

Press Release

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Commerzbank and LBBW have set a new milestone in the digitalisation of commercial transactions based on blockchain technology

Logistics partner on board: the Marco Polo Network and Logwin have executed a real-time pilot transaction for the first time

LBBW and Commerzbank have once again executed a trade transaction between Voith and KSB SE, via the Marco Polo trade finance network, built on R3's distributed ledger technology (DLT) platform, Corda. This time, besides the two companies involved, logistics provider Logwin AG was incorporated into the digital process chain – directly, and in real time. This represents a milestone in the expansion of the digital trade finance ecosystem.

In the transaction, order and delivery data were agreed upon between the companies via the international Marco Polo trade finance network. Payment terms were secured by an irrevocable payment commitment, triggered through automated matching of trade data. For the first time, automatic matching of trade data was achieved with involvement of the executing logistic provider, in this case Logwin, which entered the relevant transport details directly into the network.

An important objective of the Marco Polo network is to obtain all trade data necessary for a transaction as directly as possible, from the original data source. This also includes external third parties such as logistic providers. The data transfer for this transaction was executed via the DLT platform simultaneously to the settlement of the real trade transaction.

Gerald Böhm, Head of Guarantees and Trade Finance at Voith, said: “For the first time, we have processed the purchase and delivery of special hydraulic couplings from Germany to Taiwan using blockchain technology. We executed this transaction with KSB, the leading pump and valve manufacturer, via the Marco Polo network. We are delighted that this pilot transaction marks a further important milestone in the development of Distributed Ledger Technology for more efficient trade finance processes.”

“Now, an independent third party – in our case the logistics provider – is able to trigger a payment obligation in favour of the supplier. This significantly enhances the value of the payment commitment”, explained Matthias Heuser, Head of International Trade and Payment Solutions at LBBW.

“As a buyer, together with our bank we can ensure that the payment commitment becomes effective only if the goods are actually in the hands of the logistics provider, and on their way to the delivery destination”, explained Ralf van Velzen, Head of Export Financing at KSB SE & Co. KGaA.

“For Logwin, participation in the real-time transaction with parallel data transfer has shown just how much potential there is in the DLT technology – how it helps to significantly simplify and accelerate the processes – on the part of the logistics partners as well as their customers”, confirmed Managing Director Lars-Erik Poths and Key Account Manager Konstantin Wunsch at Logwin Air + Ocean Deutschland GmbH.

“The goal for future development is to expand the Marco Polo network, bringing additional relevant parties for trade transactions on board – such as insurance companies, inspection authorities, local chambers of commerce, etc. In this way, the entire supply chain can swiftly and digitally be mapped”, added Enno-Burghard Weitzel, Commerzbank’s Global Head of Trade Finance Products.

About Commerzbank

Commerzbank is a leading international commercial bank with locations in just under 50 countries. In the two business segments Private and Small Business Customers, as well as Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to the needs of its clients. Commerzbank finances around 30% of Germany's foreign trade and is leading in financing for corporate clients in Germany. Due to its in-depth sector know-how in the German business world, the Bank is also a leading provider of capital market products. Its subsidiaries comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, the Bank serves more than 18 million private and small business customers, as well as more than 70,000 corporate clients, multinationals, financial service providers and institutional clients worldwide. In 2018, it generated gross revenues of €8.6 billion with approximately 49,000 employees.

About KSB

KSB is a leading supplier of pumps, valves and related support services. These come in a wide range of applications ranging from building services, industry and water transport to waste water treatment, power plant processes and solids transport. With production plants, sales offices and agents as well as service centres in more than 100 countries, KSB is always close to its customers. With a workforce of around 15,700, the KSB Group generated sales revenue of € 2.25 billion in 2018. The basis of the company's success is an innovative technology based on its own research and development work. The activities of the KSB research centres concentrate on hydraulics, materials development and the automation of pumps and valves. Excellent efficiencies, energy-saving motors as well as equipment for the control and monitoring of system components ensure a high level of energy efficiency. With over 170 service centres and around 3,000 service employees, KSB provides inspection, maintenance and repair services worldwide. All-in service and operations management complete the service portfolio.

About LBBW

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 241 billion and around 10,000 employees (as of 31 Dec. 2018), 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.

About LOGWIN

Logwin AG (Grevenmacher, Luxembourg) provides efficient logistics and transport solutions for its customers from industry and trade. In 2018, the group generated sales of EUR 1.1bn and currently employs about 4,400 staff. Logwin operates in all main markets worldwide and has around 190 locations on six continents. With its two business segments Solutions and Air + Ocean, Logwin AG is one of the leaders in the market. Logwin AG is listed in the Prime Standard of the Deutsche Börse. The majority shareholder is DELTON Logistics S.à r.l., Grevenmacher (Luxembourg).

About Voith Group

The Voith Group is a global technology company. With its broad portfolio of systems, products, services and digital applications, Voith sets standards in the markets of energy, oil & gas, paper, raw materials and transport & automotive. Founded in 1867, the company today has more than 19,000 employees, sales of € 4.2 billion and locations in over 60 countries worldwide and is thus one of the large family-owned companies in Europe.

Further Information

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

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

<https://tradeix.com/>

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