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Tinkoff Bank successfully closes issue of USD 300 m 9.25% debut perpetual bonds

Moscow, Russia - 15 June 2017. TCS Group Holding PLC (**TCS LI**), Russia's leading provider of online retail financial services, including Tinkoff Bank and Tinkoff Insurance, today announces the successful closing and issuance by TCS Finance D.A.C. of its USD 300,000,000 9.25% perpetual callable loan participation notes (the "**Notes**"). The Notes have been issued by, but with limited recourse to, TCS Finance D.A.C. for the sole purpose of financing a subordinated loan to Tinkoff Bank. The Notes have been rated B- by Fitch. The Notes are admitted to trading on the Global Exchange Market of the Irish Stock Exchange on 15 June 2017.

TCS Finance D.A.C. has on-lent the proceeds from the issue of the Notes to Tinkoff Bank. Tinkoff Bank intends to use the proceeds for general corporate purposes. The issue meets the Basel III requirements and will be used to strengthen the Bank's capital base.

Sergey Pirogov, Vice President for Corporate Finance at Tinkoff Bank, said: "We are happy with the outcome of this transaction. The final book was nearly three times oversubscribed with a strong mix of London-based institutional asset managers, Swiss-based private banking demand and Russian institutional demand, with add-on interest from Asia. This well-diversified high-quality investor demand allowed us to close the deal at the tight end of the pricing range. The success of this transaction shows that international debt capital markets are open to Tier 1 offerings from quality financial institutions out of Russia. As a result of the offering, Tinkoff Bank will have a more robust capital position to further develop its business and seize the growth opportunities through the expansion phase of the credit cycle."

The book building followed a series of debt investor meetings and enjoyed strong investor appetite and a wide geography, represented by Russia (30.6%), Switzerland (30.55%), UK (13.94%), continental Europe (9.78%), Asia (7.52%), USA offshore (7.22%) and other countries (0.40%).

The deal was launched on 8 June 2017, with the initial guidance for the annual coupon rate standing at 9.75%, and was nearly three times oversubscribed. The strong investor demand helped the Bank bring the coupon range down. After the book was closed, demand totalled nearly USD 900 m, and the coupon rate was set at 9.25%.

J.P. Morgan Securities plc and UBS Limited acted as Joint Global Coordinators and Bookrunners and, in addition to BCP Securities, LLC, BrokerCreditService Ltd., Pareto Securities AB, "REGION Broker Company" LLC and Renaissance Securities (Cyprus) Limited, as Joint Lead Managers on the transaction.

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About the Group

TCS Group Holding PLC is an innovative provider of online retail financial services operating in Russia through a high-tech branchless platform. The Group has also developed a "smart courier" network covering almost all cities and towns in Russia which allows next day delivery to many customers.

Tinkoff Bank's product range includes daily banking (credit and debit cards, payments, money transfers), savings, investments, loyalty programmes, travel services, SME services, mortgage platform, and insurance. With its special focus on mobile business, the bank offers mobile applications both for its customer base (Mobile Bank) and beyond it (Traffic Fines, MoneyTalk, Card 2 Card instant money transfers).

Tinkoff is transitioning to become an online financial marketplace, Tinkoff.ru, which offers an entire range of both own brand and partner retail financial services via mobile and desktop.

As at 1 May 2017, the bank was the second largest player in the Russian credit card market, with a market share of 11%. The

1Q17 IFRS net income of the parent company, TCS Group Holding PLC, which includes Tinkoff Bank and the insurance company Tinkoff Insurance, amounted to RUB 3.4 bn, ROE stood at 43%.

Banki.ru, Russia's largest financial news portal, named Tinkoff Bank the Bank of the Year 2016. In October 2016 Tinkoff Bank was named the largest independent global direct bank by Frost & Sullivan. In 2015 and 2016, the Global Finance magazine named Tinkoff Bank as the Best Consumer Digital Bank in Russia. In 2016, the bank also won Global Finance's Best Integrated Consumer Bank Site award and was named the Best Digital Bank in the CEE by Euromoney. The bank's mobile application was recognised as the best in Russia by Marksw Webb Rank & Report for three consecutive years in 2014, 2015 and 2016, and by Deloitte for four consecutive years from 2013 to 2016.

Forward-looking statements

Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of the Group and Tinkoff Bank. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might", the negative of such terms or other similar expressions. The Group and Tinkoff Bank wish to caution you that these statements are only predictions and that actual events or results may differ materially. The Group and Tinkoff Bank do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Group and Tinkoff Bank, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries the Group operates in, as well as many other risks specifically related to the Group, Tinkoff Bank and their respective operations.

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