

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.

Segment overview

Client base in Russia and abroad

11.7 thousand
acting clients

Banking client base in Russia

9.5 thousand
acting clients

CIB loan portfolio

RUB 6.7 trillion
(before provisions for credit losses,
excluding Vozrozhdenie Bank)

Deposits and accounts from CIB clients

RUB 3.9 trillion
(excluding Vozrozhdenie Bank)

Share of VTB Group total, %	
Assets	52
Customer loans and advances (net)	60
Customer deposits and accounts	37
Net interest income	36
Net fee and commission income	23
Provision charge ¹	37
Net operating income	42
Staff costs and administrative expenses	25

Source: VTB Group's IFRS consolidated financial statements for 2018.

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

1. This includes expenses for provisions for credit losses on debt financial assets and for provisions for credit losses on credit obligations and other financial assets.

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.

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 (including 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, M&A transactions and consulting services, private equity, asset management, FX and interest-rate products and hedging strategies.

In 2018, the Bank was successful in achieving its targets in terms of key financial indicators in corporate-investment banking and was able to maintain its leading positions thanks to its mobile business model and willingness to make innovative decisions while taking due account of market conditions.

The Bank focused in particular on diversifying its business, improving the efficiency of processes and continued cost reductions. An important achievement in terms of diversifying the corporate-investment banking business was the creation of a brokerage services department – a key source of investment products for retail customers – as part of the merger between VTB and VTB24. In terms of cost reduction, the restructuring of the Group's European sub-holding was completed at the end of 2017, and VTB's European financial operations centre was moved to Frankfurt. This reduced the Group's costs related to servicing three offices.

Lending to CIB clients

VTB offers a wide range of lending products for corporate clients, providing financing for a range of tenors in all major global currencies. The Bank also offers various types 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 significantly reduce interest rates by allowing the Bank to select the currency for repayment. Leasing and factoring products are provided to the Group's customers through VTB Leasing and VTB Factoring.

In 2018, the Bank continued its strategic cooperation with the Essar Group by providing commodity prepay financing (a transaction in which the bank provides funds for prepayments for future oil supplies) in the amount of EUR 162 million for the Stanlow Refinery in England, as well as approving USD 2.45 billion in funding for Essar Global Fund Limited and USD 180 million for the Matix Group.

In 2018, the Group continued to develop its lending business in international markets in Central and Eastern Europe, the Middle East and Africa (CEEMEA), and Asia. Several strategic deals were concluded in Asia, work continues with the aim of expanding the business in CEEMEA countries through new transactions in existing and new regions of operations, and the Group strengthened its focus on new opportunities in Eastern and Southern Europe.

An important area for the development of the Corporate-Investment Business in 2018 was work on the financing of public-private partnership projects.

Work continues on financing projects in the mining sector, and the Bank began financing green-energy projects in Russia.

Against the backdrop of positive trends in the construction and real estate sectors in 2018, the Bank continued to provide financing for high-quality projects, including entering new target markets:

- cooperation expanded with the largest, most stable players in the residential construction sector: as of the end of 2018, five of the 10 largest Russian developers were clients of the Bank;
- in the commercial real estate sector, work continued with borrowers both in terms of construction projects and in lending secured by finished real estate;
- a landmark deal on the use of escrow accounts was signed with the PIK Group;
- cooperation with companies in the housing and communal services sector was expanded;

- lending secured by commercial real estate and construction projects in Central and Eastern Europe was developed, as was lending secured by hotel real estate in Western Europe.

The Bank also carried out significant work to improve its portfolio management: work with borrowers continued to improve the security of transactions.

In 2018, VTB continued to develop trade and export financing in all regions where the Group operates and to support its clients' foreign trade operations all around the world.

The Bank's first transaction with China's Sinosure export credit agency was completed.

VTB continued to carry out export credit transactions involving the Export Insurance Agency of Russia (EXIAR). During the reporting period, the first transaction was implemented with Solaris Commodities as part of a programme to subsidise interest rates on export credits from the Russian Export Center and insured by EXIAR.

VTB successfully completed a number of long-term trade finance deals with the participation of leading export credit agencies (ECAs). Taking advantage of the Group's European operations, the main focus was on direct financing for clients with ECA coverage.

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 2018, the structure of contracts was revised for the investment of funds in the form of deposits in minimum-balance accounts, which made it easier to invest customer deposits. In addition, 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, regulatory decisions and demand from Russian companies.

The Bank's simplified click-and-deposit system for the investment of free cash also continued to gain popularity among corporate clients in 2018, as it significantly reduces the time needed to process deposit transactions.

CIB transaction banking

Products for managing payments and liquidity

VTB offers companies a wide range of transactional products and services. Leading Russian and foreign holdings in Russia use the Bank's services on a continuing basis. Solutions for the centralisation of treasuries have been implemented for clients that take into account companies' individual features, and large-scale projects have been launched for expanded banking support for investment projects and much more.

In 2018, VTB was awarded a prize from the Association of Corporate Treasurers for its significant contribution to the development of corporate treasuries in Russia.

In order to improve the quality of customer service and provide clients with the latest services that they need, the Bank has been implementing a project to launch an advanced system for remote banking services. The system will enable access to a wide range of banking and non-banking services; conduct operations on behalf of several companies through a single interface; enable paperless document management with counterparties, trading platforms and government agencies; manage accounts opened in other banks; quickly generate a variety of analytical reports and much more. The system interface offers flexible settings that make it customisable for every user. In 2018, the first release of the system was made available, and customer transfers got under way.

During the reporting period, VTB also implemented a number of other projects aimed at providing customers with cutting-edge services and improved service quality:

- The business hours for making intrabank payments were doubled. Payments by legal entities and individual entrepreneurs received through the remote banking system from 6:00 to 22:00 in the Kaliningrad region and from 6:00 to 23:00 local time in all other regions where the Bank operates are performed on the same day.
- A new pilot procedure for opening accounts was made available through clients' personal online accounts. The service significantly reduces the time needed to open an account for both the client and the Bank.
- The opening of accounts for CIB clients is centralised, which enables the Bank to ensure uniform documentation review and service quality regardless of the office where the client banks.

Documentary business

VTB Group remained one of the leaders in the documentary business with a market share of 16.3%¹ in terms of the volume of guarantees and letters of credit issued in 2018. Traditionally, significant emphasis has been placed on the development of technologies and processes in order to ensure the implementation of documentary products and services for customers using the most up-to-date technological platform. In 2018, VTB Bank began issuing electronic guarantees for customs authorities, which significantly simplifies the process for all participants and reduces the time required for the customs authorities to receive and review guarantees by more than 50%.

In addition, the Bank is also playing a leading role in a project aimed at the digitisation of the documentary business that is being carried out by the FinTech Association on the Masterchain blockchain platform. As part of the project, VTB conducted its first pilot transactions in 2018 to issue digital bank guarantees.

The key drivers of business development in this area were:

- the versatility and high degree of flexibility of the product line, covering the whole range of product offerings;
- the complexity of interactions with customers, based on the synergy between the credit and transaction solutions offered by VTB Group;
- significant financial strength and high-performance products, which made it possible to complete low-risk transactions in a highly competitive environment;
- well-developed regional infrastructure and the establishment of an efficient procedure for the completion of transactions that provide customers with convenient access to documentary products wherever VTB Group operates both inside and outside the country;
- high demand on the part of clients for VTB Group's expertise in the area of complex structured cross-border transactions and the availability of a developed infrastructure for the implementation of such transactions.

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

In 2018, VTB's subsidiary banks in Belarus, Kazakhstan, Angola and Western Europe continued to expand and improve their range of transaction banking products and to actively promote their services to clients. All these measures made it possible for the foreign network to earn its highest-ever commission income from the transaction business since it became an independent business line.

In the reporting period, foreign subsidiary banks and branches working in the field of CIB attracted clients for settlement services, making it possible for them to make both local payments and settlements with counterparties from the Russian Federation as quickly and safely as possible using VTB Group's infrastructure.

Comprehensive transactional solutions for large companies

In 2018, VTB was actively involved in large-scale projects to centralise the management of cash flows, liquidity and financial risks at leading Russian corporations. VTB also implemented comprehensive transactional solutions for approximately 100 groups of companies made up of more than 3,000 legal entities.

In 2018, VTB Bank retained its position as the main settlement bank for some of the largest companies in Russia, including Russian Railways, Russian Post, Transneft, Rostelecom, Moscow Metro, the Air Traffic Management State Corporation and Rosneft; became the only settlement bank used by Alrosa; significantly increased its volume of settlement business with Severstal, Evraz, Zarubezhneft and Maks M; while also getting business for settlement services from the East Mining Company.

The Bank provided monitoring services for the accounts of real estate developers (according to Federal law #214-FZ) to some of the leading companies in the industry, including PIK Group, Capital Group, Hals Development, Don-Stroy, Coalco, Zheldoripoteka, RG Development, TsDS, Setl Group and others.

Cutting-edge solutions for transport and for cities

VTB Group continued to develop individual innovative client solutions, with the following projects in particular implemented in 2018:

1. VTB Bank's calculations.

- VTB became the agent bank for Moscow Metro and enabled the purchase of tickets for urban transport through all MosMetro channels.
- The Bank enabled the use of contactless bank cards on the turnstiles at Moscow Metro stations and on Mosgortrans routes.
- VTB provided support for digital services such as the Moscow Parking application, as well as the Moscow Metro and Mosgortrans applications.
- The Bank developed the first release of the My Smart City application, which allows Moscow residents to receive news from the Moscow city government and departments, information about cultural events and so-called Active Citizen votes, to pay for utilities and fines and to top up Troika cards.
- VTB started creating an ecosystem for Russian Railways based on the Unified Transport Card.

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 the Bank. During the reporting period, transaction services through accounts with Russian sovereign bonds remained in high demand among domestic and foreign participants in the Russian securities market through Euroclear Bank accounts. Euroclear Bank is one of the largest international account depositories, whose agent for custody operations in Russia is VTB Custody.

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

Investment banking

VTB Group is Russia's leading investment banking franchise and continues to be one of the key advisors for Russian corporate clients looking to access global capital markets. Investment services are primarily sold under the VTB Capital brand. In 2018, 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 2018, VTB Capital strengthened its position in the Russian stock market and became one of the three largest market operators, and it also significantly increased its market share in terms of trade with international clients. VTB Group also strengthened its leading position by trading volume in the Moscow Exchange repo market and became one of the three largest operators in the repo market.

The Group remains one of the leading players in the foreign exchange and derivatives markets, with market shares of 22% and 30%, respectively.

VTB Group maintained its position as one of the leading traders of government and corporate bonds on the Moscow Exchange and in over-the-counter markets. It remains the market leader in Russia in fixed-income instruments. In 2018, the Group's share of trades in the bond market was 15% for both rouble-denominated bonds and Eurobonds.

Global commodities

VTB Group's commodities business – a strategic area of development – has established 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 (Russia, China, India, Central Asia, Europe) and to create 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 2018, VTB Group expanded its presence in commodities markets, including in international markets. Its line of basic assets includes precious and non-ferrous metals (gold, aluminum, copper and tin); oil, petroleum products and petrochemical products; coking and power-generating coal; and agricultural products (soybeans, wheat, barley and sunflower seeds).

The Group's trading companies – VTB Capital Trading (Zug, Switzerland) and VTB Capital Trading LLC (Moscow) – continue to expand their range of services. Structured finance transactions (stocks and cargo in transit), advances on future deliveries (prepayment), and transactions on delinquent deliveries were concluded. The client base was expanded in the CIS countries and other international locations. The first deals in Italy, Turkey and Japan were concluded, while trading volumes increased in Kazakhstan, China and India.

The most significant transactions for the industry are financing the extraction and production of raw materials, as well as optimising the usage of working capital.

VTB Bank continues to offer an option structure to hedge the commodity risks of Russian producers of mineral resources. The use of this structure makes it possible to reduce the negative impact on companies' revenues when oil prices fall below a certain level (the so-called protection level). At the same time, due to the special currency component of the structure, the Bank was able to establish a protection level that was economically attractive to oil producers.

Key deals in 2018 included:

- a renewable transaction for hedging market risks with a consumer of petroleum products;
- hedging transactions on iron ore production;
- long-term prepayment on future supplies of crude oil with an independent oil producer;
- a structural transaction for the supply of crude oil with a deferred payment and built-in currency conversion;
- financing the supply of grain crops by providing the buyer with a post-payment;
- financing of warehouse stocks of grain crops;
- advances on the export of grain crops from Kazakhstan for delivery to the European Union.

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.

Advisory

In 2018, VTB Capital was again recognised as the leader in terms of the volume of M&A transactions in Russia, according to a number of independent agencies, including Thomson Reuters, Dealogic and Mergermarket.

Outside Russia, VTB Capital offered consulting services in international M&A markets, including deals in countries such as India, China and Angola.

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

- "The Best Investment Bank in Emerging Markets", according to *Global Finance* ;
- "The Best M&A Transaction in Asia 2018", according to *The Banker* , for its consulting work on the USD 12.9 billion sale of Essar Oil;
- "The Best Consultant among Investment Banks in Russia 2018", according to *Finance Monthly* .

Equity capital markets

In 2018, Thomson Reuters once again named VTB Capital the top bookrunner in the Russian equity market in terms of the volume of placements, with a record market share of 84.5%.

Among the most notable transactions in 2018 was an accelerated book-build for shares in SAFMAR Financial Investments worth USD 163 million, in which VTB Capital acted as the sole global coordinator, as well as an accelerated book-build for the placement of Inter RAO shares worth USD 73 million, where VTB Capital acted as the joint global coordinator and bookrunner.

Debt capital markets

According to the independent agencies Thomson Reuters and Dealogic, VTB Capital was once again one of the top-ranked companies in 2018 in terms of the volume of transactions in the debt capital markets of Russia, the CIS and Eastern Europe. While maintaining its leading position in Russia, VTB Capital strengthened the Company's global presence in debt capital markets by participating in several transactions outside the country, including for customers from Turkey and Kazakhstan, as well as in 13 new bond issues for customers from China.

The most significant transactions completed in 2018 included participation as the sole lead manager of the sovereign issue of Eurobonds by the Ministry of Finance of the Russian Federation worth more than USD 4 billion, as well as the organisation of a transaction for the issue of Eurobonds by RusHydro worth CNH 1.5 billion, the first issue of bonds denominated in renminbi (dim sum bonds) by a Russian corporation.

Corporate real estate market

In 2018, VTB began offering corporate real estate consulting services to provide clients with a unique service to assist in complex corporate real estate situations that require not only knowledge of the corporate real estate market but also expert qualifications in terms of financing and structuring.

The Global Banking Services' new Corporate Real Estate Consulting Department acted as a financial consultant for Yandex in a complex project worth USD 145 million for the acquisition of a property to house the company's new headquarters.

Investment management – VTB Capital Investments

VTB Capital Investments, a single platform for the VTB investment projects that provides comprehensive investment services for a wide range of investors in the Russian market, was established on 1 January 2018 as part of the CIB global business line.

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 was able to occupy a leading position in the investment services market.

The VTB Capital Investments product line includes an extensive client base and a wide range of products, strategies and investment proposals for both private and institutional Russian and international clients.

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 Russian asset management company for Russian and international investors;
- VTB Bank's Brokerage Department: brokerage services for private customers;
- VTB Capital Broker: brokerage services for institutional investors; and
- VTB Capital Forex: services for individuals in Forex markets.

VTB Capital Investments was managing more than RUB 1.5 trillion in client assets as of the end of 2018, which was 63% more than the total amount of client assets managed by these businesses before the merger in 2018. VTB Capital Investments manages the funds of more than 300,000 retail and corporate investors, pension funds, and large institutional and sovereign funds.

Thanks to this new approach, close interaction between departments, a focus on results and the team's commitment to create the best product in the market, VTB managed to launch a record number of new products and services in a very short time. Since the beginning of 2018, VTB Capital Investments has implemented more than 30 projects to launch new products and improve services for customers. New products launched include investment consulting, exchange-traded currency repo, a mobile application with a robo-adviser and VTB exchange-traded funds.

In 2018, the VTB Capital Investments team promptly created a mobile application "VTB My Investments" to help new investors ("The Best Investment Application 2018", according to the Russian Association for Electronic Communications).

VTB Capital Investment Management is Russia's largest asset management company, offering a wide range of investment products for institutional and private investors. Its main activities include the management of open-end funds, asset management for private banking customers and institutional accounts, such as private pension funds, insurance companies, endowment funds, sovereign funds and self-regulating organisations.

VTB Capital Investment Management also manages closed-end funds, real estate funds, venture funds and hedge funds.

In 2018, the volume of assets under management exceeded RUB 750 billion.

Working with institutional clients is one of the key areas of VTB Capital Investment Management's business. The assets of institutional and government clients managed by VTB Capital Investment Management have increased by 26% to more than RUB 365 billion, and contracts have been signed with 13 non-state pension funds and endowment funds.

VTB Capital Investment Management's retail investment funds have a long history of successful asset management. Twenty retail funds with various investment strategies provide a large selection of investment opportunities. The line of retail investment funds includes bond funds, mixed funds, diversified equity funds, a money market fund, an index fund and a commodity market fund. The strategies employed are diversified by industry, currency and location.

Three open-end fund companies began trading on the Moscow Exchange in 2018, which increased their liquidity and resulted in increased interest from customers.

VTB Capital Investment Management was the market leader in terms of mutual fund portfolio growth in 2018, with more than RUB 30 billion invested, which accounted for more than 32% of the growth in the retail fund market during the reporting period. This investment growth enabled the Company to become one of the three leading companies in the retail mutual investment fund market. The volume of assets managed by retail funds exceeded RUB 40 billion as of the end of 2018, an increase of 300% compared to the previous year.

In the autumn of 2018, sales were launched for the Accumulated Savings mutual investment fund, which offers life insurance for investors equal to the amount of their investments. There is no other fund in the Russian market with a similar offer.

In 2018, VTB Capital Investment Management successfully launched a second residential real estate fund for retail investors with more than RUB 2.4 billion in assets under management.

VTB Bank's Brokerage Services Department provides brokerage services to private clients.

In 2018, a record number of new products and services were sold:

- VTB Bank was the first to enable clients to register and open Moscow Exchange accounts online;
- The process of opening a brokerage account was made much easier and became much faster: VTB Bank's retail customers can now sign a brokerage services agreement through VTB Online and continue to conduct operations in the stock, currency and derivatives markets through the VTB My Investments mobile application: opening and adding funds to a brokerage account and/or Individual Investment Account through online banking or the VTB Online mobile application takes no more than three minutes;
- Since the middle of 2018, it has been possible for brokerage service clients to invest in VTB Capital Asset Management mutual funds traded on the stock market and to manage these funds' portfolios through the VTB My Investments mobile application.

For more about investment services for retail customers, see the "Results Overview / Retail Business" section.

VTB Capital Broker provides institutional and corporate clients, UHNWI¹ and family offices² with individual solutions for investing in rouble and foreign-currency instruments using state-of-the-art remote technologies, marginal lending and information and analytical support for their decision-making.

The volume of client assets doubled in 2018, reaching more than RUB 500 billion, and the Company's revenue also doubled. The number of corporate customers increased by 81% to 451 customer accounts.

VTB Capital Forex is the leader in Russia in terms of client base, volume of client funds, turnover and number of trading operations; its volume of cleared funds exceeded RUB 1 billion, and its volume of trading operations exceeded RUB 4.5 trillion.

1. Ultra-high-net-worth individuals.

2. A family office is a family welfare management model that includes monitoring of the implementation of ongoing financial transactions, investing family capital, tax planning, real estate transactions, financing the education of family members, inheritance issues and so on.

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 100 companies, publishing over 2,500 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 results of the Institutional Investor 2018 Emerging EMEA Research Team survey, VTB Capital analysts were the best in the "Russia" category and ranked fifth in the Emerging EMEA region. The VTB Capital analytics transport sector team remained the leader in the EMEA region, and several analysts improved their position compared to the previous year.

In the Extel Survey 2018 ranking, the VTB Capital analytics team also ranked first in Russia and was among the leaders in such categories as "Analytics in the Fixed Income Instrument Market (Russia)", "Oil and Gas (Russia)", "Metallurgy", "Chemical Industry, Transport and Engineering (EMEA)", and several others.

Awards received by VTB Capital in 2018



VTB Capital's major investment transactions in 2018

 <p>SAFMAR Group USD 163 million Accelerated Bookbuild Offering VTB Capital Sole Global Coordinator and Bookrunner 2018</p>	 <p>Inter RAO USD 73 million Accelerated Bookbuild Offering VTB Capital Joint Global Coordinator and Bookrunner 2018</p>	 <p>Gazprom RUB 70 billion Local bond issues VTB Capital Arranger and Bookrunner 2018</p>	 <p>Gazprom Neft RUB 25 billion Local bond issues VTB Capital Arranger and Bookrunner 2018</p>
 <p>Transneft RUB 15 billion Local bond issues VTB Capital Arranger and Bookrunner 2018</p>	 <p>DOM.RF RUB 25 BILLION Local bond issues VTB Capital Arranger and Bookrunner 2018</p>	 <p>PhosAgro USD 500 million Eurobond issue VTB Capital Global Coordinator 2018</p>	 <p>Gazprom CHF 750 million Eurobond issue VTB Capital Global Coordinator 2018</p>
 <p>Russian Federation USD 4 billion Dual Tranche Sovereign Eurobond issue VTB Capital Sole Bookrunner and Dealer Manager 2018</p>	 <p>RusHydro CNY 1.5 billion Eurobond issue VTB Capital Arranger 2018</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. 1 in terms of market share in the leasing market¹
- No. 1 in terms of net leasing investments and operating lease assets¹
- No. 1 in the cargo truck segment¹ ;
- No. 1 in the rolling stock segment¹ ;
- No. 1 in the aircraft segment¹ ;
- No. 1 in terms of the volume of new business in the segment of equipment for oil and gas production and processing.²

VTB Leasing is one of Russia's leading leasing companies. The company has 59 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, in the area of auto leasing, VTB partners with more than 25 thousand small and medium-sized enterprises and individual entrepreneurs. As of the end of 2018, VTB Leasing was one of the largest players in this segment in terms of the number of leased cars and amount of specialised machinery.

By the end of 2018, VTB Leasing's leasing portfolio amounted to RUB 575.5 billion, while the company's volume of new leasing contracts amounted to RUB 276.7 billion. The main sectors of the leasing portfolio remain rail transport, aviation equipment 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 12% of the portfolio by the end of 2018.

1. According to a study by Fitch Ratings, 2018.

2. According to RAEX, 2018.

3. According to the Association of Factoring Companies of Russia, 2018.

Factoring

- No. 1 in working with SMEs;³
- No. 1 in terms of receivables financing;
- No. 1 in terms of factoring portfolio volume.

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 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, allowed VTB Factoring to significantly expand its business in 2018: the company's portfolio grew by RUB 80 billion (or 60%), the largest increase in the factoring market. In general, the volume of receivables financed by the company amounted to RUB 611 billion, while its factoring portfolio exceeded RUB 215 billion. As a result, VTB Factoring remained the leader for the seventh year in a row in terms of both financing receivables and its factoring portfolio, with a market share of more than 30%.

VTB Factoring's main areas of focus are Russia's largest companies in markets for goods and services and for the supply thereof, as well as maintaining its leadership in the factoring sector and the development of new opportunities in the factoring business, including long-term factoring, such as contracts in the energy sector and other solutions.