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 the 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). In the year under review, of the total figure stated for cash and cash equivalents, € 856 million (previous year: € 638 million) was subject to disposal restrictions mainly as a result of provisions of the rail franchises in Great Britain, external solvency requirements for DB Group's own insurance companies as well as country-specific and contractual restrictions particularly in international logistics business.

Cash and cash equivalents also include current receivables due from banks (€ 216 million; previous year: € 271 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.

The inflow of cash from operating activities increased considerably compared with the previous year. This is due mainly to higher pension provisions.

The non-cash effective expenses and income have declined (€ – 420 million), and mainly comprise slightly lower expenses relating to additions to other provisions as well as higher 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 assets.

The slight increase in the outflow of cash from investing activities is mainly due to the increase in outflows for capital expenditures in property, plant and equipment (+ 6.8%) in conjunction with another increase in the net inflows of investment grants (+7.6%). The outflows for the acquisition of shares in consolidated companies have declined significantly compared with the previous year (year under review: € 3 million; previous year: € 30 million).

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 the net inflows and outflows attributable to issued bonds, changes in bank borrowings and other loans as well as outflows for the redemption of finance lease liabilities and interest-free loans.

The increase in cash flow from financing activities is due in particular to considerable increases resulting from the issuing and redemption of bonds, an increase in net inflows from the raising of funds as well as a profit distribution to the Federal Government reduced by € 150 million.

Information regarding the changes in financial liabilities in accordance with IAS 7

			Non-cash-effective changes				
(€ million)	Jan 1, 2018	Cash-effective change (inflow (+)/ outflow (-))	Acquisition (+)/ sale (-) of companies	Currency effects	Addition (+)/ disposal (-) of finance leases	Compounding	As of Dec 31, 2018
Receivables from financing	-131	- 43	-	0	-	-	-174
LIABILITIES FROM FINANCING							
Interest-free loans	1,014	-204	-	-	-	41	851
Bonds	19,616	1,027	-	56	-	13	20,712
Commercial paper	-	-	-	-	-	-	-
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
	22,076	**955**	**55**	**56**	**21**	**81**	**23,244**
Total	**21,945**	**912**	**55**	**56**	**21**	**81**	**23,070**

FINANCIAL STATEMENTS

SUSTAINABILITY