

Press release

June 28, 2017

Daimler and LBBW successfully utilize blockchain technology for launch of corporate Schuldschein

- **Launch of a 1 year corporate Schuldschein with a volume of €100 million as a pilot project for capital market transactions and financial processes**
- **Bodo Uebber, member of the Board of Management of Daimler AG responsible for Finance & Controlling and Daimler Financial Services: “This pilot project is our first step in testing the wide variety of possibilities for using blockchain technology and assessing this technology’s potential for future transactions and financial processes.”**
- **Rainer Neske, Chairman of the Board of Managing Directors of Landesbank Baden-Württemberg (LBBW): “Technical progress opens completely new ways to make financial processes simpler and more efficient and enables new business models. We want to exploit this potential in order to further improve banking services for our customers.”**

Stuttgart, Germany – Daimler AG and Landesbank Baden-Württemberg (LBBW) for the first time have jointly used blockchain technology to execute a financial transaction. Daimler and LBBW successfully tested this innovative technology for capital markets in parallel with the process that is required by regulatory authorities. Through LBBW, Daimler launched a €100 million 1 year corporate Schuldschein within which savings banks (Kreissparkasse) Esslingen-Nürtingen, Ludwigsburg and Ostalb as well as LBBW acted as lenders. The entire transaction — from the origination, distribution, allocation and execution of the Schuldschein loan agreement to the confirmation of repayment and of interest payments — was digitally carried out via blockchain technology in cooperation with the IT subsidiaries TSS (Daimler) and Targens (LBBW).

“This pilot project is our first step in testing the wide variety of possibilities for using blockchain technology and assessing this technology’s potential for future transactions and financial processes,” said Bodo Uebber, member of the Board of Management of Daimler AG responsible for Finance & Controlling and Daimler Financial Services. “Simultaneously with launching the Schuldschein, we conduct other projects to determine where blockchains could also be used to increase efficiency and support our business models. LBBW has been our partner for many years. It has extensive experience in this field, and its innovative projects are helping to shape the future of the financial markets.”

“This pilot shows our competence at digitization of financial services for our corporate customers. Technical progress opens completely new ways to make financial processes simpler and more efficient and enables new business models. We want to exploit this potential in order to further improve banking services for our customers,” said Rainer Neske, Chairman of the Board of Managing Directors of LBBW. For this reason, LBBW involved its corporate client Daimler AG in the development process early on and worked together to realize the pilot project. “Daimler was an ideal partner for us, because this company is also greatly interested in using blockchain. Thanks to the constructive and agile collaboration in a joint team, we were soon able to use this technology in a real transaction.”

Kurt Schäfer, Vice President Daimler Treasury, said, “Blockchain can affect nearly the entire value chain. That’s why we, as a leading automaker, want to play an active role in the global blockchain community and help shape the cross-sector blockchain standards. We want to do this in all the areas of application that are important to us: customer relations, sales and marketing, supplier management, digital services, and financial services.” Other possible applications of blockchain technology in the financial sector include payment transactions, the securities trade, and the cross-border shipment of goods.

By means of this pilot project, Daimler as well as LBBW want to thoroughly test the potential of blockchain early on and gather know-how for the creation of new business models. Moreover, Daimler implements an open-source culture, actively shapes the future of the »Internet of Values«, and gains access to talented individuals and innovations as an active partner in the global technology and startup environment.

Joachim Erdle, Head of Corporate Finance at LBBW, said, “Blockchain technology will change the role of banks as intermediaries in the economic process. We don’t want to merely observe this development; we want to proactively shape this field. The Schuldschein is especially well-suited for our entry into the use of blockchain technology. As the market leader for

corporate Schuldscheine for more than a decade we have extensive expertise. In addition within this business segment we are able to generate substantial added value for our corporate customers and for investors because the process becomes more efficient and the processing time is significantly shorter.”

Together with its clients, LBBW is pro-actively driving the development process as a means to further explore additional areas of application. In doing so, blockchain technology will transform the proven function of banks as trustworthy intermediaries in the digital world and optimizes the process flows between the parties involved. With its comprehensive value chain, the Schuldschein product is an ideal type of application and thus an optimal starting point for the development of tomorrow's banking services in the corporate and capital market business.

The joint pilot project of Daimler and LBBW clearly shows that financing parties interact more intensively these days and that the roles of various players in the market change. Blockchain will increase the automation of financial transactions so that they can be concluded much faster and more cost-efficient than in the past. As a result, digital processes will replace labor-intensive manual steps that are so far necessary for processing Schuldscheindarlehen — for example during the creation of loan contracts and the examination of received payments. Daimler and LBBW expect blockchain to have similar efficiency-enhancing potential with regard to syndicated loan transactions and export financing.

Blockchain technology makes it possible to conduct direct and secure financial transactions worldwide within seconds. In this technology, blocks of digital data are decentrally saved on several servers. The transactions also receive a cryptographic signature that makes it much harder to manipulate them.

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Daimler at a Glance

Daimler AG is one of the world's most successful automotive companies. With its divisions Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services, the Daimler Group is one of the biggest producers of premium cars and the world's biggest manufacturer of commercial vehicles with a global reach. Daimler Financial Services provides financing, leasing, fleet management, insurance, financial investments, credit cards, and innovative mobility services. The company's founders, Gottlieb Daimler and Carl Benz, made history with the invention of the automobile in the year 1886. As a pioneer of automotive engineering, it is a motivation and commitment of Daimler to shape safely and sustainably the future of mobility: The Group's focus is on innovative and green technologies as well as on safe and superior automobiles that appeal and fascinate. Daimler consequently invests in the development of efficient drive trains with the long-term goal of

locally emission-free driving: from hightech combustion engines about hybrid vehicles to electric drive trains powered by battery or fuel cell. Furthermore, the company follows a consistent path towards intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. This is just one example of how Daimler willingly accepts the challenge of meeting its responsibility towards society and the environment. Daimler sells its vehicles and services in nearly all the countries of the world and has production facilities in Europe, North and South America, Asia, and Africa. Its current brand portfolio includes, in addition to the world's most valuable premium automotive brand, Mercedes-Benz (Source: Interbrand-Study „The Anatomy of Growth“, 10/5/2016), as well as Mercedes-AMG, Mercedes-Maybach and Mercedes me, the brands smart, EQ, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses, and Daimler Financial Services' brands: Mercedes-Benz Bank, Mercedes-Benz Financial Services, Daimler Truck Financial, moovel, car2go and mytaxi. The company is listed on the stock exchanges of Frankfurt and Stuttgart (stock exchange symbol DAI). In 2016, the Group sold around 3 million vehicles and employed a workforce of more than 282,000 people; revenue totalled €53.3 billion and EBIT amounted to €12.9 billion.

Landesbank Baden-Württemberg (LBBW) at a glance

Landesbank Baden-Württemberg (LBBW) is both a medium-sized universal bank and the central bank of the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of EUR 244 billion and around 11,000 employees (as of 31 Dec. 2016), 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 focus is placed on real-estate financing as well as the customer-oriented capital market business with banks, savings banks and institutional investors. Together with its regional customer banks Baden-Württembergische Bank (BW-Bank), Rheinland-Pfalz Bank and Sachsen Bank, LBBW services its private and corporate customers in about 180 offices – for many of these customers, they have been the main banker for many years. Specialised subsidiaries such as leasing, factoring, real estate or asset management round out the product and service range of LBBW group.