TCS Group Holding PLC / Miscellaneous - Medium Priority

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Statement on Tinkoff Bank's RAS Financial Highlights for January - June 2017

Moscow, Russia - 18 July 2017. TCS Group Holding PLC (TCS LI) (the "Group"), Russia's leading provider of online retail financial services, including Tinkoff Bank and Tinkoff Insurance, today announces Tinkoff Bank's unaudited RAS financial highlights for January - June 2017.

For the six months of 2017, net income stood at RUB 9.2bn versus RUB 3.3bn in January-June 2016 which is attributed to the growth of net interest income, lower cost of funding, improved quality of the loan portfolio and growth of revenue from new business lines.

It should be noted that the RAS net income figure is not a reliable indicator of IFRS net income for the same period. There is a very low correlation between financial results under the two reporting standards as a result of significant accounting differences. Therefore, RAS figures should not be used as the basis for conclusions on forthcoming IFRS results.

The gross loan portfolio amounted to RUB 139bn representing an increase of 25% y-o-y. The net loan portfolio amounted to RUB 116bn having increased by 31% y-o-y and constituted 53% of total assets (57% at year-end 2016).

Retail customer accounts stood at RUB 127bn. Tinkoff Bank continued to retain substantial liquidity: the CBR N2 ratio stood at 77% (minimum requirement: 15%), and the CBR N3 ratio was 183% (minimum requirement: 50%). Retail customer accounts constituted 68% of total liabilities.

Total assets increased by 44% y-o-y to RUB 220bn.

As of 1 July 2017, total capital including retained profits (based on Form 123) amounted to RUB 35bn. The CBR N1 capital adequacy ratio was 11.96%. Both Core Capital Adequacy Ratio (N1.1) and Main Capital Adequacy Ratio (N1.2) were 9.79%.

Our strong June 2017 RAS results are driven by two major continuing trends:

a) an ongoing quality growth of our consumer finance business, carrying on from 2016;
b) a growing contribution from our non-credit fees-and-commission business lines.

In June 2017, TCS Finance D.A.C. successfully issued USD 300,000,000 9.25% perpetual callable loan participation notes and on-lent the proceeds from the issue to Tinkoff Bank. The application regarding our intention to include this issue into the calculation of our statutory capital ratios is currently under review by the CBR.

Note on RAS results

Please note that the figures in this press release are calculated in accordance with Tinkoff Bank's internal methodology which is available at:
http://static.tinkoff.ru/documents/eng/investor-relations/ras-methodology.pdf

RAS results are not a reliable indicator of IFRS results due to significant accounting differences that make a direct read-across from RAS to IFRS results impossible. The main differences between RAS and IFRS are:

* Consolidated results under IFRS include a number of additional items and results of its subsidiaries
* Accrual of expenses under IFRS
* Timing differences in accounting for restructured loans ('instalments') and loans going through courts
* The effect from the revaluation of currency derivative instruments
* The effect of deferred income tax.

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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 January 2017, the bank was the second largest player in the Russian credit card market, with a market share of 10.3%. The FY2016 IFRS net income of the parent company, TCS Group Holding PLC, which includes Tinkoff Bank and the insurance company Tinkoff Insurance, amounted to RUB 11 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 Markswebb Rank & Report for three consecutive years in 2014, 2015 and 2016, and by Deloitte for four consecutive years from 2013 to 2016.

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