

## B.20

### Net assets of the Daimler Group at year-end

	2020	2019	20/19 % change
In millions of euros			
Net assets <sup>1</sup>			
Intangible assets	15,686	15,077	+4
Property, plant and equipment	34,904	36,782	-5
Leased assets	17,949	18,799	-5
Inventories	25,298	28,420	-11
Trade receivables	9,929	11,045	-10
Less provisions for other risks	-19,396	-19,865	-2
Less trade payables	-11,605	-11,896	-2
Less other assets and liabilities	-33,092	-33,624	-2
Assets and liabilities from income taxes <sup>1</sup>	2,116	2,559	-17
Total equity of Daimler Mobility	14,315	14,983	-4
<b>Daimler Group</b>	<b>56,104</b>	<b>62,280</b>	<b>-10</b>

1 To the extent not allocated to Daimler Mobility.

## Liquidity and capital resources

### Principles and objectives of financial management

Financial management at the Daimler Group consists of capital structure management, cash and liquidity management, market-price risk management (foreign exchange rates, interest rates and commodity prices), as well as pension-asset management, and credit and country risk management. Worldwide financial management is performed within the framework of legal requirements consistently for all Group entities by the Treasury department of the Daimler Group. Financial management operates within a framework of guidelines, limits and benchmarks, and on the operational level is organizationally separate from other financial functions such as settlement, financial controlling, reporting and accounting.

**Capital structure management** designs the capital structure of the Group and its subsidiaries. Decisions regarding the capitalization of Daimler's mobility, production, sales or financing companies are based on the principles of cost-optimized and risk-optimized liquidity and capital resources.

The purpose of **liquidity management** is to enable the Group to meet its payment obligations at any time. For this purpose, the Group records the cash flows from operating and financial activities in a rolling plan. The resulting financial requirements are covered by the use of appropriate instruments for liquidity management (e.g., bank credit, commercial paper and notes); liquidity surpluses are invested in the money market or the capital market taking into account risk and return expectations. Our goal is to ensure the level of liquidity regarded as necessary at optimal costs. Besides operational liquidity, the Daimler Group maintains additional liquidity reserves which are available in the short term. Those additional financial resources include a pool of receivables from the financial services business which are available for securitization in the capital market, a contractually confirmed syndicated credit facility, as well as a credit facility additionally agreed in 2020 in the event that capital market transactions cannot be carried out (bridge facility).

**Cash management** centrally determines the cash requirements and surpluses. By means of cash-pooling procedures, liquidity is centrally concentrated on bank accounts of the Daimler Group in various currencies. Most of the payments between Group companies are made through internal clearing accounts so that the number of external cash flows is reduced to a minimum. The Daimler Group has established standardized processes and systems to manage its bank accounts and internal cash-clearing accounts, and to execute automated payment transactions.

**Management of market-price risks** aims to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the earnings of the divisions and the Group. The Group's overall exposure to these market-price risks is determined to provide a basis for hedging decisions, which include the definition of hedging volumes and corresponding periods, as well as the selection of hedging instruments. The hedging strategy is specified at Group level and uniformly implemented in the segments. Decisions regarding the management of risks resulting from fluctuations in foreign exchange rates and commodity prices, as well as decisions on asset/liability management (liquidity and interest rates), are regularly made by the relevant internal committees.

**Management of pension assets** (plan assets) includes the investment of the assets to cover the corresponding pension obligations. The plan assets are legally separated from the Group's assets and are invested primarily in funds; they are not available for general business purposes. The plan assets are spread across various investment categories such as equities, fixed-interest securities, alternative investments and real estate, depending on the expected development of pension obligations and with the help of risk-return optimization. The performance of asset management is measured by comparison with defined reference indices. The investment risks are limited via a Group-wide guideline. In addition, there are local regulations for risk management for the individual plan assets. Additional information on pension plans and similar obligations is provided in [Note 22](#) of the Notes to the Consolidated Financial Statements.

The risk volume that is subject to **credit risk management** includes all of the Daimler Group's worldwide creditor positions with financial institutions, issuers of securities, and customers in the financial services business and the automotive business. Credit risks with financial institutions and issuers of securities arise primarily from investments executed as part of our liquidity management and from the application of derivative financial instruments. The management of these credit risks is mainly based on an internal limit system that reflects the creditworthiness of the respective financial institution or issuer. The credit risk with customers of our automotive business results from relationships with contracted dealerships and general agencies, other corporate customers and retail customers. In connection with the export business, general agencies that according to our creditworthiness analyses are not sufficiently creditworthy are generally required to provide collaterals such as first-class bank guarantees. The credit risk with end-customers in the financial services business is managed by Daimler Mobility on the basis of a standardized risk management process. In this process, minimum requirements are defined for the sales-financing and leasing business and standards are set for credit processes, as well as for the identification, measurement and management of risks. Key elements for the management of credit risks are appropriate creditworthiness assessments supported by statistical risk-classification methods, as well as structured portfolio analysis and portfolio monitoring.

**Financial country risk management** includes various aspects: the risk from investments in subsidiaries and joint ventures, the risk from the cross-border financing of Group companies in risk countries, and the risk from direct sales to customers in those countries. The Daimler Group has an internal rating system that assigns all countries in which it operates to risk categories. Risks from cross-border receivables are partially protected with the use of export-credit insurance, letters of credit and bank guarantees in favor of Daimler AG and other Group companies. In addition, an internal committee sets and restricts the level of hard-currency credits granted to Daimler Mobility companies in risk countries.

Further information on the management of market-price risk, credit risk and liquidity risk is provided in [Note 33](#) of the Notes to the Consolidated Financial Statements.

#### Cash flows

**Cash provided by operating activities** [B.21](#) amounted to €22.3 billion in 2020 (2019: €7.9 billion) and was particularly affected by the worldwide consequences of the covid-19 pandemic. Whereas in the prior-year period, the growth of the leasing and sales-financing portfolio negatively affected cash provided by operating activities, the current year saw a significantly positive cash-flow effect due to the decrease in the sales-financing business caused by the corona crisis. Temporary suspensions of production during the second quarter of 2020, a renewed increase in customer demand during the second half of the year and active working capital management were the main factors influencing the development of working capital. Compared with the previous year, there were positive effects in all automotive segments. Furthermore, cash provided by operating activities was affected by increased cash inflows from dividends received from Beijing Benz Automotive Co., Ltd., as well as by lower payments than in 2019 in connection with ongoing governmental and court proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. The prior year was mainly affected by the fine of €870 million paid in conclusion of the administrative offense proceedings against Daimler AG.

Oposing effects resulted from the change in cash earnings before taxes, as the positive business performance in the second half of the year could not fully offset the negative consequences of the covid-19 pandemic. Additional effects resulted from the payments made in the context of reviewing and prioritizing the product portfolio for the planned discontinuation of the X-Class production in the first quarter of 2020.

**Cash used for investing activities** ↗ **B.21** amounted to €6.4 billion (2019: €10.6 billion). The decrease resulted in particular from lower investments in property, plant and equipment and intangible assets compared with the previous year, following the implemented cost-cutting measures. However, positive effects resulted from the acquisition and sale of marketable debt securities and similar investments conducted in the context of liquidity management. Compared to the previous year, there were higher total cash inflows (net) in 2020. Furthermore, cash used for investing activities during the first quarter of 2019 had been affected by the merger of the mobility services of the Daimler Group and the BMW Group, which resulted in cash outflows (net) of €0.7 billion. This was mainly due to capital increases at the joint ventures.

**Cash used for/provided by financing activities** ↗ **B.21** amounted to a cash outflow of €10.7 billion (2019: cash inflow of €5.6 billion). The decrease mainly resulted from the change in financing liabilities, especially in the context of refinancing the leasing and sales-financing business. Positive effects resulted from the lower dividend payment made to the shareholders of Daimler AG than in the previous year.

Cash and cash equivalents increased by €4.2 billion compared with December 31, 2019, after taking currency-translation effects into account. Total liquidity, which also includes marketable debt securities and similar investments, increased by €1.9 billion to €29.4 billion.

## B.21

Condensed statement of cash flows	Consolidated		Industrial Business		Daimler Mobility	
	2020	2019	2020	2019	2020	2019
In millions of euros						
<b>Cash and cash equivalents at beginning of period</b>	<b>18,883</b>	15,853	<b>16,152</b>	12,799	<b>2,731</b>	3,054
Profit before income taxes	<b>6,339</b>	3,830	<b>4,913</b>	1,699	<b>1,426</b>	2,131
Depreciation and amortization/impairments	<b>8,957</b>	7,751	<b>8,653</b>	7,597	<b>304</b>	154
Other non-cash expense and income and gains/losses on disposals of assets	<b>-705</b>	-737	<b>-1,147</b>	-824	<b>442</b>	87
Change in operating assets and liabilities						
Inventories	<b>2,039</b>	99	<b>1,941</b>	1	<b>98</b>	98
Trade receivables	<b>1,339</b>	-346	<b>901</b>	-410	<b>438</b>	64
Trade payables	<b>-299</b>	-1,625	<b>-285</b>	-1,651	<b>-14</b>	26
Receivables from financial services	<b>2,397</b>	-4,664	<b>-41</b>	-8	<b>2,438</b>	-4,656
Vehicles on operating leases	<b>1,822</b>	-1,156	<b>-122</b>	550	<b>1,944</b>	-1,706
Other operating assets and liabilities	<b>653</b>	5,641	<b>1,227</b>	5,789	<b>-574</b>	-148
Dividends received from equity-method investments	<b>1,783</b>	1,202	<b>1,782</b>	1,201	<b>1</b>	1
Income taxes paid	<b>-1,993</b>	-2,107	<b>-806</b>	-959	<b>-1,187</b>	-1,148
<b>Cash used for/provided by operating activities</b>	<b>22,332</b>	7,888	<b>17,016</b>	12,985	<b>5,316</b>	-5,097
Additions to property, plant and equipment and intangible assets	<b>-8,560</b>	-10,835	<b>-8,472</b>	-10,645	<b>-88</b>	-190
Investments in and proceeds from disposals of shareholdings	<b>-402</b>	-1,225	<b>-404</b>	-582	<b>2</b>	-643
Acquisitions and sales of marketable debt securities and similar investments	<b>2,149</b>	1,054	<b>1,929</b>	883	<b>220</b>	171
Other	<b>392</b>	399	<b>338</b>	358	<b>54</b>	41
<b>Cash used for/provided by investing activities</b>	<b>-6,421</b>	-10,607	<b>-6,609</b>	-9,986	<b>188</b>	-621
Change in financing liabilities	<b>-9,503</b>	9,404	<b>-12,045</b>	6,760	<b>2,542</b>	2,644
Dividends paid	<b>-1,245</b>	-3,740	<b>-1,231</b>	-3,725	<b>-14</b>	-15
Other transactions with shareholders	<b>1</b>	-36	<b>-12</b>	-26	<b>13</b>	-10
Internal equity and financing transactions	<b>-</b>	-	<b>7,966</b>	-2,767	<b>-7,966</b>	2,767
<b>Cash used for/provided by financing activities</b>	<b>-10,747</b>	5,628	<b>-5,322</b>	242	<b>-5,425</b>	5,386
Effect of foreign exchange rate changes on cash and cash equivalents	<b>-999</b>	121	<b>-893</b>	112	<b>-106</b>	9
<b>Cash and cash equivalents at end of period</b>	<b>23,048</b>	18,883	<b>20,344</b>	16,152	<b>2,704</b>	2,731

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ **B.22**, which is derived from the reported cash flows from operating and investing activities. The cash flows from sales and purchases of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow of the industrial business. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from the change in lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business.

Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash used for/provided by financing activities in connection with the acquisition or disposal of shares in subsidiaries without loss of control. The previous year included effects from acquisitions and disposals of shareholdings within the Group resulting from "Project Future." These were included in cash used for/provided by investing activities and were reversed in the free cash flow of the industrial business.

The **free cash flow of the industrial business** amounted to €8.3 billion in 2020 and was significantly higher than the prior-year figure of €1.4 billion. The free cash flow of the industrial business was thus in line with the forecast made in the Outlook section of the 2019 Annual Report.

The increase of €6.9 billion to €8.3 billion in the free cash flow of the industrial business was particularly affected by the worldwide consequences of the covid-19 pandemic. The temporary suspension of production during the second quarter of 2020 and the recovery of customer demand in the second half of the year, as well as active working-capital management, were the main drivers of the development of working capital. Compared with the prior year, the development of working capital was positive in all automotive segments. Furthermore, the implemented cost-cutting measures had an impact and resulted in lower investments in property, plant and equipment and intangible assets. Positive effects resulted from increased cash inflows from dividends received from Beijing Benz Automotive Co., Ltd., as well as from lower payments than in 2019 in connection with ongoing governmental and court proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. The previous year was mainly affected by the fine of €870 million paid in conclusion of the administrative offense proceedings against Daimler AG.

## B.22

### Free cash flow of the industrial business

	2020	2019	20/19
In millions of euros			Change
Cash provided by operating activities	17,016	12,985	+4,031
Cash used for investing activities	-6,609	-9,986	+3,377
Change in marketable debt securities and similar investments	-1,929	-883	-1,046
Right-of-use assets	-351	-987	+636
Other adjustments	132	239	-107
<b>Free cash flow of the industrial business</b>	<b>8,259</b>	1,368	+6,891
Legal proceedings (and related measures)	595	1,341	-746
Restructuring measures	301	-	+301
M&A transactions	-	-	-
<b>Free cash flow of the industrial business adjusted</b>	<b>9,155</b>	2,709	+6,446

Opposing effects resulted from the change in cash earnings before taxes, as the positive business performance in the second half of the year could not fully offset the negative consequences of the covid-19 pandemic. Additional effects resulted from the payments made in the context of reviewing and prioritizing the product portfolio for the planned discontinuation of X-Class production in the first quarter of 2020.

In the interest of greater transparency in reporting on the ongoing business, starting with the first quarter of 2020, we also report an **adjusted free cash flow of the industrial business** ↗ **B.22**. The adjustments for legal proceedings include payments by the automotive segments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. The adjustments for restructuring measures include payments made in connection with the review and prioritization of the product portfolio. The adjusted free cash flow of the industrial business led to a cash inflow of €9.2 billion (2019: €2.7 billion).

In 2020, the **free cash flow of the Daimler Group** resulted in a cash inflow of €13.4 billion (2019: cash outflow of €4.8 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Daimler Group is mainly affected by the leasing and sales-financing business of Daimler Mobility. Additional effects in 2019 resulted from the cash outflows (net) relating to the merger of the mobility services of the Daimler Group and the BMW Group.

### B.23

#### Reconciliation from CFBIT to the free cash flow of the industrial business

	2020	2019
In millions of euros		
<b>CFBIT Mercedes-Benz Cars &amp; Vans</b>	<b>7,048</b>	598
<b>CFBIT Daimler Trucks &amp; Buses</b>	<b>2,513</b>	2,654
Income taxes paid/refunded	-806	-959
Interest paid/received	21	-388
Other reconciling items	-517	-537
<b>Free cash flow of the industrial business</b>	<b>8,259</b>	1,368

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, the **free cash flow of the industrial business** can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segments. The reconciliation from the CFBIT of Mercedes-Benz Cars & Vans and Daimler Trucks & Buses to the free cash flow of the industrial business also includes pay-

ments of interest and taxes. The other reconciliation items primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible. Table 7 B.23 shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

The **CFBIT of the automotive segments** is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Table 7 B.24 shows the composition of CFBIT for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. Table 7 B.25 shows the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** for the automotive segments. While the adjusted cash conversion rate for Mercedes-Benz Cars & Vans of 1.2 was in line with the adjusted forecast of 1 as set on September 30, 2020, the adjusted cash conversion rate for Daimler Trucks & Buses of 3.7 significantly surpassed the improved target of 2 as set on September 30, 2020. In the Management Report as of December 31, 2019, adjusted cash conversion rates were originally forecasted for Mercedes-Benz Cars & Vans of 0.7 to 0.9 and for Daimler Trucks & Buses of 0.8 to 1.0.

### B.24

#### CFBIT

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	2020	2019	2020	2019
In millions of euros				
<b>EBIT</b>	<b>5,172</b>	-109	<b>525</b>	2,672
Change in working capital	1,560	-1,916	980	-149
Net financial investments	-301	-314	-77	-138
Net investments in property, plant and equipment and intangible assets	-7,567	-9,834	-888	-1,334
Depreciation and amortization/impairments	7,303	6,289	1,349	1,315
Other	881	6,482	624	288
<b>CFBIT</b>	<b>7,048</b>	598	<b>2,513</b>	2,654

### B.25

#### Reconciliation to CFBIT adjusted

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	2020	2019	2020	2019
In millions of euros				
<b>CFBIT</b>	<b>7,048</b>	598	<b>2,513</b>	2,654
Legal proceedings (and related measures)	568	1,341	-	-
Restructuring measures	301	-	-	-
M&A transactions	-	-	-	-
<b>CFBIT adjusted</b>	<b>7,917</b>	1,939	<b>2,513</b>	2,654
<b>EBIT adjusted</b>	<b>6,802</b>	6,151	<b>678</b>	2,672
<b>Cash conversion rate adjusted<sup>1</sup></b>	<b>1.2</b>	0.3	<b>3.7</b>	1.0

<sup>1</sup> Cash conversion rate adjusted is the relationship of CFBIT adjusted to EBIT adjusted.

The **net liquidity of the industrial business** [↗ B.26](#) is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and the marketable debt securities and similar investments included in liquidity management, less the currency-hedged nominal amounts of financing liabilities. To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business.

Compared with December 31, 2019, the net liquidity of the industrial business increased by €6.9 billion to €17.9 billion. The increase is mainly due to the positive free cash flow of the industrial business, which was partially offset by the dividend payment made to the shareholders of Daimler AG.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, decreased compared with December 31, 2019 by €18.5 billion to €115.2 billion. [↗ B.27](#).

### Contingent liabilities and other financial obligations

At December 31, 2020, the best estimate for potential obligations from contingent liabilities is €2.8 billion (2019: €1.6 billion).

In the context of its ordinary business operations, the Group has also entered into **other financial obligations** in addition to the liabilities shown in the consolidated statement of financial position at December 31, 2020. These financial obligations result from contractual commitments to acquire intangible assets, property, plant and equipment, and leased property, as well as irrevocable loan commitments.

Detailed information on contingent liabilities and other financial obligations is provided in [👁 Note 31](#) of the Notes to the Consolidated Financial Statements.

### Refinancing

The funds raised by Daimler in the year 2020 primarily served to refinance the leasing and sales-financing business. For that purpose, Daimler made use of a broad spectrum of various financing instruments in various currencies and markets. They include bank loans, commercial paper in the money market, bonds with medium and long maturities, promissory-note loans, customer deposits at Mercedes-Benz Bank, and the securitization of receivables from customers in the financial services business (asset-backed securities).

## B.26

### Net liquidity of the industrial business

	Dec. 31, 2020	Dec. 31, 2019	20/19
In millions of euros			Change
Cash and cash equivalents	20,344	16,152	+4,192
Marketable debt securities and similar investments	5,468	7,522	-2,054
<b>Liquidity</b>	<b>25,812</b>	<b>23,674</b>	<b>+2,138</b>
Financing liabilities	-9,168	-13,289	+4,121
Market valuation and currency hedges for financing liabilities	1,211	612	+599
<b>Financing liabilities (nominal)</b>	<b>-7,957</b>	<b>-12,677</b>	<b>+4,720</b>
<b>Net liquidity</b>	<b>17,855</b>	<b>10,997</b>	<b>+6,858</b>

## B.27

### Net debt of the Daimler Group

	Dec. 31, 2020	Dec. 31, 2019	20/19
In millions of euros			Change
Cash and cash equivalents	23,048	18,883	+4,165
Marketable debt securities and similar investments	6,397	8,655	-2,258
<b>Liquidity</b>	<b>29,445</b>	<b>27,538</b>	<b>+1,907</b>
Financing liabilities	-145,842	-161,780	+15,938
Market valuation and currency hedges for financing liabilities	1,224	579	+645
<b>Financing liabilities (nominal)</b>	<b>-144,618</b>	<b>-161,201</b>	<b>+16,583</b>
<b>Net debt</b>	<b>-115,173</b>	<b>-133,663</b>	<b>+18,490</b>

Various issuance programs are available for raising longer-term funds in the capital market. They include the Euro Medium Term Note program (EMTN) with a total volume of €70 billion, under which Daimler AG and several subsidiaries can issue **bonds** in various currencies. Other local capital-market programs exist, which are significantly smaller than the EMTN program. Capital-market programs allow flexible, repeated access to the capital markets.

The situation in the bond markets was significantly influenced by the covid-19 pandemic in the reporting year. The supporting measures taken by governments and central banks meant that risk premiums for companies with an investment-grade rating returned to a moderate level in the second half of the year.

## B.28

### Benchmark issuances

Issuer	Volume	Month of emission	Maturity
Daimler Finance North America LLC	US\$ 1,250 million	Mar. 2020	Mar. 2023
Daimler Finance North America LLC	US\$450 million	Mar. 2020	Mar. 2025
Daimler Finance North America LLC	US\$450 million	Mar. 2020	Mar. 2030
Daimler AG	€1,500 million	Apr. 2020	Apr. 2025
Daimler AG	€1,000 million	May 2020	Aug. 2023
Daimler AG	€1,250 million	May 2020	Aug. 2026
Daimler AG	€750 million	May 2020	May 2030
Daimler AG	€1,000 million	Sep. 2020	Sep. 2030

## B.29

### Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
		in %	In millions of euros	
Notes/bonds and liabilities from ABS transactions	1.60	2.03	93,230	99,557
Liabilities to financial institutions	2.25	2.68	32,391	39,811
Deposits in the direct banking business	0.40	0.50	14,516	13,119

In the year under review, the Group covered its refinancing requirements mainly through the issuance of bonds. A large proportion of those bonds were placed in the form of so-called benchmark issuances (bonds with high nominal volumes) by Daimler AG in the euro market and by Daimler Finance North America LLC in the US-dollar area. This includes a “green bond” with a volume of €1.0 billion. Further information on this bond can be found in the chapter [Sustainability at Daimler](#). [B.28](#)

In the Chinese market, Daimler International Finance B.V. placed three so-called panda bonds with a total volume of CNY 6.0 billion. In addition, a large number of smaller bonds were issued in various currencies and markets.

Daimler also issued small volumes of **commercial paper** in 2020.

In the reporting year, **asset-backed securities (ABS)** were issued in eight countries worldwide. In the United States, a total refinancing volume of USD 8.8 billion was generated in seven transactions. In addition, two ABS bonds with a refinancing volume of €2.4 billion were issued in Germany, of which €1.3 billion was placed on the market. The remaining €1.1 billion was acquired by Mercedes-Benz Bank AG itself (retained interests). The securities can be used as collateral for open-market transactions with the Deutsche Bundesbank. In 2020, Mercedes-Benz Bank AG received €0.9 billion from these open market transactions. Furthermore, three ABS transactions with a total volume of CNY 15.5 billion were placed in China. ABS transactions were also successfully placed with investors in Canada, Australia, the United Kingdom, France and South Korea.

**Bank credit** was another important source of refinancing in 2020. Loans were provided by globally active banks as well as by banks operating nationally. The lenders also included supra-national banks such as the European Investment Bank and the Brazilian Development Bank.

Since July 2018, Daimler has had at its disposal a syndicated **credit facility** with a volume of €11 billion from a consortium of international banks. Following the exercise of an extension option of one further year, it grants Daimler additional financial flexibility until 2025. Daimler does not intend to utilize the credit line.

Furthermore, an additional agreed credit facility has been available to Daimler since the beginning of April 2020 (a bridge facility). After capital-market transactions were carried out in 2020, the originally agreed amount decreased from €12.0 billion to €8.8 billion. At December 31, 2020, the credit line was still available but had not been utilized.

The carrying values of the main refinancing instruments and the weighted average interest rates are shown in table [B.29](#). At December 31, 2020, they are mainly denominated in the following currencies: 46% in euros, 24% in US dollars, 10% in Chinese renminbi, 3% in British pounds, 3% in Canadian dollars and 3% in Japanese yen.

At December 31, 2020, the total of financing liabilities shown in the consolidated statement of financial position amounted to €145.8 billion (2019: €161.8 billion).

Detailed information on the amounts and terms of the main items of financing liabilities is provided in [Notes 24 and 33](#) of the Notes to the Consolidated Financial Statements. [Note 33](#) also provides information on the maturities of the other financial liabilities.

### Credit ratings

The credit ratings of Daimler AG changed in 2020 with three of the agencies we have engaged to provide ratings. Fitch Ratings and S&P Global Ratings downgraded their long-term ratings by one notch. DBRS downgraded its long-term rating by two notches and lowered its short-term rating from R-1 (low) to R-2 (high). The long-term and short-term credit ratings for Daimler AG and its finance companies provided by Moody's Investors Service and Scope Ratings remained unchanged in 2020.

#### ➤ B.30

On March 26, 2020, **S&P Global Ratings** (S&P) lowered its long-term rating for Daimler AG from A- to BBB+ and affirmed its short-term rating of A-2. The outlook was unchanged at "negative." S&P justified these measures primarily with the impact of the covid-19 pandemic on Daimler's sales volumes, which will be lower than originally anticipated. In addition, production shutdowns will reduce the Group's revenue and cash flow in 2020.

On January 21, 2021, S&P changed its outlook for our long-term credit rating from "negative" to "stable." S&P expects Daimler to increasingly benefit from a stabilization of demand, cost-cutting measures and a more favorable model mix. Overall, S&P assumes that these factors will have a positive impact on profitability and the free cash flow of the industrial business.

On April 14, 2020, **Fitch Ratings** (Fitch) downgraded Daimler's long-term issuer default rating from A- to BBB+ with a stable outlook. Its short-term rating remained unchanged at F1. Fitch stated that the downgrade reflects the deterioration of the Group's financial profile. Fitch anticipates only a slow recovery. Furthermore, Fitch expects a sustained weakened economic environment and its effect on sales of new cars and heavy trucks in the next one to two years to exacerbate the underlying fundamental challenges facing the Group.

The Canadian agency **DBRS** downgraded its long-term rating for Daimler AG and its rated subsidiaries from A to BBB (high) on August 11, 2020. At the same time, DBRS lowered its short-term rating from R-1 (low) to R-2 (high). However, the trend was lifted from "negative" to "stable." DBRS justified the downgrades with the structural headwinds that have been considerably exacerbated by the global escalation of the covid-19 pandemic. This reflects in particular the electrification of Daimler's product portfolio, ongoing investments in self-driving technologies and the related expenses at Mercedes-Benz Cars.

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#### Credit ratings

	End of 2020	End of 2019
Long-term credit rating		
S&P	BBB+	A-
Moody's	A3	A3
Fitch	BBB+	A-
Scope	A	A
DBRS	BBB (high)	A
Short-term credit rating		
S&P	A-2	A-2
Moody's	P-2	P-2
Fitch	F1	F1
Scope	S-1	S-1
DBRS	R-2 (high)	R-1 (low)