INFORMATION REGARDING THE CHANGES IN FINANCIAL LIABILITIES (IAS 7)

€ million	As of Jan 1, 2021	Cash-effective changes (inflow [+]/ outflow [–])	Non-cash-effective changes: Acquisition (+)/ sale (–) of companies	Currency effects	Addition (+)/ disposal (–) of leasing liabilities and financial receivables [1]	Compounding [1]	As of Dec 31, 2021
Financial receivables [1]	- 856	187	–	–	586	–	- 83
LIABILITIES FROM FINANCING							
Interest-free loans	580	- 157	–	–	–	23	446
Senior bonds	24,021	3,028	–	337	–	17	27,403
Commercial paper	–	–	–	–	–	–	–
Bank borrowings	3,304	- 1,986	–	2	–	–	1,320
EUROFIMA loan	200	- 200	–	–	–	–	–
Leasing liabilities [2]	4,931	- 1,164	35	55	1,202	0	5,059
Liabilities from transport concessions	191	- 25	–	–	14	–	180
Other financial liabilities	97	- 16	1	0	- 4	–	78
Liabilities from financing	**33,324**	**- 520**	**36**	**394**	**1,212**	**40**	**34,486**
Total	**32,468**	**- 333**	**36**	**394**	**1,798**	**40**	**34,403**

[1] The disposals from financial receivables follow the changes of presentation in the statement of cash flows.
[2] The outflows for leasing liabilities including interest paid amounted to € 1,244 million as of December 31, 2021. This interest element is netted under compounding.

€ million	As of Jan 1, 2020	Cash-effective changes (inflow [+]/ outflow [–])	Non-cash-effective changes: Acquisition (+)/ disposal (–) of companies	Currency effects	Addition (+)/ Disposal (–) Liabilities and financial receivables	Compounding [1]	As of Dec 31, 2020
Financial receivables and earmarked bank deposits	- 393	- 511	7	- 10	51	–	- 856
LIABILITIES FROM FINANCING							
Interest-free loans	707	- 155	–	–	–	28	580
Senior bonds	20,966	3,249	–	- 209	–	15	24,021
Commercial paper	890	- 890	–	–	–	–	–
Bank borrowings	626	2,678	3	- 3	–	–	3,304
EUROFIMA loan	200	–	–	–	–	–	200
Leasing liabilities [1]	5,015	- 995	–	- 60	972	- 1	4,931
Liabilities from transport concessions	77	114	–	–	–	–	191
Other financial liabilities	212	- 105	10	- 2	- 18	–	97
Liabilities from financing	**28,693**	**3,896**	**13**	**- 274**	**954**	**42**	**33,324**
Total	**28,300**	**3,385**	**20**	**- 284**	**1,005**	**42**	**32,468**

[1] The outflows for leasing liabilities including interest paid amounted to € 1,076 million as of December 31, 2020. This interest element is netted under compounding.

Notes to the segment reporting

The 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 assessments 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 congruent. As a result of this allocation principle, there are no partial balance sheets or partial income statements within a legal entity that 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. When reconciling the segment data to the corresponding company data, consolidation effects must therefore be taken into account. 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 DB Long-Distance segment comprises all cross-regional transport and service operations and other passenger transport services. Most of these transport services are provided in Germany.
- **DB Regional:** The DB Regional segment combines the activities for German transport and services in regional passenger transport by rail and road. These activities also comprise the S-Bahn (metro) services in Berlin and Hamburg.
- **DB Cargo:** All European rail freight transport activities are pooled in the DB Cargo segment. It operates primarily in Germany, Denmark, the Netherlands, Italy, the United Kingdom, France, Poland and Spain.
- **DB Netze Track:** The DB Netze Track segment is responsible for installing, maintaining and operating our track-related rail infrastructure in Germany.
- **DB Netze Stations:** The DB Netze Stations segment comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany.
- **DB Netze Energy:** The DB Netze Energy segment 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 provide their services mainly within DB Group in the areas 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 the following segments:

- **DB Schenker:** All global logistics activities of DB Group are managed in the DB Schenker segment. These comprise the freight forwarding, transport and other services in commodity and goods transport.
- **DB Arriva:** All European local transportation 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 presented in the segment information by business segment have been adjusted for issues that are exceptional in nature and/or amount. 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 that 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 key business figures used for the internal management of the operating segments. These key figures form the basis of the value-oriented management concept (see Capital management in DB Group 195 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). The intercompany prices for intra-Group transactions are determined on a market-related basis.

EBITDA (earnings before interest, taxes, depreciation and amortization) is used for assessing the pure earning power of the operating segments. It does not include any costs of capital employed in the form of depreciation and interest. Accordingly, EBITDA is not influenced by segment-specific financing structures and long-term capital expenditures cycles (in particular in the infrastructure segments); consequently, depreciation is incurred sooner than the positive returns generated by these capital expenditures. 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 represents the operating profit generated that is available to satisfy the interest yield claims on the investor side.

The costs of financing that 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 the operating interest balance is also taken into consideration in the key figure operating income after interest.

The essential assets that 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 that is used by providers of equity and debt investors and for which interest has to be paid; unlike in the previous year, it no longer includes receivables from plan assets.

Net financial debt is defined as the balance of interest-bearing external liabilities as well as cash and cash equivalents 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, at the end of the reporting period (part-time employees have been converted to full-time equivalents).

The segments are subject to the same accounting principles which are described in the section Basic principles and methods 192 ff. and which are applicable for the remainder of the consolidated financial statements. Intra-Group segment transactions are generally conducted at market prices.

EXPLANATIONS CONCERNING THE INFORMATION BY REGIONS

External revenues are stated on the basis of the registered offices of the Group company providing the service.

Non-current assets are also 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 and the previous year, no single customer accounted for more than 10% of overall revenues of DB Group.

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 underlying transactions (for example senior bonds, purchasing 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 at variable interest rates.

In accordance with IFRS 7, the effects of theoretical changes in market interest rates on net profit and loss 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 (bank deposits, 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:

	2021		2020	
	Changes in market level of interest rates			
€ million	+ 100 BP [1]	- 100 BP [1]	+ 100 BP [1]	- 100 BP [1]
Impact on comprehensive income	-6	+5	+13	-14
thereof net profit/loss for the year	-12	+12	-4	+4
thereof covered directly in equity	+6	-7	+17	-18

[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 DB Group treasury 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 cross-currency swaps that are concluded and the current currency transactions are always allocated to original underlying transactions.
- All major foreign currency positions arising from business operations are always 100% hedged. If exchange rate changes are 100% hedged, they do not have any impact on profits or equity 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:

	2021		2020	
	Percentage change in foreign currency exchange rates			
€ million	+10%	-10%	+10%	-10%
USD	+13	-13	+9	-9
CNY	+3	-4	+5	-6
CZK	-1	+2	0	0
SAR	0	0	-2	+2
SGD	-4	+4	-3	+3
HKD	+1	-1	-8	+8
HUF	0	0	-2	+2
RON	0	0	+5	-7
TWD	-5	+6	-2	+3
KRW	0	0	-1	+1
TRY	-3	+3	-2	+3