Refinancing

The fundings raised by Daimler in the year 2012 primarily served to refinance the leasing and sales-financing business. For this purpose, Daimler makes use of a broad spectrum of various financing instruments in different currencies and markets. They include bank credits, commercial papers in the money market and bonds with medium and long maturities. Customer deposits at Mercedes-Benz Bank and the securitization of receivables from customers in the financial services business (asset backed securities, ABS) serve as additional sources of refinancing.

Various issue 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 €35 billion, under which several companies of the Group can issue bonds in various currencies. Other capital-market programs – smaller than the EMTN program – exist in local markets such as South Africa, Mexico, Thailand and Argentina. Capital-market programs allow flexible, repeated access to the capital markets.

3.35
Refinancing instruments

	Average interest rates		Book values	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
	in %		in millions of euros	
Notes/bonds and liabilities from ABS transactions	1.86	3.17	40,845	29,507
Commercial paper	1.52	1.00	1,768	1,233
Liabilities to financial institutions	3.80	4.16	20,210	19,175
Deposits in the direct banking business	2.13	2.40	12,121	11,035

In 2012, the Group covered its liquidity requirements mainly through the issuance of bonds. A large proportion of those bonds were placed in the form of so-called benchmark emissions (bonds with high nominal volumes) in the US dollar and euro markets. In addition, a large number of smaller bonds were issued in various currencies in the euro market as well as in Canada, South Africa, Mexico, Thailand, Brazil, Argentina and South Korea. The volume of bonds issued breaks down by currency as follows: approximately one third in US dollars, one third in euros and one third in other local currencies. We have thus further diversified our refinancing and further reduced our dependence on individual capital markets.

The ongoing high degree of uncertainty in the global financial markets – in particular the European sovereign-debt crisis – meant that corporate bonds could be placed at attractive conditions by issuers with good ratings. We took the opportunities that were offered and in the framework of our liquidity management tended to raise more funds with longer maturities.

Daimler also issued commercial papers in 2012, but in low volumes. In addition to a euro commercial paper program, upon which several European companies can draw, the Group has commercial paper programs in the United States, Canada, Australia, South Africa, Mexico and India, with which we can optimally supplement our local financing.

In the year 2012, the Group successfully placed several ABS transactions with investors in the United States. Receivables from customer and dealer financing in a volume of US$5.4 billion were securitized. We also increased an existing ABS transaction in Canada.

Another important source of refinancing in 2012 were bank credits. Funds were provided not only by large, globally active banks, but increasingly also by a number of smaller banks with more local activities. This allowed us further diversification in bank refinancing.

At the end of 2012, Daimler had short and long-term credit lines totaling €33.7 billion (2011: €29.0 billion), of which €12.2 billion was not utilized (2011: €9.3 billion). They included a syndicated credit line arranged in 2010 with a consortium of international banks with a volume of €7 billion and a maturity of five years, which was not utilized.

The carrying values of the main refinancing instruments and the weighted average interest rates are shown in table. ↗ 3.35 At December 31, 2012, they are mainly denominated in the following currencies: 45% in euros, 25% in US dollars, 5% in Brazilian real, 5% in Japanese yen and 3% in Canadian dollars.

At December 31, 2012, the total financial liabilities shown in the consolidated balance sheet amounted to €76,251 million (2011: €62,167 million).

Detailed information on the amounts and terms of financing liabilities is provided in Notes 24 and 31 of the Notes to the Consolidated Financial Statements. Note 31 also provides information on the maturities of the other financial liabilities.