Press release

Alfa-Bank and NLMK launch Foreign Trade Finance Pilot Transaction with Commerzbank and Vesuvius GmbH via Marco Polo

Alfa-Bank and Novolipetsk Steel Company (NLMK), in cooperation with Commerzbank, Germany, and Vesuvius GmbH, Germany, have launched a pilot project of cross-border payments via the Marco Polo international trade finance network. For Marco Polo, it is the first Russian-German import-export operations financing project.

The pilot project objectives are to build a digital end-to-end trade finance and supply chain finance solution on a blockchain platform. Marco Polo offers to the network members a set of Application Programming Interfaces (APIs) for direct interaction with ERP systems, allowing international trade participants to make payments, create irrevocable payment obligations and discount accounts receivable within a unified transparent system of interaction with partners.

“We launched our first distributed ledger technology in trade finance as early as 2017. Since then, corporate blockchain solutions have been considerably elaborated, and earned our clients’ confidence and proved their applicability to real business processes. Projects such as Marco Polo create added value for clients ensuring more international trade transparency and manageability thanks to integrated bank payment, finance and discount instruments”, said Dina Merkulova, Head of Trade Finance at Alfa-Bank.

Current corporate purchase and supply processes are too cumbersome due to the execution and exchange of multiple paper documents, while banking instruments are not integrated into clients’ business processes. The Marco Polo network based on R3 Corda allows Alfa-Bank to offer its clients a wide range of international trade finance solutions and seamless integration into the global trade ecosystem.

“Our decision to take part in the pilot project was prompted by our intention to optimize the process of interaction with partners based on blockchain technology. We expect Marco Polo to ensure seamless collaboration of several sides engaged in international trade operations (banks, suppliers, insurance companies, etc.) with a flexible access to working capital financing instruments to the parties”, said on behalf of NLMK Director for Treasury, Anna Sokolova.

“Our international corporates show continuous interest in piloting the Marco Polo Payment Commitment together with us and banks of our global network, like Alfa-Bank. This new instrument, which is provided upon digital processing and matching of trade data in the Marco Polo network, meets our customers’
growing demand for increased speed of transaction and transparency, optimised financing, enhanced working capital management and possible integration of ERP systems”, said Enno-Burghard Weitzel, Commerzbank’s Global Head of Trade Finance Products.

“Integrated working capital solutions directly related to the contract, issued invoices and shipping documents definitely benefit all the parties, and our experience with Marco Polo demonstrates that core processes can really be streamlined”, added Christian Grewng, Cash Coordinator Treasury, Vesuvius GmbH.

International trade is a multilateral process involving exporters, importers, logistics services providers, insurers, customs, banks and many other parties. Long-term blockchain-based solutions will make it possible to totally abandon the traditional practice of isolated paper documents mailing by post, reduce overhead cost and simplify business processes by connecting various stakeholders of trade transactions to the same network and sharing data.

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About Alfa-Bank

Founded in 1990, Alfa-Bank is a full-service bank operating in most sectors of the financial market, including retail and corporate lending, investment banking, leasing, factoring and trade finance. Alfa-Bank is Russia’s largest financial institution in terms of total assets, total equity, deposit and loan portfolios.

According to IFRS financial statements for the first six months of 2019, the Alfa Banking Group, which comprises ABH Financial, AO “Alfa-Bank”, as well as its subsidiary financial companies, had total assets of $52.1 billion, gross loans of $34.7 billion, and total equity of $7.7 billion. Net profit for the first half of 2019 amounted to $249 million.

As of 30 June 2019, Alfa-Bank was servicing more than 640,000 corporate clients and 16.5 mln individuals; 791 branches have been opened in Moscow, Russian regions and abroad, including a subsidiary bank in the Netherlands and finance subsidiary companies in the UK and Cyprus.

About NLMK Group

NLMK Group is the largest steelmaker in Russia and one of the most efficient in the world. NLMK Group's steel products are used in various industries, from construction and machine building to the manufacturing of power-generation equipment and offshore wind turbines. NLMK operates production facilities in Russia, Europe and the United States. The Company's steel production capacity exceeds 17 million tons per year. NLMK has the most competitive cash cost among global manufacturers and one of the highest profitability levels in the industry. In 12M 2018, the Company generated $12 billion in revenue and $3.6 billion in EBITDA. Net Debt/EBITDA stood at 0.25x. The Company has investment grade credit ratings from S&P, Moody's, Fitch and Expert RA. NLMK’s ordinary shares with a 19% free-float are traded on the Moscow Stock Exchange (ticker "NLMK") and its global depositary shares are traded on the London Stock Exchange (ticker "NLMK"). The share capital of the Company is divided into 5,993,227,240 shares with a par value of RUB1.

For more details on NLMK shareholder capital please follow the link https://nlmk.com. For NLMK Group’s photos and corporate videos, please visit https://media.nlmk.com/ru/.

About Vesuvius GmbH

Vesuvius GmbH operates in Germany and is a part of Vesuvius plc. Vesuvius is a global leader in molten metal flow engineering and technology principally serving the steel and foundry industries. In 2018, our revenues were £1.8bn. We develop innovative and customised solutions, often used in extremely demanding industrial environments, which enable our customers to improve their manufacturing processes, enhance product quality and reduce costs. These include flow control solutions, advanced refractories and other consumable products and increasingly, related technical services including data capture to give our customers the insights they need. Our worldwide presence enables us to serve our customers through a network of low-cost manufacturing plants located close to their own facilities, and embed our industry experts within their operations, who are all supported by our global technology centers.

Vesuvius’ core competitive strengths are our market and technology leadership, strong customer relationships, well-established presence in developing markets and global reach, all of which facilitate the expansion of our addressable markets. Our ultimate goal is to create value for our customers, and to deliver sustainable, profitable growth for our shareholders giving a superior return on their investment whilst providing each of our employees with a safe workplace where he or she is recognised, developed and properly rewarded.

About Commerzbank

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

Further Information
https://www.marcopolo.finance/
https://www.r3.com/
https://tradeix.com/

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Disclaimer
This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts. In this release, these statements concern inter alia the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of Commerzbank as well as expected future financial results, restructuring costs and other financial developments and information. These forward-looking statements are based on the management’s current plans, expectations, estimates and projections. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Such factors include the conditions in the financial markets in Germany, in Europe, in the USA and other regions from which Commerzbank derives a substantial portion of its revenues and in which Commerzbank holds a substantial portion of its assets, the development of asset prices and market volatility, especially due to the ongoing European debt crisis, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives to improve its business model, the reliability of its risk management policies, procedures and methods, risks arising as a result of regulatory change and other risks. Forward-looking statements therefore speak only as of the date they are made. Commerzbank has no obligation to update or release any revisions to the forward-looking statements contained in this release to reflect events or circumstances after the date of this release.