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19 March 2020

## Daimler issues the first fully digital Schuldschein with LBBW

- **Distributed ledger technology, digital signatures and the DEBTVISION financing platform enable end-to-end digitalization of loan allocation**
- **New digital procedure used for the first time legally effective for Daimler AG Schuldschein of EUR 25m**
- **First platform-marketed, legally effective and completely digital Schuldschein transaction in Germany without parallel paper-based process**

In cooperation with LBBW, Daimler AG has issued a fully digital Schuldschein for the first time. The loan with a volume of EUR 25m and a term of two years was disbursed on Wednesday. The transaction was marketed exclusively via the DEBTVISION digital financing platform and was arranged und fully digitally developed by LBBW using distributed ledger technology (DLT) and electronic signatures.

The transaction is the first legally effective, fully digitalized Schuldschein transaction in Germany that was marketed via a platform and processed using distributed ledger technology without a parallel paper-based process. Daimler and LBBW had already issued a Schuldschein in 2017 using the distributed ledger technology, of which blockchain is the best-known application. However, the lending process at that time was additionally handled in the traditional way with physical document exchange in order to

meet the regulatory requirements. A follow-up project has now successfully developed a solution for this. Loan agreements can now be exchanged using tamper-proof transaction databases and signed digitally with legal effect. targens GmbH, LBBW's IT subsidiary, again provided support for technical implementation.

“Blockchain technology offers the potential to make existing financial processes more efficient and transparent. Processing time and transaction costs can be significantly reduced. At the same time, the technology allows to increase the security of transactions and to minimize risks. Especially in the area of payment transactions, but also in securities transactions, bond issues and trade finance, blockchain technology can bring major efficiency gains in a scalable ecosystem in the medium term,” said Kurt Schäfer, Head of Daimler Treasury.

The three components of the digital Schuldschein make the process – which usually takes several weeks – more efficient and easier in many aspects:

Borrowers and arrangers can use the DEBTVISION digital marketing platform to market a Schuldschein and communicate with investors. Investors receive all information via a data room and can place soft and firm orders electronically.

Via LBBW's DLT settlement platform connected to DEBTVISION, the final transaction data can be shared with all participants in unalterable way, without media disruption and time delays, and the settlement documents can be generated largely automatically. The decentralized networked database technology DLT enables to create, transfer and store unique digital information objects and values. Due to the decentralized structure of the DLT, there is no need for the transaction parties to transfer individual documents back and forth after closing the order book any longer. Instead, these documents are stored distributed over the network. Furthermore, additional process steps in the DLT network can be initiated and executed automatically via Smart Contracts.

Finally, printing out documents to be signed and sending them by fax or post is obsolete. Instead, they can be digitally processed, exchanged over the

DLT network and authenticated in real time via the electronic signature in a managed, secure process. This means that the documentation process can be carried out without media disruption – neither Schuldschein Loan Agreements nor Transfer Certificates need to be in paper form.

“With our first fully digital Schuldschein, we have taken another huge step forward in making banking easier, more secure and more efficient for our customers,” said Joachim Erdle, Head of Corporate Finance at LBBW. “We have successfully combined our DLT settlement platform with the DEBTVISION marketing platform and demonstrated the functionality and capabilities of the fully digitalized process in a real transaction. We are now working on further developing the application possibilities of distributed ledger technology for the benefit of our customers.”

#### **Daimler at a glance**

Daimler AG is one of the world's most successful automotive companies. With its Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium cars and one of the world's largest manufacturer of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management, investments, credit card and insurance brokerage as well as innovative mobility services. The company founders, Gottlieb Daimler and Carl Benz, made history by inventing the automobile in 1886. As a pioneer of automotive engineering, Daimler sees shaping the future of mobility in a safe and sustainable way as both a motivation and obligation. The company's focus therefore remains on innovative and green technologies as well as on safe and superior vehicles that both captivate and inspire. Daimler continues to invest systematically in the development of efficient powertrains – from high-tech combustion engines and hybrid vehicles to all-electric powertrains with battery or fuel cell – with the goal of making locally emission-free driving possible in the long term. The company's efforts are also focused on the intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. Daimler regards it as its aspiration and obligation to live up to its responsibility to society and the environment. Daimler sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and South America, Asia and Africa. In addition to Mercedes-Benz, the world's most valuable premium automotive brand (source: Interbrand study, 17 Oct. 2019), and Mercedes-AMG, Mercedes-Maybach and Mercedes me, its brand portfolio includes smart, EQ, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses as well as the brands of Daimler Mobility: Mercedes-Benz Bank, Mercedes-Benz Financial Services and Daimler Truck Financial. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol DAI). In 2019, the Group had a workforce of around 298,700 and sold 3.3 million vehicles. Group revenues amounted to €172.7 billion and Group EBIT to €4.3 billion.

#### **LBBW at a glance**

Landesbank Baden-Württemberg (LBBW) is both a Mittelstands-minded universal bank and the central bank of the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of EUR 257 billion and 10,000 employees (as of 31 Dec. 2019), LBBW is one of the largest banks in Germany. Its core activities are the business with corporate customers, in particular small and medium-sized enterprises and the private customer business, as well as savings banks. A further

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focus is placed on real-estate financing as well as the customer-oriented capital market business with banks, savings banks and institutional investors.