

CORPORATE-INVESTMENT BUSINESS

The *Corporate-Investment Business (CIB)* global business line specialises in servicing major corporate clients through sales of lending, transaction and investment products, as well as leasing and factoring services in Russia, the CIS countries, Europe, Asia and Africa.

SHARE OF VTB GROUP TOTAL, %

Assets	49
Loans and advances to customers (net)	55
Customer deposits	34
Net interest income	30
Net fee and commission income	26
Provision charge ¹	36
Net operating income (before provisions)	46
Staff costs and administrative expenses	28

Source: VTB Group's IFRS consolidated financial statements for 2019.

To maximise the impact of its *CIB* customer service, VTB created a dedicated client coverage unit and product units that are responsible for maintaining and developing a line of cutting-edge banking products.

The client coverage unit's service model centres on sector coverage, with dedicated teams responsible for doing business with clients from different sectors of the economy. This approach enables the Group to improve the quality of its sector expertise and build products and solutions tailored to the needs of specific clients.

The product units are also structured for sector specialisation and to meet the requirements of major corporate clients. This allows the Group to enhance its approach to credit analysis and improve the quality of its corporate loan portfolio.

2019 SEGMENT OVERVIEW

Client base in Russia:

1,855
groups of companies

CIB gross loan portfolio:

6.3
RUB trillion

Deposits and accounts from *CIB* clients:

3.7
RUB trillion

Transaction banking comprises two main product lines: the documentary business, which includes a variety of guarantees and letters of credit; and liquidity management products, including account management products, financing products (such as the accrual of interest on client account balances), as well as acquiring services, remote banking services, and settlement and cash services.

The Group's investment banking business offers a full range of investment banking products, including trading operations, organising debt and equity issuance, consulting services on M&A transactions, private equity, asset management, FX and interest-rate products and hedging strategies.

In 2019, the Bank achieved its targets in terms of key financial indicators in the *Corporate-Investment Business* and was able to maintain its leading positions

¹ Provision charge for credit losses on debt financial assets, credit related commitments and other debt financial assets and (provision charge) / reversal of provision for legal claims and other commitments.

thanks to its flexible business model and its willingness to use innovative approach while taking decisions according to market conditions.

The Bank focused in particular on improving the efficiency of processes and continued cost reductions.

LENDING TO CIB CLIENTS

VTB offers a wide range of lending products for corporate clients, providing financing for various terms in all major global currencies. The Bank also offers a variety of credit lines with drawdown limits, credit limits or a combination of these limits.

In addition to traditional financing, VTB also offers major corporate clients complex credit products, including structured repo, investment and project financing, debt and equity financing services, consulting services on structuring investment projects, trade finance services and direct financing from institutional investors and banks. VTB's clients have access to structured financing products that make it possible to reduce interest rates considerably by allowing the Bank to select the repayment currency. Leasing and factoring products are provided to the Group's customers through VTB Leasing and VTB Factoring.

As a result of stiff competition on capital markets in 2019, the Group offered its customers complex products with more attractive financing conditions. In particular, the Bank carried out extensive work with exporting companies regarding instruments operated by the *Russian Export Center* and the *Ministry of Industry and Trade of Russia* to support and stimulate exports. One of the main targets was the development of new approaches and loan products for agricultural producers managing a land bank.

At the same time, the Bank's emphasis on working with solid clients and strengthening the structure of transactions helped reduce losses by creating provisions and reducing the volume of non-performing loans. This was also achieved thanks to accurate market positioning based on an analysis of macroeconomic trends in various sectors of the economy.

Lowered expectations in terms of inflation and developers' transition to escrow accounts spurred growth in project and equity financing for major real estate developers. In terms of escrow

financing, more than 10 transactions were completed with a drawdown limit of over RUB 130 billion. The Bank also successfully implemented portfolio investments in residential projects: two properties were delivered on schedule, and sales were better than expected.

It is also worth noting that the Bank enjoyed significant success in project financing in 2019:

- VTB consolidated its leading position in terms of financing Russia's port infrastructure; agreements were signed with a total limit of USD 2 billion, with the potential to increase the limit to USD 3.5 billion;
- A syndicate agreement involving VTB was signed to finance the largest gas processing plant in Russia worth the equivalent of EUR 1 billion;
- The *VEB.RF* project financing factory completed its largest-ever transaction for a methanol plant project (with VTB's involvement in the amount of EUR 1.1 billion);
- Funding was provided for new solar and wind generation projects through a power purchase agreement worth RUB 40 billion.

In 2019, VTB Bank continued to develop trade and export financing, expanding its product line and introducing individual solutions for its clients. VTB Group supported trading transactions in more than 50 countries all over the world using both traditional products of trade financing (including confirmation and discounting of letters of credit, issuance of guarantees, supply of connected trading credits) and long-term export financing instruments.

Bank fully supported exporters in emerging markets (including in CIS, Asia and Africa) in coordination with export credit agencies. In 2019, the portfolio of relevant transactions grew by 30 %, the amount of new transactions doubled. Developing this sector Bank realised unique solutions in terms of companies' financing in the sphere of green energy.

VTB Bank continued developing effective infrastructure to fully support Clients' foreign trade activities in the international markets. VTB Bank (Europe) and *Afreximbank* thus signed an agreement to support clients' business in African region. Under the agreement *Afreximbank* ensures obligations fulfilment by African financial institutions on the trade financing transactions. This will help increase VTB Group's business scale in the African market.

DEPOSITS AND ACCOUNTS FROM CIB CLIENTS

Attracting deposits and accounts from *CIB* clients is an important part of VTB's business. The Bank is constantly taking steps to improve customer service and streamline business processes to further develop deposit products and reduce operating expenses.

In order to make liquidity management more effective, the Bank enabled customers to make overnight deposits from a pool of accounts through the *Client Settlement Centre* system. The Bank's electronic click&deposit system for the simplified investment of free cash continued to gain popularity, as it greatly reduces the time needed to process deposit transactions.

The structure of contracts was also revised for the investment of funds in minimum-balance accounts, which further made it easier for customers to invest deposits. VTB's flexible policy in setting rates and its individual approach to customers made it possible to respond in a timely manner to market changes and requests from Russian companies.

CIB TRANSACTION BANKING

Products for managing payments and liquidity

VTB offers companies a wide range of transactional products and services. During the reporting period, VTB implemented a number of projects aimed at providing customers with cutting-edge services and improving service quality:

- The Bank was one of the first in the market to introduce an innovative service that uses the *Faster Payments System* established by the *Bank of Russia* to deposit payments for retail purchases directly into the accounts of retail businesses. The service enables customers to make non-cash payments directly from a bank account without using a card. This new payment instrument will improve the quality, convenience and appeal of cashless payments for customers, while also reducing the acquiring costs for retail businesses;
- The Bank launched and began servicing a universal corporate card that can provide customised functionality to meet the needs of individual clients. The product is based on a modular system, whereby the client determines the operations to be made available to each card user, such as making cash deposits into a company bank account through the Bank's ATM network (self-collection), setting individual spending limits, making cashless payments for goods and services and cash withdrawals;
- A project was launched together with one of the leading telecommunication companies in Russia to send out invoices through an electronic document management system. The software solution provides a simple and quick tool for the exchange of legally binding electronic documents between the users of the electronic document management system, including in communications with the *Federal Tax Service of Russia*;
- In the interests of servicing one of Russia's largest retailers, a project was launched to make it possible to accept cash through specialised devices *Automated Deposit Machine (ADM)* installed in clients' stores and to credit the amount of funds deposited to the client's current account in real time. This solution increases the efficiency of the client's business processes related to the processing and collection of cash revenue, including by enabling the client to avoid errors while processing cash payments, reduce paperwork and not be dependent on a collection schedule;
- A service was introduced that offers extended business hours, allowing customers to make internal RUB payments until 11 PM and external RUB payments until 7 PM Moscow time;
- The process of opening a client account was greatly simplified. Account numbers are reserved online; the term for resident legal entities to open their first RUB account was reduced to one business day, and clients only have to visit a Bank branch once to open an account;
- A pilot service of mobile specialists was launched that provides customers with the submission of all the documents needed to open a current account and to connect to the remote banking system without having to visit a Bank branch;
- For a number of corporate clients, financial data exchange with the Bank was realised through the *Bank of Russia's Financial Data Interchange System* and also in accordance with the *ISO 20022* international standard. The *Financial Data Interchange System* helps reduce risks that could have an impact on the uninterrupted operation, security and confidentiality of financial data exchange, and *ISO 20022* makes it possible for the Bank to link its clients to new solutions implemented on the basis of this standard, and also to reduce the costs of participating parties by using unified models for the exchange of payment information when conducting operations.



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Documentary business

VTB Group remained one of the leaders in the documentary business (ranked second) with a market share of 16.9 %¹ in terms of the volume of guarantees and letters of credit issued in 2019.

Considerable attention has traditionally been paid to the development of technologies and processes to ensure the implementation of documentary products and services for customers using the most advanced technology platform available. In 2019, VTB Bank continued to improve its remote service system for documentary operations and played an active role in joint work with the *Bank of Russia*, the *Ministry of Finance of the Russian Federation*, the *Federal Treasury of Russia*, the *Federal Tax Service of Russia* and the banking community in terms of the digitalisation of bank guarantees. In addition, the Bank also plays a leading role in the *Digital Bank Guarantee* project being carried by the *FinTech Association* on the *Masterchain* blockchain platform.

In 2019, VTB Bank expanded its range of services for documentary letters of credit by offering customers a new service: early repayment on uncovered RUB letters of credit offered and executed by the Bank by means of deferred payment. The service allows sellers, pursuant to delivery contracts with deferred payment, to receive money for delivered goods before the date of deferred payment according to the letter of credit (within the risk limit that the Bank has accepted for the buyer).

VTB Group continues to be an active participant in industry and professional associations in the documentary business, including *ICC Russia*, and it makes significant contributions of expertise to improving the mechanisms that have a regulatory impact on the market and the development of its infrastructure.

Transaction business outside Russia

As of the end of 2019, the transaction business of the VTB Group's international network built its highest volumes of business with corporate clients. These results were facilitated by the launch of new transactional business products and the further improvement of existing products, and also thanks to efforts to enlist resource-intensive clients for services offered by VTB subsidiaries in Belarus, Kazakhstan, Angola and Western Europe, as well as in the Bank's branch in Shanghai.

By using VTB ecosystem to guarantee client funds a maximum of security and thanks to the Bank's willingness to develop individual solutions that take into account the characteristics and needs of local business, VTB was able to expand its client base and intensify cooperation with existing customers.

Comprehensive transactional solutions for the largest companies

During the reporting period VTB was actively involved in large-scale projects to centralise the management of cash flows, liquidity and financial risks at leading Russian corporations. In 2019, VTB implemented comprehensive transactional solutions for approximately 90 groups of companies that include more than 2,500 legal entities.

In 2019, VTB Bank retained its position as the main settlement bank for some of the largest companies in Russia: *Russian Railways*, *Russian Post*, *Transneft*, *Rostelecom*, *Moscow Metro*, the *Air Traffic Management State Corporation*, *Rosneft*, *Rosatom* and *M.Video Group*.

Cutting-edge solutions for transport and for cities

VTB Bank continues to develop and roll out new solutions for transport and the urban environment:

- At the *St. Petersburg International Economic Forum* in June 2019, the *My Smart City* app was officially launched, which links up VTB Bank with Moscow's municipal services, allowing users to view event information, top up their parking account, pay utilities bills and traffic fines, top up the balance of their *Troika* transport card and see the latest *Active Citizen* voting results and much more. The app was named the best technology product of the year by *The Banker* magazine. VTB's solution was the winner in the *Mobile Applications* category at the *Tech Projects Awards*, beating out mobile products created by some of the world's top banks. On the one hand, the app focuses on providing popular services for residents of Russia's largest city. On the other hand, it offers a state-of-the-art channel for communicating with citizens. The Bank's role is to provide convenient payment services and infrastructure for effective interaction between service providers and end users;
- A project was completed to modernise *Moscow Metro* turnstiles to enable payment using a bank card and other devices using contactless



My Smart City app links up VTB Bank with Moscow's municipal services. It allows users

to view event information

to top up their parking account

to pay utilities bills and traffic fines

to top up the balance of their *Troika* transport card

to see the latest *Active Citizen* voting results and much more

Best technology product of the year by *The Banker* magazine

Winner in the Mobile Applications category at the Tech Projects Awards

¹ Market share was calculated using VTB Bank's own methodology.

technology. The contactless fare service enables users to complete a journey without having to buy a ticket at a ticket office;

- Seamless transfers were made possible using contactless bank cards between different types of urban passenger transport, such as between the *Moscow Metro* and the *Moscow Central Circle*.

Custody services

VTB Group Custody is one of the largest custodians in Russia and provides a full range of custody services for all types of securities issued by Russian and foreign issuers. The majority of companies operating in the Russian market hold depository accounts with VTB Bank. The account service on Russian and foreign securities through *Euroclear Bank's* accounts is constantly in good demand among domestic and foreign market players. *Euroclear Bank* is one of the largest international settlement depository, for which VTB Bank's depository acts as an agent for depository operations in Russia.

The Bank's depository acts as a Russian sub-custodian for the *BNY* and *Deutsche Bank Trust Company Americas*, holding the underlying assets for issuing depository receipts for shares in a number of major Russian issuers.

CIB INVESTMENT BANKING

VTB Group is Russia's leading investment banking services and one of the key players providing access to global capital markets for Russian corporate clients. Investment services are primarily sold under the VTB Capital brand. In 2019, the Group maintained its leading position in various segments of Russia's investment banking market.

Global markets

VTB Group offers a full range of services for fixed income, equity and FX trading, as well as interest-rate and global commodities market operations. The Group also provides currency and interest-rate risk management services, including hedging solutions, as well as structured finance, structured deposits and notes, structured credit and hybrid products.

VTB Group clients are able to access equity capital markets in Russia and in a number of countries in Eastern Europe, the Middle East and Africa. VTB Capital is a member of the *London Stock Exchange*, and it also has access to a number of foreign markets through its extensive network of local brokers.

In 2019, VTB Capital strengthened its position in the Russian stock market, becoming one of the three largest operators in the market, and it also increased its market share considerably in terms of trading with international clients. VTB Group also strengthened its leading position in terms of trading volume in the *Moscow Exchange* repo market and became one of the three largest operators in the repo exchange market.

VTB Group is a major player in currency markets and is a well-known brand not only in the CIS but also further abroad. Germany, the United Kingdom, India and China are just a few of the countries where VTB is licensed to conduct currency trading. VTB Bank continues to be a leading player in the Russian foreign exchange market, offering a wide range of traded currencies and a substantial toolkit for executing client orders. In order to simplify the completion and execution of transactions and to reduce the processing time involved, the Bank developed and introduced electronic trading platforms that quickly became popular with clients. In addition to conversions, VTB Group is also one of the leaders in the derivatives market, with this segment accounting for about 30 % of the total operations.

VTB Group is one of the leading traders of Russian government and corporate bonds (on the *Moscow Exchange* and in over-the-counter markets, denominated both in roubles and in foreign currencies). The Group conducts trading operations with a wide range of Russian and foreign clients, providing them with liquidity in the secondary market in a wide range of debt securities, with an estimated market share of about 15 %. The Group also expanded its presence in corporate debt markets in 2019 for borrowers from Europe and the CIS.

Global commodities

VTB Group's commodities business – a strategic area of development for VTB Group – has established a well-developed infrastructure to support the complete sales cycle from national producers to end consumers all over the world. VTB was able to create, in a very short time, a national universal trader in Russian and international markets (China, India, Central Asia, Europe) and to start an anchor product for the development of its international business. VTB's commodities business is currently represented by a top international team with expertise in all major areas, including oil and petroleum products, coal, precious and industrial metals, agricultural products and fertilizers.

In 2019, VTB Group bolstered its presence in commodities markets, including international markets. Its line of basic assets includes precious and non-ferrous metals (gold, aluminium, copper and tin), oil, petroleum products and petrochemical products, coking and power-generating coal, and agricultural products (soybeans, wheat, barley and sunflower seeds). VTB Bank continues to offer an option structure to hedge the commodity risks of Russian producers of mineral resources. The Group's trading companies – VTB Capital Trading (Zug, Switzerland) and VTB Capital Trading (Moscow) – continue to expand their range of services. Structured finance transactions (stocks and cargo in transit), advances on future deliveries (prepayment), and deliveries with delayed payments were concluded. The client base was expanded in the CIS countries and other international locations. VTB plans to entry into China offshore market through creating a legal entity on the continent territory of China in order to gain transactions at a wider scale and interact with Chinese clients.

Highlights of the commodities business in 2019 included the following:

- No. 1 in Russia in terms of gold purchases (32 % market share);
- No. 1 in the CIS countries in terms of operations with physical aluminium;
- No. 2 in terms of grain exports from Russia (as of 31 December, 9.2 % of exports in the 2019–2020 season);
- Agribusiness transitioned from structural financing operations to a strong operational player in the global market;
- A contract was signed for copper extraction at a mine in Armenia;
- A core logistics team was established with experience in the areas of steelmaking, concentrates and primary base metals.

Investment banking

VTB Group offers a full range of investment banking products, including advising on M&A transactions and organising the issuance of debt and equity securities. The business is focused on serving customers in key sectors of the economy in both Russia and international markets.

Corporate financing

In 2019, VTB Capital was once again recognised as the leader in terms of the volume and number of M&A transactions in Russia, according to a number of independent international agencies, including *Refinitiv* and *Mergermarket*.

According to *Refinitiv*, VTB Capital successfully completed 17 transactions worth a total of USD 4.5 billion, making it the leader in Russia with a 23 % market share.

Among VTB Capital's largest deals was the sale of RUB 60.3 billion in shares of *TransContainer*, a freight transport company, through an open auction; VTB Capital coordinated the auction and acted as financial advisor.

VTB Capital also provided advisory services in international M&A markets outside Russia, including for deals in India, China, Kazakhstan, Angola and Italy. The deals included the acquisition of a 70 % stake in the *Klyuchevskoye* gold deposit in the Chita region by *China National Gold Group Corporation (CNGC)*, a leading state-owned Chinese mining company. VTB Capital acted as a financial advisor to *CNGC*.

VTB Capital has received several prestigious awards for its consulting services, including:

- *The Best Investment Bank in Emerging Markets* in 2018 and 2019, according to *Global Finance*;
- *The Best Investment Bank in Russia 2010–2019*, according to *EMEA Finance*.

Equity capital markets

As of the end of 2019, VTB Capital retained its leading position in the equity markets of Russia and the CIS, having coordinated the largest number of deals – seven – worth a total of USD 1.7 billion.

The most notable transactions included the only initial public offering (IPO) in Russia in 2019, *HeadHunter's* IPO on the US *Nasdaq Exchange* worth USD 253 million, in which VTB Capital acted as a bookrunner. Other notable transactions included the accelerated placement of shares of *Norilsk Nickel* worth USD 551 million and shares of *Polyus* in the amount of USD 390 million, where VTB Capital acted as the global coordinator.



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Debt capital markets

According to the independent agencies *Refinitiv*, *Bloomberg* and *Dealogic*, VTB Capital was once again one of the top-ranked companies in 2019 in terms of volume of transactions in the debt capital markets of Russia, the CIS and Eastern Europe. According to *Dealogic*, VTB Capital organised over 100 transactions in the Russian debt capital market in 2019 worth a total of USD 12 billion. The most notable deals completed during the year included participation as the lead manager of a sovereign issue of Eurobonds by the *Ministry of Finance of the Russian Federation* worth more than USD 6 billion, as well as the coordination of a transaction for the issue of Eurobonds by *Russian Railways* worth EUR 500 million, the first issue of "green" Eurobonds in Russia and the CIS.

Corporate real estate market

In 2019, VTB Capital continued to develop one of its newest lines of activity: providing consulting services concerning corporate real estate; the company has successfully completed three deals since it began offering such services.

EMEA Finance called VTB Capital's USD 145 million deal to acquire a new headquarters for *Yandex* – the best real estate deal in Central and Eastern Europe in 2019.

Investment management – VTB Capital Investments

VTB Capital Investments, VTB Group's single, unified platform, is one of the largest and most successful platforms in the Russian market for the provision of comprehensive investment services for a wide range of investors.

With its effective business strategy, excellent team of professionals, focus on the development of digital services, in-depth expertise and optimal risk management system, VTB Capital Investments is able to occupy a leading position in the investment services market.

VTB Capital INVESTMENTS

provides
a full range
of investment
services
for a broad array
of investors
and consolidates
the following
companies:

VTB Capital Investment Management: the largest asset management company in Russia, it offers one of the most wide-ranging lines of trust management investment products for Russian and international investors; the leader in terms of managing endowment funds with a market share of more than 30 %; one of the three largest asset management companies in Russia in terms of funds managed in the HNWI segment¹ and also in terms of the volume of reserves among insurance companies, closed-end mutual funds and *Russian Pension Fund*;

VTB Bank's Brokerage Department: brokerage services for retail customers with opportunity to trade in both Russian and foreign markets;

VTB Capital Broker: brokerage services for institutional investors using state-of-the-art technologies for remote servicing and margin lending;

VTB Forex: services for individuals in Forex markets, with direct access to international currency markets.

¹ High-net-worth individuals.

VTB Capital Investments was managing more than RUB 1.9 trillion in client assets in 2019, a 33 % increase year-on-year. The retail client segment saw the most growth, with assets increasing by 58 % to RUB 922 billion. Funds invested by legal entities increased by 16 % to RUB 1 trillion. VTB Capital Investments' client base increased 2.5 times to more than 715 thousand, and its business revenue increased by more than 44 % compared to 2018.

One area of special focus was the development of the *VTB My Investments* mobile application, VTB Capital Investments' flagship digital product. The number of active clients using the mobile platform increased sixfold, with more than 170 thousand customers having used the mobile application by the end of 2019; the total volume of transactions exceeded RUB 2 trillion, with monthly turnover exceeding RUB 200 billion.

In 2019, extensive work was conducted on developing the main services and functionalities offered by *VTB My Investments*:

- Functionalities were added such as opening brokerage accounts online, withdrawing funds into master accounts and transferring funds between brokerage accounts, as well as withdrawing funds and transferring them to external accounts;
- The Placement Platform gives users the ability to take part in initial placements directly through the *VTB My Investments* application;
- Functionality was added for purchasing federal loan bonds;
- Trading in foreign shares: more than 1,000 of the most liquid shares on the American stock market were made available through the *St. Petersburg Exchange*;
- Dividend and coupon calendars were created;
- The application provides a robot advisor service, which helps clients form an investment portfolio made up of stocks, bonds and index funds based on their investment profile and the parameters of each client's existing securities;
- Virtual Advisor: a chatbot was added to answer questions; it appears whenever the central button in the *VTB My Investments* application is pressed;
- Access was provided free of charge to materials adapted from reports by the VTB Capital team of analysts, which has been repeatedly recognised as the best in Russia.

VTB Bank became the first bank in Russia to use *Open API* technology – a platform-based solution that makes it possible to work with an unlimited number of partners – for its investment products. Using this technology, VTB Capital Investments and Post Bank enabled Post Bank clients to open brokerage accounts remotely and to buy and sell federal loan bonds. VTB Capital Investments and RBC launched an investment site at quote.rbc.ru that is also based on this technology. The project enables customers to open investment accounts and conclude transactions on the *Moscow* and *St. Petersburg Exchanges*.

By the end of 2019, VTB had become the undisputed leader in the Russian market in terms of investments in mutual funds. During the year, clients invested RUB 49.5 billion in VTB Capital mutual funds – about half of the funds invested in all market players. With the launch of six funds, VTB Capital Investments created the widest range of exchange-traded funds in the Russian market. VTB Capital Investments became the first, and remains the only, company in the market to disclose the structure of exchange-traded funds online.

In 2019, VTB Capital Investments entered into an agreement with the international investment group *Generali Investments*. Under the agreement, VTB Capital Investments provides comprehensive advisory services to an international portfolio investment group in the Russian market. The comprehensive approach includes the creation of an investment portfolio, analytics, macroeconomic reviews, as well as forecasts for currency conversion transactions. The agreement was the first step in long-term strategic cooperation between the two investment groups in the Russian market.

VTB Capital Investments carried out a record number of projects to launch new products and improve services for customers, such as access for retail brokerage clients to trading on the *St. Petersburg Exchange*, access to margin trading on the *St. Petersburg Exchange*, and access to currency operations in any amount, trading assets with settlements in foreign currency in individual investment accounts, investment bonds, direct access for mutual fund managers to trading on foreign platforms, access to foreign platforms for institutional clients using brokerage services, and the launch of real estate funds for market investors and others.



VTB My Investments mobile application is VTB Capital Investments' flagship digital product

The number of active clients using the mobile platform increased sixfold:

more than
170
thousand
customers
having used
the mobile
application
by the end
of 2019

The total volume of transactions exceeded

2
RUB trillion

monthly turnover
exceeding

200
RUB billion

An *Investor School* project was carried out with the goal of improving financial literacy among those who would like to take their first steps in working on stock exchanges – and then to become successful investors.

In 2019, VTB won the *Brokerage Company of the Year Award* as part of the *Financial Market Elite* annual competition. The winner in the *Best Management Company for Retail Investors* category was VTB Capital Investment Management, and the VTB Treasury Fund was the winner in the *Best Bond Fund* category. In addition, VTB Bank received an award from the *Moscow Exchange* in 2019 for its contribution to the development and promotion of individual investment accounts.

Research

VTB Capital provides its clients with high-quality investment analytics on the economy, sovereign debt and the corporate sector and is a recognised source of information on the markets of Russia, Central and Eastern Europe, the Middle East and Africa. VTB Capital analysts cover the activities of more than 110 companies, publishing over 2.7 thousand reviews every year with analysis of financial information and major events that have a direct impact on the activities and results of the companies and sectors of the economy

subject to analysis. VTB Capital analysts work closely with the Equity and Fixed Income Market Operations Departments, while also providing analytical support for strategic decision-making by VTB Group management.

According to the Institutional Investor 2019 Emerging EMEA Research Team survey, VTB Capital analysts ranked sixth in the Emerging EMEA region and second in the *Russia* category. The VTB Capital analytics *Transport* sector team and the *Electricity* sector team were the leaders in the EMEA region. The prize-winning meta-analytics teams in the *Metallurgy*, *Oil and Gas* and *Russia* sectors, among others, also contributed to VTB's high position in the rankings in the Emerging EMEA region.

In the *Extel Survey* 2019 ranking, the VTB Capital analytics team was the winner in terms of the total number of votes in Russia, and VTB's analysts took first place in such categories as *Macroeconomics (Russia)*, *Analytics in the Fixed Income Instrument Market (Russia)*, *Media and Telecommunications (Russia)*, *Banks (Russia)*, *Electricity (EMEA)*, and *Transport and Engineering (EMEA)*, while also winning prizes in the categories of *Metallurgy (Russia)*, *Oil and Gas (Russia)*, *Investment Strategy in the Stock Market (Russia)*, *Country Analytics – Russia* and a number of others.

AWARDS RECEIVED BY VTB CAPITAL IN 2019

<p>#1 DCM Bookrunner in Eastern Europe</p> <p>2016–2019</p>	<p>#1 DCM Bookrunner in Russia</p> <p>2010–2019</p>	<p>Best Securitisation House in CEE and EMEA</p> <p>2009, 2010, 2013–2019</p>	<p>Best Investment Bank in Russia</p> <p>2010–2019</p>
<p>Best Rouble Bond House</p> <p>2010, 2013, 2015, 2017, 2019</p>	<p>#1 Leading Brokerage Firm in Russia</p> <p>2019</p>	<p>#1 Pan European Conference: Investment Forum "RUSSIA CALLING!"</p> <p>2016–2019</p>	<p>Best Investment Bank in Russia</p> <p>2019</p>
<p>Best Investment Bank in CEE</p> <p>2013–2019</p>	<p>Best Investment Bank in Russia</p> <p>2010–2017, 2019</p>	<p>Best Investment Bank in Emerging Markets</p> <p>2018, 2019</p>	<p>Best FX Provider in Russia</p> <p>2011–2015, 2017–2019</p>
<p>#1 Transportation Team in Emerging EMEA</p> <p>2016–2019</p>	<p>#1 M&A Advisor in Russia</p> <p>2019</p>	<p>Best Financial Services in Russia</p> <p>2016–2019</p>	<p>Best Bond Market Sales</p> <p>2009–2019</p>

VTB CAPITAL'S MAJOR INVESTMENT TRANSACTIONS IN 2019

 <p>China National Gold Group</p> <p>Acquisition of 70 % in Klyuchevskoye gold deposit</p> <p>2019 Financial advisor</p>	 <p>DataLine RUB 17.5 billion</p> <p>Sale of 100 % to Rostelecom</p> <p>2019 Financial advisor</p>	 <p>Detsky Mir USD 250 million</p> <p>Marketed Follow-on</p> <p>2019 Joint Global Coordinator</p>	 <p>DOM.RF RUB 25 billion</p> <p>Rouble Bond</p> <p>2019 Joint Lead Manager, Bookrunner</p>
 <p>Evraz RUB 20 billion</p> <p>Rouble Bond</p> <p>2019 Joint Lead Manager, Bookrunner</p>	 <p>Gazprom USD 1.25 billion</p> <p>Eurobond</p> <p>2019 Lead Manager and Bookrunner</p>	 <p>HeadHunter USD 253 million</p> <p>IPO on Nasdaq</p> <p>2019 Joint Bookrunner</p>	 <p>Norilsk Nickel USD 551 million</p> <p>ABB</p> <p>2019 Joint Global Coordinator</p>
 <p>Polyus Gold USD 390 million</p> <p>ABB</p> <p>2019 Joint Global Coordinator</p>	 <p>Russian Federation USD 5.5 billion EUR 750 million</p> <p>Total New Issues and Taps</p> <p>2019 Lead Manager and Bookrunner</p>	 <p>Russian Railways EUR 500 million</p> <p>Green Eurobond</p> <p>2019 Lead Manager</p>	 <p>Severstal USD 800 million</p> <p>Eurobond</p> <p>2019 Lead Manager and Bookrunner</p>
 <p>TransContainer RUB 60.3 billion</p> <p>Sale of 50 % + 2 shares</p> <p>2019 Financial advisor</p>	 <p>Uralkali USD 500 million</p> <p>Eurobond</p> <p>2019 Global Coordinator and Bookrunner</p>	 <p>VRK-3 RUB 8.65 billion</p> <p>Sale of 100 % – 1 share</p> <p>2019 Financial advisor</p>	 <p>Yandex USD 145 million</p> <p>Acquisition of Korston Club Hotel</p> <p>2019 Financial advisor</p>

NON-BANKING FINANCIAL BUSINESS

Along with providing corporate clients with banking and insurance services, VTB Group also offers clients leasing and factoring services. Synergies and cross-selling of banking and non-banking products remain one of the Group's main development priorities.

Leasing

- No. 3 in the market in terms of portfolio size¹;
- No. 3 in the market in terms of the volume of new business in 2019¹;
- No. 1 in terms of the volume of new business in the construction equipment segment¹;
- No. 1 in terms of portfolio volume in the construction equipment segment¹;
- No. 1 in terms of portfolio volume in the medical equipment segment¹.

VTB Leasing is one of Russia's leading leasing companies, with 58 offices across Russia, as well as subsidiary businesses in the CIS and Europe. VTB Leasing is one of the top three leasing companies in Russia and one of the top 20 in Europe.

VTB Leasing's clients are large corporate clients, standard bearers in their industries, both state-owned and private: *Aeroflot, Rosneft, the Federal Cargo Company, SUEK, Novotrans, Russian Post* and many others. At the same time, VTB partners with more than 25 thousand small and medium-sized enterprises and individual entrepreneurs in the area of auto leasing. As of the end of 2019, VTB Leasing was one of the largest players in this segment in terms of the number of cars and amount of specialised machinery leased.

By the end of 2019, VTB Leasing's leasing portfolio amounted to RUB 580 billion, while the company's volume of new leasing contracts amounted

to RUB 133 billion. The main sectors of its leasing portfolio are rail transport, specialised machinery and auto leasing. The share of transactions in rapidly expanding sectors for leasing such as automobiles, freight transport and specialised machinery continued to grow, reaching 16 % of its portfolio by the end of 2019.

Factoring

- No. 1 in the SME segment²;
- No. 1 in terms of the volume of financing receivables²;
- No. 1 in terms of the factoring portfolio size².

VTB Factoring, the leader in the Russian factoring market, provides a full range of factoring services for working with receivables and payables. The company operates across Russia through its own network of affiliates located in 15 of the country's largest cities and also through branches of VTB Bank.

The well-coordinated work of VTB Group's unified team, based on an individual approach to the development of unique solutions, enabled VTB Factoring to expand its business considerably in 2019. The volume of financing receivables reached RUB 724 billion; the company's portfolio grew to RUB 256.5 billion. As a result, VTB Factoring remained the leader for the eighth year in a row in terms of both financing receivables and its factoring portfolio, with a market share of more than 35 %.

The main focal areas of VTB Factoring's strategy are working with large companies of federal significance and their suppliers, continuing digitalisation of customers' acquisition and services for factoring business scaling to companies of *MSB* and development of new areas for commercial financing.

¹ According to Expert RA's preliminary data for 2019: raexpert.ru/rankings/leasing/2019.

² According to Expert RA's preliminary data for 2019: raexpert.ru/researches/factoring/factoring_2019.