

Press Release

Bernd Wagner
Press Officer

LBBW
Am Hauptbahnhof 2
70173 Stuttgart
Phone (+49) 711 127-76402
Fax (+49) 711 127-74861
Bernd.A.Wagner@LBBW.de
www.LBBW.de

September 25, 2019

LBBW conducts another transaction via Marco Polo Network

Daimler and Dürr execute a commercial trade transaction with LBBW via blockchain technology platform Corda

The international trade finance network Marco Polo has demonstrated its capability for practical use with another pilot transaction between two top industrial corporates. Automotive group Daimler AG and machine builder Dürr AG digitally processed the data transfer to secure payments from a commercial trade transaction on this platform, using Corda blockchain technology – a first for DAX and MDAX-listed companies. LBBW, a founding member of Marco Polo, provided the financing and the payment commitment.

Securing payments from foreign commercial trade transactions with traditional instruments is typically complex and time-consuming. This is due to the use of different systems, the large number of involved intermediaries – for example logistics providers, insurers, customs authorities – and the substantial amount of paper exchanged between them. The successful exercise of the joint project with LBBW convinced both Dürr und Daimler that this process can be streamlined and work faster and simpler: Assisted by distributed ledger technology (DLT), it was accomplished within minutes instead of days. The underlying transaction between the enterprises involved

the order and delivery agreement for a balancing system from Dürr subsidiary Schenck via the Marco Polo network, and payment was secured by a conditional payment commitment by the buyer's bank.

Upon equipment delivery, the associated order fulfillment data were uploaded into the network and automatically reconciled with the previously agreed transaction data; this in turn triggered the irrevocable payment obligation. The entire data flow was efficiently and transparently mapped by R3's Corda blockchain platform. To prepare the first phase of live-production, the back-end integration into the bank's management systems were also tested for the first time.

Jürgen Vogt, Director Treasury Controlling, Analytics & Standards of Daimler AG says: "At Daimler Treasury, we continuously work on the digitization of our business processes. The optimization potential inherent in trade finance transactions is high. This pilot project between Dürr and LBBW is an important step for us to evaluate future possibilities of blockchain technology in this field, to digitize the trade finance workflow and make it more efficient and transparent."

Susanne Schlegel, CFO of Carl Schenck AG and Dürr Division Measuring and Process Systems: "We focus on efficiency increases not only with regard to our machines and systems, but also to our business processes. The successful pilot project between Daimler and LBBW demonstrates the intrinsic efficiency potential of digital trade finance processes. Innovative platforms and technologies such as Marco Polo und Corda allow us to reduce complexities in order fulfillment - to the benefit of all participants."

For LBBW, which joined the Marco Polo network as a founding member last year, this was already the third pilot transaction via Marco Polo, following the two previous business deals with industry partners Voith and KSB.

Matthias Heuser, Head of International Trade and Payment Solutions of LBBW, says: „It is our goal to collect practical experience with this innovative

technology and – together with our core customers and additional trade finance partners – further advance the development of a trade finance ecosystem based on DLT. For the first time in this transaction, we successfully tested the complete execution in the bank's management systems – this is an important step towards reaching full production maturity. The excellent cooperation with two major, internationally active companies with highly sophisticated technology know-how was key to the success.“

Further Information:

<https://www.marcopolo.finance/>

<https://www.r3.com/>

<https://tradeix.com/>

<http://www.durr-group.com>

<http://www.schenck.net>