



## **Registration Document**

*(issued in compliance with Annex XI of the EU Prospectus Regulation (Commission Regulation (EC) No 809/2004 of 29 April 2004 (as amended))*

### **VTB CAPITAL PLC**

(VTB Capital plc is incorporated as a public limited company under the laws of England and Wales and registered with Companies House under registration number 00159752)

Dated as of 9 July 2014

## INTRODUCTION

This document constitutes a Registration Document for the purposes of Article 5.3 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**") and has been prepared for the purpose of giving information with respect to VTB Capital plc ("**VTBC**" or the "**Issuer**") which, according to the particular nature of the Issuer and the securities which it may offer to the public or apply to have admitted to trading on a regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Registration Document. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

The Registration Document has been approved by the Central Bank of Ireland (the "**Central Bank**") in its capacity as Irish competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Registration Document as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") or other regulated markets for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") or which are to be offered to the public in a Member State of the European Economic Area.

This Registration Document shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of any securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Issuer is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by the PRA and the Financial Conduct Authority (the "**FCA**") in the United Kingdom.

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## **RISK FACTORS**

*In purchasing any security in connection with which this Registration Document may be used (a "Security" or together, the "Securities"), investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of such Security. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Securities. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Registration Document a number of factors which could materially adversely affect its business and ability to make payments due under the Securities.*

*Prospective investors should also read the detailed information set out elsewhere in this Registration Document and in any Securities Note applicable to the Securities and reach their own views prior to making any investment decision.*

### ***Business and Market Risk Arising From the Activities of the Issuer***

#### *Overview*

The Issuer's existing and proposed business is materially affected by conditions in the financial markets and economic conditions generally. In the event of a market downturn, revenues are likely to decline and, if the Issuer is unable to reduce expenses at the same pace, its profit margins would erode. Even in the absence of a market downturn, the Issuer is exposed to risk of loss due to market volatility.

#### *Revenue Impact Arising From Credit Related Activities*

The Issuer is exposed to the risk that third parties that owe it money, securities or other assets will not, or may not be in a position to, perform their obligations. These parties may include those counterparties to whom the Issuer has provided credit related facilities, trading counterparties, clearing agents, exchanges, clearing houses and other financial intermediaries as well as issuers whose securities it holds. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons.

#### *Revenue Impact Arising From Trading and Investment Related Activities*

The Issuer currently, or in the future may, maintain(s) trading and investment positions in the fixed income, currency, commodity and equity markets. To the extent that the Issuer owns assets, a downturn in those markets could result in losses from a decline in the value of those assets. Conversely, to the extent that the Issuer has sold assets it does not own, i.e., has short positions, in any of those markets, an upturn in those markets could expose the Issuer to losses as it attempts to cover its short positions by acquiring assets in a rising market. The Issuer may from time to time have a trading strategy consisting of holding a long position in one asset and a short position in another, from which it expects to earn revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that the Issuer does not anticipate or against which the Issuer is not hedged, the Issuer may realise a loss in those paired positions. In addition, the Issuer may maintain trading positions that can be adversely affected by the level of volatility in the financial markets, i.e., the degree to which trading prices fluctuate over a particular period, in a particular market, regardless of market levels.

#### *Revenue Impact Arising From Adverse Market or Economic Conditions*

Unfavourable financial or economic conditions may reduce the number and size, and hence revenues, of transactions in which the Issuer currently, or in the future, may provide underwriting, mergers and acquisitions advisory and other services.

A market downturn may also lead to a decline in the volume of transactions that the Issuer executes for its customers and, therefore, to a decline in the revenues it receives from commissions and spreads.

The Issuer's current or future activities may require or result in the Issuer taking large positions in the securities of a particular issuer or issuers in a particular industry, country or region. A market downturn could result in losses from a decline in the value of those assets.

In recent years, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, an increase in general fraud and money laundering activity, and general widening of spreads. This has led to a number of major financial institutions, including some of the largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies experiencing significant difficulties.

In addition, the significant sovereign debts and/or fiscal deficits of several countries within the Eurozone have raised concerns about their financial condition and the risk of default on sovereign debt of one or more such countries. The risk of contagion to other Eurozone countries has exacerbated the global economic crisis and particular concerns about the exit of one or more countries from the European Monetary Union have increased anxiety and have negatively impacted liquidity and access to credit. The continuation of this crisis and/or the exit by one or more countries from the European Monetary Union may significantly harm investor sentiment within the European and global markets and could adversely affect the Issuer's business and profitability.

This market turmoil and reduction of available credit have contributed to decreasing consumer confidence, increased market volatility, reduced business activity and, consequently, increasing commercial and consumer loan delinquencies. These market developments may further affect consumer confidence levels and may cause adverse changes in payment patterns, causing further increases in delinquencies and default rates, which may impact the VTB Group's charge-offs and provision for credit losses. These market conditions could materially and adversely affect the VTB Group's financial condition and results of operations.

#### *Revenue Impact Arising from Hedging Strategies*

If any of the variety of instruments and strategies the Issuer utilises to hedge its exposure to various types of risk are not effective or early terminated, the Issuer may incur losses.

#### ***Risks Arising from the Issuer's Operating Procedures, Systems & Controls, and Employees***

The Issuer has applied, and will continue to apply, significant resources to develop and maintain its risk management policies, procedures and controls. Nonetheless, the Issuer's policies and procedures to identify, monitor, manage and control risks may not be fully effective in all circumstances.

The Issuer has applied, and will continue to apply, significant resources to the recruitment, development and training of its employees, and also the development and maintenance of its operating procedures. Nevertheless, the Issuer may incur operational risks or losses arising from mistakes made in the confirmation or settlement of transactions or from transactions not being properly recorded, evaluated or accounted for. Employee misconduct which goes undetected may also result in binding the Issuer to transactions that exceed authorised limits or present unacceptable risks, or hiding from the Issuer unauthorised or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses.

The Issuer has applied, and will continue to apply, significant resources to develop and maintain its financial, accounting and other data processing systems. Nevertheless, if any of these systems do not operate properly or are disabled, the Issuer could suffer financial loss, a disruption of its businesses, liability to clients, regulatory intervention or reputational damage.

#### ***General business, economic, political and market conditions***

The Issuer's business and earnings are affected by general business, economic, market and political conditions in the United Kingdom and abroad. Given the concentration of the Issuer's business activities in Russia, it is particularly exposed to downturns in the Russian economy. For example, in a poor economic environment, there is greater likelihood that more of its customers or counterparties could become delinquent on their loans or other obligations to

the Issuer which, in turn, could result in higher levels of provision for credit losses and charge-offs which would adversely affect the Issuer's earnings. The Issuer's investment banking activities related earnings may also be adversely affected by turmoil, or a downturn, in the financial markets generally, and more specifically in emerging markets, particularly Russia and other States in the Commonwealth of Independent States (the "CIS").

General business, economic and market conditions that could affect the Issuer also include short term and long term interest rates, inflation, recession, monetary supply and fluctuations in both debt and equity capital markets in which the Issuer funds its operations.

More specific business and market related risks pertaining to the existing and proposed business activities and profile of the Issuer are set out further below.

### ***Liquidity***

The Issuer's liquidity is critical to its ability to operate its businesses, fund new loans and be profitable. A deterioration in the Issuer's liquidity could therefore have a negative effect on its financial results. In recent years, the capital markets have been severely disrupted. Institutional fixed income investors remain reluctant to commit significant levels of liquidity to the financial sector of the market. This may raise the Issuer's cost of funds.

Potential conditions that could negatively affect the Issuer's liquidity include diminished access to capital markets, unforeseen cash or capital requirements, and also an inability to sell assets or execute secured financing transactions due to reduced investor appetite for non-prime assets.

The Issuer's credit ratings are an important part of maintaining its liquidity. A credit ratings downgrade could potentially increase borrowing costs, and depending on its severity, limit access to capital markets or interbank leading markets, require cash payments or collateral posting.

### ***Concentration in Russia***

A significant proportion of the Issuer's business and client base is in Russia and the other States in the CIS and therefore the Issuer's financial performance from its business operations is substantially influenced by general economic conditions in Russia and the other States in the CIS. Adverse changes in the political and economic climate in Russia or such States (including, but not limited to, the events, political and economic conditions and related actions described in "*Risks related to the recent events in Ukraine*" below) could have a negative impact on the Issuer's financial performance. The principal political and economic risks relating to Russia are described below.

#### ***Political Risk in Russia***

Russia has been undergoing a substantial political transformation from a centrally controlled economy to a pluralist, market-oriented democracy. A significant number of changes have been undertaken during recent years but there can still be no assurance that the political and economic reforms necessary to complete such a transformation will continue.

#### ***Russian Macroeconomic Considerations***

The positive trends in the Russian economy in recent years, such as increases in gross domestic product, a relatively stable currency and a reduced level of inflation, have begun to reverse as a consequence of the current global financial and economic crisis and the events described in "*Risks related to the recent events in Ukraine*" below. In particular, because the Russian Federation produces and exports large volumes of oil and gas, the Russian economy is particularly sensitive to the price of oil and gas on the world market. The Issuer cannot predict the price of oil or gas and any change to one or both prices may have a significant impact on the state of the Russian economy.

#### ***Emerging Market Risk***

Emerging markets such as Russia are subject to greater risks than more developed markets and financial turmoil in any emerging market could disrupt business as well as cause the price of the Securities to suffer. Moreover, financial

turmoil in any emerging market country tends to adversely affect prices in stock markets and prices for debt securities of all emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Russia and adversely affect the Russian economy.

### ***Risks related to the recent events in Ukraine***

*The current political and economic crisis in Ukraine and related sanctions imposed by the U.S. and the EU may have a material adverse effect on (i) the VTB Group's business, liquidity and financial condition and (ii) the Securities under the Programme.*

In late 2013 and early 2014 deteriorating economic conditions and general social unrest put Ukraine into a widescale crisis provoking armed confrontations between various political and ethnic groups. Amid concerns of possible civil war and alleged discrimination of ethnic Russians in predominately Russian regions, such as the Crimean peninsula and south-eastern parts of continental Ukraine, on 1 March 2014 the Russian Parliament officially authorized the use of Russian military force there. On 6 March 2014 the Crimean Parliament voted for the region's secession from Ukraine and its accession to Russia. On 16 March 2014 the overwhelming majority of its citizens supported that choice in a public referendum and on 18 March 2014 the peninsula and the city of Sevastopol, the historic base of the Russian Black Sea Fleet, became new separate subjects of the Russian Federation.

### *US sanctions*

In response to the perceived role of the Russian Federation in events in Ukraine and Crimea, the U.S. and the EU (as well as other nations, such as Canada and Switzerland) imposed sanctions on certain Russian and Ukrainian persons and entities. The authority of the U.S. government to impose such sanctions is embedded in the International Emergency Economic Powers Act ("**IEEPA**"). Under IEEPA, sanctions are authorized by Executive Orders of the U.S. President and administered and enforced by the U.S. Department of the Treasury Office of Foreign Assets Control ("**OFAC**"). On 6 March 2014, U.S. President Obama issued Executive Order 13660, which provides broad authority to OFAC to impose sanctions on persons designated as "responsible for or complicit in" the Ukrainian crisis or corruption in Ukraine, and entities they own or control or that "have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of" any targeted activity or any person who is sanctioned thereunder. On 17 March 2014, U.S. President Obama issued Executive Order 13661, authorizing OFAC to sanction any official of the Federal Government of the Russian Federation (the "**Russian Government**"), as well as any company in the Russian arms sector, and entities they own or control or that have provided them material support. In addition, on 20 March 2014, U.S. President Obama issued Executive Order 13662, authorizing sanctions against persons determined to be a part of sectors of the Russian Federation economy that are identified for sanctions. As of the date of this Registration Document, OFAC has designated a number of individuals and entities in Russia and Ukraine pursuant to Executive Orders 13660 and 13661. No action has yet been taken to identify sectors of the Russian economy as a target of sanctions or to designate entities within those sectors pursuant to Executive Order 13662. However, the existing authority gives U.S. officials the power to do so at any time, and they have wide discretion in selecting the targets of sanctions. The U.S. President may also issue additional Executive Orders at any time expanding sanctions authorities. The sanctions imposed to date freeze all assets of the sanctioned persons, and broadly prohibit transactions or other dealings for the benefit of the sanctioned persons, in each case, involving U.S. persons or legal entities or any direct or indirect action within the United States (including, importantly, the clearing of U.S. Dollar payments through the U.S. financial system). These sanctions also extend to any entity 50% or more owned by a sanctioned person.

### *EU sanctions*

Article 29 of the Treaty on the European Union ("**TEU**") and Article 215 of the Treaty on the Functioning of the European Union ("**TFEU**") provide that the EU has the power to adopt economic sanctions, which are binding upon all 28 EU Member States, including Ireland, as well as any EU persons (natural or legal) and non-EU persons, insofar as they are acting or doing business within the EU. EU decisions adopted under Article 29 of the TEU can instruct Member States to enforce, *inter alia*, travel bans and "asset freezes" and regulations adopted under Article 215 of the TFEU can impose on natural and legal persons the obligation to abide by such rules, in particular to freeze the assets of

sanctioned persons that come into their possession, or to not make funds or economic resources available to sanctioned persons. As of the date of this Registration Document, the EU has designated a number of individuals and entities in Russia and Ukraine pursuant to Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, as well as a number of individuals identified as responsible for the misappropriation of Ukrainian State funds or responsible for human rights violations in Ukraine pursuant to Council Regulation (EU) No 208/2014 of 5 March 2014.

*Potential impact on the VTB Group and the Issuer*

As of the date of this Registration Document, none of the Russian Government, JSC VTB Bank ("**VTB**") or any of its subsidiaries, including the Issuer (VTB, together with its subsidiaries (including the Issuer), the "**VTB Group**") or any individual within the VTB Group has been designated by either the U.S. or the EU as specific targets of their respective sanctions imposed in connection with the Ukrainian crisis.

However, no assurance can be given that any of those persons will not be so designated in the future, or that broader sanctions against Russia that affect the VTB Group may not be imposed. VTB Capital Inc., an indirect subsidiary of VTB, is a U.S. person and is required to comply with the U.S. sanctions. Some other VTB Group entities, as well as the Issuer, are EU persons and are therefore required to comply with the EU sanctions, including not conducting business with any sanctioned persons. The Issuer (i) will not use any proceeds of the offering of the Securities to finance any activities of any sanctioned person and (ii) has adequate processes and procedures in place to ensure that no such proceeds will be directly used for such purposes, in each case, under applicable law.

The sanctions imposed by the U.S. and the EU in connection with the Ukrainian crisis so far have had an adverse effect on the Russian economy, to which the VTB Group is exposed significantly, in particular, without limitation:

- prompting revisions to the credit ratings of the Russian Federation and a number of major Russian companies (including VTB, the Issuer and certain of its major clients) that are ultimately controlled by the Russian Federation;
- causing (i) extensive capital outflows from Russia, (ii) significant volatility on Russian stock exchanges and the securities of Russian issuers traded on foreign exchanges and (iii) significant overall price declines and depreciation of the rouble against the U.S. dollar, euro and other currencies; and
- impairing the ability of Russian issuers to access international capital markets.

The governments of the U.S. and certain EU member states, as well as certain EU officials have indicated that they may consider additional sanctions should tensions in Ukraine continue, including with respect to VTB. Some of these factors already had a negative impact on the revenues and financial position of the Issuer since 31 December 2013, although VTB remains fully supportive of the Issuer in terms of liquidity and regulatory capital.

Further confrontation in Ukraine and escalation of related tensions between Russia and the U.S. and/or the EU, the imposition of further sanctions, or continued uncertainty regarding the scope thereof, could have a prolonged adverse impact on the Russian economy, particularly levels of disposable income, consumer spending and consumer confidence, as well as the ability of Russian banks, including those within the VTB Group and Russian clients of the VTB Group, to sustain required liquidity levels, and comply with their financial obligations. These impacts could be more severe than those experienced to date. In particular, should either the U.S. or the EU expand their respective sanctions to include other existing or future clients, suppliers or other counterparties of the VTB Group, a large sector of the Russian economy or otherwise, such an expansion could result in (i) the suspension or potential curtailment of business operations between the VTB Group and the designated persons and (ii) substantial legal and other compliance costs and risks on the VTB Group's business operations. All of the above could have a material adverse impact on the Issuer's and/or the VTB Group's financial condition, results of operations or prospects.

Moreover, if sanctions specifically targeting VTB, the Issuer, other entities within the VTB Group, the Russian Government, and/or the Russian banking sector generally are imposed, such sanctions will likely have a material adverse impact on the VTB Group and the Issuer in a number of ways. In particular, without limitation:

- the Issuer's ability to use international payment networks (such as those administered by Visa and MasterCard) could be impaired;
- the Issuer might become unable to (i) deal with persons or entities bound by the relevant sanctions, including financial institutions and rating agencies, transact in U.S. Dollars and/or Euros (or other currencies of EU Member States), (ii) raise funds from affected investors, (iii) access international capital markets generally, (iv) use international settlement, clearing and/or information exchange systems, (v) make any payment to discharge any of its obligations under the Securities or (vii) enter into, maintain or terminate its hedging arrangements with respect to the Securities;
- the Issuer's existing funds might be blocked; and/or
- investors in possession or control of the Securities, who are subject to the jurisdiction of any relevant sanctions regimes may be required to block those Securities and may be restricted in their ability to sell, transfer or otherwise deal in or receive distributions with respect to the Securities, which could make such Securities partially or completely illiquid and have a material adverse effect on their market value.

#### *Russian Shareholder Risk*

VTB, the ultimate holding company of VTB Capital plc, is a leading Russian commercial bank, offering a wide range of banking services and conducting operations across Russia, the CIS and elsewhere. The VTB Group's principal activities in Russia include taking deposits, providing account and settlement services, lending, trading and investing in securities for its own account and conducting foreign trade transactions. VTB currently focuses on corporate banking but is restructuring and expanding its Russian retail banking operations and is developing its investment banking operations. It conducts its banking business primarily with corporate customers but is focusing on attracting retail clients in Russia and the CIS.

The Russian State, acting through the Federal Agency for State Property Management, currently holds 60.93 per cent. of VTB's shares and is the controlling shareholder in VTB. While it is the Issuer's understanding that there is no current intention that the Russian State should cease to be the controlling shareholder in VTB in the short to medium term, no assurance can be given that this position may not change at some point in the future.

Any adverse changes in the political and economic climate in Russia (including, but not limited to, the events, political and economic conditions and related actions described in "*Risks related to the recent events in Ukraine*" above), and also any major adverse business shock specific to VTB or the wider VTB Group, could also have a negative impact on VTB's financial performance and rating, which could, in turn, have an indirect negative impact on the Issuer.

#### *The Banking Act*

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit taking institutions which are considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer could materially adversely affect the value of any Securities.

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers are granted to HM Treasury, the Bank of England and the FCA (together with the PRA, HM Treasury and the Bank of England, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers enable the Authorities to deal with a UK bank or building society (each, a "**relevant entity**") in circumstances in which the Authorities consider its failure has become highly likely and a threat is posed to the public interest. The SRR consists of three stabilisation options and two insolvency and administration procedures applicable to UK banks which may be commenced by the Authorities. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank established by the Bank of England; and (iii) temporary

public ownership (nationalisation) of the relevant entity. In each case, the Authorities have wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively. The paragraphs below set out some of the possible consequences of the exercise of those powers under the SRR. Pursuant to amendments made to the Banking Act, which have not yet come into force, these powers may be used in respect of a wider range of UK entities, including UK incorporated companies in the same group as a relevant entity ("**UK banking group companies**") provided certain additional conditions (which are under consultation by the UK Government) are met. In addition, further amendments to the Banking Act have introduced a new stabilisation option in the form of a bail-in tool which will permit the Bank of England to (i) cancel, modify or convert the form of a liability owed by a relevant entity or UK banking group company or provide that a contract under which a relevant entity or UK banking group company has a liability is to have effect as if a specified right had been exercised under it or (ii) transfer securities issued by a relevant entity or UK banking group company to a bail-in administrator. When in force there can be no assurance that the holders of a Security will not be adversely affected by the amendments and/or any action taken under any new measures adopted under the Banking Act.

*The SRR may be triggered prior to insolvency of the Issuer*

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may only be exercised if (a) the relevant Authority is satisfied that a relevant entity (such as the Issuer) is failing, or is likely to fail, to satisfy the threshold conditions specified in the Financial Services and Markets Act 2000, (b) following consultation with the other Authorities, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those threshold conditions, and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial systems, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated. Additional conditions will apply where the Authorities seek to exercise their powers in relation to UK banking group companies.

*Various actions may be taken in relation to the securities offered by the Issuer without the consent of the security holders*

If the Issuer were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections in respect of the Issuer). Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (including the Securities) without the consent of the security holders, including (among other things): (i) transferring the Securities notwithstanding any restrictions on transfer and free from any trust, liability or encumbrance; (ii) converting the Securities into another form or class (the scope of which power is unclear, although may include, for example, conversion of the Securities into equity securities); (iii) modifying or disapplying certain terms of the Securities, including disregarding any termination or acceleration rights or events of default under the terms of the Securities which would be triggered by the transfer and certain related events; and/or (iv) where property is held on trust, removing or altering the terms of such trust.

There can be no assurance that the taking of any such actions would not adversely affect the rights of holders of any Security, the price or value of an investment in a Security and/or the ability of the Issuer to satisfy its obligations under any Securities. In such circumstances, holders of a Security may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that holders of a Security would thereby recover compensation promptly or equal to any loss actually incurred.

*A partial transfer of the Issuer's business may result in a deterioration of its creditworthiness*

If the Issuer were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (which may include the Securities) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that it

may be unable to meet its obligations in respect of the Securities and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, holders of Securities may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that holders of Securities would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Registration Document, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that holders of Securities will not be adversely affected by any such order or instrument if made.

*The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of any Notes.*

On 6 May 2014, the Council of the European Union adopted a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The BRRD was published in the Official Journal of the EU on 12 June 2014 and came into force on 2 July. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority consider that (a) an institution is considered as failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims, including Securities, to equity (the "**general bail-in tool**"). Any shares issued to holders of Securities upon any such conversion into equity may also be subject to any application of the general bail-in tool.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool which is to be applied from 1 January 2016.

The powers currently set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, holders of Securities may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such

holder losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of a holder of Securities, the price or value of their investment in any Securities and/or the ability of the Issuer to satisfy its obligations under any Securities.

Many of the provisions contained in the BRRD are similar in effect to provisions in the Banking Act. However, the provisions of the Banking Act will need to change to reflect the BRRD as now adopted. See "*The Banking Act*" above.

## DOCUMENTS INCORPORATED BY REFERENCE

The Issuer currently prepares audited consolidated accounts together with an unconsolidated balance sheet, unconsolidated cash flow statement, unconsolidated statement of changes in equity and associated notes on an annual basis in one consolidated document. The audited consolidated and non-consolidated annual financial statements for the financial years ended 31 December 2012 (the "**2012 Financial Statements**") and 31 December 2013 (the "**2013 Financial Statements**") of the Issuer (contained in the annual reports of the Issuer for the years ended 31 December 2012 (the "**Annual Report 2012**") at pages 15 to 126 and 31 December 2013 (the "**Annual Report 2013**") at pages 16 to 125, respectively), which have been filed with the Central Bank, are incorporated in, and form part of, this Registration Document, save that any statement contained in a document which is incorporated by reference herein is modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded does not, except as so modified or superseded, constitute a part of this Registration Document.

Each of the 2012 Financial Statements and the 2013 Financial Statements include, amongst other things, the following information:

	<b>2012 Financial Statements</b>	<b>2013 Financial Statements</b>
(a) independent auditor's report:	pages 20-21	pages 20-21
(b) consolidated income statement:	page 22	page 22
(c) consolidated statement of financial position:	page 24	page 24
(d) consolidated cash flow statement:	page 28	page 28
(e) notes to the consolidated financial statements:	pages –30-126	pages 31-125

Following the publication of this Registration Document a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Registration Document or in a document which is incorporated by reference in this Registration Document. Any statement so modified or superseded does not, except as so modified or superseded, constitute a part of this Registration Document.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Registration Document.

The Annual Report 2012 (containing the 2012 Financial Statements) and the Annual Report 2013 (containing the 2013 Financial Statements) can be obtained from the registered office of the Issuer as set out on the final page of this Registration Document and shall be available on the website of the Issuer at [http://www.vtbcapital.ru/upload/disclosures/2012.VTB.Capital.plc.AR\\_A%20\(Signed\).pdf](http://www.vtbcapital.ru/upload/disclosures/2012.VTB.Capital.plc.AR_A%20(Signed).pdf) and [http://www.vtbcapital.ru/upload/disclosures/2013\\_VTB\\_Capital\\_plc\\_AR\\_A\\_Signed.pdf](http://www.vtbcapital.ru/upload/disclosures/2013_VTB_Capital_plc_AR_A_Signed.pdf), respectively.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Registration Document which is capable of affecting the assessment of any security in connection with which this Registration Document may be used, prepare a supplement to this Registration Document or publish a new Registration Document for use in connection with any subsequent issue of Securities.

## DESCRIPTION OF VTB CAPITAL PLC

### INTRODUCTION

VTB Capital plc ("**VTBC**" or the "**Issuer**") is an English bank majority-owned by VTB Capital IB Holding, Limited ("**VTBH**"). VTBH, together with (i) its parent company, CJSC VTB Capital Holding, (ii) its ultimate holding company, JSC VTB Bank ("**VTB**") and (iii) all subsidiaries of VTB, are referred to as the "**VTB Group**" herein. VTBC was incorporated with limited liability in England and Wales on 18 October 1919 with registration number 00159752, and was re-registered as a public limited company under the Companies Act 1985 on 23 October 2006. The Issuer is a part of VTB Capital, the Investment Business of VTB Group, which has its headquarters in Moscow. The Issuer has significant business relationships with customers both in and outside Russia. The Issuer is an authorised person under the Financial Services and Markets Act 2000 ("**FSMA**") and is regulated pursuant to the FSMA by the FCA and PRA.

The main operating centre of the Issuer is its head office in London, at 14 Cornhill, London, EC3V 3ND and its telephone number is +44 (0)20 3334 8000. The Issuer has branches in Singapore and Dubai International Financial Centre and a representative office in Moscow.

### HISTORY

The Issuer was founded in London in 1919 and was originally called Moscow Narodny Bank Limited. Its initial activities were mainly assisting in the development of trade between the United Kingdom and the Union of Soviet Socialist Republics ("**USSR**").

In the early 1990s, the business of the Issuer was impacted by the break-up of the USSR, which also resulted in a recapitalisation of the Issuer and the Central Bank of the Russian Federation ("**CBR**") eventually becoming the majority shareholder. In the early to mid-1990s, the balance sheet and income of the Issuer remained relatively static.

The Issuer was affected by the events of August 1998 in Russia (the "**August 1998 Crisis**"), the impact of which was offset by an inflow of additional funds and other support provided by the CBR.

The improvement in Russia's political, financial and economic variables since the August 1998 Crisis brought about new business opportunities for the Issuer and renewed profitability. VTB purchased the CBR's shareholding in the Issuer on 28 December 2005 (see "*Shareholders and Share Capital*" below) and has since further increased its effective shareholding to 95.44 per cent. (by nominal value, equivalent to 93.9% of the total voting rights) by purchasing new issues of ordinary shares through VTBH. The Issuer now forms one of the two main platforms of VTB Group's investment business and product offering, the other being CJSC VTB Capital, which is registered in Russia.

Apart from its London office, the Issuer has branch offices in Singapore and Dubai. Their primary goal is to distribute Issuer's products in the Asia-Pacific and Middle East regions, respectively.

### CURRENT BUSINESS STRATEGY, MARKET TRENDS AND ACTIVITIES OF THE ISSUER

#### Strategic Focus

The Issuer is an integral part of VTB Group investment banking franchise, VTB Capital.

Over the last six years, through VTB Capital, VTB has implemented its strategy to develop an investment banking business. VTB Capital comprises a number of entities, principally VTB Capital CJSC, a licensed broker-dealer in Russia ("**VTBC CJSC**") and the Issuer.

VTB Capital has also established broker dealers in both the United States ("**US**") and Hong Kong and is also expanding its existing Asian and Middle East business and distribution capability through the Issuer's Singapore Branch and Dubai Branch, respectively. In addition, VTB Capital opened an office in Sofia, Bulgaria during 2012.

As a part of its overall core business model, the Issuer has continued the build-out of a sustainable international client distribution platform which will:

- distribute a broad range of Russian/CIS cash and plain vanilla derivative products to international emerging market institutional and asset management investors in Europe, Middle East and Africa ("EMEA"), US and Asia;
- distribute existing VTB Russian/CIS risk to international emerging market institutional and asset management investors in EMEA, US and Asia; and
- originate, syndicate and distribute credit deals in target markets or in situations where the Issuer has specific industry knowledge.

The Issuer is the core around which this international business strategy has been developed, complemented by other VTB Capital entities in other world financial centres such as New York and Hong Kong. In addition, the Issuer acts as a platform on which the broader VTB Corporate Investment Banking ("CIB") international business has developed with certain business lines within VTB Group's European, Chinese, Vietnamese and Angolan legal entities being managed on a more integrated business basis.

The international client distribution platform will comprise the following business units:

- Global Fixed Income Flow Sales;
- International Multi-Product Sales and Origination;
- Global Cash Equities & Equity Derivatives Sales; and
- Structuring.

To complement the investment in distribution, the Issuer has expanded its global product offering by:

- the addition of new local cash markets (Balkan and Central and Eastern Europe ("CEE") (including Bulgaria, Serbia and Turkey), Middle East, Asia and certain African cash products);
- origination of credit and equity deals from regions where the Issuer has key relationship advantages; and
- continued expansion of Russian/CIS products across credit, interest rates, foreign exchange, equities and commodities.

A substantial majority of VTBC's business involves Russian/CIS-related clients and/or markets.

The principal business activities in which the Issuer is involved are divided between investment banking and corporate banking.

Investment banking comprises a securities and derivatives trading and distribution business (within Global Markets) and an advisory and capital markets business (within Global Banking). These activities include both client business and a certain amount of limited own-account risk taking in fixed income, equity, foreign exchange, interest rates and commodities. The investment banking business also includes the management of loans for sale and distribution, as well as lending in respect of money market activity and repo business which relate to current investment banking activities.

The remaining loans, comprising mainly vanilla lending transactions to corporate customers and term lending to banks, which may be subject to disposals via sub-participations to other VTB group companies, are undertaken within the corporate banking segment (including Credit and Leveraged Finance and IC&PF under Global Markets).

## **Global Markets**

### **Business Background**

The Global Markets ("GM") division is predominantly a client-oriented business which transacts with customers across the Equities, Foreign Exchange ("FX") & Rates, Credit and Commodities asset classes. Currently transactions are mostly executed in Russian/CIS products and/or with Russian/CIS clients. Within the GM business the Issuer also takes risk for its own account as an integral part of the Issuer's day-to-day trading activities. In addition to these traditional market-based activities, the GM division also contains specialist lending groups (Credit, Leveraged Finance and Investments ("CLFI") and Investment, Credit & Project Finance ("ICPF")) which focus on originating and executing structured loans and loans suitable for international syndication from the core Russian and regional client base of the VTBC Group. The Infrastructure Capital & Project Finance ("IC&PF") business moved under GM in July 2013.

GM has continued to successfully originate new business across Western Europe, CEE, Middle East and Africa. By investing in a significant expansion of its international fixed income distribution platform, it has also been able to ensure that this new loan origination is in the main pre-sold so that balance sheet turnover is maintained. More detail regarding this new business is included within the relevant business line updates below.

### **Fixed Income**

#### FX & Rates

The FX & Interest Rates business conducts both proprietary and client-driven business. The business is divided into Vanilla FX & Interest Rate products and Local Market Derivatives (primarily FX Options). It is focused on providing solutions for enhanced asset and liability management and hedging strategies for Russian and international corporations, financial institutions and asset management companies. The FX Cash business focuses primarily on hedge fund and real money accounts in Europe and Asia.

The current focus with respect to expanding the Issuer's international platform is in the Asian markets. The Issuer expects to offer its expertise in Rouble ("RUB") and CIS currencies to Asian investors. Special attention will be focused on China given the natural trade flow and funding demand from the major Russian clients of VTB Group.

The business has continued to generate profits from its core RUB business but has also diversified the markets and currencies to the Middle East, North Africa ("MENA") and CEE.

#### Credit Trading

The Credit Trading business undertakes customer and own account trading in bonds, single-name credit default swaps and associated interest rate hedging instruments. The Issuer's customers are typically international and Russian domestic customers active in the bond markets and counterparties, especially for credit default swaps, are rated western financial institutions.

The client base broadly covers hedge funds, private banks, asset management companies, commercial banks and family offices. An active client business is being established in American and Asian markets.

#### Structured Credit Trading

Credit Derivatives and Hybrids Trading enables the Issuer to offer "bespoke" credit products and risk management options tailored to customer requirements.

Product marketing has focused on Credit Linked Notes in both USD and local currency (RUB) expanding to First to Default Baskets in Emerging Markets and global names, CDS Index Options, Enhanced Repo to Maturity and convertible bonds trading.

### Credit and Leveraged Finance

The Credit and Leveraged Finance business focuses on structured single-name loans and credit exposure, including exposures that have a linkage to Russia/Russian business and exposures that are originated and distributed on a purely international basis. Specific products range from relatively low leverage/structured transactions such as pre-export finance and lease-back structures, to leveraged and mezzanine loans, unfunded credit exposure and international project finance, where the main sources of repayment are generally considered to originate within a single borrower group.

### Investment, Credit & Project Finance (Illiquid Credit Trading)

The aim of the Illiquid Credit Trading business is to originate, partially distribute and risk manage illiquid credit products originated primarily in Emerging Markets. Illiquid credit products include loans, debt securities, credit derivatives, guarantees and equity linked financings where the instrument or the credit risk of the instrument cannot be sold or hedged in public liquid markets.

### Commodities

The Commodities desk provides risk management solutions for Russia and CIS based clients, typically large producers and consumers of commodities. The business also provides an investment channel for international investors who want access to the Russian market.

Over the past two years the focus of the business has been on developing its risk-taking capabilities from its original back-to-back mandate. The desk can now take risk across the majority of commodity asset classes both in linear and option form.

The principal markets in which the business currently operates are oil & gas products, coal, freight and precious metals. VTBC's customer base is quite diversified and includes producers, consumers and commodity trading companies.

## **Equities**

### Cash Equities

Cash Equities is a predominantly client-driven business servicing Russian and CIS Corporate clients and an expanding range of international clients consisting of hedge funds, private banks, asset management companies and commercial banks.

In 2012 as part of a new markets development initiative, Cash Equities gained approval from the Dubai Financial Services Authority to have a physical presence in Dubai to cover the MENA region. The business is also expanding its CEE markets offering and is set up to trade Czech Republic and Hungarian equities.

## **Infrastructure Capital & Project Finance**

The IC&PF team provides structuring and project finance advisory services to companies, organisations and governments looking to structure project solutions and assist them in raising limited recourse finance from various sources. The team also analyses potential projects with a view to recommending them for proprietary investment or lending by the Issuer and the VTB Group more generally.

This includes:

- concession or Public Private Partnership agreements;
- developing contractual structures for projects to improve bankability;
- raising limited recourse debt financing from a range of sources; and
- attracting additional investor capital (equity, mezzanine, subordinated loans).

The focus of the IC&PF team is primarily on opportunities in Russia and the neighbouring countries.

The Issuer (and the VTB Group more generally) contemplates acting as lender to projects which meet its risk appetite and lending criteria and also considers providing financing to bid vehicles in which the Issuer is a shareholder.

## **Global Banking**

### **Introduction**

The Global Banking ("**GB**") division incorporates traditional investment banking products – M&A, ECM and DCM.

### **Investment Banking**

The Investment Banking ("**IB**") business has experience of structuring, advising on and executing a wide range of public and private M&A, ECM and DCM transactions. The business is organised around core sector specialisation and expertise (Financial Institutions; Light Industries; Transport and Industrials; Metals & Mining; Oil & Gas and Power & Utilities).

The Advisory business revenue model is based predominantly on generating fee income from advising clients on corporate finance matters. Should the Issuer decide to act in an additional capacity (e.g., as lender) in a transaction in which it is providing advisory services, such additional business will be executed by the relevant part of the wider VTB Group.

### **Equity Capital Markets**

The ECM team provides clients with capital markets advice and delivers the marketing strategy and market input for equity raisings. The main focus of the business is to attain a leading position in Russia on the majority of high quality transactions, to seek to attain the leading position by volume of deals, to increase market share and to continue to focus on maintaining a leading position in CIS capital markets. Increasingly, ECM also takes advantage of the Issuer's equity sales capabilities and research to participate in block trades, convertibles and other similar transactions. The ECM team actively seeks to exploit opportunities to utilise the international platform of the Issuer to access new markets for its core client base. The creation of VTB Capital broker dealers in Hong Kong and New York has further enhanced the Issuer's capabilities in this area.

### **Debt Capital Markets**

The Issuer's DCM business focuses on fee-based advice, origination and execution utilising a range of public and private debt capital markets instruments.

The team focuses on providing advice relating to, and also the structuring and distribution of, the following funding instruments: Eurobonds; Convertible Bonds (joint-venture with ECM), Euro-Commercial Paper, Liability Management, and Islamic Financing.

The Issuer's DCM team works in collaboration with the domestic Russian DCM team of VTB Capital which specialises in executing RUB denominated domestic bond issuance in Russia.

### **Treasury**

The Treasury function of the Issuer does not operate as a profit centre in as much as it does not have a revenue budget and does not take a trading approach to its daily activity. Rather, Treasury is charged with managing the liquidity and liquidity risk of the Issuer's business, managing the structural foreign exchange rate risks of the balance sheet, maintaining relationships with rating agencies, developing and implementing the Issuer's liquidity pricing models and managing the Issuer's interest rate risk at the short end of the yield curve.

The Issuer does not seek to take interest rate risk on its banking book and, therefore, all loans are match-funded or, in the case of fixed-rate loans, the subject of interest rate hedges, with funding costs charged directly to the business.

### **Support and Control**

Support and Control functions include: Risk Management; Finance; Information Technology; Human Resources; Business Support Services; Compliance; Internal Audit; Legal; Corporate & Real Estate Services and Global Communications & Marketing.

The Support and Control functions are structured and managed on both a 'global' (VTB Capital) and 'local' (VTBC and VTBC CJSC) basis.

In 2013, as in previous years, in addition to the normal scope of work, the Support and Control functions had an involvement in a number of major projects. These included the ongoing enhancement of VTBC infrastructure, both physical and human resources, to support the investment banking business. This will continue in 2014.

## **DIRECTORS AND SENIOR MANAGEMENT OF VTBC**

### **Non-Executive Chairman of the Board**

H Moos

### **Executive Directors**

A Bostandjiev

*Chief Executive Officer, UK and International, VTB Capital plc*

N Hutt

*Chief Financial Officer*

N Joseph

*\* Global Chief Risk Officer*

R Munger

*\* Global General Counsel*

O Pankratov

*\* Global Head of Infrastructure Capital & Project Finance*

S Rice

*Chief Operating Officer, UK and International*

M Richardson

*\* Global Head of Equities*

### **Non-Executive Directors**

P Dayer

G Russell

J M Simmonds

### **Senior Management**

D Campbell

*\* Global Head of Internal Audit*

Z Fortune

*\* Global Co-Head of Business Support Services*

O Cox

*\* Global Head of Compliance*

S Maple

*\* Global Head of Human Resources*

### **Singapore Branch**

J Lim

*Chief Executive Officer*

### **Dubai Branch**

M Abboud

*Chief Executive Officer, Middle East & Africa*

Note: \* these roles are in respect of VTB Capital and have responsibilities in both VTBC and VTBC CJSC

The business address for each of the directors and senior management listed above is VTB Capital plc, 14 Cornhill, London EC3V 3ND, United Kingdom.

There are no potential conflicts of interest between any duties to the Issuer and their private interests or other duties of the directors and senior management of the Issuer.

## **SHAREHOLDERS AND SHARE CAPITAL**

### **Share Capital**

As of 31 December 2013, the nominal value of the issued share capital of the Issuer was U.S.\$566,212,392 divided into 735,035,780 Ordinary A Shares of US\$0.4302 each and 250,000,000 Ordinary B Shares of U.S.\$1 each. The Ordinary A Shares and Ordinary B Shares rank *pari passu* in all respects but constitute separate classes of shares.

### **Shareholders and Group Structure**

VTBH currently holds 95.44 per cent. (by nominal value, equal to 93.9% of the total voting rights) of the Issuer's ordinary shares (comprising 91.83 per cent. of Ordinary A Shares and 100 per cent. of Ordinary B Shares). None of the remaining minority shareholders hold more than 0.5 per cent. of the Issuer's ordinary shares except VVO Novoexport which holds 0.58 per cent. of the Issuer's ordinary shares. Currently, the legal title of certain of the minority shareholders is in doubt or in dispute, owing to Russian legal ambiguities arising from the transfer of USSR enterprises into the Russian public and private sectors following the break-up of the USSR. These ambiguities are gradually being clarified as the legal position of these minority shareholders becomes clearer.

The Russian State, acting through the Federal Agency for State Property Management, holds 60.93 per cent. of VTB's shares and is the controlling shareholder. VTB is the ultimate holding company of VTB Capital plc.

## GENERAL INFORMATION

### AUDITORS

The auditors of the Issuer are Ernst & Young LLP of 1 More London Place, London SE1 2AF (a member of the Institute of Chartered Accountants), who have audited the Issuer's accounts without qualification, in accordance with the International Financial Reporting Standards, for each of the two financial years ending 31 December 2012 and 31 December 2013. The auditors of the Issuer have no material interest in the Issuer.

### LITIGATION

Except as described below, the Issuer is not, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the consolidated financial position or profitability of the Issuer.

The Issuer is currently defending several claims for damages in the English courts brought by a Russian individual and its affiliates (collectively, the "**Applicant**") in October 2013 arising from a previous legal action brought by the Issuer against the Applicant to recover losses suffered by the Issuer in connection with a defaulted loan facility. The Applicant is seeking to recover damages allegedly suffered as a result of being unable to undertake certain business opportunities while the legal action brought by the Issuer was continuing. Although the Issuer considers the Applicant's claims without basis, the Issuer is in advanced discussions with the Applicant for a resolution of the dispute and full settlement of the claims.

### SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial position, and no material adverse change in the prospects of the Issuer since 31 December 2013, except as a consequence of the events, political and economic conditions and related actions set out in "*Risks related to the recent events in Ukraine*" above.

### DOCUMENTS AVAILABLE

For the life of this Registration Document, copies of the following documents will, when published, be available in physical and/or electronic form for inspection from the registered office of the Issuer at the address set out on the final page of this document:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 31 December 2013, in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts together with an unconsolidated balance sheet and associated notes on an annual basis in one consolidated document;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer together with the audit reports prepared in connection therewith. The Issuer does not currently prepare interim accounts; and
- (iv) a copy of this Registration Document and any future supplements hereto;

In addition, the Annual Report 2012 (containing the 2012 Financial Statements), the Annual Report 2013 (containing the 2013 Financial Statements) and the Registration Document shall be available on the website of the Issuer

[http://www.vtbcapital.com/#VTB Capital plc disclosure](http://www.vtbcapital.com/#VTB_Capital_plc_disclosure)). If, and so long as any Securities are listed on the Irish Stock Exchange, the Registration Document will also be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).

**THE ISSUER**

**VTB Capital plc**  
14 Cornhill  
London EC3V 3ND  
United Kingdom

**AUDITOR**

**Ernst & Young LLP**  
1 More London Place  
London SE1 2AF