employees on this matter, such as an improved onboarding process.

On the topic of mental health, we developed and introduced a larger pilot project for depression self-help in the workplace with the "Peers at work" program, allowing employees with depression to be better supported in this way, too. The German association for psychiatry DGPPN presented its 2019 anti-stigma award to this project. In the meantime, the medical and psychological requirements for employees in rail operations have been completely revised, both in terms of content and the employees concerned. This reflects the changes in the world of work and the organization of work as well as within the safety systems within DB Group. Together with the Bahn-Betriebskrankenkasse, several DB Group companies were certified with the German Seal for Corporate Health, receiving a good rating for their integrated corporate health management. The statutory accident insurance scheme for Federal agency and railway staff (Unfallversicherung Bund und Bahn; UVB) supported us in introducing a standardized procedure across the Group for conducting risk assessments on psychological stress. The German pension fund Knappschaft-Bahn-See (KBS) also offers special inpatient prevention services for DB employees.

Health rate *(% based on hours)*	2019	2018	2017
DB Long-Distance	93.3	93.2	93.4
DB Regional	92.1	92.0	92.2
DB Cargo	92.9	92.6	92.7
DB Netze Track	94.4	94.3	94.5
DB Netze Stations	93.5	93.2	93.4
DB Netze Energy	95.8	95.7	95.6
Other	93.7	93.6	93.6
DB Schenker	93.3	93.4	93.3
DB Group	**93.5**	**93.3**	**93.4**

Germany (companies with about 97% of domestic employees).

The health rate increased slightly compared to the previous year.

Occupational accidents and LTIF	2019	2018	2017
Fatal accidents [1]	7	6	8
thereof in Germany [2]	5	4	7
Lost time injury frequency (LTIF) [2),3)]	25.0	24.4	25.2

1) Worldwide (companies with about 98% of employees).

2) Germany (companies with about 97% of domestic employees).

3) Non-attendance days due to occupational accidents per 1,000,000 insured work hours. LTIF-related absences of more than one calendar day.

DB Group is aware of its responsibility with regard to occupational health and safety. Compliance with internal standards and national laws serve to protect employees. A safe work environment as well as healthy and motivated employees contribute to the Group's success. Various qualification measures, such as Web conferences, workshops and specialist conferences on occupational health and safety, were introduced in each Group company by occupational health and safety specialists with the objective of further improving safety and awareness among executives and employees. The DB Netze Track poster campaign continued with two new designs to promote the use of personal protective equipment (persönliche Schutzausrüstung; PSA) and help prevent slips, trips and falls. In addition, in the year under review, there was substantial improvement in the quality standards for procuring PSA and in the process for selecting new PSA within Group companies thanks to effective optimization measures in procurement.

The LTIF workplace safety key figure in Germany lies slightly above the previous year's level. Preparations for reporting worldwide LTIF were also further promoted. Group-wide and cross-functional cooperation on occupational health and safety will continue to be improved in 2020 to guarantee high-quality preventive measures in workplace health and safety within DB Group.

GRI 102-43

Most employees represented by occupational safety committees

In Germany, companies with more than 20 employees are legally required to have an occupational health and safety committee (Arbeitsschutzausschuss) (section 11, German Occupational Safety Act – Arbeitssicherheitsgesetz). The key here is how the operation is defined (production facility, branch, "Wahlbetrieb" for works council election purposes). The majority of DB Group companies in Germany fall under this category with more than 20 employees, so the majority of all employees (more than 75%) are represented in occupational health and safety committees.

Number of employees and employee structure

Employees as of Dec 31 (NP)	2019	2018	Change absolute	Change %	2017
DB Long-Distance	18,370	17,626	+744	+4.2	17,058
DB Regional	38,462	37,879	+583	+1.5	37,519
DB Cargo	29,998	29,311	+687	+2.3	28,771
DB Netze Track	50,107	48,143	+1,964	+4.1	46,489
DB Netze Stations	6,595	6,187	+408	+6.6	5,769
DB Netze Energy	1,829	1,789	+40	+2.2	1,768
Other	58,131	56,526	+1,605	+2.8	54,531
Integrated rail system	**203,492**	**197,461**	**+6,031**	**+3.1**	**191,905**
DB Arriva	55,283	55,327	-44	-0.1	56,848
DB Schenker	79,136	78,780	+356	+0.5	74,628
DB Group	**337,911**	**331,568**	**+6,343**	**+1.9**	**323,381**

The number of employees in DB Group was up compared to the end of the previous year as of December 31, 2019. At the business unit level, the number of employees increased in particular at DB Netze Track in maintenance and construction projects and operations as well as in Subsidiaries/Other, mainly at DB AG and DB Vehicle Maintenance, as well as through the expansion of innovative areas at DB Systel. The number of employees also increased at DB Long-Distance, DB Regional and DB Cargo.

Employees by regions as of Dec 31 (NP)	2019	2018	Change absolute	Change %	2017
Germany	211,300	205,041	+6,259	+3.1	197,985
Europe (excluding Germany)	96,901	96,465	+436	+0.5	97,307
Asia/Pacific	16,980	16,885	+95	+0.6	16,046
North America	9,390	9,798	-408	-4.2	9,055
Rest of world	3,340	3,379	-39	-1.2	2,988
DB Group	**337,911**	**331,568**	**+6,343**	**+1.9**	**323,381**

The number of employees worldwide also increased as a result of the sharp increase in Germany. The share of employees outside Germany is almost unchanged at about 37% (as of December 31, 2018: about 38%).

NEW HIRES

New hires by gender as of Dec 31 (NP)	2019	2018	2017
<30 years	8,693	8,085	6,501
Share of women (%)	28.8	31.4	32.1
30-49 years	10,922	9,909	7,318
Share of women (%)	21.9	23.2	23.6
≥ 50 years	3,143	2,821	2,245
Share of women (%)	20.4	22.0	20.7
DB Group	**22,758**	**20,815**	**16,064**

Germany (companies with about 98% of domestic employees).

This does not include the acceptance or hiring of vocational trainees and dual degree students.

The number of newly hired employees in Germany rose significantly once again. It is still important to develop and retain existing employees in the long term.

EMPLOYEE TURNOVER

Employee turnover (NP)	2019	2018	2017
Retirement-related turnover	3,212	2,883	3,141
thereof women	692	570	650
Other employee turnover	10,043	8,524	7,144
thereof women	2,129	1,732	1,711
Total	**13,255**	**11,407**	**10,285**

Germany (companies with about 98% of domestic employees).

The figures indicate non-restructuring-related turnover of permanent employees. Part-time working in the lead-up to retirement is also included in retirement-related employee turnover.

Employee turnover (%)	2019	2018	2017
Retirement-related turnover	1.5	1.4	1.6
thereof women	1.5	1.2	1.5
Other employee turnover	4.8	4.2	3.7
thereof women	4.5	3.8	3.9
Total	**6.3**	**5.7**	**5.3**

Germany (companies with about 98% of domestic employees).

The figures indicate non-restructuring-related turnover of permanent employees. Part-time working in the lead-up to retirement is also included in retirement-related employee turnover.

Turnover increased at a low level.

Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information[1)]

To Deutsche Bahn AG, Berlin

We have performed a limited assurance engagement on the disclosures in the sections "To our stakeholders – Sustainability management" and "Notes to Sustainability" of the Integrated Report of Deutsche Bahn AG, Berlin (hereinafter: "the Company"), for the period from 1 January to 31 December 2019 (hereinafter: "Report").

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: "GRI-Criteria").

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer:" "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the disclosures in the Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January 2019 to 31 December 2019 has not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Inspection of the documentation of the internal control system for the reporting of selected performance indicators and the control documentation
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Site visits and interviews regarding the following business units/sites
  - DB Energie GmbH, Frankfurt am Main
  - Central units on group level, Berlin
- Analytical evaluation of selected disclosures in the Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

ASSURANCE CONCLUSION

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January 2019 to 31 December 2019 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Berlin, March 4, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink — p.p. Robert Prengel
Wirtschaftsprüfer
(German Public Auditor)

[1)] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the sections "To our stakeholders – Sustainability management" and "Notes to Sustainability" of the Integrated Report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Additional information

GRI

GRI Content Index

102-54
102-55

This Integrated Report was produced in accordance with the GRI international standards in the core reporting option.

GRI standards *(core option)*		**Degree of fulfillment**	**Page**
GRI 102: GENERAL DISCLOSURES			
1. ORGANIZATIONAL PROFILE			
102-1	Name of the organization	●	58
102-2	Activities, brands, products and services	●	58–64, 65–67
102-3	Location of headquarters	●	58
102-4	Location of operations	●	58, 65–67
102-5	Ownership and legal form	●	59
102-6	Markets served	●	58–59, 65–67, 116–119, 135, 154–155, 161–162
102-7	Scale of the organization	●	58, 65–67, 265
102-8	Information on employees and other workers	◒	98, 265, 266
102-9	Supply chain	●	115, 260–261
102-10	Significant changes to the organization and its supply chain	●	260–261
102-11	Precautionary principle or approach	●	170–175
102-12	External initiatives	●	52, 53, 164
102-13	Membership of associations	●	53, 67, 68, 164
2. STRATEGY			
102-14	Statement from senior decision maker	●	35–38
3. ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behavior	●	44–50, 51, 52–53, 53–55, 60–64, 64–65, 256–258, 271
4. GOVERNANCE			
102-18	Governance structure	●	41–43, 44–50, 58–64
5. STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	●	54
102-41	Collective bargaining agreements	●	97, 265
102-42	Identifying and selecting stakeholders	●	53
102-43	Approach to stakeholder engagement	●	51, 52, 53, 55, 97, 259, 267
102-44	Key topics and concerns raised	●	54
6. REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	●	241–248
102-46	Defining report content and topic boundaries	●	51
102-47	List of material topics	●	51
102-48	Restatements of information	●	101, 191–192, 192–194
102-49	Changes in reporting	●	51
102-50	Reporting period	●	256
102-51	Date of most recent report	●	256
102-52	Reporting cycle	●	256
102-53	Contact point for questions regarding the report	●	Cover
102-54	Claims of reporting in accordance with the GRI standards	●	256, 270–271
102-55	GRI Content Index	●	270–271
102-56	External assurance	●	256

GRI standards *(core option)*		Degree of fulfillment	Page
GRI 103: MANAGEMENT APPROACH			
103-1-3	General requirements for reporting the management approach	●	77, 82–84, 87, 89, 90, 92–93, 107–108, 256, 257–258, 258, 259
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	●	101–105, 187, 196–203
201-2	Financial implications and other risks and opportunities due to climate change	●	89, 175
GRI 203: INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	●	112–114, 136–140, 236
GRI 301: MATERIALS			
301-1	Materials used by weight or volume	●	262
301-2	Recycled input materials used	●	262
GRI 302: ENERGY			
302-1	Energy consumption within the organization	●	88, 89
302-3	Energy intensity	●	88
302-4	Reduction of energy consumption	◒	88, 89
302-5	Reductions in energy requirements of products and services	●	88
GRI 305: EMISSIONS			
305-1	Direct (scope 1) GHG emissions	●	261
305-2	Energy indirect (scope 2) GHG emissions	●	261
305-3	Other indirect (scope 3) GHG emissions	●	261
305-4	GHG emissions intensity	●	88
305-5	Reduction of GHG emissions	●	87-89
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	●	262-263
GRI 306: EFFLUENTS AND WASTE			
306-2	Waste by type and disposal method	●	90
GRI 307: ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	●	263

● Fulfilled.
◒ Partially fulfilled.
○ Not fulfilled.

UN Global Compact Index

GRI 102-16

The UN Global Compact is the largest and most important initiative in the world for responsible corporate management. Upon joining the UN Global Compact in 2009, DB Group made a commitment to support its ten principles, and regularly reports on its activities and services in a Communication on Progress.

		Page
HUMAN RIGHTS		
Principle 1	Support and respect for international human rights	51–56, 257–258, 260–261
Principle 2	Exclusion of human rights abuses	257–258, 260–261
LABOR STANDARDS		
Principle 3	Preserving freedom of association and law on collective bargaining	95–97, 257–258, 265–266
Principle 4	Elimination of all forms of forced labor	257–258, 260–261
Principle 5	Elimination of child labor	257–258, 260–261
Principle 6	Elimination of discrimination	52–56, 96–98, 147, 265–266
ENVIRONMENTAL PROTECTION		
Principle 7	Preventive environmental protection	51–55, 71–75, 86–91, 151, 261–264
Principle 8	Initiative for greater environmental awareness	51–55, 71–75, 86–91, 122, 127, 132, 143, 147–148, 151, 157–158, 164, 176, 261–263
Principle 9	Development and dissemination of eco-friendly technologies	51–55, 86–91, 120–122, 126–127, 131–132, 139, 143, 147–148, 149–151, 164, 261–264
ANTI-CORRUPTION		
Principle 10	Measures against corruption	53–54, 256–257, 260–261

Glossary

A

Accessibility
Understood as universal design, meaning a design of products, environments, programs and services in such a way that they can be used by all people. Accessibility at train stations refers to a wide range of aspects, from information and services to the structural design. The overall objective is to dismantle all attitude-based and environmental barriers that prevent passengers from full, effective and equal participation in the rail system.

Airborne pollutants
Air pollution that can have a detrimental effect on the environment. An airborne pollutant can be caused naturally or by people, for example nitrogen oxides or sulphur oxides.

B

Bond
Interest-bearing security which is used to borrow funds on the capital market. Helps mid- to long-term debt financing by companies.

Bus kilometers (bus km)
The journey of a bus over a distance of 1 km.

C

Capacitity utilization
How much of possible capacity is actually used.

Capital employed
Includes property, plant and equipment (including intangible assets) and the net current assets.

Carbon Disclosure Project (CDP)
An international organization which runs a global disclosure system for investors, companies, cities, countries and regions, to measure and control their environmental impacts. It is now the world's largest emissions register for business-related greenhouse gas emissions.

Clean Cargo Working Group (CCWG)
Working Group made up of the large cargo ship shipping companies and logistics firms (including DB Schenker) to improve the emissions of cargo ships at sea.

Climate
The entirety of the meteorological events (for example temperature, precipitation, wind), which describe the average condition of the atmosphere at a certain location for a duration of at least 30 years.

CO_2 equivalents (CO_2e, greenhouse gas emissions)
Gases that affect climate change, such as methane and nitrous oxide, which are converted into CO_2 based on their equivalent climate impact.

Combined transport
Combined transport of containers or entire trucks on rail and road.

Commercial paper program (CP program)
Contractual framework or model documentation for the issue of short-term obligations.

Compliance
An important component of corporate governance. This is understood as compliance with laws and directives, as well as voluntary codes of conduct in the company.

Contract logistics
Service packages comprising multiple logistics activities. The service provider not only organizes transport orders, but also independently assumes parts of the value-added chain.

Contracting organization
In general, the Federal states that order regional rail passenger transport services from transport companies. This is carried out by a total of 27 different public transport authorities.

Costs of capital
Based on fair values as a weighted average of risk-adequate market returns for the minimum return requirement calculated for debt and equity capital.

Credit facilities
Credit facilities granted by banks which can be utilized if necessary. These are firm commitments of credit lines with different maturities, some of which serve as liquidity reserves that are available at all times, while the umbrella credit lines are available in particular to foreign subsidiaries for working capital financing and as a guarantee line.

Credit rating
Classification of creditworthiness provided by rating agencies which impacts the refinancing options and expenses of a company.

Customer satisfaction
Satisfaction of customers and partners with a product/offer or a service, surveyed on a representative basis and evaluated on behalf of DB Group by independent market research institutes by telephone, in person or online.

Customer satisfaction index
Index generally rated on a grading scale of 1 (very satisfied) to 6 (very dissatisfied). These grades are converted and shown on a scale of 1 to 100: (0 points = grade 6; 20 points = grade 5; 40 points = grade 4; 60 points = grade 3; 80 points = grade 2; 100 points = grade 1).

D

DBeco plus
Service for rail freight transport customers to have their goods transported without CO_2 emissions on all electrified lines within Germany and Austria.

DB traction current
Electric traction current, with which DB Netze Energy Group's intra-Group train operating companies are powered in Germany.

Debt coverage
Key financial indicator that describes the relationship between the current financial strength and the financial obligations of the company (adjusted net debt).

Debt issuance program
Contractual framework or model documentation for the issuance of bonds. This guarantees a high degree of flexibility in issuing activity.

Derivative financial instruments (derivatives)
Financial instruments, the price or value of which depends on the future rates or prices of other goods, assets or reference values (interest rates, indices). These are contracts in which the contracting parties agree to buy, sell or swap assets at specified conditions in the future, or alternatively make value equalization payments.

Diversity
Refers to the variation within the workforce with regard to gender, ethnicity and social background, age, religion, sexual orientation and identity, as well as physical and mental ability. Diversity also encompasses employees' variety of perspectives, values, professional experience and skills.

E

Earnings before interest and taxes (EBIT)
Operating profit before interest and taxes.

Earnings before interest, taxes, depreciation and amortization (EBITDA)
Operating profit before interest, taxes, depreciation and amortization.

Ecosystem (digital)
Ecosystems are networks of partners who work on common (or competing) value-added chains for a value proposition. In partnership-based value chains, the created value exceeds the sum of the isolated value-added chains, for example, through a simple and better customer experience or increased efficiency in production.

EcoVadis
EcoVadis is the operator of a collaborative platform that provides sustainability ratings for suppliers within global supply chains. The EcoVadis method comprises 21 criteria from the four areas: environment, fair labor and human rights, ethics and sustainable procurement.

Employee satisfaction index
As part of the Group-wide employee survey conducted every two years, the index is calculated using questions about motivation, job satisfaction and (emotional) loyalty to the company on a scale from 1 to 5 (best possible value).

Employer attractiveness
Measured as a weighted average of the employer ranking in the main target groups, as determined by trendence – Europe's leading research institute in employer branding, HR marketing and recruiting.

Employee survey
This has been conducted within DB Group, across the entire Group, every two years since 2012. The objective of the employee survey is to give the individual teams, divisions, business units and the entire Group a valid assessment on various organizational framework conditions. Another objective of the survey is the subsequent improvement processes, which are triggered by the discussion of the results.

Energy mix
Composition of electricity broken down by type of energy generation (for example renewable energy, gas and other).

Equity method/at-equity accounting
Procedures for the accounting of subsidiaries which are not included in the consolidated financial statements on the basis of full consolidation with all equity and liabilities. The book value of the affiliated company is adjusted by the development of the pro rata equity in the holding.

Equity ratio
Key financial indicator based on the balance sheet structure: proportion of equity in the balance sheet total as a percentage.

ETCS
Europe-wide, standardized train control system. The migration to ETCS affects both the infrastructure and the vehicles. ETCS can be realized on several levels, which depend, among other things, on the rail infrastructure and the desired speed.

Evaluation of facilities quality
To ensure maintenance funds are used according to demand and to assess improvements stemming from implemented measures, the condition of structural and technical facilities undergo periodic and event-based evaluations.

Existing network
Existing rail network and therefore core of the infrastructure.

F

Final energy
The energy form for which an end consumer receives an invoice, fo example the quantity of fuel added or the traction current obtained.

Floating rate note (FRN)
Bond with a variable interest rate.

G

Gearing
Key financial indicator which, as a structural indicator, describes the ratio of net financial debt to equity as a percentage.

German Sustainability Code
Provides a framework for the reporting of non-financial performance which can be used by organizations and companies of any size and legal form.

Global Reporting Initiative (GRI)
An international organization which is committed to the dissemination and improvement of sustainability reporting. The GRI guidelines are regarded as the most widely used and most internationally recognized reporting standard for sustainability.

Greenhouse Gas (GHG) Protocol
A globally recognized standard for the qualification and management of greenhouse gas emissions which is used by many companies, non-governmental organizations (NGOs) and governments.

Gross capital expenditures
Overall capital expenditures made in property, plant and equipment and intangible assets regardless of the type of financing.

Gross profit
Amount of revenue remaining after deduction of the variable (= sales-related) costs or direct (= contract-related) costs.

H

Health rate
Shows the share of labor that is not lost due to illness in relation to the overall labor and therefore only includes employees who are still paid a salary.

Hybrid bond
A corporate bond that is credited as equity under certain requirements within the framework of the IFRS accounting regulation. As a rule, hybrid bonds have very long maturities or no fixed repayment amount, but can be terminated by the issuer after a defined minimum term has elapsed.

Hydrocarbons (NHMC)
These are found in, for example, crude oil, natural gas or coal. Their emissions are regarded as harmful to the environment.

I

IFRS 16
An accounting rule of the International Accounting Standards Board (IASB), which obligates listed companies balanced in accordance with IFRS, to record all lease agreements with a contract term of more than one year in their balance sheets. The IFRS 16 replaces the IAS 17 and the interpretations IFRIC 4, SIC 15 and SIC 27.

Intermodal competition
Competition between different modes of transport, for example between rail and air transport.

International Financial Reporting Standards (IFRS)
Internationally recognized accounting standard. Since 2002, IFRS has been regarded as the overall concept of standards adopted by the International Accounting Standards Board. Previously adopted standards are still cited as International Accounting Standards (IAS).

Interoperability (multi-system capability)
Ability to adapt rolling stock to different technical standards (for example track gauges or power systems) and therefore to run as seamlessly as possible between different rail networks in individual countries.

Interest-free loans
Loans from the Federal Government that have to be repaid, but are not interest-bearing. These result from financing contributions from the Federal Republic for capital expenditures for track expansion and replacement.

Intramodal competition
Competition within a mode of transport, for example within the railway sector.

Investment grants
Financing contributions from third parties in specified capital expenditure projects without future repayment requirements.

ISO 14064
International Standard, here: Part 1: Specification with guidance on the quantitative classification and reporting of greenhouse gas emissions and the removal of greenhouse gases at an organizational level.

ISS ESG
Since March 2018 Oekom Research has been part of Institutional Shareholder Services (ISS). ISS ESG produces, among other things, research and ratings on companies and countries.

K

K brake shoe
Brake shoe made from composite materials (K), see also L brake shoes.

L

LL brake shoe
Brake shoe made from composites (LL: low noise, low friction), see also V brake shoe.

Local transport
Transport services with the products IRE, RB, RE and S-Bahn (metro).

Long-distance transport
Transport services with the products ICE and Intercity/EC.

Lost time injury frequency (LTIF)
Describes the relationship between accident frequency and hours actually worked based on one million working hours.

M

Mode of transport
Transport medium such as road or rail.

MSCI ESG ratings
MSCI ESG Research is a global provider of sustainability analyses and ratings. MSCI ESG ratings are aimed at measuring the resilience of a company against long-term, financially relevant ESG risks.

N

Net capital expenditures
Gross capital expenditures minus investment grants from third parties, for example for infrastructure capital expenditures.

Net financial debt
Balance from interest-bearing external liabilities and leasing liabilities as well as cash and cash equivalents and interest-bearing external receivables.

Nettable plan assets
Assets that are netted against total pension obligations on the balance sheet.

Noise
Noise which disturbs people and the environment or is damaging to health.

Noise barrier
System of active noise abatement on rail lines, mostly made from materials such as aluminum, wood, concrete. New noise barriers are walls made from wire baskets filled with stones (gabions).

Noise prevention
Legal claim to noise remediation measures on new construction and expansion lines.

Noise reduction
Reduction of noise with active measures at the source (for example whisper brakes on freight cars) and to stop the spread (for example noise barriers), and passive noise remediation measures (for example soundproof windows).

Noise remediation program
Voluntary program of the Federal Government implemented by DB Group to reduce the noise on existing rail lines.

O

On-demand services
Services that are provided to the customer when they need and request them.

Operating income after interest
Profit figures that includes financing costs to assess profits in the long term (particularly relevant for infrastructure business units). Therefore, in comparison with EBIT, the net operating interest is also taken into account.

Overall punctuality
Covers all rail transport on DB Netz AG infrastructure at DB Netze Track.

P

Particles
Tiny portions of matter, right down to the smallest traces, such as dust or soot.

Passenger kilometers (pkm)
Unit of measurement for the volume sold in passenger transport: product of the number of passengers transported and the average travel distance.

Percentage of staffing needs covered
Represents the number of active staff, including part-time employees, trainees and dual degree students converted in full-time employees, divided by the full-time staffing requirements, trainees and dual-degree trainees.

Preferred carrier
Key transport partner (freight carrier) of our logistics provider DB Schenker.

Primary energy
Energy which is available in its original energy form or source, such as coal, natural gas, sun, wind and nuclear fuel.

Punctuality
Share of on-time stops in relation to all stops along and at the end of routes in Germany. A stop is considered punctual if the scheduled arrival time was exceeded by less than six minutes for passenger transport or less than 16 minutes for freight transport.

Procurement volume
Net total of all order values from individual orders and batches from framework agreements that were concluded by the respective product areas.

R

Renewable energies
Energy from sources that are theoretically unlimited in supply, such as water, wind or sunlight.

Renewable Energy Sources Act
German law to promote the supply of electricity from renewable energy.

Requirement plan
New construction and expansion lines integrated in the Federal Transport Infrastructure Plan.

Resource
Aid, fund, reserve, raw material.

Return on capital employed (ROCE)
Key performance indicator for value-based management. Equals the return on the capital employed for business operations. Percentage ratio of (adjusted) EBIT to the capital employed.

S

Satisfaction index
Index rated, in general, on a grading scale of 1 (very satisfied) to 6 (very dissatisfied). These grades are converted and presented on a scale from 0 to 100: (0 points = grade 6; 20 points = grade 5; 40 points = grade 4; 60 points = grade 3; 80 points = grade 2; 100 points = grade 1).

Scope of consolidation
Group of subsidiaries of a group, which are included in the consolidated financial statements.

Scope 1–3 (in accordance with GHG)
As part of carbon accounting based on the Greenhouse Gas (GHG) Protocol, emissions are divided into three scopes. For DB Group: Scope 1 = greenhouse emissions from our own vehicles with combustion drives, Scope 2 = traction current supply, Scope 3 = third-party emissions from business relationships, such as transport services of our subcontractors. Due to our business model, we report on the main transport-related emissions within Scope 3.

Senior bond
Bond that is operated in the event of insolvency before other issued bonds of the same company with a lower rank (for example hybrid bonds) and therefore has a higher level of security, but also a lower interest rate.

Soot particles
Dust-like emissions arising from the combustion of diesel fuels. Diesel emissions also include particulate matter.

Specific
Relative to a specific (reference) size, for example based on the volume sold.

Stakeholders
Interest groups and representatives.

Stationary facilities
Buildings and facilities such as plants and train stations.

Station pricing system
Transparent and non-discriminatory pricing system for the use of passenger stations. The level of station prices depends largely on the performance level and level of equipment at the respective station.

Supply chain
The stages of production illustrated as an orderly sequence of activities. These activities add value, consume resources and are connected with each other in processes.

Supply reliability
Measure of the reliability of the energy supply. Can also be used for sub-areas, such as supply security of the energy supply in Germany or the energy supply of rail operations.

Sustainability
Guiding principle for the compatibility of environmental, social and economic objectives for sustainable and generationally compatible development.

Sustainable development goals (SDG)
Political targets set by the United Nations with a view to ensuring sustainable development on an economic, social and ecological level. The goals took effect on January 1, 2016, and run until 2030, applying to all member states.

Sustainalytics
Service provider specializing in the analysis and assessment of the companies' performance in the field of sustainability.

Swap
The basic concept for financial instruments that involve the exchange of future cash flows. This allows financial risks (interest, currencies, raw materials) to be hedged in a targeted manner.

T

Ton kilometers (tkm)
Measurement for volume sold in freight transport: product of the freight carried (tons) and the distance travelled (kilometers).

Traction
Propulsion to move trains. Depending on the energy source, drive unit and power transmission, a distinction is made, among other things, between electric, diesel electric and diesel hydraulic traction. Traction units that, in addition to electric traction, also have diesel-assisted traction are also referred to as hybrid vehicles.

Traction current mix
Composition of the traction current of all train operating companies in Germany supplied by DB Netze Energy (in addition to other suppliers) through the traction current grid.

Train kilometers (train km)
Equal to the journey of a train over a distance of 1 km.

Train path
The share of the rail track capacity that is required for a train to be able to travel between two places in a set time.

Train-path kilometers (train-path km)
See Volume produced.

Train-path pricing system (TPS)
Fee system of DB Netz AG including the train-path use by customers (in particular those of train operating companies) depending on the relevant market segments and the train-path kilometers traveled.

Transport contract
Agreement between the contracting organization and train operating company on the provision of regional passenger transport services.

U

United Nations Global Compact
The world's largest initiative for responsible corporate management. On the basis of its ten universal principles, it pursues the vision of an inclusive and sustainable global economy to the benefit of all people, communities and markets, today and in the future.

Utilization
Real proportion used of the possible capacity.

V

V brake shoe
Brake shoe made from composites (V) which halves the rolling noise of freight cars. Collective term for K and LL brake shoes.

Vegetation control
Checking and cutting / removing vegetation in and on the tracks using mechanical and chemical (only in the immediate vicinity of the tracks) procedures.

Volume produced
Distance covered by train operating companies on the rail network. Unit of measurement: train-path kilometers (train-path km).

Volume sold
Key performance indicator measuring the service provided in passenger and freight transport. Units of measurement: passenger kilometers (pkm), ton kilometers (tkm).

W

Well-to-wheel (WTW)
Method for calculating emissions considering the entire chain of effects from the extraction and provision to the conversion of energy (in vehicles or facilities).

Whisper brake
See K and LL brake shoe.

List of abbreviations

A

AEG General Railways Act
AI Artificial Intelligence
Agv MoVe Mobility and Transport Services Association
AktG Stock Corporation Act
ATO Automatic train operation
AUD Australian dollar

B

bbl Barrel
BEV Federal Railroad Fund
BGB German Civil Code
BGH German Federal Supreme Court
BilMoG German Accounting Law Modernization Act
BIM Building information modeling
BMF Federal Ministry of Finance
BMVI Federal Ministry of Transport and Digital Infrastructure
BNetzA Federal Network Agency
BSW Stiftung Bahn-Sozialwerk (foundation for DB employees)
BSWAG Federal Rail Infrastructure Extension Act
Bus km Bus kilometers
BUV Requirement Plan Implementation Agreement
BVWP Federal Transport Infrastructure Plan

C

CCWG Clean Cargo Working Group
CEF Connecting Europe Facility
CER Community of European Railway and Infrastructure Companies
CGU Cash-generating unit
CHF Swiss francs
CMS Compliance Management System
CO_2 Carbon dioxide
CO_2e CO_2 equivalent
COSO Committee of Sponsoring Organizations of the Treadway Commission
CSA Credit Support Agreements
CSR Corporate Social Responsibility
CSR-RUG CSR Directive Implementation Act
CTA Contractual Trust Arrangement
Cvkm Commercial vehicle kilometers

D

DB AG Deutsche Bahn AG
DB DV Deutsche Bahn Digital Ventures
DB E&C DB Engineering&Consulting GmbH
DB Finance Deutsche Bahn Finance GmbH
DB Group Deutsche Bahn Group
DGCN German Global Compact Network
DNK German Sustainability Code
DSD Digital Rail for Germany
DSTW Digital interlocking

E

EAV Profit and loss transfer agreement
EBA Federal Railway Authority
EBIT Earnings before interest and taxes
EBITDA Earnings before interest, taxes, depreciation and amortization
ECB European Central Bank
ECJ European Court of Justice
EDIP European Debt Issuance Program
EEG Renewable Energy Sources Act
ERegG Railway Regulation Act
ESTW Electronic interlocking
ET Electric multiple unit
ETCS European Train Control System
EU European Union
EVG Railway and Transport Workers Union

F

FRN Floating rate note
FS Ferrovie dello Stato (Italian state-owned railway)
FTE Full-time employees

G

GBP British Pound Sterling
GDL German Train Drivers' Union
GDP Gross domestic product
GDPR General Data Protection Regulation
GRI Global Reporting Initiative
GVFG Municipal Transport Financing Act
GWh Gigawatt hour

H

HGB German Commercial Code
HGV High-speed transport

I

ICE Intercity Express
ICS Internal control system
IFRS International Financial Reporting Standards
ISO International Organization for Standardization
IT Information technology

K

KBS Social insurance for railway workers and seafarers (Knappschaft-Bahn-See)
KBV Group Employer/Works Council Agreement
KonTraG Corporate Sector Supervision and Transparency Act
kWh Kilowatt hour

L

LaTPS Noise-based train-path pricing system
LTI Long-term incentive
LTIF Lost time injury frequency
LuFV Performance and Financing Agreement

M

m^2 Square meters
MaRisk Minimum requirements for risk management
MitbestG Co-Determination Act
MJ Megajoule
MRR Minimum required rate of return
MWh Megawatt hour

N

NABU Nature and Biodiversity Conservation Association (Naturschutzbund Deutschland e.V.)
NFE Non-financial declaration
NOK Norwegian krone
NOx Nitrogen oxide emissions
NP Natural persons
NS Nederlandse Spoorwegen N.V. (Dutch state-owned railway)

P

P Passengers
PCGK Federal Public Corporate Governance Code
Pkm Passenger kilometers
PKP Polskie Koleje Państwowe (Polish state-owned railway)
PwC PricewaterhouseCoopers

R

RB Regional railway
RegG Regionalization Act
RENFE Red Nacional de los Ferrocarriles Españoles (Spanish state-owned railway)
RIC Rail infrastructure company
RMS Risk management system
ROCE Return on capital employed

S

SBB Swiss Federal Railways
SDGs Sustainable development goals
SI Satisfaction index
SNB Rail network conditions of use
SNCF Société Nationale des Chemins de fer Français (French state-owned railway)
SO_2 Sulfur dioxide emissions
S&P S&P Global Ratings
SPS Station pricing system

T

T Thousand
t Ton
TEN Trans-European Networks
TEU Twenty-foot equivalent unit
tkm Ton kilometers
TOC Train operating company
TPS Train-path pricing system
Train km Train kilometers
Train-path km Train-path kilometers

U

UIC International Union of Railways
UNGC United Nations Global Compact
USD US dollar

V

V brake shoe Composite brake shoes
VDE German unification transport projects
VDV Association of German Transport Companies

W

WACC Weighted average cost of capital
WiFi Wireless local area network
WpHG Securities Trading Act

Z

ZIP Future Capital Expenditures Program

GRI 102-53

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This Integrated Report and the Annual Financial Statements of Deutsche Bahn AG, the Annual Reports of DB Fernverkehr AG, DB Regio AG, DB Station&Service AG and DB Netz AG (only available in German) as well as up-to-date information are also available on the Internet.

The 2019 Integrated Report (in German) was published on March 26, 2020 and is available on the Internet at WWW.DB.DE/IB-E.

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DB SERVICE NUMBER

Our service number +49-180-6996633 gives you direct access to all of our telephone services. These services include our Group-wide general information phone number, schedule information and booking of train tickets, our customer dialog and our frequent traveler system (BahnCard).

The following charges apply: calls from the German fixed-line network cost 20 ct/call; calls from the German cell phone network cost 60 ct/call at most.

Leisure and business travelers can find ANSWERS TO FREQUENTLY ASKED QUESTIONS and FURTHER CONTACT DETAILS online.

SOCIAL MEDIA

DB Group

DB Group has an extensive presence on various social media channels: Facebook, Instagram, YouTube, SnapChat, Foursquare, and Twitter.

Passenger transport

Our passenger transport team is available on various social media channels for conversations, discussions and for service and product questions. Find us on: Facebook, Instagram, YouTube and Twitter.

Financial calendar

JULY 23, 2020
Interim Results Press Conference, publication of the Integrated Interim Report January–June 2020

MARCH 25, 2021
Annual Results Press Conference, publication of the 2020 Integrated Report

SUSTAINABLE PRODUCTION

Paper from certified sustainable production. The printing company is certified according to FSC and PEFC standards. Each year, suitable audits are performed to review compliance with the strict rules in place for handling certified paper.

FSC www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C016267

Mineral-oil-free printing inks. This report was printed using mineral-oil-free inks based on renewable raw materials.

Conserving resources. Using no-process printing plates saves on development, cleaning and rubberizing after exposure. Chemicals and fresh water are no longer used to wash the printing plates, and power consumption is reduced.

Energy-efficient printing. An energy management strategy has been implemented at the printing company and an energy audit was carried out in accordance with DIN EN 16247-1.

Imprint

Edited by: Deutsche Bahn AG, Investor Relations, Berlin
Design and typesetting: Studio Delhi, Mainz
Proofreading: AdverTEXT, Düsseldorf
Lithography: Koch Prepress GmbH, Wiesbaden
Printing: W. Kohlhammer Druckerei GmbH + Co. KG, Stuttgart
Photography and consulting: Max Lautenschläger, Berlin

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