



KfW IPEX-Bank

NORD/LB



## PRESS RELEASE

4 January 2022

### NORD/LB, EIB and KfW IPEX-Bank finance new battery-powered regional trains to replace diesel

A zero-carbon future is on the horizon for regional trains between Berlin and the surrounding Brandenburg area. The railway company Niederbarnimer Eisenbahn (NEB) plans to replace diesel locomotives with the first battery-powered trains from December 2024. It has ordered 31 new Mireo Plus B trains from Siemens for the ten East Brandenburg lines between Berlin and the Polish border.

These trains will use the overhead contact lines on electrified sections of the route to charge the batteries and power the trains on non-electrified sections. They are therefore extremely energy efficient and do not generate air pollution, especially compared to the diesel trains currently in use. As soon as the railway's electricity comes entirely from renewable sources, the trains will run on zero emissions.

The European Investment Bank (EIB) is financing the project with an investment loan of up to €95 million for the development and purchase of the trains. The European Commission is supporting the project with funds from the Connecting Europe Facility (CEF) for Transport and the NER programme.

This railway project is one of the first operations to fully meet both the climate and sustainability goals of the EU promotional bank. The EIB funds will be pooled together with around €70 million from KfW IPEX-Bank and up to €34 million from NORD/LB into a special purpose vehicle under the umbrella of Alpha Trains.

Alpha Trains is a Luxembourg leasing company specialised in rolling stock that will also make an equity contribution. The special purpose vehicle will own the trains and lease these to Niederbarnimer Eisenbahn. NORD/LB will act as arranger and agent in the financing operation.

Under this leasing structure, the financing of the trains is not affected by the duration of the operating contract that was concluded between Niederbarnimer Eisenbahn and the transport association Verkehrsverbund Berlin-Brandenburg (VBB) in the summer for a period of 12 years starting in December 2024.

In Germany, regional rail transport is co-financed by the federal states. Public transport companies such as the VBB regularly hold Europe-wide calls for tender for contracts lasting between ten and 15 years to stimulate competition among suppliers.

The VBB may issue a new call for tender at the end of the service period. Whoever is awarded the contract can continue to use the lease agreement and the trains, which will be financed for 24 years. This significantly reduces the cost of capital for the bidders participating in the call for tender. As a result, the bid prices are lower, which is an advantage for the federal states.

Acting on behalf of the federal states of Berlin and Brandenburg, the VBB guarantees that the leasing costs will be covered by ticket revenues when the trains enter service in December 2024.

### Background information

The **European Investment Bank (EIB)** is the long-term lending institution of the European Union, owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

The **Connecting Europe Facility (CEF)** is an EU funding instrument to promote growth, jobs and competitiveness through targeted infrastructure investment at European level. The **NER 300** programme aims to co-finance demonstration projects for environmentally safe carbon capture and storage (CCS) and innovative renewable energy technologies on a commercial scale. It was funded through the sale

of 300 million emission allowances from the New Entrants' Reserve (NER) of the EU emissions trading system. However, since 2019 it has been possible to finance investment activities under the Connecting Europe Facility Debt Instrument with the unspent NER 300 funds.

**Alpha Trains** is Europe's leading rolling stock leasing company. It has 125 employees hailing from 15 countries working at its offices in Luxembourg, Antwerp, Cologne, Madrid and Paris. Alpha Trains owns more than 850 locomotives and multiple-unit trains. It offers its customers tailor-made leasing solutions, comprehensive know-how in the maintenance and repair of rolling stock and many years of experience in financing new builds. Its fleets are used by many public and private operators in 19 European countries. The shareholders of Alpha Trains are APG, Arcus European Trains, PGGM and Swiss Life.

**Niederbarnimer Eisenbahn (NEB):** More than 100 years ago, the districts and municipalities on the network's routes held 33% of Niederbarnimer Eisenbahn AG, and this structure remains in place today. The other shareholder is IGB Industriebahn-Gesellschaft Berlin mbH, which is owned by the rail freight specialist Captrain Deutschland GmbH — part of the French SNCF Geodis Group — and Berliner Hafen- und Lagerhausgesellschaft mbH, which belongs to the federal state of Berlin. This unique corporate structure forms an excellent foundation for highly qualified and regionally engaged local rail passenger transport services. With nine new lines entering into service, Niederbarnimer Eisenbahn continues to grow and shape the future for much of the Brandenburg region.

**KfW IPEX-Bank** is responsible for export and project finance within KfW Group. It supports German companies operating in key industrial sectors in global markets by structuring medium and long-term financing for German and European exports, infrastructure investments and securing raw materials supply, and by financing environmental and climate protection projects worldwide. As a specialist bank, KfW IPEX-Bank has extensive industry, structuring and country expertise. It takes on leading roles in financing consortia and actively involves other banks, institutional investors and insurance firms. KfW IPEX-Bank is operated as a legally independent group company.

With total assets of €117 billion, **NORD/LB Norddeutsche Landesbank – Girozentrale** is one of Germany's leading commercial banks. As a public bank, it is part of the S-Financial Group. Its core businesses cover specialised lending in energy and infrastructure, including rail transport. Currently, financing volumes for infrastructure projects amount to around €4 billion. The bank supports its clients from its headquarters in Hanover, Braunschweig and Magdeburg, in addition to branches in ten other locations in Germany and abroad.

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